@UNIVERSITY OF NATAL
(b) School of development studies
Chains of production...

Chains of production, ladders of protection

Social protection for workers in the informal economy

edited by
Francie Lund and Jillian Nicholson

RN-246070

Chains of Production, Ladders of Protection

IDS
062820

Chains of Production, Ladders of Protection

Social protection for Workers in the Informal Economy

edited by Francie Lund and Jillian Nicholson

Published by the School of Development Studies
University of Natal, Durban, South Africa

© School of Development Studies 2003

The views expressed in this book should not be attributed to the School of Development Studies.

Cover & text design & layout: Lesley Lewis, Inkspots, Durban: inkspots@iafrica.com
Printed by Pinetown Printers, Pinetown, South Africa

ISBN: 1-86840-514-1

AUTHORS

Introduction: A new approach to social protection
Francie Lund

Social protection for informal workers in the horticulture industry
Armando Barrientos and Stephanie Ware Barrientos

Social protection for informal workers in the garment industry
Donna Doane, Daonoi Srikajon and Rosalinda Ofreneo

Conclusion: Implications for policy, research and action
Francie Lund

PHOTOGRAPHS

T. Attwell — 24, 30, 32, 33, 41, 44, 48, 49, 50, 57
M. Crozet — 82, 86 (® International Labour Organisation)
P. Deloche — 58, 74, 92, 97, 104, 108 (® International Labour Organisation)
A. Khemka — 62 (® International Labour Organisation)
P. Lissac — 76 (® International Labour Organisation)
J. Maillard — 39, 65, 68, 69, 71, 105, 109 (® International Labour Organisation)
J. Nicholson — 27
N. Rain — 67 (® International Labour Organisation)

Cover (front, top to bottom): T. Attwell, P. Deloche (® ILO), T. Attwell, M. Crozet (® ILO), P. Deloche (® ILO)
Cover (back): P. Deloche (® ILO)

CONTENTS

Preface 9

Introduction: A new approach to social protection 13

The process of globalization and its impact on the informal economy and on social protection 13
The informal economy 14
Approaches to social protection 16
Using value chain analysis to understand the dynamics and possibilities of social protection 18
The sectoral studies 20

Social protection for informal workers in the horticulture industry 23

The horticulture value chain 25
The horticulture sector in the global economy 25
The horticulture value chain in Chile and South Africa 26
Employment and the employment relationship in the value chain 28
Productive activities and employment across the horticulture value chain 28
Characteristics of workers in horticulture 32
The employment relationship 34
General and specific risks associated with horticulture 40
The risks affecting informal workers in horticulture 40
Social protection for informal workers — a social responsibility analysis 45
Lessons and policy implications 52
1. Incorporating informal workers fully under existing labor legislation 52
2. Extending coverage of public programs for informal workers in horticulture 52
3. Developing social protection linkages 54
4. Involving public and private participants in social protection 54
5. Empowering informal workers 54
Conclusion and further research 56

PART 1: INTRODUCTION 60
An overview of the industry within the global economy 61
Value chains in the industry 61
Homeworkers and other informal workers in garment value chains 62
The garment industry in Thailand and the Philippines 63
The regulatory environment in Thailand and the Philippines 66

PART 2: THE PHILIPPINES SOCIAL PROTECTION STUDY 70
Social protection for formal and informal workers in the Philippines 70
First case study: Large-scale factory production for export 72
This value chain in focus 72
Protection for formal workers 75
Agency workers: no formal protection 75
Subcontracted workers: a few are luckier than most 76
Second case study: Home-based embroidery for export 78
The value chain in focus 78
Workers doing straight sewing: formal protection as a minority choice 80
Social protection actions and recommendations: PATAMABA 81
Summarizing the implications of these case studies 83

PART 3: THAILAND SOCIAL PROTECTION STUDY 84
Government sponsored social protection 84
Informal access to social protection 86
First case study: Large-scale factory production for export 87
GFB 87
The BVS Company and its agency workers 90
Second case study: Home-based production for local and export markets 92
The value chain 92
Subcontracting to groups at the village level 93
Subcontracting group: Makuejae sewing group (Anong's group) 93
The Banthi subcontracting group 95
Summarizing the implications of these two case studies 97
Formal workers 97
Agency factory workers 97
Homeworkers 99

PART 4: CONCLUSIONS AND RECOMMENDATIONS 102
The organization and representation of workers in the industry 102
Recommendations 103
The social protection of workers in the industry 104
Recommendations 106

Conclusion: Implications for policy, research and action 111

Main lessons learned from using a comparative methodology for two sectors 111
Sites for practical policy engagement and program intervention 117
Recommendations for further research 119

References 123
Appendix 127

Tables

Table 1: Fruit exports from Chile (1997—98) and South Africa (1998—99) 25
Table 2: Typology of employment in the horticulture value chain 29
Table 3: Estimates of employment in the horticulture/retailing value chain in selected countries, and share of temporary and female employment 30
Table 4: Panel A: Age of fruit workers (as % of sample in each country) 31
Panel B: Marital status of fruit workers (as % of sample in each country) 31
Table 5: Locating permanent and temporary women in agriculture within the national income distribution in Chile 39
Table 6: Coverage of pension plans and contract of employment among agricultural workers in Chile in 1998 47
Table 7: Benefits provided for the formal workers at GFB 89
Table 8: Typology of workers and their access to social protection 100
Table 9: Current problems, types of organization and representation, further needs and potential organizations 101

Boxes

Box 1: Continuum of horticultural employment 35
Box 2: Income poverty risks among temporary workers in agriculture in Chile 38
Box 3: Low coverage of formal social protection programs in Chile 47
Box 4: Extending health insurance to *temporeras* in Chile — a promising development? 53
Box 5: Commissions set up to extend social protection to *temporeras* in Chile 55
Box 6: The difficulties of enforcing labour laws 69
Box 7: Different sites for policy intervention and influence 116

Figures

Figure 1: Overview of global value chain for South African and Chilean deciduous fruit 27
Figure 2: Large-scale garment production for export: Philippines 72
Figure 3: Home-based embroidery for export: Philippines 78
Figure 4: Large-scale lingerie production for export: Thailand 87
Figure 5: Home-based production of jackets and women's clothing for middle level export markets in Europe 93

ACKNOWLEDGEMENTS

A number of people contributed to the initiative that led to this book.

We would like to thank the teams from the ILO, WIEGO and the World Bank, as well as the case study researchers, all of whom participated in the Technical Consultative Workshop, and are named in the Appendix.

For additional assistance we are grateful to Michelle Bhunnoo and Béatrice Mann of the ILO and Maitreyi Das of the World Bank.

The following people assisted with the horticulture study: Maria Teresa Alvarez, Gonzalo Falabella, Andrienetta Kritzinger, Julia Medel, Lucia Morales, Bronwyn Page-Shipp, Jaime Ruiz-Tagle, Teresita Salame and Jan Vorster.

For their assistance with the garment study we thank Voravidh Charoenlert, Jurgette Honculada, Josephine Parilla, Bhawana Phathanasri, Somsak Plaiyoowongse, Phan Wannaboriboon and the leaders and members of PATAMABA Angono chapter.

PREFACE

This book is the outcome of a collaborative process of learning between the Social Security Division of the International Labor Office (the ILO), the Social Protection Division of the World Bank, and Women in Informal Employment: Globalizing and Organizing (WIEGO). Each of these organizations is concerned about social security and social protection, though in different ways.

The ILO has, for the course of the last century, shaped much of the discourse about, and international standards for, work-related social security. Its main focus has been on the position of people who are formally employed, although it has more recently broadened its concerns to include the position of informal workers as well. The World Bank has recently placed social protection firmly on its agenda, where it sits alongside the new focus on poverty reduction. An important aspect of the new approach is the development of participatory Poverty Reduction Strategy Papers (PRSPs). WIEGO, an international network of researchers and grassroots organizations of informal workers, is concerned with promoting the working conditions of people, especially poorer women, who work informally. One of WIEGO's core programs is social protection.

All three organizations share a growing concern with the working poor — with people who work all their lives, yet remain poor. All three organizations share a concern that increasing numbers of people, worldwide, are losing access to measures of social protection, while the need for basic income and social security is paramount. There are, however, important nuances in the definition of social protection used by different institutions.

The World Bank defines social protection as consisting of public interventions 'to assist individuals, households and communities in better managing income risks' (Holzmann and Jorgensen 2001). The risk management framework includes a number of public interventions such as sound macroeconomic policy, good governance and access to basic education and health care — all of which help to reduce or mitigate risk, and hence vulnerability. At the same time, it is designed to encourage poorer people to engage in higher risk activities that offer potential for higher return.

The ILO, on the other hand, sees social protection defined by basic rights. It is defined by 'entitlement to benefits that society provides to individuals and households — through public and collective measures — to protect against low or declining living standards arising out of a number of basic risks and needs' (von Ginneken 2000). It has been active in promoting social insurance, and has traditionally looked towards

promoting contributions for social insurance from governments, employers and organized labour. Through the STEP program (Strategies and Tools against Social Exclusion and Poverty) it is promoting decentralized social protection schemes, and is interested in experimenting with new ways of establishing linkages between these schemes, social insurance and other interventions.

WIEGO's approach to social protection focuses on informal workers, and applies a gendered risk analysis to explore their needs for social protection. It suggests that the specific needs of informal workers are missing in many formulations of poverty reduction and of social protection. It seeks to find out where people are trying to work, and how to reduce risks attached to the work that they do. One of its central principles is that there is a role in such a study for multiple institutions and interest groups — government, the private sector, organizations of formal and informal workers, individuals and civil society organizations such as NGOs and CBOs (Lund and Srinivas 1999).

In a series of meetings, the three organizations decided to try an innovative approach to social protection that would be based on an understanding of the working lives of people in global value chains. Two studies were commissioned which allowed for the comparative analysis of two sectors in two countries. The study of the horticulture industry in Chile and South Africa was undertaken by Armando Barrientos of the Institute for Public and Development Management, Manchester University, and Stephanie Ware Barrientos of the Institute of Development Studies at Sussex (Barrientos and Ware Barrientos 2002). The study of the garment industry in Thailand and the Philippines was commissioned through HomeNet Thailand, and undertaken by Donna Doane, an independent consultant in Manila, Rosalinda Ofreneo of the University of the Philippines and Daonoi Srikajon of HomeNet Thailand. A two-day workshop was held with the researchers in October 2001, during which the methodology for the research was refined.

The resulting studies constituted the empirical core of a three day retreat (a Technical Consultative Workshop) in April 2002, which was attended by a small team from each of the ILO, the World Bank and WIEGO, as well as the researchers (see Appendix for a list of participants). The concrete situation of workers in the two industries was used to reflect on the respective frameworks of the three organizations. There was enthusiastic agreement at the retreat that the studies, and the lessons learned from using this global value chain approach, should be more widely shared and disseminated. This book is the outcome of that decision.

The introduction gives the rationale for this new conceptual framework, in which analysis of social protection is integrated into value chain analysis. The two edited studies on the garment and horticulture sectors contain the recommendations of the authors. The conclusion offers an assessment of the lessons that were learned through using this methodology, drawing from the discussion at the workshop. It suggests sites for practical policy and program intervention, and identifies areas for further policy-oriented research. It draws on contributions made by other organizations (notably by HomeNet Thailand and SEWA) at the workshop at which the studies were presented.

INTRODUCTION

A NEW APPROACH TO SOCIAL PROTECTION

This section sets the background to the two studies that follow and describes the approach that was used in the studies, namely the use of value chain analysis as a basis for understanding social protection in the informal economy. It introduces the two sectors that were chosen for the studies that follow and explains why they were chosen.

The process of globalization and its impact on the informal economy and on social protection

It is generally accepted that, at best, only one in five of the world's population has adequate social security coverage. Those without coverage tend to work in the informal economy, and are disproportionately found in the developing world. In industrialized countries as well, however, there is decreasing social security coverage, and this is associated with demographic changes, and changes in the nature of work that have accompanied globalization.

Globalization, understood broadly as the policy and technological changes that have significantly altered international economic relationships, has been accompanied by important changes in the nature of work, and in workers' access to social protection. Globalization is associated with the informalization of existing employment relations, and with the generation of employment that is often flexible, precarious and insecure. While there has been an increase in female participation in paid work, there has been, at the same time, a decline in the number of workers — men and women — who are able to access social protection through their places of work.

The horticulture industry is a good example of this. Globalization has facilitated the rapid movement of fresh perishable products, across large distances, to meet consumer demands for the year-round provision of staple and exotic fruit and vegetables. Horticulture thus reflects the many advances made through globalization, as well as the risks for those operating within global export markets. The liberalization of trade and increased competition between exporters of horticultural produce leave exporters more exposed to volatility in supply and demand. At a micro level, many of these risks are transferred to workers, which is reflected in the widespread use of informal employment.

Social protection has also been affected by globalization. Employers have to adjust to a more sharply competitive environment, labor organizations have weakened and state provision has been reduced with greater emphasis on private sector provision. More people need social protection but, at the same time, many governments have decided to limit their social spending.

Too many of the debates around the provision of social protection have argued in 'either-or' terms: that either the private sector should be the main provider, or the government, or individuals themselves. A better way of framing the debate is to consider how to develop social protection in ways that can harness the contribution of all potential stakeholders so as to improve support for the increasing numbers of informal workers linked to the global economy.

The informal economy

Employment in the informal economy has risen rapidly in all regions of the world. Even before the recent financial crisis that originated in Asia and spread to other regions, and during which numbers of retrenched formal workers found work in the informal economy, informal workers in the non-agricultural workforce ranged from 60 percent in Latin America to 45-85 percent in different parts of Asia to 75 percent in Africa (ILO 2002b).

There have also been changes in the places where people work: the conventional picture of 'shops, offices and factories' now vies with a picture that acknowledges that, for many (especially poorer people), work is now done in traditionally 'public' places, such as streets, sidewalks and stations. The private home has also commonly come to be used as a place of work, and the garment sector is an obvious example of this. McCormick and Schmitz (2002:40) cite research that shows how widespread homeworking is in many countries:

- In Venezuela, 45 percent of clothing industry workers are homeworkers
- In Thailand, 38 percent of clothing industry workers are homeworkers
- In Chile, an estimated 60 percent of all women's and children's clothing is produced by homeworkers
- In the Australian garment industry, there are 15 homeworkers for every factory worker.

Homework is an especially important source of work for women (Chen, Sebstad and O'Connell 1999).

A note on the broader approach to the informal economy

The labour market has been changing so rapidly that the 1993 ILO definition of the 'informal sector' has been gradually overtaken by a broader concept of 'the informal economy' (ILO 2002a, ILO 2002b).

In this new approach the *informal economy* comprises *informal employment* (without secure contracts, worker benefits, or social protection) of two kinds:

- Self-employment in informal enterprises (small unregistered or unincorporated enterprises) including: employers, own account operators and unpaid family workers in informal enterprises.
- Paid employment in informal jobs (for informal enterprises, formal enterprises, households, or no fixed employer) including: casual or day laborers, industrial outworkers, unregistered or undeclared workers, contract workers and unprotected temporary and part-time workers.

Historically, whenever social policies or programs have been targeted at those in the informal economy, this has been done in isolation from formal economy workers. The links between the informal and formal economies have received relatively little attention in economic policies and planning. This book uses an expanded conceptual framework of the informal economy that draws attention to these links. Informal and formal work is perceived as part of one continuum of economic relations with direct links to one another. Production, distribution and employment relations for both informal and formal work are part of this continuum, with regulated and protected work towards one end and unregulated and unprotected work towards the other.

There are many examples of this dynamic link between the informal and formal parts of the economy. For instance, informal enterprises may have production or distribution relations with formal enterprises — such as supplying inputs, finished goods or services through direct transactions or subcontracting arrangements. Formal enterprises frequently hire wage-workers under informal employment relations — for example, many part-time, temporary and industrial workers work for formal enterprises through contracting or subcontracting arrangements.

The expansion of the informal end of the economic continuum has led to a widening of the income gap, especially for women. Incomes of both men and women are lower in the informal economy, and the gender gap in income appears higher here than in the formal economy. Within the informal economy incomes tend to decline from self-employed to casual wage-worker to subcontracted worker. Women, worldwide, are under-represented in high-income activities and over-represented in low-income activities.

Understanding risk in the informal economy

Poor workers in the informal economy face high risks. Firstly, they have a high exposure to risks given the conditions under which they live and work, and secondly, they tend to have low levels of income and are, therefore, less likely to be able to save for contingencies. This means that, for them, predictable financial needs — such as expenditures on life cycle events and education — often become financial risks or, at least, a source of financial stress. Thirdly, they have little or no access to formal means of managing risks, such as insurance, pensions and social assistance. They also have little access to mortgages, loans and scholarships to help finance housing and education.

Like those who work in the formal economy, workers in the informal economy face a common set of core risks or contingencies — namely: illness, maternity, asset loss, disability, old age and death. However, as noted above, they are less likely to be protected against such risks or able to manage these risks. Moreover, they face two sets of work-related risks: the majority neither enjoy job security nor worker benefits, nor are they covered by social legislation, and in addition they face specific risks associated both with the industry or sector in which they are engaged and with their employment status within that sector.

Clearly, informal workers, particularly the poor, have a strong need for effective instruments with which to address risk. Access to credit and savings serve as an important means of self-insurance in the informal economy, along with informal group insurance instruments based on risk pooling. However, these informal measures need to be strengthened and expanded, as well as complemented by state policies and provisions that help those in the informal economy manage their risks. Ideally, what is needed are mechanisms that help prevent risks occurring, or reduce the possibility of them occurring, as opposed to the more commonly found coping strategies used by informal workers and their families, which are brought into play after the event.

Approaches to social protection

The term 'social security' has traditionally been used to cover a range of forms of provision, from people making their own private savings for their retirement, with no contribution from employers or government; to social insurance, where workers, employers and the state may each make a contribution; to state assistance where people may receive a non-contributory grant in their old age or when affected by a natural catastrophe.

In the last century social security came to be used, generally, to refer to formal schemes, which cover the core contingencies of:

- Health care
- Incapacity for work due to illness
- Disability through work
- Unemployment
- Maternity
- Child maintenance
- Invalidity
- Old age
- Death of a breadwinner.

In industrialized countries, access to these forms of social security has been through a mixture of contributions between workers themselves, employers and governments. The design of this formal security provision rests on the assumption that a worker is in a recognizable and regulated employment relationship, and that the worker will be in employment most of the time. Women and children have typically received access to social protection through husbands and fathers. In addition to the above, the provision of free or partly free education and health services is often part of what has come to be expected from a welfare state.

The provisions of social security have shifted as industrial countries have turned away from comprehensive social security systems. Pension systems are less generous, sick leave is being cut back, disability grants are more difficult to access. This is partly because the structure of the population has changed, with more older people requiring expensive health care, but it is also because the labor market has changed. Fewer people are working in jobs through which they can get social security benefits and which subsidize them in their old age. The expansion of private sector provision of health care, insurance, pensions and insurance of work-related injuries has meant that informal workers are largely bypassed as they do not or cannot make the requisite contributions to qualify for benefits.

The term 'social protection' has overtaken 'social security', especially in the context of less developed countries. It marks the switch away from comprehensive state activity to one where individuals, families and communities have a more active role. A wide range of institutions and actors are involved in the production of social

protection, and the concept fits in better with the new paradigm in development theory emphasizing human and social development. It can focus on expanding capabilities (what people can do) as the objective of policy interventions, as opposed to concern with only commodities (food security), or solely income (basic income support), or purely labor standards (basic rights).

However, the decrease in the role of the state and of employers that accompanies this shift is problematic. A policy framework is needed that explicitly takes into account, and seeks to support, those that participate in the informal economy, particularly the more impoverished and vulnerable. It needs to articulate a coherent and pragmatic approach towards assisting those in the informal economy to address risk and reduce poverty. Integrating an analysis of social protection with value chain analysis provides the potential to advance analytical and strategic thinking about social protection in the changing world of work.

Using value chain analysis to understand the dynamics and possibilities of social protection

Value chain analysis (sometimes called commodity chain analysis or sub-sectoral analysis) can be used to develop a new policy framework. It focuses on a commodity that is being produced — for example, a cotton shirt — and looks at the entire chain of ownership and activities involved in production, from the land on which the cotton is sown and harvested, to the process through which the raw cotton is taken off the land, milled, made into cloth, manufactured into a shirt and marketed. At each point along this chain, there are people doing the work, in different work statuses, and there are people and agencies controlling the conditions under which the work is done.

As Dolan and Humphrey (2000) point out, this is an approach that 'draws on the simple idea that the design, production and marketing of products involves a chain of activities between different enterprises'. These different enterprises are linked through networks of governance, and Gereffi (1994) emphasizes that these networks require cross-border co-ordination of activities. He distinguishes between producer-driven chains and buyer-driven chains — with the latter determining what should be produced, but not doing the production themselves. These non-manufacturing companies define trade opportunities for developing countries (Gereffi 1994; Dolan and Humphrey 2000).

Conventional value chain analysis was developed as a way of being able to understand more precisely how different industries could be made more competitive. It

has added to an understanding of the economic processes involved, the points at which value may be added and the conditions for better co-operation between businesses. Kaplinsky (2000) reflects on the 'dark side' of globalization, and its unequalizing effects, and uses the value chain approach to ask how participation in the global economy can take place in a way that provides for sustainable and equitable income growth.

This book presents the position that the value chain approach has the potential to ground the study of social protection in the real world of the working poor. It offers the opportunity to understand better how workers at different points in the chain of production may have different access to a 'ladder of protection'. Conventional value chain analysis can be broadened and enriched to include what may be called a 'labor benefit approach'.

This approach has the following potential:

- It can be used to identify how different statuses of employment (the different ways in which people are employed) make workers vulnerable in different ways at different points in the chain of production and distribution.
- It can be used to identify the different ways in which men and women are able to participate in the labor market, the conditions under which they work, and their relative control over these conditions.
- It allows for the risks and vulnerabilities of people who are economically active to be examined both in the formal workplace and in informal workplaces, such as people's homes or informal community facilities.
- It extends the idea of 'governance' beyond the study of governance within and between firms, and focuses on how workers in different settings and in different employment statuses are regulated in different ways, including regulation by local government, organizations of employers, and formal and informal organizations of workers, as well as by the national and international regulation of labor standards.
- It can help to identify the different rights and entitlements of specific groups of workers to social protection, both through their employment and through wider public provision. It also identifies deficits in these rights and entitlements.
- A value chain approach can also help to identify stakeholders linked to a particular sector, and give a perspective on the role these different stakeholders can play in developing social protection.

This approach has a singular advantage in that it mainstreams informal workers and informal enterprises into the economic domain. Too often, informal workers and the informal sector of the economy are seen as an urban or social planning issue, or as a health issue. Through concentrating on different working arrangements, it can include workers with and without formal contracts, people running their own tiny enterprises and people — including unpaid family members — working for others. Furthermore, through being specific about the conditions under which people work, it allows more accurate analysis of the possibilities of organizing and being represented.

The main limitation of applying this chain analysis to social protection would appear to be that some working people do not fall easily into any sector or into any value chain. Those working in subsistence agriculture, for example, would not be included, whereas those working in and selling dairy products would be included. Also, some individuals work in more than one job, and these may be in different chains at the same time, or in different chains at different times of the year.

This book presents findings from studies that have attempted to apply value chain analysis to an institutional framework for social protection. It breaks new conceptual ground in foregrounding the importance of status of employment, and in showing how that status determines where people who work will stand on the ladder of protection.

The sectoral studies

The studies reported on here cover four countries and two sectors. They encompass different regions and both urban and rural economies, and they examine short, usually local, chains as well as long global chains. The studies are set in countries which have very different commitments to social protection, and in which trade unions have adopted very different stances towards informal workers and their organizations.

In the horticulture study, the industry in Chile and in South Africa is compared, with a particular emphasis on the growth of luxury fruit for export. Thailand and the Philippines are the countries chosen for an investigation of the garment industry. In each country in the garment sector two different chains are explored. In the Philippines, the study looked at one chain involving the manufacture of mass-produced clothes for export to the United States, as well as a chain involved in export-oriented embroidery of clothes. In Thailand, the first value chain studied

was of the large scale production, for export, of lingerie. The second was the production of clothing for local and foreign markets. The same workers were involved for both markets.

Why the garment and horticulture sectors were chosen

The garment sector involves millions of people worldwide, especially in Asia. It is one in which there has been rapid informalization and contracting out. The sector has a high concentration of women, many home-based workers and also many migrant workers. There is a wide range of consumers, from very poor people buying very cheap (and second hand) clothing, to elites with an interest in high-end fashion. There has been considerable international pressure from groups concerned with production and trade in this sector. Cross-country research has been conducted on garment commodity chains, though not on access to social protection.

Horticulture is, by contrast, a land-based sector. Many women are involved, and the choice of horticulture as a sector enables the inclusion of both rurally-based work, and the effects of seasonality as a risk. Horticulture represents a significant share of exports for some countries, especially from Latin America, and increasingly from some African countries. Workers are concentrated in the areas of production and packing (which makes a good comparison with home-based workers in clothing) and this offers possibilities for exploring single-action leverage in provision of social benefits.

The studies do not follow the same format, but include the following major themes:

- The nature of the commodity chain, with the number of workers, their employment status, wage levels and a gendered and life cycle analysis.
- The place of the sector in the global economy and the patterns that are emerging with regard to the contracting of work, and the informalization or formalization of work.
- The general and specific risks associated with the sector for workers at different positions on the chain.
- The regulatory environment, which includes the regulatory regime, the country's commitment to legislation on basic conditions of employment, including gender equity and the rights of minority groups.
- The access of different categories of workers to formal mechanisms of social protection.

- The provision of social security and social protection in the country, including occupational health and safety provisions — for example, if there is a free health service; if there are health services in rural areas where horticulture is practiced; if there are industrial health services; if there is state assistance for people with disabilities (whether disability is caused at or away from work).
- Informal and non-work related access to social protection, in particular any promising local, in-country examples of schemes and programs which have been started independently of government or employers, and which would be accessible to horticultural/garment workers in vulnerable employment.
- The organization and representation of workers in the industry — the access of workers at different points on the chain to mechanisms of representation and appeal.
- The potential future roles for different actors: a stakeholder analysis of government at national, provincial and local levels; the owners and controllers of the industry; the private insurance industry; organized labor; informal workers and their organizations; consumers; civil society organizations and ethical trade advocacy groups.

SOCIAL PROTECTION FOR INFORMAL WORKERS IN THE HORTICULTURE INDUSTRY:

CHILE & SOUTH AFRICA

Research by

Armando Barrientos & Stephanie Ware Barrientos

24

This section examines how to extend social protection to informal workers in horticulture.

Globalization has important implications for social protection: with the integration of production in the South with markets in the North, greater opportunities are created, and also greater risks, for workers in the developing world. Horticulture is a very good example of this. The growing exports of fruit from developing countries, such as Chile or South Africa, to markets in the North creates a value chain between Southern workers and producers and Northern supermarkets with their workers and consumers. At both ends of the chain the sector provides important income earning opportunities for workers, including women. However, a significant number of jobs are temporary, precarious, low-paid and predominantly female. As horticulture expands, it is becoming associated with a growing informalization of work in global export sectors in both developed and developing countries.

The fruit export sectors of Chile and South Africa are compared. Both these countries have a well-established export trade in fresh fruit, which generates high levels of employment in the fruit growing regions, with some social protection mechanisms in place to protect workers. The study identifies the value chain links to the United Kingdom, where supermarkets dominate retailing, and where there are also high levels of informal employment.

Key features of informal employment in horticulture are identified, and the study examines social risks faced by these workers and their households, before evaluating existing forms of social protection and identifying potential avenues for extending social protection among these workers.

THE HORTICULTURE VALUE CHAIN

The horticulture sector in the global economy

Over the last few decades there has been a rapid increase in the trade of fresh products, which can now be sourced from around the world. Certain developing countries with the right climatic and production conditions have been able to expand their horticultural exports.

Examples of horticulture expansion are:

- Between 1985 and 1992 the growth rate in the production of fruit, vegetables and flowers was 17.2 percent per annum in Central America and 48 percent per annum in South America (excluding Brazil).
- In Sub-Saharan Africa, horticultural exports have doubled since 1980, and in 1996 they exceeded the region's exports for coffee, cotton and all other individual commodities other than cocoa.
- World trade in edible horticultural products had a total value by 1988/9 of US $40.3 billion, exceeding the trade in cereals of US $38.6 billion.

The volume and value of exports from Chile and South Africa is given in Table 1. This expansion has been stimulated by a number of aspects of globalization, such as the adoption of export-led growth in developing countries and the use of modern technology during the process of production, post-harvest preparation, cooling, storage and transport. A high-tech 'cool chain' keeps fresh produce in temperature-controlled conditions, prolonging shelf life and extending the export period of these perishable products. This facilitates the year round purchase of horticultural produce globally.

Table 1: Fruit exports from Chile (1997–98) and South Africa (1998–99)

	Volume of exports (tons)	Value of exports (US $millions)	Estimated % exported to EU
South African deciduous fruit	530 350	700	76
Chilean Fruit	1 309 263	1 292	30

Source: Barrientos, Dolan and Tallontire (2001).

26

The horticulture value chain in Chile and South Africa

Fresh produce was traditionally sold through a complex web of exporters, importers and wholesale markets, with long and often fragmented distribution chains. Increasingly, distribution channels are becoming more integrated in the global horticulture value chain. This is partly through the operation of large, multinational firms, such as Dole and Del Monte, that are directly involved in all stages of the chain from production to the final point of distribution. It is also occurring through the establishment of coordinated supply networks, usually dominated by large buyers and involving many actors. These work with a small number of importers and exporters in different countries to handle their year round requirements from across the world. Despite the increase in vertical integration and the role of dominant buyers along the value chain, the supply base itself remains relatively fragmented and diverse.

In Chile and South Africa production is characterized by medium sized commercial farms, with very few large-scale plantations or smallholders. Figure 1 outlines the fruit value chain from Chile and South Africa. Chile is the larger producer, but ships a smaller percentage of its fruit to Europe than does South Africa. Both export homogeneous fruit varieties, particularly grapes, apples and pears, and once they reach their destination, there is little to differentiate the fruit on a country basis.

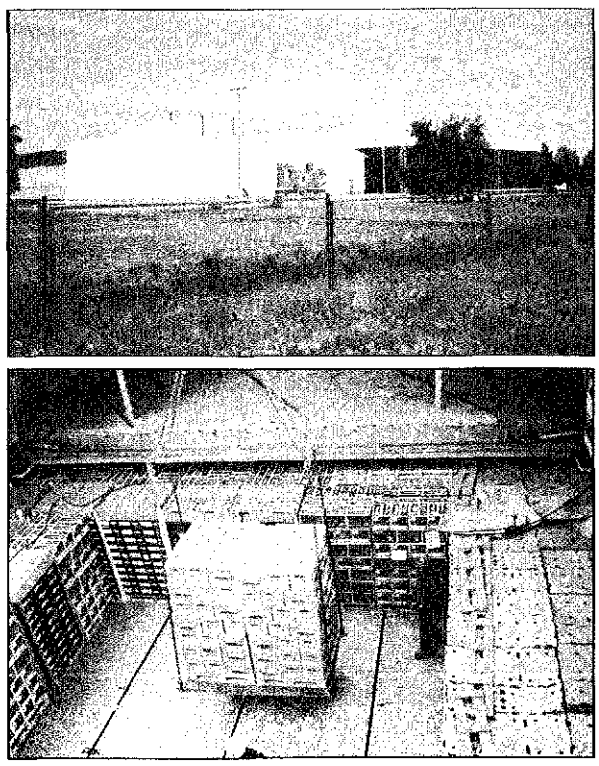
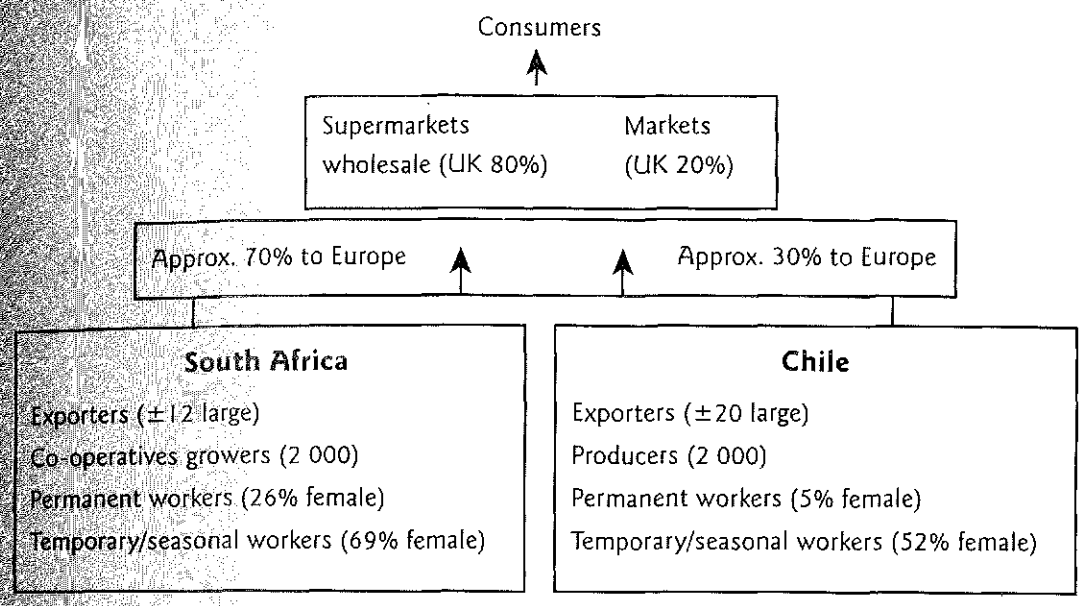
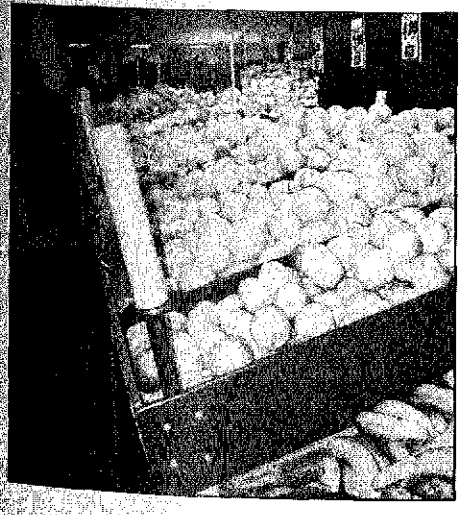


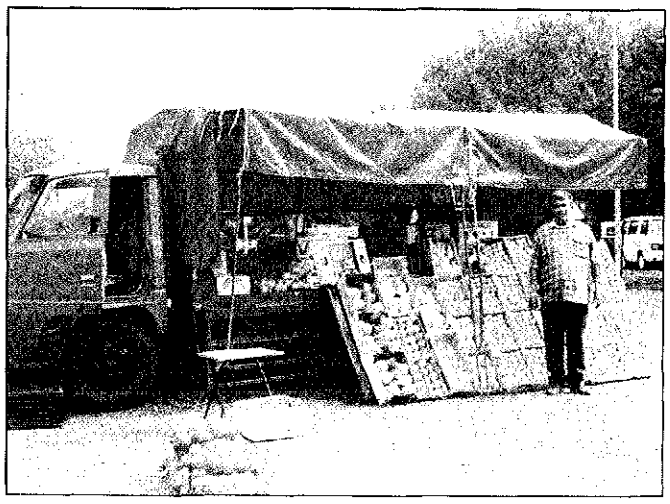
Figure 1: Overview of the global value chain for South African and Chilean deciduous fruit



Risks to producers and workers

Producers are operating at the point of the value chain where the risks from agricultural production are highest. They are therefore subject to a volatile pricing system on the international markets. They have to make significant investments in modern technology and new production methods to sustain the high quality demanded in the global fruit market.





Moreover, production still remains subject to the vagaries of weather, pest or disease, and it is the producers who bear these risks, and who suffer the most when adverse conditions prevail. They are often squeezed in their returns, and their portion of the value of the final price is relatively low compared to other sectors of the value chain. This is important to understand because the only group remaining at the base of the value chain, onto which they can offload some of the risk, is the labor force, and particularly the more flexible seasonal workers where the highest levels of female employment are found.

EMPLOYMENT AND THE EMPLOYMENT RELATIONSHIP IN THE VALUE CHAIN

Information about employment and employment relationships helps to uncover responsibility for working conditions, including the types of social protection.

Productive activities and employment across the horticulture value chain

A typology of employment in the value chain is presented in Table 2. At the production end, employment is concentrated within the growing and packing

segments. Here, there is diversity and flexibility, with a relatively low level of formal and a high level of informal female employment. Once the produce leaves the packhouse, it enters the 'cool chain' distribution funnel, which is highly capital intensive. The retail end of the chain is much more labor intensive. Here again, high levels of informal female employment dominate.

Table 2: Typology of employment in the horticulture value chain

Type of firm	Factor intensity	Employment type	Female employment	Tasks linked to informal work
Supermarkets	Labor	Core permanent staff, majority part-time hours and shift work	High	Shelf filling, checkout, counters, floor
Importers	Capital	Skilled labor	n/a	n/a
Transportation	Capital	Skilled labor	n/a	n/a
Exporters	Capital	Skilled labor	n/a	n/a
Packhouses	Labor	Small permanent core, majority semi-skilled seasonal labor	High	Sorting, grading, packing and related tasks
Farms/Packers	Labor	Small permanent core, majority semi-skilled seasonal and general labor (incl. migrant and contract)	High % in packing, lower in fieldwork	Sorting, grading, packing, thinning, pruning, picking and related tasks
Farms	Labor	Small permanent core, majority semi-skilled seasonal and general labor (incl. migrant and contract)	Medium in fieldwork	Thinning, pruning, picking, and related tasks

n/a = information not available

Levels of employment

Estimates of levels of employment in export horticulture are not very reliable. Most reliable estimates indicate that permanent employment forms only a small percentage of total employment, as shown in Table 3, and a large proportion of employment is temporary or seasonal. Horticultural employment is highly concentrated in the key producing regions in each country, with very little alternative work because workers are surrounded by wide tracks of farmland and few or no towns where other labor is in demand. This poses a particular problem for out of season income generation in those areas for the large, informal workforce.

Table 3: Estimates of employment in the horticulture/retailing value chain in selected countries, and share of temporary and female employment

	Employment	% Female	% Temporary
South African deciduous fruit	283,000	26% permanent 69% temporary	65-75%
Chilean fruit	336,700	5% permanent 53% temporary	85%

Sources: Kritzinger, Prozesky et al. (1995); Barrientos, McClenaghan et al. (1999); Barrientos, Dolan et al. (2001); de Klerk (date unknown).

Female employment levels

Flexible female employment helps to facilitate the functioning of both ends of the global value chain. Table 3 shows the significant level of female employment within the sector, with women particularly concentrated in temporary forms of employment. In Chile, for example, 53 percent of temporary workers but only five percent of permanent workers are female. In South Africa, 69 percent of temporary and casual workers but only 26 percent of permanent workers are female. This partly reflects the perception that women have 'nimble fingers' to do the delicate handling of the fruit required in packing. It also reflects employers' use of flexible female labor as a buffer against risks of variability in production or price.

Table 4: Panel A:
Age of fruit workers (as % of sample in each country)

	Chile (1)		South Africa (2)	
	Men	Women	Men	Women
Age				
19 and under	34	17	3	5
20-29	42	38	34	39
30-39	13	30	30	36
40-49	6	9	22	13
50 and over	5	6	11	6

Panel B:
Marital status of fruit workers (as % of sample in each country)

	Chile (1)		South Africa (2)	
	Men	Women	Men	Women
Status				
Single	65	37	22	30
Married/Cohabiting	29	47	75	66
Widowed/Separated	6	16	3	4

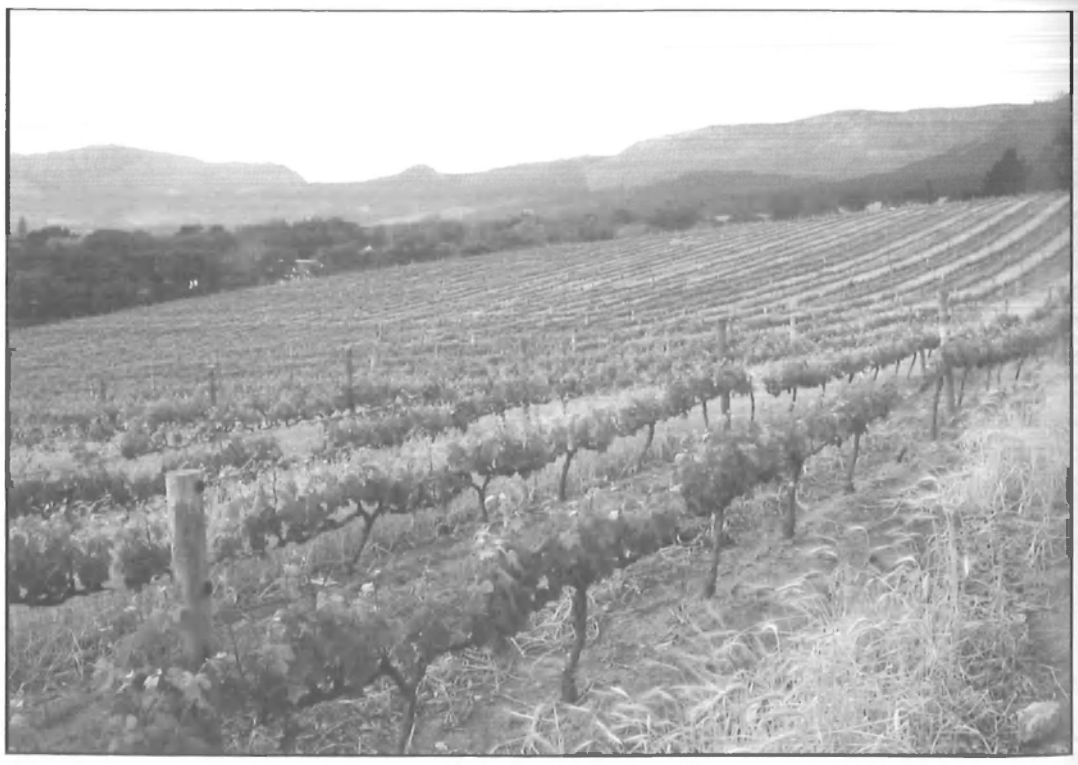
Sources:
(1) Rodriguez and Venegas (1991) based on a study of temporary workers only (excluding permanent workers) in 6 valleys in Regions III, V, Metropolitan, VI and VII. Sample size: 220 male and 238 female temporary workers.
(2) Kritzinger, Prozeski and Vorster (1995) based on a sample of all deciduous fruit workers (permanent and temporary) in the Western and Northern Cape. Sample size: 353 male and 351 female workers.

Supermarkets that are the primary retail outlet for horticultural produce in the UK also have a high proportion of informal employment, largely female. In 1994 it was estimated that out of 100 000 supermarket workers in the UK, 75 percent were female (Penn and Worth 1993). Flexible female employment allows supermarkets to vary staffing levels to meet shopping peaks, and extend opening times up to 24 hours a day.

Characteristics of workers in horticulture

Gender and life cycle characteristics

The age and life cycle profiles of horticultural workers vary according to country and status of work, depending on local social conditions and the supply and demand of labor. Case studies indicate that in South Africa and Chile, as in many other countries, the majority of both male and female horticultural workers are in their 20s and 30s with families. This is shown in Table 4. In Chile this age grouping accounts for 55 percent of male and 68 percent of female workers, and in South Africa for 64 percent of male and 75 percent of female workers.

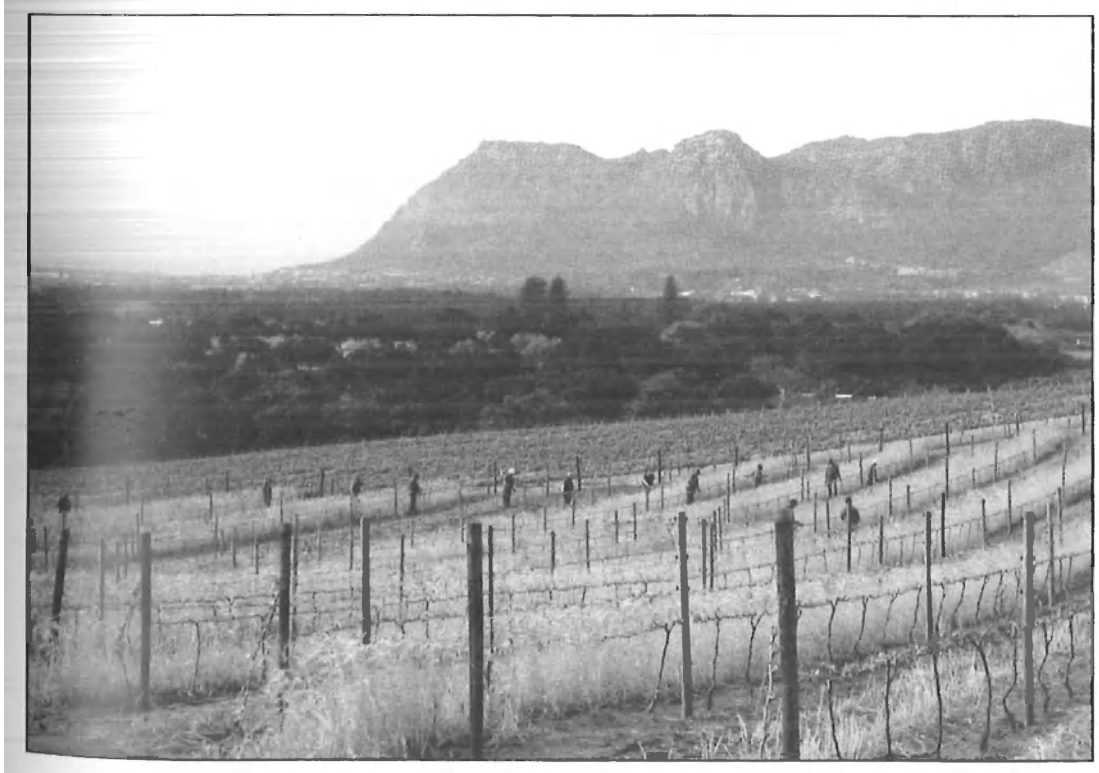


In both countries there is a predominance of married or cohabiting workers, with the exception of male workers in Chile, 65 percent of whom are single. The figures for South Africa partly reflect the fact that much on-farm labor was traditionally employed on a family basis, with male permanent workers obtaining employment on condition that their spouses worked on the farm when required. In Chile most workers live off-farm, and are employed on an individual basis.

Most fruit workers in both countries have children and are working during their childbearing years. During the height of the season both parents, plus other adult household members, are likely to be working long hours. Whilst there is some creche provision for young children in both countries, there is rarely any provision for adolescents who are thus left alone.

Migration characteristics: domestic and international

It is known that migration is an important issue in many countries specializing in export horticulture, yet there has been very little research or information produced on this. In Chile and South Africa there is internal migration of different types. In Chile, fruit workers from the central regions migrate north (where there is a labor shortage) to work at the start of the season, before moving to work south in their



own regions of residence. In South Africa, apartheid shaped a racial division between colored workers who were allowed to live on farms in the Cape region, and migrant African workers (usually from the so-called self-governing states) who were only allowed to migrate during the season. Since the end of these restrictions, internal migration of African workers has continued, but they now also live in townships or communities within the fruit growing areas. There is some evidence that men are more likely to migrate than women, although women also engage in migrant labor.

In Chile there is little evidence of trans-border migrants working in export fruit. In South Africa there is some trans-border migration from other African countries, much of which is illegal. There are important implications for social protection arising from this, relating to access to entitlements. These workers will have no social protection in the country in which they work, or in their home country, where their families' access to social protection is eroded because of the absence of the main breadwinner.

The employment relationship

There is a significant diversity in employment relationships within the horticulture sector, both across and within locations. Reasons for this are the seasonal nature of work, the diversity and fragmentation of producers and employers, the volatility of output due to natural conditions, and the attempts by producers to transfer risks to workers. Employment diversity and heterogeneity in horticulture reflects the continuum from formal to informal forms of working identified by Lund and Srinivas (2000) (see Box 1).

There is no consensus on categories to define types of work, and there is often a lack of clarity, particularly in the use of the terms 'temporary', 'seasonal' and 'casual'. Further, in many countries common usage does not necessarily concur with legal definitions of the categories, which also vary between countries. Permanent workers and regular temporary or seasonal workers have stronger ties to one employer. Irregular casual and seasonal, migrant and contract workers have weaker ties to any particular employer.

Flexibility of employment

There is often a high level of flexibility of employment within the sector, with non-permanent workers moving from one employer to another during or between seasons.

Box 1: Continuum of horticultural employment

Formal employment

- Permanent work (a small core usually with contracts of employment)
- Regular temporary or seasonal work (with or without contracts of employment)
- Casual and irregular work for short periods of the season or on a daily basis (with or often without contracts)
- Contract labor employed by a third party labor contractor (often without contracts)
- Migrant labor employed directly or through a contractor (often without contracts)
- Smallholder production, often involving family labor (paid or unpaid)

Informal employment

Research suggests that, outside country specific smallholder production, the combinations of informal workers used vary, depending on:

- The distinction between fieldwork (where contract and migrant workers are more often used) and packing (where higher skill requires a more stable seasonal workforce, often female)
- Firm size — independent and farm packhouses tend to be larger employers than farms with no packing facilities
- Local labor supply and demand factors, especially at seasonal peaks
- Particular labor sourcing networks that individual employers have links to.

Flexibility clearly results in part from seasonality, but it also reflects labor practices adopted by employers in order to reduce their contractual commitment to workers. This has a strong gender bias, with women being concentrated in more 'flexible' forms of work than men. Contracts of employment are more common amongst permanent workers. Studies showed that in Chile the likelihood of temporary workers having a contract depended on the size of the employer. Amongst large producers and export firms 70 percent of temporary workers had contracts, but this was only the case in 15 percent of the smaller producers (Venegas 1993). In South Africa 42 percent of workers had no contract, and amongst those with contracts, only three percent possessed a written copy of a signed contract (Barrientos et al. 1999).

Contract labor

The case studies indicate that there has been a rapid expansion over recent years in the use of contract labor, where a contractor employs labor that is then provided on a third party basis to producers. The labor contractor is responsible for the employment conditions and pay of the workers, removing this responsibility from the producers themselves.

The use of contract labor reflects a further increase in the flexibilization of employment, and the vulnerability and insecurity of these workers is often greater than those in more stable forms of employment relationships. It also represents a challenge to the extension of social protection in the sector, as the employer (namely, the contractor) is more difficult to trace or monitor than a more stationary producer or exporter.

The increasing use of contract labor in South Africa and Chile, which along with migrant labor displays the highest forms of informality, suggests a tendency towards growing informalization. Workers are usually employed on a daily basis and wages are piece-rate. It is extremely rare for contractors to have written contracts with workers, or to meet legal employment requirements. Social protection is difficult to enforce given the informality and fluidity of contract labor.

Wage payment

Forms of wage payment within the sector are varied, and can change according to the individual employer, tasks performed, form of employment, productivity of specific groups or of individual workers, or the stage in the season. An individual worker with the same employer could receive different forms and levels of payment as the season progresses.

Payments to workers can be based on:

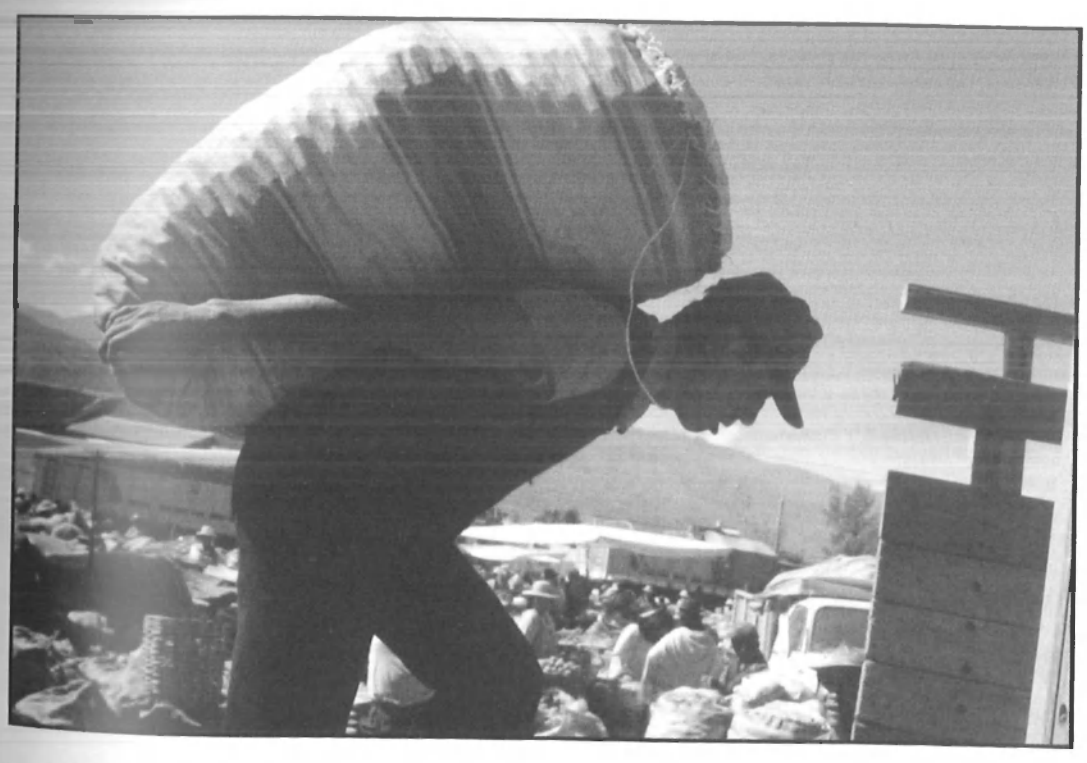
- Fixed weekly wage rates
- Fixed daily wage rates for days worked
- Minimum fixed wage plus bonuses according to overall productivity of team or enterprise
- Minimum fixed wage plus piece-rate according to productivity of individual
- Piece-rates only based on productivity of work team or individual worker.

Only permanent workers receive payments all year round, and are more likely to receive a standard weekly wage. Informal workers are more likely to be on piece-rates, and they get no income for the long periods of out of season unemployment. Temporary workers manage to work an average of four months per year in agriculture. Income poverty is widespread among women, wages are low and variable, and there are complaints that they are not always paid in full.

In Chile half of the male and 60 percent of women temporary workers in agriculture receive wages below the set minimum wage.

In South Africa it is estimated that the wage needed to put an average household above the poverty line is $57.[1] The minimum wage for agriculture is currently under consideration and a key recommendation is a scale from $35 to $65.79 per month, depending on the magisterial district.

In the Western Cape (where deciduous fruit is dominant) average farmworker earnings in cash were approximately $63.16. This was above the average cash wage for farmworkers in the country as a whole of $47.72.



[1] US $1.00 = R11.40, March 2002. (The US/Rand exchange rate has varied considerably over the past year, and the figures used in this document reflect the exchange rate at the time of the writing of the document.)

Contract workers' earnings ranged between $38.60 and $115.79 per month, depending on their task and the stage of the season. Some contract workers therefore would be earning below the recommended minimum wage for their district, and below the average wage necessary to keep a household above the poverty line.

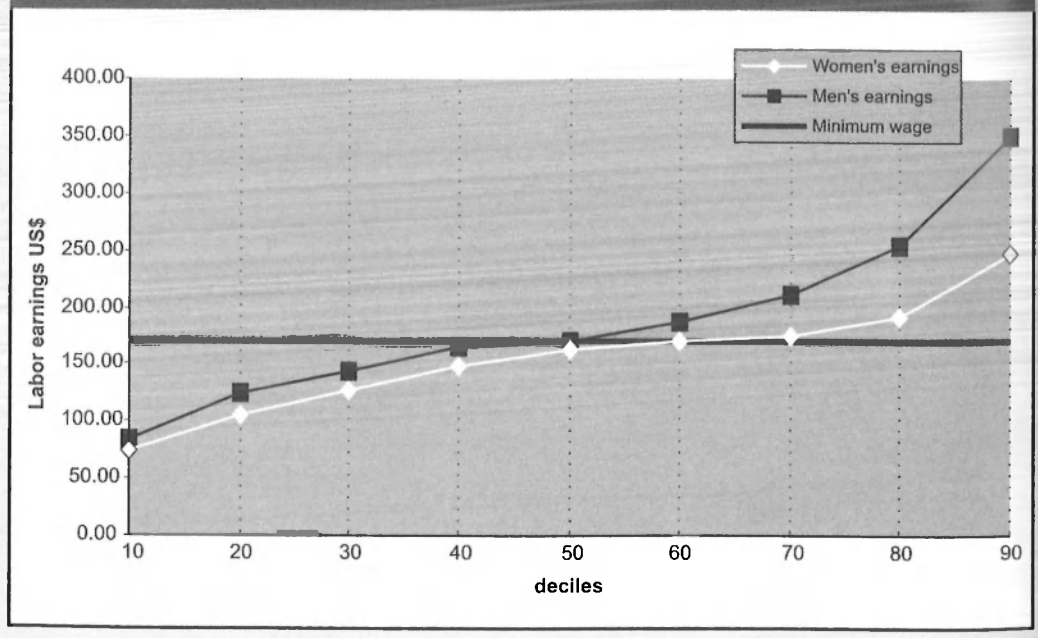
Box 2 provides further information on wage levels in Chile. It shows that men earn more than women, especially in the top three deciles. Table 5 shows that temporary and permanent female agricultural workers are over-represented in lower income distribution deciles in Chile, and that temporary female agricultural workers earn less than permanent female agricultural workers.

Box 2: Income poverty risks among temporary workers in agriculture in Chile

Chile

The analysis below contains data from CASEN98, a nationwide household survey, on agricultural workers. The data were collected between November and December 1998, at the start of the export season in the central region. The distribution of monthly labor earnings for men and women temporary workers is given in Figure 5 below.

Figure 5: Labour earnings by decile and sex for temporary workers in agriculture in Chile 1998



Box 2 continued

Poverty risks apply to households. Table 5 below compares the per capita household independent income of permanent and temporary women workers in agriculture with the nationwide distribution of the same measure of income. The table reports the proportion of these workers found in each quintile. If over 20 percent of workers are found in a particular quintile, it implies over-representation. If less than 20 percent of workers are located in a particular quintile, it means the group of workers is under-represented in that quintile. Women temporary workers are substantially over-represented in the lower income quintiles, and substantially under-represented in the higher income quintiles. The difference existing between permanent and temporary workers captures the increased risks arising from informality.

Table 5: Locating permanent and temporary women in agriculture within the national income distribution in Chile

	Proportion of women workers in quintile	
Quintile of per capita autonomous household income	**Permanent**	**Temporary**
1st	26.10	24.23
2nd	24.31	39.57
3rd	21.79	25.44
4th	18.13	8.95
5th	9.67	1.82

Elaborated by the authors using CASEN98 data. Autonomous income excludes government transfers.

A further measure of poverty risk is the proportion of women temporary workers whose per capita household income is below the poverty line, basic subsistence income, the indigence line and basic food costs. In 1998, four percent of women temporary workers in agriculture had per capita household incomes below the indigence line, and 19.8 percent below the poverty line.

GENERAL AND SPECIFIC RISKS ASSOCIATED WITH HORTICULTURE

The risks affecting informal workers in horticulture

A brief description is provided below on the risks affecting informal workers in horticulture.

Unemployment and underemployment

Unemployment and underemployment are very significant risks for those in informal employment in horticulture. There is a high incidence of unemployment among seasonal workers, and an absence of alternative employment opportunities in the off-season. Unemployment is a serious problem in South Africa, which is shedding its permanent agricultural workforce.

Income poverty

Income poverty occurs when income is insufficient to cover basic household needs. This risk affects all workers to a degree, but is particularly acute for informal workers in horticulture (see Box 2).

Health

The health risks, and especially reproductive health risks, faced by workers in horticulture are significant, but have not been sufficiently well researched. Legislation and regulation have focused mainly on conditions that are easily observed, and can be linked directly to the working environment. However, less is known about longer term, less easily observable conditions.

Health risks arise from a number of factors:

- The use of toxic products by temporary workers without adequate training and protective clothing has been identified as a significant problem by a number of sources. Workers come into contact with toxic products in the application of pesticides, the handling of the fruit and the trees, and the fumigation of the fruit in the packing. The symptoms associated with the use of toxic products include allergies, eye soreness and dermatitis. The longer-term effects have not received much attention, but these could be substantial.
- Research in Chile has increasingly highlighted the risks to women's health of working in export horticulture. The Regional Hospital in Rancagua carried out a

study of malformation among the newly born between 1975 and 1990 and found that the rate of malformation per 1000 live births in the region was 3.6, as opposed to 1.93 for the country as a whole. In 93 percent of cases of malformation, the mother was a *temporera* — a temporary worker — or the parents had been exposed to agriculture-related toxic products. This region has the highest concentration of export horticulture in the country.

- Hygiene and sanitation are also important sources of health risks. Lack of drinking water or toilets can lead to stomach problems and infections. Together with the cold and humidity in the cold storage and packing areas, these are responsible for a high incidence of cystitis among women workers.
- The physical demands and long hours of work result in muscular pain and discomfort, lumbago and rheumatism. Because the link between the work environment and these health conditions is less direct, and in many cases the conditions are longer term, it fails to be identified correctly. A preventive health test carried out with 95 *temporeras* in the 9th Region of Chile in 1996 found that 56 percent had muscular problems, 44 percent psychological problems, 37 percent stomach problems, 34 percent eye problems and 17 percent skin problems. Interestingly, when asked whether they had a work-related health problem, only nine percent of *temporeras* answered yes.

Injuries or death from accidents

Injuries or death from accidents during transportation to and from work has led to changes in legislation in Chile, and to media attention in South Africa. This is a severe problem for casual and seasonal workers living at a distance from places of work and who travel on a daily basis. Transporting migrant workers living in hostel accommodation has also been raised as an issue in South Africa. Where labor contractors are involved, the transport provided is often of poor quality, therefore increasing the risk of accidents.

Disability

There are few studies of the extent of morbidity and mortality among informal workers, especially as these workers are rarely entitled to disability and survivor pensions, and this is the point at which statistics of this kind are collected.

There are two sources of disability insurance for workers in Chile, neither of which is accessible to informal workers in horticulture. Disability arising from work-related accidents is insured through individual retirement plans. These have an extra contribution covering disability insurance, and provide earnings-related pension benefits. The problem is that very few temporary workers are affiliated to these pension plans. In addition, a condition of entitlement to disability pensions is that the worker is contributing at the time of the accident. A further condition is that the loss of working capacity is at least 50 percent. After prolonged debate, entitlement to a disability pension has now been extended for unemployed workers to one year after the start of the unemployment spell. However, these workers are only entitled to a much-reduced benefit. Temporary workers are at greater risk because of their irregular contribution record and affiliation gaps.

In South Africa the legislation that covers formal workers for injuries on duty does not extend to informal workers. There is a non-contributory disability grant of $54.39 a month. This is difficult to access, and ensuring its continuity is also difficult. If a worker who had been injured on duty is granted this type of disability grant, the employer's responsibility towards that worker falls away.

Longevity risk

Longevity risk refers to the strong likelihood that workers in informal employment will outlive their resources in old age, especially as they are not covered by employment-based pension schemes. In South Africa, the risk is significantly reduced by

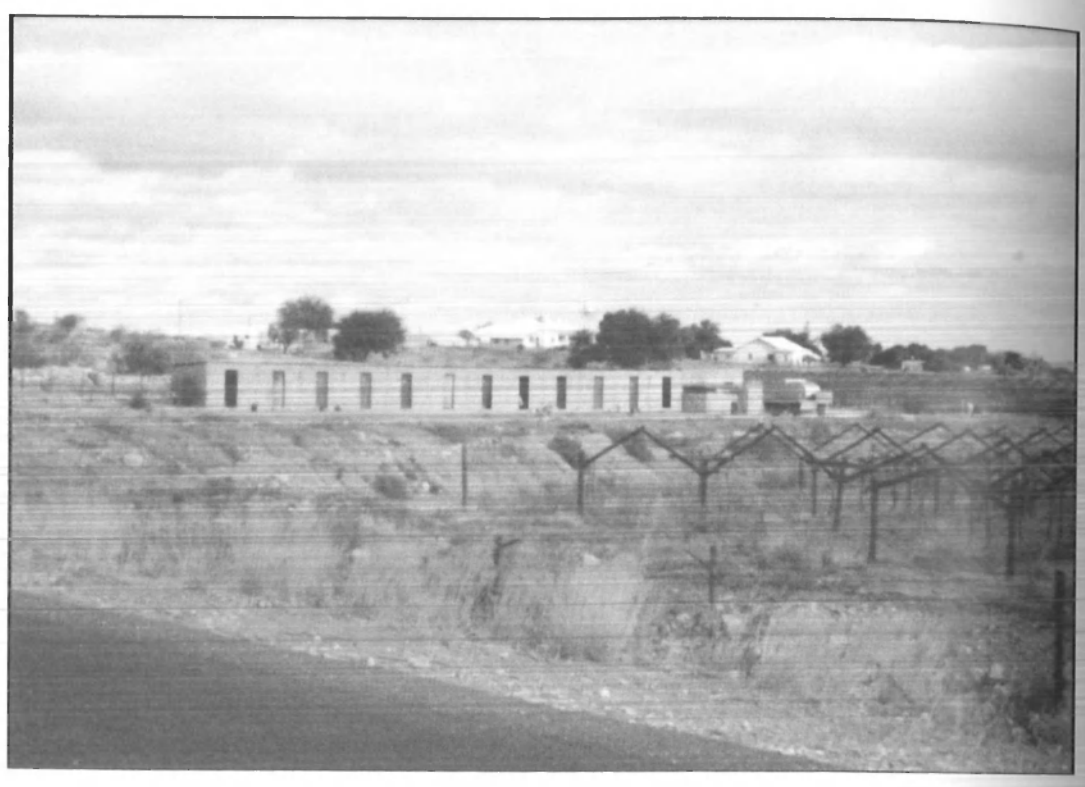
the existence of the non-contributory social pension, which is similar to the disability grant. As there is no counterpart of the social pension in Chile, the longevity risk for Chilean informal workers in horticulture is substantially higher.

Ignorance of entitlements

Ignorance concerning entitlements, particularly regarding legal employment rights, is an important problem in both Chile and South Africa. In South Africa, the lack of understanding of employment rights is a problem where there are low levels of literacy. Isolation in rural communities and a lack of access to means of communication compounds this problem of inadequate information.

Homelessness and poor housing conditions

This is an issue particularly for on-farm workers in South Africa, where permanent workers were traditionally provided with housing. Since 1997 there has been a trend to move workers off-farm, or not to replace on-farm labor.



Migrant workers in both Chile and South Africa also have problems with the accommodation provided for them. In Chile, and increasingly in South Africa, temporary workers live in their own housing separate from their work. Off-farm seasonal and contract workers often live in rural or urban shanty towns where housing conditions can be appalling, with a lack of infrastructure and insufficient sanitation.

Social and political exclusion

Social and political exclusion is a key risk for informal workers in horticulture. Historically unionization has been low in agriculture, and this is particularly the case in export horticulture. In Chile only one percent of informal workers in horticulture are unionized, and in South Africa estimates of union membership vary from two to eight percent at the most optimistic. Traditional rural unions are weak in addressing the needs of temporary, casual and migrant workers, and tend to have a male bias that is poor in addressing the needs of women workers.

Social protection for informal workers — a social responsibility analysis

One of the purposes of doing value chain analysis is to identify different actors and different interest groups who will be present at different points on the continuum. Most workers engaged in horticulture are in an informal employment relationship, and face greater exposure to social risks. This section looks at the social responsibilities of the institutional actors linked to the horticulture value chain.

Multi-lateral and state

The core labor standards set by the ILO are freedom of association, elimination of forced labor, abolition of child labor and elimination of discrimination in respect to employment and occupation. The non-core labor standards are conditions of work, safety and health at work, income security and fair treatment. Both core and non-core standards apply in principle to all workers and, therefore, to informal workers in horticulture. However, national legislation has often focused on permanent, full-time employees in the formal economy, which results in a gender bias as men are often concentrated in the formal economy and women in the informal economy. Recent changes in approach at the ILO stress the fact that the spirit of the regulations applies to all workers, and particular attention is currently being paid to informal economy workers.

There are encouraging signs that the Chilean and South African governments are both taking steps to incorporate informal workers under the labor legislation, but so far change has been limited.

In South Africa:

- Legislation has been amended to cover agricultural workers and, to a lesser extent, seasonal and temporary workers. Basic conditions of employment now apply to agricultural workers, including seasonal and temporary workers. These include maximum working hours, sickness benefits and annual leave. Formalization of employment is required in the form of a written contract and associated information of workers' rights.
- Unemployment insurance has been extended to agricultural and domestic workers, but seasonal or temporary workers are still excluded.
- The 1995 Labor Relations Act enshrines the right to belong to a union, and encourages workers' participation through workplace forums, but it does not provide for full union access to farms, and it restricts workplace forums to large employers.

In Chile:

- Labor legislation encouraged unionization and collective bargaining and contained many employment protection provisions prior to 1973. When the military dictatorship reversed many of the provisions protecting workers, the impact on the agricultural sector was severe. Unionization rates in agriculture were 42.4 percent in 1973, but by 1985 the national unionization rate had fallen to 5.2 percent. By 1991, with the restoration of democracy and some employment rights, unionization had only reached nine percent.
- The emphasis of labor reforms since 1990 has been mainly to improve workers' mobility and training, and has focused to a lesser extent on the extension of social protection. At the same time, there is limited, but increasing, recognition of the needs for social protection among temporary workers. Legislation introduced in 1994 for the first time explicitly defined a category of temporary worker. Employers are required to issue a written labor contract for workers, and to register this in the Labor Office after 28 days of continuous employment.
- Employers must make adequate provision for housing, transport and food consumption. The legislation also makes provision for school facilities to be used as crèches in school holidays, and makes fruit producers responsible for payroll contributions to social insurance programs if the workers are employed through a labor contractor.
- These measures were extended by further legislation in 2001 in two important respects: the requirement of minimum standards of hygiene relating to food consumption, and transport. Both these constituted a response to related health and transport hazards reported in the press. In what was also a response to public concerns, the legislation now requires the registration of labor contractors.

Market social protection

Private formal social protection

In Chile, informal workers in horticulture have access to health care as indigents only.

Health insurance is provided through a mixture of employment-based insurance, and public provision as a last resort. There is free public provision available to indigents, but the coverage is mainly for emergency and primary health care services.

In order to access secondary and tertiary health care workers need to demonstrate a contributory record, which most informal workers cannot do (see Box 3).

There are a number of reasons for the low rates of coverage among these workers:

- Employers are reluctant to facilitate affiliation to social protection because this requires workers to have a written contract, which in turn imposes other labor responsibilities on employers, such as maternity leave and restrictions of employment termination.
- Payroll contributions may deter some workers from affiliation. Payroll contributions are around 21 percent of earnings in Chile, including 13 percent towards individual retirement plans, seven percent towards health insurance, and one percent for work-related injuries insurance cover. Temporary workers, who work four months a year, stand little chance of collecting benefits (women need to reach 60 years of age and have 20 years of contributions to be in a position to collect the minimum guaranteed pension benefit.
- Pension fund managers work for profit making private corporations and have few incentives for ensuring contributions are collected, especially from workers in irregular employment and in rural areas.

Box 3: Low coverage of formal social protection programs in Chile

Rates of coverage of formal social protection programs are low for temporary workers in agriculture in Chile. Data from a 1998 Household Survey (CASEN) shows a significant coverage differential existing between permanent and temporary workers in agriculture.

Table 6: Coverage of pension plans and contract of employment among agricultural workers in Chile in 1998

	Permanent	Temporary
Percent not contributing to a pension plan	48	67
Percent without a contract of employment	20	64

Source: Direccion del Trabajo (2000).

As regards pensions, Chile has a mandatory, individual retirement plan pension system. Workers are required to contribute 10 percent of their earnings to an individual retirement fund with a private pension provider, and a further two to three percent to cover an additional disability and survivor insurance premium, and the charges of the private providers. Workers can access their retirement fund on reaching retirement age at 60 for women and 65 for men. Government's role is to mandate the participation of workers and to provide minimum pension guarantees for workers with at least 20 years of contributions, but with insufficient funds at retirement. This minimum pension benefit is around 80 percent of the minimum wage. Chile has a non-contributory pension benefit for people over 75 or disabled with no other means of support. The benefit is around 20 percent of the minimum wage.

In South Africa there is private and public provision of health care, pensions and compensation for work-related injuries. There is a wide range of voluntary private pension plans but coverage is concentrated among high earners. The non-contributory pension plan, the social pension, pays a means tested benefit from age 65 for men and 60 for women. The maximum benefit is $57 per month, and constitutes a key source of income for poorer households. More than three-quarters of all women 60 and over and men 65 and over receive the benefit (a demonstration of the high rate of poverty in the majority African population). A growing body of research points to its effectiveness as a poverty alleviation mechanism. However, the processing of applications for this pension can be a lengthy procedure, and there is often a long interval between a worker retiring and starting to receive the pension.

Emerging codes of conduct

Codes of conduct covering employment conditions are being introduced by a growing number of global buyers, particularly supermarkets in Europe and the UK but less so in the US. The process of developing the codes has in some cases involved

collaboration between private sector companies, NGOs and trade unions, in a multi-stakeholder approach.

South African horticulture, which primarily supplies European markets, is more favorably affected than Chilean horticulture, which primarily supplies the US.

Codes of conduct are potentially one means of extending social protection via the value chain. Their efficacy depends in part on their content, and on the extent of their enforcement. But where they specify core labor rights, gender equality, a living wage, health and safety and adherence to national legislation, they could provide an important complement to other mechanisms of social protection for men and women workers in different sectors. Continued pressure from civil society organizations could also help to improve the content of codes, and multi-stakeholder participation provides another mechanism of enforcement where labor inspectorates and national mechanisms are weak.

The fact that codes operate along supply chains also highlights the importance of understanding those chains, and the position of workers within them. The potential to extend the use of private sector codes as a means of social protection also raises the following questions:

- Who, within the supply chain, is responsible for ensuring that codes (and their related social protection) are adhered to: the global buyer, intermediary agents and/or the immediate employer?
- What, in relation to social protection, is the relationship between the private sector, national government and civil society organizations?
- What, in terms of the provision of social protection, is the relationship between local, national and international organizations both within and connected to the value chain?

In addition, there are gender limitations in codes of conduct that need to be addressed if they are to cover all workers equitably.

- Codes of conduct often base their design on the implicit assumptions of permanent employment, and are weaker in relation to informal employment conditions.
- Some codes of conduct are weak or negligible in their coverage of gender employment issues, such as equal pay and sex discrimination (except codes following the ETI and SA800, as they are based on ILO core conventions).
- Few codes extend to those employment-related issues that are particularly important for women workers, such as reproductive rights, childcare provision or sexual harassment.
- Codes do not address the underlying gender norms that lead to the concentration of women in informal work, where the conditions of employment and of social protection are poorer.

This is a fast developing area of activity for social protection. It opens up the potential for new multi-stakeholder approaches to social protection for those who, through their employment, are linked, however indirectly, to global value chains.

Community-based social protection

Given the lack of attachment of many informal horticultural workers to a particular employer, a potential avenue for improving social protection is via the communities in which they live.

There is very little evidence of informal community-based social protection among *temporeras*. This is associated with their lack of unionization, fluid employment in space and time, absence of a tradition of informal support, and weak solidarity values among them and in society as a whole. A survey of voluntary organizations among *temporeras* found that there were 102 of them in the Central Region, with one-third aimed at improving working conditions and earnings capacity. Sustainability of these organizations is a problem.

Another focus of public programs and community organizations is childcare. This is an acute problem for *temporeras* because the season coincides with school closures, and in any case they work long hours and through the week. Public programs have brought together local government representatives, producers, schools and community organizations to use school facilities during the school holidays for childcare for *temporeras*.

In South Africa many fruit workers traditionally lived on-farm, and the paternalism of the farmer provided an important source of protection. This is changing with the modernization of the employment relationship and the shift of workers off-farm. Community forms of social protection could thus become important, though sustainability is always likely to be a problem.

Social protection through the household

In South Africa, on-farm employment reflected a strong gender division of labor, with permanent employment for men on the assumption that their female partner worked on a temporary or seasonal basis. Men were seen as the primary bread-winner, with women's primary responsibility in the reproductive sphere, making only marginal contributions to household income through seasonal earnings. The shift from on-farm labor has reshaped this gender pattern, and both men and women can now be employed on a temporary or limited term basis.

In Chile, the evidence of household diversification is also weak. There is a significant concentration of seasonal work among *temporeras'* households, with both men and women working in this capacity. Close to 50 percent of households with *temporeras* have no members with permanent, stable employment. This militates

against the perception that women workers contribute only marginal income to the household, and underlines the precarious basis of total household income for many temporary workers. The capacity of households to provide social protection is therefore limited by the lack of diversification in employment, and by the shift to informal forms of work for both men and women in horticulture.

LESSONS AND POLICY IMPLICATIONS

This section focuses on what lessons can be drawn for the future development of social protection policy for these workers, and will identify research and data needs.

1. Incorporating informal workers fully under existing labor legislation

This involves extending the concept of worker used in labor standards and national legislation to cover the full range of work. This also requires a strong focus on reshaping existing mechanisms for the enforcement of labor regulations covering these workers at the national level.

2. Extending coverage of public programs for informal workers in horticulture

Due to the nature of their employment relationship, informal workers have very limited access to public programs other than those provided for indigent people. This is due to a number of factors: entitlement may be dependent on more or less continuous employment, or recovery costs and administrative gate-keeping may deter recipients, or the location of public providers may be difficult to reach.

In some cases (see Box 4) these barriers can be overcome through internal coordination of government agencies. The fact that this is not automatically forthcoming points to the low policy priority governments have placed upon the social protection needs of informal workers. Extension of social protection provided to informal workers can be a low cost and effective solution to their needs. It involves the coordination of government agencies at the national and local levels, as well as the involvement of employers.

Box 4: Extending health insurance to *temporeras* in Chile – a promising development?

Public service provision to informal workers is a potentially fruitful avenue for extending social protection to them as shown by a recent policy change in Chile aimed at extending coverage of health insurance to the *temporeras*.

In Chile, there is a choice of private or public health insurance. Workers are required to contribute seven percent of their earnings to a health insurance plan reimbursing a proportion of health care expenditures. High earnings workers can opt for a private provider, but low and medium earnings workers are mostly covered by the public health insurance plan offered by FONASA (Fondo Nacional de Salud). Those without income and the very poor have only limited access to public health care. As a high proportion of *temporeras* work without contracts, they could only access basic health care as indigents for most of the year, which provided a strong disincentive for affiliation.

President Ricardo Lagos made a commitment during his presidential campaign to review this, and once elected he asked the government women's service SERNAM to negotiate with FONASA to extend cover for outpatient and secondary health care for 12 months to *temporeras* with three months of payroll contributions. Later the contribution requisite was reduced to 60 days. This change now means all-year-round health insurance cover for *temporeras*, and in fact for all workers on temporary or fixed contracts.

There were substantial administrative problems in implementing this new regulation, given the irregular nature of *temporeras* employment, the absence of contracts of employment, and the bureaucracy associated with cost recovery in public hospitals. The practical solution was to provide the *temporeras* with a card, which on presentation at the appropriate health provider guarantees their access to health care without further administrative hurdles. The new card was introduced in January 2002.

3. Developing social protection linkages

The value chain in horticulture provides significant opportunities to develop social protection linkages. The concerns of retail firms in the North relating to labor standards further down the Southern end of the chain have led to the establishment of codes of conduct. This has happened particularly in South African horticulture, which exports mainly to European markets. These codes provide a new development in social protection, both in terms of the new stakeholders involved, as well as the transnational scope. They also provide a different channel for the implementation of labor standards and national legislation. There are linkages here to government and multilateral organizations, which could be exploited to extend social protection. However, it is important to realize that they are voluntary codes of conduct and cannot replace labor legislation.

As has already been noted, the gender sensitivity of codes needs to be improved if they are to address the specific employment conditions of seasonal and temporary workers that are predominant in horticulture. In particular, issues of equal pay, reproductive health rights and childcare need to be integrated into codes wherever possible.

4. Involving public and private participants in social protection

A wide range of potential stakeholders are involved in the production of social protection for informal workers in horticulture. Bringing participants together is not easy and requires leadership, the identification of common interests and agreement on a common agenda. This approach has yielded some improvements in Chile (see Box 5).

5. Empowering informal workers

The toughest but surest way of extending social protection to informal workers in horticulture is to secure their empowerment and participation. The evidence from South Africa and Chile shows that this is a formidable challenge. Established organizations, such as trade unions, which could represent these workers, have seldom done so. Unions find organizing informal workers difficult, as there is no defined employer-employee relationship. In addition, the seasonal or temporary nature of horticultural employment has militated against this. Very few grassroots organizations representing these workers have emerged in the past, and where they have their focus has been on income and skills generation. They have not been able to sustain themselves over time.

Initiatives in support of community-based social protection in Chile and South Africa have been lost through reform. For example, in South Africa some community-based organizations and rural advice offices have closed. In Chile, an NGO that assisted *temporeras* to get health benefits closed due to a cutback in donor funding. Policy design has largely bypassed informal workers, and it has been difficult to incorporate them in policy discussions. Further thinking and action is needed here, especially by considering the experiences of other countries. This involves developing linkages from the 'bottom up' as the only way of securing a meaningful and sustained improvement in social protection for informal workers.

Box 5: Commissions set up to extend social protection to *temporeras* in Chile

In January 2001, following a strong lead from the President of Chile, SERNAM set up four tripartite commissions, with the participation of employers, workers' representatives and government departments, to consider ways in which the welfare of temporary workers in horticulture could be improved. In addition, the Ministry of Labor attempted parallel discussions on labor conditions, but these did not get off the ground.

The four commissions cover Health and Safety at Work, led by the Health Ministry; Childcare, led by SERNAM; Pesticides, led by the Ministry of Agriculture; and Training, led by SENCE (the training agency). The participation by employers included the Sociedad Nacional de Agricultura (landowners' association), the Federacion Gremial de Productores de Fruta (fruit producers' association) and the Asociacion de Exportadores de Chile (exporters' association). Participation by workers was patchy and was limited to the commission on pesticides.

The commissions met during 2001 and developed plans of action. As a whole, the commissions have made positive advances in generating support and consensus on policy by stakeholders, and have had an important effect in coordinating policy efforts among the different government agencies.

At the same time, a number of difficulties were identified. Ensuring worker representation is a problem, and although the implementation of policies adopted by the commissions is possible in those areas under government control, further work is needed to implement them on the ground. Creches, for example, need cooperation at the local levels from producers and national and local government agencies. Also, employers are reluctant to engage in discussions on labor conditions, largely because of the strong veto in this area of government policy they exercise in practice.

Conclusion and further research

By using a value chain analysis of horticulture and a social responsibility matrix of the actors and institutions involved in the production of social protections for workers in the sector, this study developed both an analysis of the social risks affecting these workers, as well as the linkages and channels involved in social protection. Combining these two frameworks helped to focus on the constraints and opportunities in extending social protection to informal workers in horticulture.

Globalization poses important challenges for social protection. It has increased the demand for social protection as changes in the labor market and the employment relationship concentrate risks among the most vulnerable workers. It has changed the parameters and the agents involved in the provision of social protection. The study found that globalization has resulted in a rise in employment in horticulture, and that this labor force is predominantly female and informal. In horticulture, risks are offset down the supply chain, and employers are under significant competitive pressures to evade their legal and moral responsibilities. This situation is exacerbated by the use of labor contractors. The most vulnerable workers are the ones absorbing most of the risks, and women are concentrated in this group.

In analyzing the sources of social risks faced by horticulture workers, the study found that informal workers share a common set of social risks with all workers, but in addition they face a higher concentration of risks arising from the sector they work in, and from the nature of their employment relationship. This was helpful in identifying the areas where interventions to extend social protection are most needed, and in highlighting the inadequacies of existing channels of social protection.

The provision of formal social protection is limited for workers in the horticulture sector. Labor standards, as applied by national legislation, often exclude informal workers, and the legal protection they are entitled to is inadequately enforced. Market provision of social protection also excludes these workers. Formal social protection designed for formal employment is seldom attractive to informal workers. Private providers of social protection programs, an increasingly common situation in the developing world, have few incentives to incorporate informal workers in horticulture, and this applies especially to female informal workers.

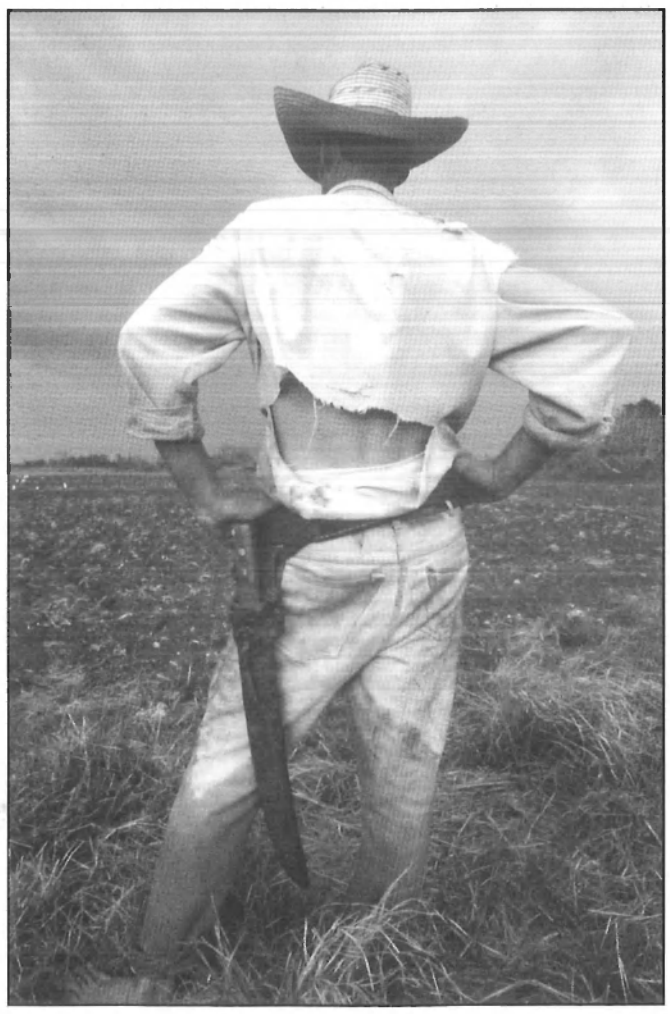
Community organizations are weak, and there is a poor level of unionization among temporary workers because of the fragmented nature of their employment (in space and time) and because of the orientation of trade unions (to formal sector and political parties focused on state action in Chile). Household employment diversification opportunities are restricted because of low skills and mono-cultivation, among other factors. On the other hand, the integration of horticultural exports into markets in the North has created new channels for social protection, because of attempts to reduce the environmental and social protection gap between the South and the North. This has led to the development of codes of conduct implemented by producers at the instigation of northern firms.

On the question of how to extend social protection for informal workers in horticulture, there are a number of areas where expansion of social protection is necessary and feasible. There is a need to develop, where they are missing, and strengthen, where they exist, linkages across all four main groups of institutions involved in producing social protection: the market, the state, the community and households.

The main areas where further research is needed are the following:

- The issue of whether the conditions that were observed in Chile and South Africa apply to other countries needs to be considered more fully. It would be important to investigate whether other countries have similar experiences throughout the global value chain, in both the North and South.

- Knowledge of the role of households in producing social protection for informal workers in agriculture is limited. This is in part because of the lack of reliable household data. There is an urgent need to generate these, perhaps through supplementary questionnaires in nationwide household surveys. The availability of better household data for Chile was extremely useful, and its absence for South Africa limiting.
- More research is needed on migrant and contract types of labor.
- More research is needed on the development of partnerships in social protection that incorporate direct worker participation.



SOCIAL PROTECTION FOR INFORMAL WORKERS IN THE GARMENT INDUSTRY:

PHILIPPINES & THAILAND

Research by

Donna Doane, Rosalinda Ofreneo & Daonoi Srikajon

Part I
Introduction

This study focuses on the value chains in the garment industry in Thailand and the Philippines. It begins to assess the risks and vulnerabilities of workers at various points on the chain. Its main concern is the different circumstances faced by formal factory workers; subcontracted and temporary workers; agency workers who have been substituted for formal factory workers in the process of the casualization of the industry, and various types of homeworkers.

A note on terminology

Terminology used to describe the various types of informal economy workers, as well as the types of enterprises employing them, differs from country to country. The following terms have been used to cover types of workers referred to in this document.

Subcontracted workers: This general term has been used to cover a range of contractual arrangements for workers who are not permanent, formal economy workers.

Agency workers: In Thailand these are referred to as contracted or temporary contracted workers. These workers are employed by an agency that hires out their services. They are distinguished from subcontracted workers in that they are not paid by the enterprise where they work. In contrast, the agency pays their wages, exercises control over them, shifts them from one company to another, hires, rehires, or lays them off as the case may be.
It should be noted that they are not exactly equivalent to the temporary agency workers in the service sector of highly industrialized countries who serve as very short-term replacements for formal workers, with fewer responsibilities because of the time-constrained nature of their employment. Agency workers are expected to do more or less what formal workers do in the factory, but on different terms.

Homeworkers: These are people who conduct their earning activities in the place where they live (McCormick and Schmitz 2002) These could be own-account workers, or workers with contractual arrangements with informal or formal enterprises.

Subcontracting enterprise: This refers to any enterprise that subcontracts — or outsources — some of its work to homeworkers or to other enterprises. It can be quite high up the value chain in the formal economy or lower down at the informal end.

AN OVERVIEW OF THE INDUSTRY WITHIN THE GLOBAL ECONOMY

Value chains in the industry

The garment industry in Asia, as in countries elsewhere, has very diverse value chains. The longest chains usually involve many layers, extending from large retailers in industrialized countries, through a series of middlemen, webs of factories, contractors and subcontractors in several countries, down to neighborhood home-based 'mini-factories' and individual homeworkers in their own homes.

These long chains typically involve the sale, in industrialized countries, of three types of garments:

- *basic garments*, with a long shelf life, that compete largely on the basis of price
- *fashion-basic garments*, with shorter shelf lives, that compete on the basis of quality, particular styling and/or accessories, and to some extent price
- *fashion garments*, which are more specialized, and sometimes more expensive, involving shorter production runs and a short shelf life.

A variation of these is the type of long chain that emerges from a vertically integrated company. This is a company that controls all, or a number of, the stages of production and distribution. For example, it may own or have close ties with factories making inputs into production, such as yarn, thread, cloth and other supplies; it may use its own or dedicated factories for garment production, which in turn may outsource some parts of production; and it may also have its own distribution network and even retail outlets. In a vertically integrated long chain, the retailer not only markets the goods, but also designs the clothes and specifies and sometimes supplies the materials to be used. These large firms tend to rely heavily on marketing and branding, and thus may have a relatively high international profile.

A more common type of chain than the above is the low profile, long to medium length chain. These chains may involve retailers, middlemen, wholesale markets, factories, contractors and subcontractors, on down the line to homeworkers in some cases. In these chains, the factory workers' and homeworkers' products tend to go more toward regional, domestic, or relatively low-priced international markets. Designs and materials tend to come in from local or regional sources. In these chains, more of the processes (developing patterns, cutting, stitching, assembling and other activities) are likely to occur in one geographical area than is the case with more high profile, top-down, long chains.

Short chains could involve high-end products commissioned and designed by well-known retailers in the industrialised countries. In this case, orders are usually placed directly with artisans or producers (garment workers) with very few, if any, middle-enterprises involved. However, the far more common form of short chain is the low profile/low end chain in which garment workers make clothing for local small-scale retailers, wholesale markets, sale on the street, individual customers or for local institutional buyers, such as a city government buying school uniforms.

Homeworkers and other informal workers in garment value chains

Home-based production work is also done in some parts of the region, depending on the availability of homeworkers with skills such as sewing and embroidery, and reasonably clean and electrified workplaces in homes or in neighborhood 'mini-factories'. In contrast, conditions in less industrialized parts of Southeast Asia and South Asia have sometimes precluded the movement of garment production out of a factory setting.

Most of the homeworkers' products go toward domestic or local markets, and less often to the lower-priced international markets. The lowest priced products of

homeworkers are typically for very localized markets and involve very short value chains. As the chain gets shorter, the homeworker has a clearer idea who the ultimate purchasers may be and who the contractor — the 'employer' — is. As the chain gets longer, both the 'employer' and even the geographical location of the ultimate purchasers may move into a fog of complex subcontracting relationships. This fog may be created deliberately to get around laws relating to labor, health and safety, the environment and social protection, thereby lowering costs substantially.

Although unreasonable and highly exploitative behavior is not the norm in all parts of the industry, greater transparency and sharing of benefits is critically needed.

Typically, workers face the following serious difficulties and constraints:

- Chronic illnesses associated with work, including repetitive injuries, respiratory diseases and chronic back, joint and related pain
- Disease and health problems associated with poverty-linked overcrowding, pollution, poor lighting and ventilation, and other unsafe, unhealthy and often hazardous circumstances
- Significant gender-related health problems and needs
- Difficulties in accessing adequate and affordable social insurance coverage, including health care benefits — especially for informal workers
- Women, who form the majority of workers in the garment industries of both Thailand and the Philippines, range in age from 20 to 50. They face further difficulties such as:
    - Less access to education and resources, and fewer employment alternatives compared to men in equivalent circumstances
    - Lower incomes and irregular employment throughout their lives due to family responsibilities.

They are thus susceptible to a downward spiral of overwork and lack of adequate care.

The garment industry in Thailand and the Philippines

Thailand and the Philippines are good examples of countries in the region that have had years of experience with both factory and home-based garment production. The countries are quite different. Although Thailand has a long history of the production of fine textiles and clothing, the country's development of modern textile and garment industries, compared to other regions, came relatively late. By the late 1990s

there were estimates of approximately 2 600 garment firms in Thailand. This excluded the very large numbers of enterprises with fewer than 30 workers that were not registered. It is said that large firms, which handle most of the stages of production within the same factory — although with rapid increases in contractualization and outsourcing to homeworkers in recent years — currently hold about half of the registered capacity. Traders or exporters who do not necessarily own their own factories, but instead deal in products from small firms, subcontractors and homeworkers, also handle some of the subcontracting in the industry.

The industry in Thailand is complex and, relative to the Philippines, does not have such highly visible US, European, or other well-known, high profile, long chains, even though many of the garments made in Thailand end up in US and European as well as other international markets. This may have implications for codes of conduct and ethical trade initiatives that focus on the best-known labels and firms in the industry. The less well-known manufacturers and buyers involved in these low profile long chains are not as likely to be concerned with a 'clean' image since their products will not enter the chain in a highly visible way.

The products of the combined textile and garment industries in Thailand constitute the second largest export commodity group in the country, registering over US $5.2 billion in 1999. Of the one million workers employed in the combined industry, it is estimated that about 20 percent are in textile production and 80 percent are in garments. (These figures are for factory workers and do not include homeworkers.)

Turning to the Philippines, the importance of the garment industry increased from the 1970s to the 1990s as national policy began to be more export-oriented. As in Thailand, small firms predominate in the industry. In 1988 roughly 82 percent of all firms were classified as small. Again, as in the case of Thailand, the country's garment exports go primarily to the US and other industrialized markets.

In the Philippines the 1970s and the 1980s were years of rapid growth for the garment industry, although it trailed far behind the electronics industry in terms of export earnings, employment and value added. Foreign direct investment (FDI) in the industry continued to grow through the early-to-mid 1990s, as wage rates remained the lowest by far of the early industries in Asia, even compared to Thailand and Malaysia.

However, by the early to mid 1990s, the disadvantages of investing in garment production in the Philippines — and in Thailand as well — began to outweigh the advantages, and the garment industries in these two countries were clearly in

trouble. The garment industry in the Philippines in particular has been hampered by the weakness of its textile industry and the need to import raw materials and inputs. Added to this has been the rise in regional free trade blocs and other initiatives, such as the North Atlantic Free Trade Agreement (NAFTA) and the Caribbean Basin Initiative. The rise of new low-wage countries that could act as credible competitors to both Thailand and the Philippines has also impacted on the industry.

Although the garment industries in both the Philippines and Thailand were in decline before the financial crisis of 1997, the crisis accelerated the trend dramatically, with garment factories closing and factory workers being laid off in large numbers. Recent studies of the impact of the crisis on homeworkers in Thailand, the Philippines and Indonesia underscore the fall in job orders during this period, together with the rise in both costs of production and costs of living. The piece-rate wage has declined, resulting in the need for many homeworkers to seek alternative, even more precarious, employment.

Another aspect that has impacted negatively on the garment industries of Thailand and the Philippines has been the change to lean retailing as a requirement for competition in the markets of industrialized countries. This involves producing on a Just-in-Time basis, shortening lead times, speeding up re-orders and design modifications and making garments floor ready. This shift, from an emphasis on labor costs to speed and delivery, affects in particular the fashion-basic segment of the market, which has in recent decades been one of the two countries' main areas of expertise. Analysts say that lean retailing favors production in countries located relatively close to the final markets.

It has been argued that foreign-owned companies dominate the industries of the two countries in terms of investments and exports, in spite of the fact that those that are partially or wholly foreign-owned actually account for only a relatively small fraction of the total number of firms. Since these large companies have no solid domestic base (as opposed to, for example, the large locally-owned firms in East Asian countries),

their future plans are not necessarily tied to Southeast Asia. If the large firms succeed in upgrading their production lines and reorienting toward the high-value end of the industry, workers in Thailand and the Philippines may be able to push for higher wages and better benefits since a firm's image and reputation may become an important component of its marketing strategies. However, if instead the large firms simply move to lower-wage and lower-cost countries that can produce low-priced and good quality products, workers in Thailand and the Philippines will obviously have less room to negotiate for better terms of employment.

Smaller, locally owned firms may be less likely to move. Their workers are also considered the most vulnerable in the face of new competition as these firms are also less likely to be concerned with labor laws, codes of conduct or their image abroad.

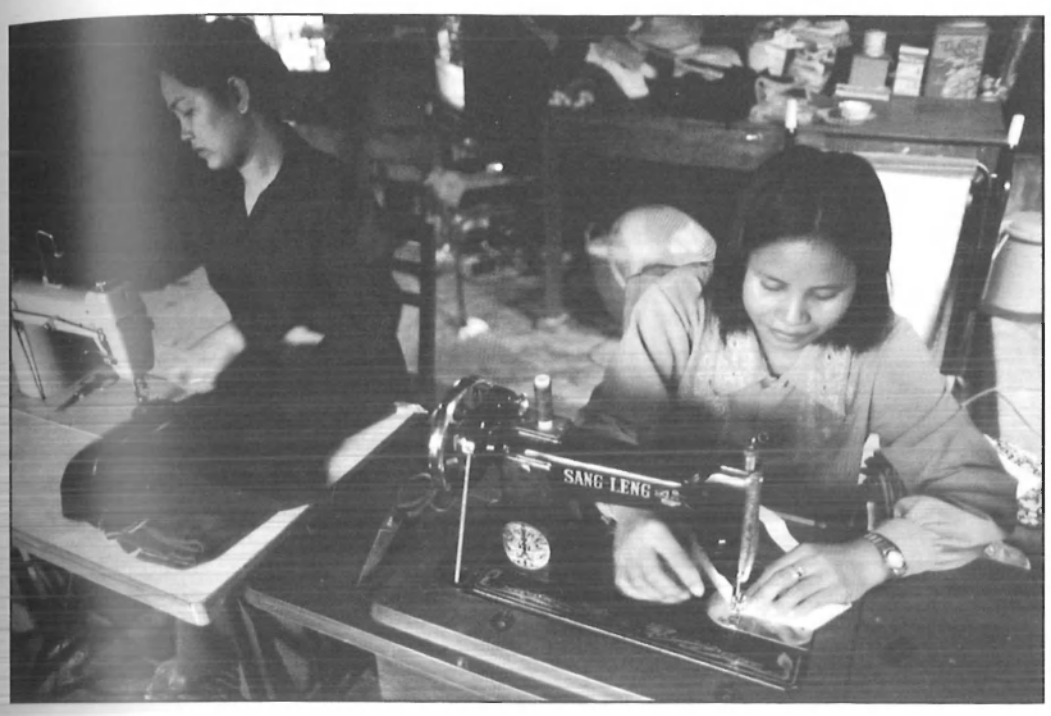
All of these factors will help define what may or may not be possible in terms of labor and social protection in the future for the workers in the industries of these two countries.

It is under these rapidly changing and trying circumstances that the evolving needs of factory workers and homeworkers must be assessed, together with the prospects for their gaining access to new forms of social protection. It is clear that new policies will be needed to deal with potentially rapid declines in labor-intensive industries in the two countries. Moreover, as formal jobs decline and workers — mostly poor women workers — are left with increasingly precarious employment and insufficient income, the need for access to different forms of social protection will grow dramatically.

Policy makers, as well as trade unions, NGOs, CBOs, religious organizations and others, are starting to recognize this need for new, wide-ranging initiatives regarding social protection, and the momentum for change in both countries is growing.

The regulatory environment in Thailand & the Philippines

The regulatory environment of these two countries may initially appear to be very different. However, important questions relating to the possibility of enforcing existing legislation in both countries indicate that this may not be so. In addition, both countries are faced with the question whether policies and practices could, at times, be a substitute for formal legislation.



Thailand

Thailand has not yet approved of half of the Fundamental ILO Conventions. However, the new Constitution adopted in 1997 does move in the right direction with respect to education, employment, gender equity, income equality, labor protection, social security and other key areas of concern. Moreover, the new Labor Protection Act of 1997 is intended to improve working conditions for formal workers, including spelling out the rights of women, child and migrant workers. The labor protection and social protection laws that favor formal workers have not yet been extended effectively to informal workers but a few steps have been taken in that direction. For example, in principle, social security benefits should have been extended to all establishments with one or more employees by April 2002. Also, a number of projects have been initiated by various departments of the national government to help informal workers, and, in general, the current government of Thailand has shown itself to be very supportive of new initiatives regarding social protection.

Thailand has a low union density and it is estimated that the present rate of unionization is only around three percent of the formal workforce. The present government is seen as more encouraging of labor organizations than previous governments.

Philippines

In the Philippines, the successive national governments of recent years have adopted almost all of the Fundamental ILO Conventions. Since 1992 specific rights of homeworkers have been recognized. The question in the Philippines is not so much the existence of progressive labor laws as their enforcement. For decades trade unions have been considerably stronger in the Philippines than in Thailand. The unionization rate is higher and unions are active. The present government of the Philippines is also, in principle, supportive of both labor organizations as well as employers' organizations. Various branches of church organizations, along with NGOs, political organizations and other secular organizations, have also been active in the labor rights movement in the Philippines and, as in Thailand, these organizations often act in an important watchdog capacity. More will be said about the regulatory environment in the case studies below.

Box 6: The difficulties of enforcing labor laws

An interview with a manager in a relatively low profile firm in the Philippines that makes both garments and textiles (in different divisions) offered an interesting perspective on law enforcement.

To cut costs, workers are often required to put in extremely long work hours at low pay (for example, five drivers must do the job that normally would take 10 drivers, and they have to work 12, 18 or, on occasion, up to 20 hours straight if necessary to get the job done). This also applies to the young, female garment workers (as well as the male managers and others). It is possible to demand this amount of overtime because, in a situation of widespread poverty and a very thin job market, there are always others who are willing to do this type of work if someone refuses to do so.

Garment workers and other employees in these factories are not unionized, and they do not receive minimum pay. They have no benefits (the manager says that they have too little income to want to contribute to social security). Moreover, to avoid labor laws, workers are hired for five months, are laid off for two weeks (they actually work, but the books reflect that they have been paid off), and are then rehired for five more months.

In Thailand, according to a Labor Force Survey, the percentage of workers in small to medium enterprises who reported being covered by labor protection laws ranges from nought percent — especially in small enterprises — to about 43 percent in medium-sized enterprises, even though legally these workers are supposed to be covered. The percentage who report being covered by labor protection laws is closer to 100 percent for large enterprises, although there is also evidence that workers in at least some of the large enterprises may report compliance with laws when, in fact, the laws are not being followed.

For these reasons, it may be too early to know what is typical of the garment industry in Thailand or in the Philippines. However, the difference between the existence of laws and the enforcement of laws needs to be kept clearly in mind.

Part 2
The Philippines social protection study

Social protection for formal and informal workers in the Philippines

The Philippines Social Security System (SSS), when grouped together with the Government Security Insurance System (GSIS) for government employees, is said to cover up to half of the total workforce. Both the SSS and GSIS programs are mandatory for formal workers in the public and private sectors and are, in principle, open on a voluntary basis to informal workers. The Philippine Constitution and Labor Code make it clear that social protection should, by law, apply equally to both formal and informal workers. However, in reality, the great majority of informal workers do not participate in the SSS.

The SSS gives cash benefits for retirement, death, disability, maternity, illness and old age. There is also a program covering work-related injuries, but this is only open to workers with clear employer-employee relationships since the employer is required to make contributions. Finally, the PAG-IBIG Fund (Home Development Mutual Fund) serves as a source of low-income loans and loans for disasters, emergencies, housing and education, although in practice this usually serves as a provident fund with payment upon retirement, death, disability or emigration, or after contributions have been paid continuously for 10 to 15 years.

Regarding medical benefits, these are offered to all workers registered with the SSS, and are administered through the Philippine Health Insurance Corporation (PHIC or PhilHealth). Informal workers are, in principle, able to join on a voluntary basis either through the Individually Paying Program (IPP) or the Indigent Program (IP) — the former if they make at least $19.50 (P1000) a month.[1] However, those who make less than $19.50 a month or who have not registered their enterprises (and who do not qualify as 'indigent') are without even the possibility of voluntary participation. The SSS also lacks an effective mechanism for collection, so even the informal workers who initially join the SSS and PhilHealth programs often let their coverage lapse. As a result, one study estimates that only 3.8 percent of self-employed (and informally employed) workers were registered with the SSS, and there is a perception even among formal workers (under compulsory membership) that there has been a 'clear lack of enforcement and compliance monitoring'.

Instead, informal workers are much more likely to turn first to families, other relatives, friends and communities to meet their needs, even though they will not be able to respond to all needs when there are serious problems.

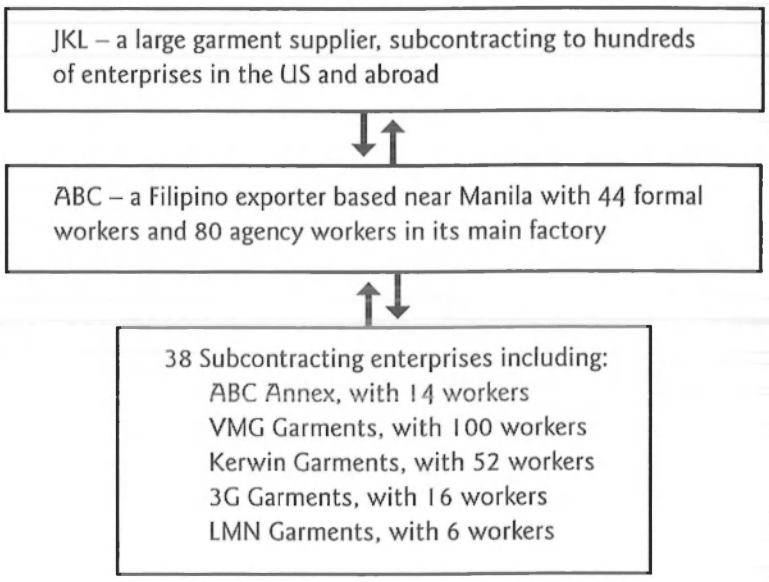
Some local community-based organizations and some local governments have developed savings-based loan programs, health care, death or funeral benefits and other programs. As expected, some of these have been more successful than others, but they have significant weaknesses as well, such as the limited size of membership, the lack of technical expertise and a lack of information dissemination.

[1] P51 = $1.00 in April 2003

FIRST CASE STUDY: LARGE-SCALE FACTORY PRODUCTION FOR EXPORT

In the Philippines, many of the manufacturers-exporters who survived the 1997 financial crisis cater largely for the US quota market. Figure 2 is an example of a value chain involving ABC, a Filipino-owned firm, that supplies JKL, a giant marketer-merchandiser-manufacturer in the US. ABC has adjusted to the declining trend in the garments export market by downsizing its formal workforce and by relying on a host of subcontracting enterprises to meet its orders.

Figure 2: Large-scale garment production for export: Philippines



This value chain in focus

JKL

JKL is a $2.3 billion multi-divisional marketer, merchandiser and manufacturer. It claims to be the biggest private clothing supplier in the US, with eighteen domestic and foreign divisions producing and marketing mainly clothes for women but also juniors', kids' and men's wear as well as camping gear. It claims to have '26 000 associates worldwide', and services more than 16 000 retailers, from discounters to department stores. It has its own manufacturing facilities and more than 700 foreign and domestic contractors.

JKL, in this case, is the principal company, which subcontracts work out to other enterprises. It has its own code of conduct, which it expects these enterprises to comply with, in addition to requiring them to comply with the laws of the host country regarding wages and working hours. JKL proscribes forced labor and child labor and requires its subcontractors to maintain acceptable health and safety standards, and insists that there should be no discrimination and no physical or mental punishment.

JKL supplies ABC with the samples, the cloth and other raw materials, and pays ABC $2.18 per dress for labor. Price tags on the samples show that the dresses sell from $18 to $24 each.

ABC

ABC is a 15-year old manufacturer-exporter, mainly of women's wear, based on the outskirts of Metro Manila. It is a 100 percent Filipino-owned corporation that began by catering to the domestic market. It has a formal workforce of 144 and hires 80 agency workers.

Since the late 1990s, ABC has resorted more and more to subcontracting to smaller garment firms, some of which are directly linked to ABC. These now total 38.

ABC is one of the top 220 Philippine exporters. It is reportedly exporting to many countries, but as far as the workers know, it mainly supplies JKL in the United States. The company is currently not in good financial shape, and reportedly has drawn big loans with a number of banks.

The enterprises that ABC subcontracts to, and the numbers of their workers, are shown in Figure 2.

ABC pays its subcontractors roughly $0.40 for the labor cost of each dress. Of this, only 50 percent goes to the sewer or operator; 50 percent goes to the subcontractor for overhead expenses and personal gain. So if several workers make the different parts and then put together the entire dress, they must divide up the $0.20 for each dress amongst themselves, with the subcontractor also receiving $20. At its final destination, the same dress sells for $18 – $24.

ABC lends out sewing machines and does not exact rent if these machines are used exclusively for ABC orders. ABC maintains a pool of quality control personnel who make daily rounds of its suppliers to make sure that export standards are met.

The formal workers in ABC: how they handle risks

ABC employs 144 formal workers, 18 of whom have supervisory positions. There are 32 workers doing sewing, of whom only five are men. Other women are in the sampling, trimming, revising and finishing departments. There are 30 other men, mostly doing cutting, warehouse work and other activities.

The role of the union

The formal workers are members of a union affiliated to a progressive federation, which has raised both their class and gender awareness through seminars and other educational activities. The union has negotiated a new collective bargaining agreement (CBA), which provides, among other benefits, for a cost of living allowance and a wage increase in the third year.

All formal workers of ABC are members of the Social Security System (SSS), the Philippine Health Insurance Corporation (PhilHealth), to which their contributions to Medicare under the SSS were automatically transferred, and PAG-IBIG (a housing fund). At the height of the financial and economic crisis, management stopped remitting payments to these institutions. However, ABC has now promised to complete the payment of arrears.

Protection for formal workers

Under the SSS, PhilHealth and a new collective bargaining system, workers are entitled to the following benefits and protection:

- Sickness
- Maternity and paternity
- Disability
- Calamity and emergency
- Death
- Retirement
- Job and union security
- A healthy and safe environment.

Accessing benefits from local government

Some of the workers are voting residents from low income areas of the city in which ABC is located, and they also have blue cards associated with the programs of the current mayor. These cards entitle them to emergency hospitalization and medical benefits up to US $490. Some workers are able to access maternity benefits from the local government through the Department of Social Welfare and Development (DSWD), which refers pregnant women from low-income families to lying-in centers and accredited hospitals where they are able to deliver their babies free of charge. The DSWD also implements the burial assistance program of the city government, which entitles indigents to about US $137.

Agency workers: no formal protection

In the ABC factory itself, there are 80 agency workers, only five of whom are men. They are hired to ABC by 3R Garments Contractor and Services. An ABC manager operates the agency, and the workers are on the payroll of 3R Garments. If agency workers meet the quota of 800 units a day, they get the full wage of $4.90. However, they are not given as much work as they could potentially do because of the amount of waiting time and weak supervision. Sometimes the loading is just 600 units, and even this has to be shared with one or two other workers. As a result, most agency workers do not meet quotas and earn as little as $1.96 to $2.35 a day doing ironing, sewing and other piece jobs.

Agency workers do not have any social security benefits and have to work for a maximum of six months, after which they are replaced with a new batch of workers. Some are laid off without even a day's warning. When they have an emergency, they either approach their employer for a cash advance or rely on their network of relatives, neighbors and close friends. At the end of February 2002, agency workers no longer reported for work at ABC because of the seasonal decline in orders. They can apply to the agency to be deployed elsewhere, but many will be without work during the lean season.

Subcontracted workers: a few are luckier than most

Subcontracted workers face varying and complex working conditions. Much depends on the location of the work, on whether lodging is provided and on how much workers pay for this. Employers generally have to get permits from the local government and the Garments and Textiles Export Board (GTEB), which require them to comply (even if just on paper) with current rules and regulations, such as registration of their workers with the SSS.

ABC Annex, which is an informal, unregistered, subcontracting project of ABC management, ostensibly owned and run by the current cutting manager, is located on the first floor of the ABC factory itself, employing sewers of between 26 and 49 years of age. The workers apply to ABC itself and are tested by ABC supervisors for their sewing and other skills. They earn a low of $15.70 a week plus overtime, and a high of $35.30 a week plus overtime. This is better than the agency workers in the same building, but like the agency workers they have no social security benefits.

At the end of February 2002 the Annex workers, like the agency workers, no longer reported for work in the main factory but were transferred to VMG Garments. These workers are not totally unprotected, and some of them are also voting residents of the city, and so have the blue cards associated with this particular mayor's programs.

VMG Garments employs about 100 workers on a piece-rate basis. They earn from $2.35 to $3.33 a day. Most of them are live-out, but 30 live-in workers pay $17.26 a month to management for their board and lodging. Management enrolled many of the workers in the Social Security System (SSS) but contributions to the SSS have not been sustained.

Kerwin Garments employs 52 workers who are on a piece-rate basis. They earn between $15.70 and $39.22 a week. Those who are live-in get free lodging and water, but they contribute $0.78 a month for electricity. Some of the workers have been working there since 1995 but enjoy no benefits.

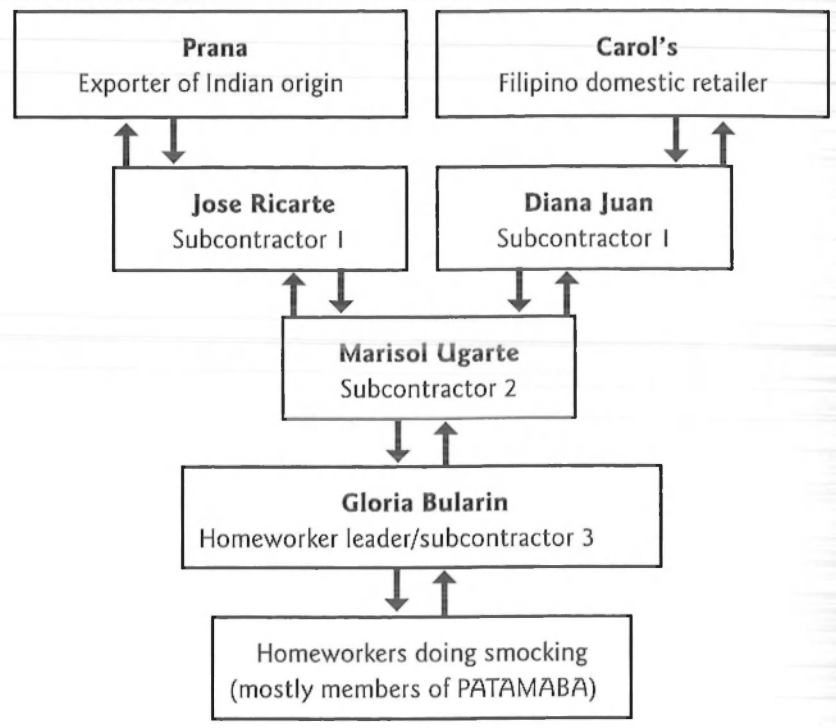
The 16 3G workers are all live-in workers, ranging in age from 18 to 44 years. Their length of service ranges from one month to six years, and wage rates (with overtime) are from $5.88 to $58.82 a week. They enjoy no social security benefits.

The six workers in LMN Garments are members of the SSS and PhilHealth because the owner's husband works at the SSS Inspection Division. Workers have the SSS and PhilHealth benefits, and enjoy free housing (including water and electricity) and free rice. Even during the slack season, the employers ensure that their workers have work by looking for orders beyond ABC.

SECOND CASE STUDY: HOME-BASED EMBROIDERY FOR EXPORT

The town of Angono in Rizal province is well known as a hand-embroidery center. Many of the embroiderers are concentrated in Barangay San Vicente, where PATAMABA, a grassroots organization working to support workers' rights, has 38 members.

Figure 3: Home-based embroidery for export: Philippines



The value chain in focus

Gloria Bularin has been doing smocking since the 1950s. She is now the coordinator of the PATAMABA Barangay chapter in San Vicente, Angono. She has been a subcontractor for many years, giving jobs to as many as 20 homeworkers at a time during the peak period.

Bularin supplies Marisol Ugarte, who used to do smocking herself. Her business is registered as a single proprietorship at the Department of Trade and Industry (DTI). At the peak of her business, she gave orders to about 50 subcontractors like

Bularin. She was directly accepting orders for embroidery work from big export firms as well as small subcontractors manufacturing linens, lingerie and infant wear. Her income improved so much that she was able to send all her children to college and to put up a small retail shop. However, business declined in the 1990s.

Ugarte takes orders from Jose Ricarte of Ricarte's Garment, a small workshop that has 30 live-in workers. It is registered with the Securities and Exchange Commission (SEC) and the Department of Trade and Industry. Ricarte's Garment sews and assembles garments for Prana, an exporter of Indian origin who runs a marketing and distribution office. Prana supplies Ricarte's Garment with cloth, and Jose Ricarte and his family and workers do the cutting and sewing. They subcontract the embroidery to homeworkers through Ugarte and others like her.

Prana pays Ricarte's Garment $0.59 per completed piece (cut, sewn and embroidered);
Ricarte pays Ugarte $0.10 per embroidery line;
Ugarte pays Bularin $0.06;
Bularin pays her homeworkers $0.04.

Diana Juan supplies Carol's, one of the biggest retailers of children's wear in the country, where baby dresses with hand embroidery sell from $6.86 to $9.80 each. Juan's set-up is like Ricarte's, with live-in workers doing straight sewing and homeworkers doing the smocking through subsubcontractors such as Ugarte.

Juan pays Ugarte $0.03 per embroidery line;
Ugarte pays Bularin $0.02 per line;
Bularin pays her homeworkers $0.01 – $0.015 per line.

Workers doing straight sewing: formal protection as a minority choice

The following are the characteristics and working conditions of Ricarte's 30 in-house workers doing straight sewing:

- They range in age from their mid-twenties to their forties. Some are married.
- They are mostly migrants from the provinces who go home to their families about every three weeks.
- A few have been with Ricarte since the 1980s; the rest have been there a shorter time.
- They are paid piece-rates, with peak earnings at about $35.29 a week, and the lowest earnings at $11.76 a week.
- They contribute about $2.75 a week for their food, but they get free lodging.
- Only 12 are members of the SSS. The rest, although given the choice by Ricarte, opted not to be members because they would rather hold on to their money than use it for the contribution.
- No one is a member of PhilHealth, because the contribution is too burdensome, PhilHealth-accredited hospitals are too few, and benefits are too small and difficult to collect.
- The workers also have a rotating savings and credit association (*paluwagan*) to which they contribute $1.96 a week, and from which they can draw $58.82 when it is due.

Bularin's homeworkers are her daughters, her neighbors and co-members of PATAMABA. They are at the bottom of the chain and have no formal access to

social security coverage as employees. In 2001, subcontractors like Ugarte together with their homeworkers attended a forum with SSS and PhilHealth representatives. Ugarte was willing to provide the employer's contribution, but this would mean taking more for herself from the piece-rate given to the homeworkers. The latter said they would rather hold on to their already meager piece-rate, so nothing came out of the discussions. It seemed more feasible to explore the SSS membership as self-employed individuals, which some of the homeworkers then did.

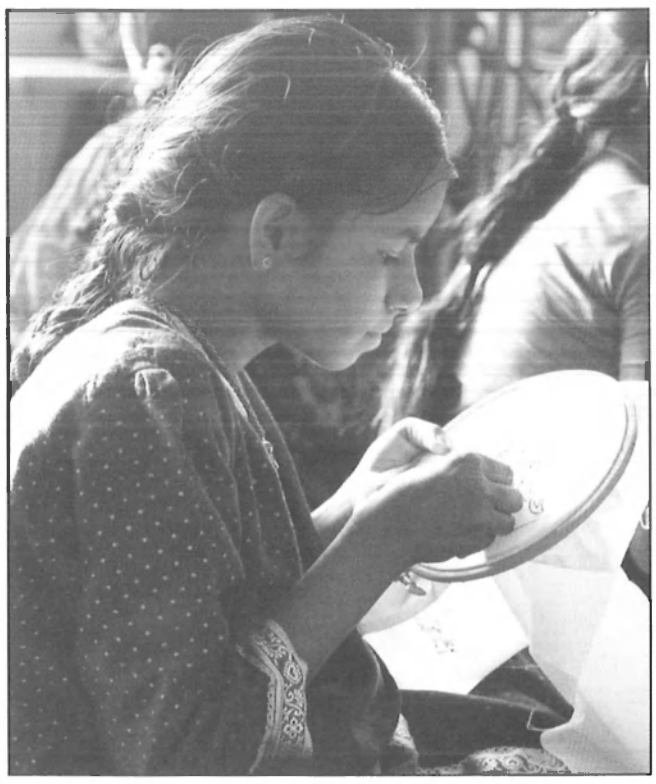
Social protection actions and recommendations: PATAMABA

Some of the actions and recommendations of PATAMABA regarding social protection for informal workers are as follows:

- The accreditation of NGOs with viable schemes, in partnership with banks and other financial entities, to serve as collecting mechanisms for the SSS among the sectors the latter cannot reach.
- A reduction in the initial contributions to PhilHealth, with three months as a required minimum.
- PATAMABA has a savings mobilization program, in which each member sets aside a minimum of $0.39 a week. This amounts to between $17.65 and $23.53 by mid-December when they draw their savings for Christmas. The plan is to raise contributions to $0.78 and to set aside the extra $0.11 for the SSS contributions, or to pay to register as self-employed workers.
- The possible enrolment of workers in the Workers' Mutual Benefit Assistance (WMBA) fund (set up by a private insurance company in cooperation with a trade union centre), which provides death benefits, hospitalization, sickness and disability benefits.
- The possibility of accessing micro-finance services offered by the Angono Credit and Development Cooperative (ACDECO). This would require becoming members of ACDECO, which offers benefits in case of death of the member, his or her spouse and minor child; perpetual use of burial space at far below market rates; disability and pension benefits for those above 65; and free medical, dental and optometric services. To be members, they have to pay $1.96 for the pre-membership seminar and $1.96 for the initial share in the minimum $58.82 subscribed capital, payable when possible.

- Enrolment in the Philippine National Red Cross (PNRC), where members can access social protection in the form of $235.29 accidental death benefit, and $2.94 a day hospitalization benefit (in case of accidents) for 60 days, with just a $0.59 yearly contribution.
- PATAMABA's response to declining embroidery orders is to give their members training and start-up capital for an alternative livelihood.

In addition to these, there are schemes and services from which both organized and unorganized homeworkers can benefit. Both can be part of indigenous social protection schemes such as the *paluwagan*, the rotating credit and savings association already mentioned, and *damayan* (community assistance to aid a bereaved family). Both can benefit from services provided by local government institutions. Those who are hospitalized in the Angono General Hospital, which is run by the provincial government of Rizal, can get 50 percent discount on the billing statement if proven to be in need by the hospital's social service department. If they still cannot afford the bill, they can approach the Municipal Social Welfare and Development Office (MSWDO), which can shoulder the remainder through the disbursement of municipal funds. Medicines can also be provided through the health centers, through donations of sample medicines from private hospitals, and/or special arrangements with a private drug store.



Pregnant homeworkers usually save up for their deliveries, but if they are in financial need, the Angono General Hospital can deduct from the usual cost of about $9.80 to $19.61 per delivery. The truly indigent can approach the MSWDO, which can decide to defray the total cost. In the case of death in the family, the municipality can provide a maximum amount of $19.61 as burial assistance, and offer (through the mayor) a discount in the municipal cemetery.

SUMMARIZING THE IMPLICATIONS OF THESE CASE STUDIES

From these two case studies, the following conclusions can be drawn:

- Unionized formal workers are the most protected, although increases in subcontracted work undermine the power of unions.
- Codes of conduct may strengthen or weaken the bargaining power of formal, unionized workers with management, depending on how the former resolve the dilemma they face on the issue. If, for example, ABC was to tell the JKL auditors about its violations of the code, it would get no orders and workers would be out of a job.
- Agency and subcontracted workers have varying vulnerability: employers can enroll a minority of subcontracted workers in the SSS. The problem, however, is the inability of management to sustain contributions, especially when orders are low. Agency and subcontracted workers without the SSS benefits and entitlements provided by local governments are the most vulnerable.
- Many of the formal, agency, and subcontracted workers who are voter-residents of low-income areas in these centers are able to get discounted hospitalization, medical, maternity and death benefits from the local government or from schemes established by former local officials.
- In terms of the gender and life-cycle approach to social protection, older women of reproductive age who are not formal workers, are not SSS members or local government card holders, and who are the main breadwinners or sole parents are extremely vulnerable to risks.
- Homeworkers, who are worst off, access protection through community action. They can also access assistance from the provincial government (through the Angono General Hospital) and the municipal government (through the Municipal Social Welfare and Development Office) in case of emergency hospitalization, childbirth, death and calamities such as floods.
- There are non-governmental sources of social protection the homeworkers can tap into, like the trade union-led Workers' Mutual Benefit Assistance (WMBA) Fund, the Angono Credit and Development Cooperative (ACDECO) and the Philippine National Red Cross.
- Homeworkers' initiatives such as their savings mobilization program and their group enterprises could also be sources of social protection if they are developed further. The organized homeworkers have more access to social protection, and have the possibility of expanding this access because of their networking abilities at the community and other levels.

Part 3
Thailand social protection study

A description of the garment industry in Thailand and the regulatory environment as it applies to garment workers has already been described in the Introduction. Part 3 deals specifically with social protection for formal and informal workers in Thailand.

GOVERNMENT SPONSORED SOCIAL PROTECTION

Regarding government-sponsored social protection in Thailand, the following provides a brief overview of what is actually a complex set of conditions, with variation throughout the country:

- The formal social insurance program in Thailand, administered by the Social Security Office (SSO), has been changing and expanding in recent years, with benefits increasingly being extended to smaller enterprises and informal workers.
- The program covers sickness, maternity, invalidity, death and survivor grants, maternity benefits for 90 days, old age pensions and child allowances. In the late 1990s and early 2000s this program covered only about 15 percent of the workforce and mostly formal workers. It may cover a larger percentage now, as compulsory participation was extended to establishments with one or more workers in April 2002 (and will finally be extended to the agricultural, fishery and forestry sectors in succession). Implementation has been a problem.

- Apart from the contributory SSO scheme and additional programs covering pensions and health care for civil servants, the Thai government has social assistance programs for targeted groups, voluntary subsidized health cards for those not covered by the SSO program and labor protection laws.
- Social assistance programs include: cash benefits for the poor, the elderly without means of support, victims of disasters, and other programs; credit; training for people with disabilities, and other targeted groups; in-kind transfers, such as school lunches, milk, scholarship and loan programs; and free medical care for low-income families.
- A number of job creation programs have also emerged in the wake of the financial crisis, although many of these have now been discontinued.

The Thai government aims to provide universal health coverage within 10 to 15 years, and the current government instituted a '30 Baht Health Scheme' to begin moving in this direction.

Other immediate goals include expanding social security to more effectively cover older persons, informal workers, farmers, the self-employed and homeworkers, and to understand risks and vulnerabilities so as to respond more adequately, particularly in the case of vulnerable groups.

INFORMAL ACCESS TO SOCIAL PROTECTION

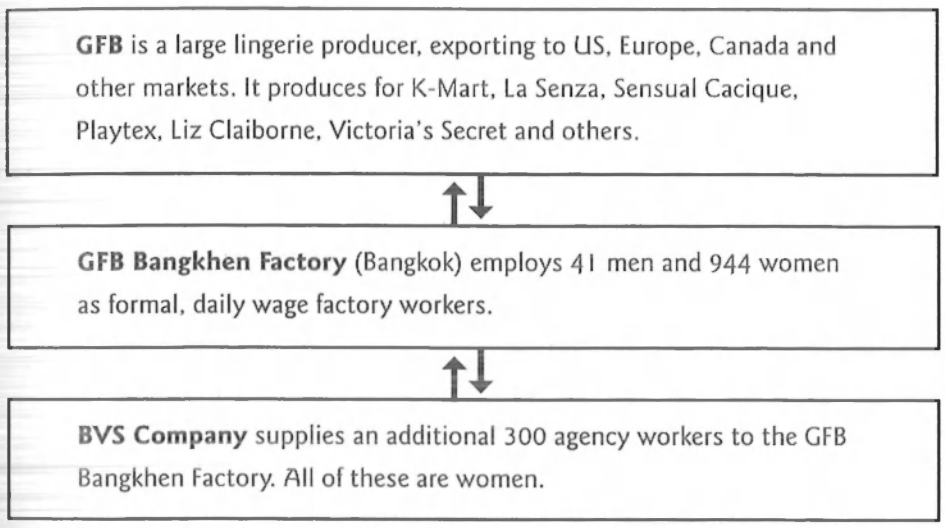
Informal methods of accessing social protection include the following:

- A great number of local schemes, sponsored by occupational groups, CBOs, and other civil social organizations, have arisen in recent years. The need is to make these part of an integrated and sustainable system that allows effective access to social protection for all. As an example, HomeNet North, a network for self-employed informal workers and subcontracted homeworkers in Thailand's northern provinces, has been negotiating with a private insurance company for the benefit of the self-employed members, although nothing has been decided as yet.
- Family and friends, along with community organizations, remain the first line of defense for most informal workers in Thailand. The King's philosophy of development, reflected in the current (2002 – 2006) Ninth National Economic and Social Development Plan, sees the government as playing a key role that strongly supports, but does not exclude or take the place of, family and community-based ties. The idea is to strengthen these informal ventures, and then ultimately arrive at an effective mixture of formal and informal approaches to social protection, bringing in a wider range of groups and organizations, potentially including government bodies, employers, unions, occupational groups, CBOs, NGOs and other civil society organizations. This will be important as a way to respond to different types of contingencies, particularly those faced by the most vulnerable groups in society.

FIRST CASE STUDY: LARGE-SCALE FACTORY PRODUCTION FOR EXPORT

This case study focuses on the GFB Company, and the BVS Company that supplied agency workers to the GFB factory (see Figure 4).

Figure 4: Large-scale lingerie production for export: Thailand



GFB

The factory and offices of GFB are situated in Bangkok. GFB produces and exports lingerie for women to a variety of customers in overseas markets, including the USA, Europe and Canada. These customers produce their own designs and give their orders to GFB for production.

The company has been registered in Thailand since January 1985. Its shareholders are all Chinese businessmen from Hong Kong. Two prominent Thai nationals are represented as the company's consultants. Presently, the company makes use of a bonded warehouse arrangement under the Board of Investment program to obtain tax exemptions for imported raw materials that will be used for export purposes.

GFB is one of the biggest factories in the area of Bangkhen District in eastern Bangkok. In 2001 the company employed 1 480 workers, 100 of whom were men and 1 380 women. Of these, 65 men and 130 women received a monthly salary, and 41 men and 1 244 women received remuneration based on daily wages. Of these

daily wage workers, 985 were formal workers (who have access to benefits associated with formal full-time employment), and 300 were agency workers, supplied by the BVS Company.

The production line is comprised of six operational units including cutting, stitching, quality control, mold making, maintenance and packing. The factory produces lingerie for various brands for different markets such as K-Mart, GAP BODY, La Senza, Sensual Cacique, Playtex, Liz Claiborne and Victoria's Secret. All of these brands have codes of conduct.

The production of lingerie requires highly skilled labor, particularly special sewing expertise. All of the raw materials are imported. The workers need to be trained for many years, and most have been working there for six to ten years, and some for even longer.

GFB and the trade union

There have been serious disputes between the company and the workers since 1992 in terms of paying below minimum wages and failing to comply with the social security system. The workers went on strike and submitted their grievances to the company. With the strong support of an NGO (Arom Pongpangant Foundation), the GFB workers' union was registered in January 1994. The trade union has been successful in negotiating with the company to improve working conditions and other benefits. These benefits, as reported by the trade union, include cost of living increases, bonuses and provision of transportation to workers. In addition, the company has agreed to pay $200 (10 000 baht)[2] a year as a contribution to support the trade union's activities.

When the trade union was registered in January 1994, about two-thirds of the total 15 000 workers applied for membership. All 13 committee members designated to work for the union were women.

Social insurance and other benefits of formal workers

In compliance with the Social Security Act administered through the Social Security Office (SSO), the formal workers of the GFB Company are provided with health benefits, cash for sickness, maternity, invalidity, death, old age and child allowance.

---

[2] US $1.00 = 50 baht in April 2003

Moreover, under the recent working agreement (that will remain in effect from October 2001 to October 2004), the factory will provide a number of other benefits for its formal workers, including those shown in Table 7.

Table 7: Benefits provided for the formal workers at GFB

Benefits	Details
1. Bonus	A bonus will be provided to workers who work without taking leave over the course of the year. The amount received is calculated from the daily wage of each worker multiplied by 25 days.
2. Vacation or leave	The vacation or leave of workers includes 30 days sick leave a year and 13 days for vacation a year.
3. Decent work allowance	The allowance will be given to the worker who works for a month without taking any leave and without being late.
4. Survivor benefit	The survivors of a dead worker, including parents, husband/wife or children, receive $500 cash.
5. Yearly wage increases	After working for one year, the daily wage of each worker will be increased based on a performance evaluation (a 5-level rating system based on the following criteria: efficiency, productivity, and amount of time worked).
6. Cost of living allowance	Each worker will receive $9 a month to assist with increases in the cost of living.
7. Food allowance	Each worker will receive $4 a month for food expenses.
8. Production target reward	The reward will be given to the workers when their production meets the targets of each line/unit.

In spite of these benefits, formal workers feel very insecure in the company, and layoffs have been increasing.

In 2001, under a new management team, the company laid off 400 formal workers, reducing the number of formal workers to approximately 1 100. The company claimed that due to constant losses because of the high degree of competition in the garment industry, and also because of the sharp decline in orders from the US, one of its main customers, it needed to restructure by downsizing the workforce. The formal workers in the company are currently working under these uncertain conditions, and some feel pressured to resign from the union. It is thought that the company is planning to move its production unit out of Thailand, and it has already built a factory in Cambodia.

The BVS Company and its agency workers

The conflicts between GFB and the union led to several appeals in the labor court. In the view of union workers, the union is under attack and the company has been using a number of different tactics in its attempts to weaken it. For example, some of the union workers were laid off, which added more pressure and tension at the workplace. In response, workers protested by not working overtime. The company then claimed to have incurred serious losses from the workers' protests, and asked the BVS Company to bring in agency labor to work in the factory.

The BVS Company registered in August 2001 as a company that supplies security guards as well as labor on a short-term basis. It has a registered capital of $200 000, and it has signed a working contract with the GFB Company to supply workers to sew lingerie in the factory for six months.

The BVS Company is currently supplying 300 agency workers to GFB. All of these are women. They work on the same production lines of the sewing unit alongside other formal workers in the factory.

Risks and vulnerabilities for workers in BVS

The BVS Company recruited workers by putting a table in front of the GFB Company so that all applicants wanting to work at GFB had to pass the table and sign a working agreement paper with the BVS Company. This agreement included the following provisions:

- An eight hour working day
- A minimum wage of approximately US $3.84 a day
- A possible skill allowance of $0.12 a day
- A possible 'decent work allowance' of $6.70 a month (based on certain criteria)
- Overtime payments of $0.70 per hour
- A compulsory uniform that includes a white shirt, which has to be purchased from the company for $3.26, and white sports shoes. If the worker does not wear the company uniform, the company will not pay the daily wages of that day, and will deduct $1.51 from the wages of the following day.
- These agency workers cannot organize themselves as a union, or join the GFB workers' union.

Other working conditions that apply are:

- Upon employment the applicant must pay $23.26 in cash, or it will be deducted from wage payments at a rate of $3.49 a week for six to seven weeks. This payment is returned after six months' service (with an advance notice of 15 days). In the event that a worker resigns before six months is completed, the company retains the last amount of the wage payment or whatever amount is necessary to make up the balance of $23.26, with the company keeping the $23.26.
- To obtain pay for sick leave, workers must submit a letter from a public hospital confirming the illness. In the case of submission of a letter from a private hospital or clinic or if there is no letter, wages are not paid to the worker for that day. Moreover, a penalty fee of $1.51 is deducted from the wages of the following day.
- A contribution of $1.74 a fortnight, or between $2.79 and $3.48 a month, is deducted for social insurance (through the SSO).

The agency workers interviewed for this study expressed their unhappiness with their contracts and working conditions. For example, the decision to pay the decent work allowance was based solely on personal judgement and not objective criteria. Also, they felt that the payment required for the uniform and shoes for working was a burden and they should be provided by the company, just as they are to formal GFB workers.

Workers complained that it was illegal for the company to collect any guarantee fund. They also pointed out that in spite of contributing to social insurance, they did not receive any social insurance card and could not qualify for social insurance benefits. According to the district Social Security Office, the company had not remitted their share. To rectify this workers would have to take the matter to an appeal committee or to the Labor Court.

In the view of the formal workers, these agency workers were being used to undermine the union within the GFB Company, despite their lower productivity.

In this case, evidence of the fundamental weakness of the position of the agency workers can be seen in the company's failure to make the required payments into the social insurance fund, and in its violation of labor regulations. It should be noted, however, that not all companies behave in this way, and some even pay more than the minimum wage and minimum legally required benefits. It may be too early to say what the norm is in the garments industry in Thailand, as well as in the Philippines.

SECOND CASE STUDY: HOME-BASED PRODUCTION FOR LOCAL AND EXPORT MARKETS

The value chain

The CFH Company (see Figure 5) is located in the northern part of Thailand, and is well established and has been in textile and garment production for over 20 years. It currently produces such commodities as jackets and women's clothing for middle level markets in Europe, mainly for France.

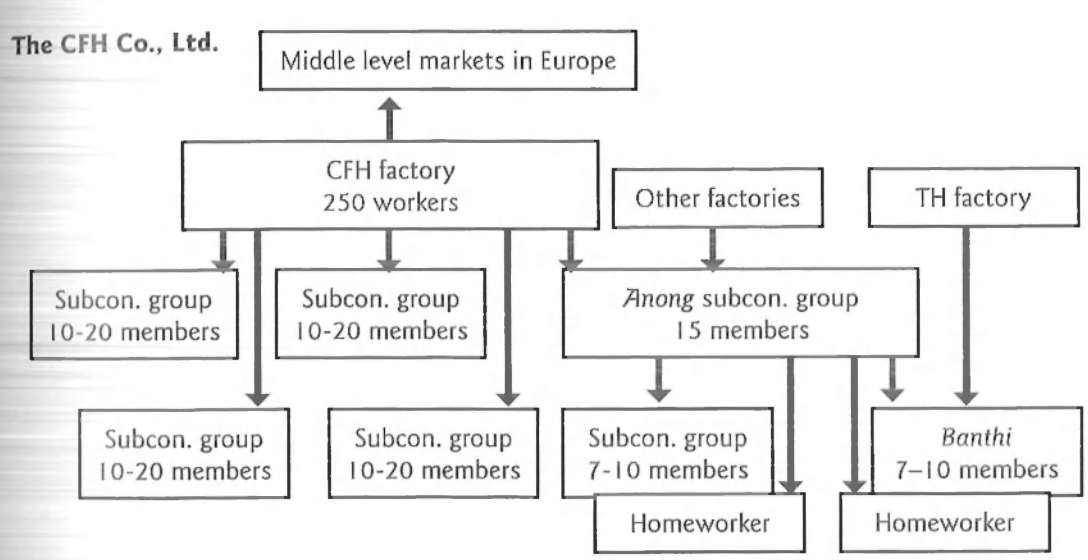
The company has its own factory where the main production units are operated. The production process is made up of four units: cutting, sewing, quality control and packing. There are currently 250 workers in the factory; most of whom are women and many of whom come from nearby villages.

The formal workers in the factory receive welfare and social insurance benefits (through the SSO) in accordance with labor regulations. The other benefits provided to the workers include bonuses and a decent work allowance as a reward for uninterrupted attendance at work and punctuality. There was a case of a worker who had worked at the factory for 15 years and so received a gold chain as a special bonus. The workers in the factory are normally required to work overtime.

Subcontracting to groups at the village level

CFH used to outsource work to a number of villagers' groups in the area, but claimed that this was not done any more due to the decline in orders. Aside from this, because of the changes in patterns and styles of cloth, the factory manager said that it would be risky to use the homeworkers, as they would have to be trained and monitored to make sure they learned the new styles. He said that the company was losing orders to Vietnam and China, which offer about 30 percent lower costs.

Figure 5: Home-based production of jackets and women's clothing for middle level export markets in Europe



Subcontracting group: Makuejae sewing group (Anong's group)

Anong, a 45-year-old woman who has engaged in subcontracting work for more than 10 years, manages a homeworker group of 15 group members working at a small workshop located in the Makuejae sub-district of Lampoon province. Anong has registered her small workshop as a homeworker group with the provincial labor welfare office under the Ministry of Labor and Social Welfare. She has been given recognition by the local authorities for her charitable work, as she helps train young women in the village in sewing skills. These women need training before applying for factory work. The Lampoon Industrial Zone is located nearby, and Anong's

workshop has become well-known for offering apprenticeships to young women in the area.

Anong has never considered herself an entrepreneur. At the workshop, the workers own most of the sewing machines, and local government offices have donated some. To obtain the costly sewing machines, the workers have requested a loan with low interest rates from a local government office, which they will pay back on a monthly basis.

The group receives orders from CFH to sew parts of garments, and some individuals in the group produce entire garments on an own-account basis. In the first years, the orders from CFH were the group's main work due to their limited equipment and a lack of capital funds to buy the raw materials. During that time, the company provided training in different sewing techniques in order to meet the high quality control standards for exported products. In the last three to four years, however, the group has received job contracts to produce uniforms from the factories in the Lampoon Industrial Zone and, for the past year, has completely stopped receiving orders from the CFH Company.

The 15 workers in the workshop have been working for six to ten years. Their ages range from 35 to 50 years. Most of them are married. Three of them used to work in a factory, but have decided to work with Anong mainly because it provides flexible time for them to participate in other activities in the village.

Working conditions

The following working conditions apply in this small workshop:

- A nine-hour working day
- Wages: $2.79 a day, except for the worker helping in finance who gets $3.02 a day
- Overtime rate: $0.28 – $0.30 per hour
- There is no formal leave or vacation, but workers can submit a verbal request in advance for a few days leave. They do not receive wages for the days when they are on leave. The request for leave during seasonal farming is a normal practice of all of the workers. Anong has to manage the production schedule effectively to ensure that the work will be produced and delivered on time.

Sometimes workers from the workshop go back to their village, organize a group of seven to ten members and subcontract work from Anong. These former workers of Anong's have become an efficient network, and continue to receive orders from Anong. In addition, some workers have had to quit working in the workshop itself due to household responsibilities, and now work out of their own homes. Currently, Anong has subcontracted work to three groups and seven individual homeworkers living in a village nearby.

Social protection

Anong and her group decided to register with the social insurance fund (under the SSO) in 1999. Anong's son, who is a mechanic and runs his shop near Anong's premises, has registered as the employer. The two contributory parts to the SSO (that of the 'employer' and the 'employee') come from the central fund of the group and are deducted from the income of the workers at $3.72 a month. The benefits of social insurance include health benefits, maternity, invalidity, death, old age and a child allowance. The workers are quite happy with these benefits.

The Banthi subcontracting group

The Banthi sewing group is a group of 10 members working together in a small workshop. To start subcontracting work, the group first borrowed sewing machines from Anong. Later, they received an interest free loan of $1 744 from the village fund to buy nine sewing machines. The group has agreed to pay back the loan by paying $325.58 each year for five years.

The group receives orders from subcontractors who act as middlemen between the company and the group. Currently, there are two main sources of contracts. One contract is with an exporting company to produce jackets and sports uniforms and the other is mostly for local markets. The group prefers to produce for local markets because they provide more formal orders and these are not rushed.

Social protection

The Banthi group is not as well established a group as Anong's and have not registered with the social insurance fund. However, the members receive health cards and so far appear to be relatively satisfied with this, when it is combined with other

local schemes. For health needs, they usually go to the district public hospital. For a certain number of disabled persons who have no relatives, the Tamboon (sub-district) Administration Office provides a monthly allowance of $34.88. In addition there is a cremation program in every village. Members pay $11.63 upon application and $0.70 upon the death of each member. The amount of the total cash benefits varies depending on the number of members in each sub-district.

In addition, the Banthi group has set up a fund to pay for various expenses. The group deducts $0.06 from each piece-rate, which is $0.28 for stitching one jacket, as a contribution to the group's fund. The fund is used mainly to pay for utilities, communications, transportation and other materials, such as thread and needles. The members have to contribute $4.65 a month to the group fund to pay back loans. During seasonal farming, all of the members stop subcontracting work; thus, they cannot pay into the fund.

The fund has also been used for general purposes, such as loans for school tuition fees for needy members, as a revolving loan fund for members who need emergency cash, and to make donations towards the community's activities. However, the size of the existing fund is still small.

A number of other community-based services and programs offered by local and national government offices also provide loans, grants, and other services to rural (and urban) residents. These services have been increasing in recent years, in line with the government's philosophy of providing funds through community organizations to local villages and communities.

Work-related health problems

The Banthi group members did not report any serious illnesses. Their common concern regarding health is back pain, irritation of the eyes and allergic reactions to dust. As observed by the field researcher, their chairs appear to be too low and do not have any cushions, which may be causing the back pain.

In spite of the fact that the Banthi group members do not report significant health problems, health and safety risks seem to be the main concern among homeworker groups in the region.

SUMMARIZING THE IMPLICATIONS OF THESE TWO CASE STUDIES

Formal workers

- The increasing trend toward replacing formal workers with temporary and contract workers is recognized as a major risk for formally employed workers.

Agency factory workers

- The organizing of agency workers remains a significant challenge. Even though they are gathered in factories and thus should be easier to organize, they are under pressure not to join organized groups or unions.
- National programs such as social insurance through the SSO often have difficulty reaching informal workers due to a number of limitations, as well as the lack of awareness of the benefits of registering with the SSO on the part of informal workers. Agency workers, and migrant workers in particular, may thus

have a more difficult time facing illness, disability and old age than do formal factory workers. Many may even be in a worse position than rural, subcontracted workers, who can gain access to other forms of social protection through community and occupationally-based groups.

- The level of anxiety and vulnerability appears to be much higher for both the urban formal and informal workers, no doubt because they feel directly and dramatically that their jobs are not at all secure. They are very worried about the future. They may have left the rural areas because of a lack of jobs, and now they face equally uncertain prospects for the future in the labor-intensive industries that are cutting jobs and transforming the nature of employment.

Homeworkers

- The diffused nature of their work sites makes it difficult to organize homeworkers. It is also frequently difficult to trace the employer of homeworkers.
- The second case study showed that a small, home-based workshop in a rural province can also — like large urban factories — provide its workers with social insurance benefits through the SSO if the homeworkers are organized.
- The well organized homeworker groups that are more tied to local markets feel that their employment is more stable and secure than that of subcontracted workers who work for longer chains in more rapidly changing segments of the industry. Their sense of vulnerability is also reduced by the fact that, particularly in rural areas, many have access to alternative employment in agricultural activities.
- The example of Anong's (the Makuejae) group and its decision to access the SSO benefits is instructive, as is the Banthi group's access to a combination of community-based and national and local government-provided programs.
- The rural (non-migrant) workers who do not have access to social insurance health benefits still have access to the health card. They can go to a nearby public hospital with a minimum payment of $0.70. They also have access to a number of programs offered by community groups and local government offices. The more organized and networked workers are, the more access they have.
- The establishment of a group welfare fund, such as the Banthi sewing group's fund, shows the virtue of mutual self-help among group members who have less access to different resources.

Table 8 on the following page provides a summary of access to social protection of workers in the various companies and groups mentioned in both case studies. Table 9 summarises current problems, types of organization and representation and further needs.

Table 8: Typology of workers and their access to social protection

Categories of workers	Sources of contract	Type of contract	Place of work	Remuneration	Type of benefits
GFB formal workers (eg, Ms. Somporn)	Registered company with 1 100 workers	Written contract	Factory space	Monthly salary based on daily wage	Social insurance benefits (initially not paid). Other benefits provided by the factory (also negotiated after ongoing protests by labor union).
GFB subcontracted workers (eg, Ms. Surat)	Registered company with 300 subcon-tracted ('temporary') workers	Written contract	Factory space	Daily wage	Social insurance benefits (are required to be offered by law but in practice not given, and there is little recourse becaus workers are not allowed to organize or join a labor union).
CFH formal workers (eg, Ms. Samruay)	Registered company with 250 workers	Written contract	Factory space	Monthly salary based on daily wage	Social insurance benefits. Other benefits provided by the factory.
Makuejae group (Anong's) subcontractedworkers (eg, Ms. Niem)	Unregistered workshop with 15 workers	No written contract	Small workshop for 15 workers	Daily wage	Social insurance benefits (wh son registered as 'employer'). Community-based schemes.
Banthi group members	Registered company with 10 group members	No written contract	Group leader's space for 10 people	Daily wage	Social services. Community-based schemes. Group fund.
Homeworkers	Subcontractor	No written contract	Own home	Piece-rate wage	Social services. Community-based schemes

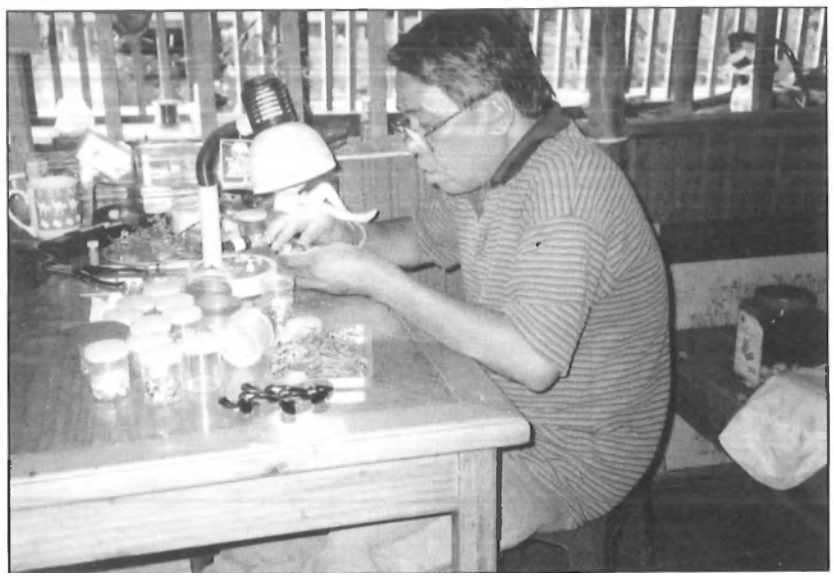


Table 9: Current problems, types of organization and representation, further needs and potential organizations

Categories of workers	Situation – problems	Organization and representation	Further needs – potential organizations
Formal workers (GFB workers)	Under labor protection law *but* increasing number of factories using subcontracted workers to replace formal workers. Under Social Security Act	9 labor congresses, 19 labor federations, 6 groups of labor unions (composed of 1 131 trade unions, with 84 trade unions in the garment industry) [data as of March 1 2002]. Labor-based NGOs.	Awareness raising and campaigning on the issue of subcontracting, so that the trade union would accept subcontracted workers as members.
Subcontracted workers in factory (GFB workers)	Under labor protection law *but* violation of labor laws. Under Social Security Act *but* violation of SSA, and violation of Labor Relations Act – workers are not allowed to organize or join activities of GFB worker union.	Unorganized, no representative. CLIST is developing a pilot project aimed at improving working conditions of the GFB's subcontracted workers. HomeNet is working with CLIST to develop database.	Database of subcontracted workers to get more information and data on working conditions and problems. Awareness raising and campaigning. Study and research. Policy advocacy. Cooperation with other categories of workers in the value chains. Financial support.
Formal workers (GFH workers)	Under labor protection law Under Social Security Act	Unorganized, no trade union, no representative.	Trade union should be organized.
Workers in subcontracting group (Nakuejae/ Anong's group)	Working in small workshop *but* no legal status and unclear status of employer-employee relationship. The employment relation is based on job contract (owner of production and raw material, design, set-up price) This may be considered as a self-employed group and should be promoted under the small and micro-enterprise scheme. Receive social security benefits so must pay employer and employee contributions.	Unorganized, no representative. The local authority offices, ie, provincial labor welfare office, Tambon administration office, etc. are promoting this type of group under small and micro-community-based enterprise at village level. Registered with certain local government offices (this group has registered with the provincial labor welfare office). HomeNet has a contract with this type of group in certain areas.	Organizing groups of workers. More information on this type of group required. Promoting clearer status and appropriate policy and legislation. Education on decent conditions of employment. Social protection promoted. Need more equipment to extend group members.
Workers of a mutual self-help contracting group (Banthi group's members)	Co-investment of group members to buy sewing machines, renting, utilities. Receive piece-rate works from subcontractor and the factory directly. Have created a group central fund. *But* inadequate equipment, lack of coverage by labor laws, unclear legal employment status, no access to social security, health and safety problems.	Loosely organized by HomeNet in Bangkok, northeastern and northern parts of Thailand. A network among the same occupational groups created in certain areas (ie, a network of sewing groups at Ladkrabang district in Bangkok). HomeNet is promoting this type of group as a model of a potential community-based group. The works of HomeNet include raising awareness on the issues of homeworkers, research and study, capacity building, policy advocacy and social protection initiatives.	Extend group organizing. Create networking. Study on potential of becoming a model of the self-help group required. Skills development needed. Social protection needed (eg, through the SSO).
Homeworkers	Lack of access to resources Voiceless Lack of social protection	HomeNet is promoting group formation of homeworkers.	Group organizing of homeworkers needs to be promoted and extended. Skills development needed. Social protection needed (eg, through the SSO).

Part 4
Conclusions and recommendations

THE ORGANIZATION AND REPRESENTATION OF WORKERS IN THE INDUSTRY

The level of social protection in the industry depends on the level of organization and representation of workers in firms, micro-enterprises and production units at every link of the value chain. Unionized formal workers in large factories have the most access to formal and informal types of social protection through the collective bargaining process and participation in the decision-making processes of the company. The strength of the union at plant level is reinforced if it is a member of a national federation, which can further strengthen bargaining and enhance the awareness of members on broader issues, such as gender. Affiliation to an international federation takes the power of workers even further. Global labor strategies can ensure that the future of the industry is decided not only by the employers but also by labor.

At the community level, organizations of workers, such as HomeNet and its affiliates are able to expand their sources of social protection beyond the usual indigenous schemes. They can lobby for more realistic membership conditions with respect to the national social security schemes and health programs, while at the same time enrolling in non-governmental social protection mechanisms that are friendlier and more accessible.

Where unorganized labor is used in the garment industry, whether in a large factory setting or in medium-sized or smaller production units, a lack of enforcement of existing labor and social protection laws is a common and very significant problem that needs to be clearly recognized and directly addressed.

The value chain approach used in this study shows up the vulnerability of workers who have so far remained unorganized and therefore unprotected. The possibility of organizing them is being explored by unions, but this possibility is tempered by the realization that the organizing effort can lead to even more worker displacement as the contracting firm may decide to give its orders elsewhere.

Where unorganized workers are migrants with no roots in specific communities, their vulnerability is increased. If they were permanent residents, they might have greater possibilities for accessing local government, NGO or CBO assistance, but as migrants this is much more difficult.

Homeworkers who have not been reached by organizing efforts and have no community-based group to rely on to facilitate access to social security, health benefits, and other forms of social insurance and assistance, are some of the most vulnerable workers. They may have informal networks of relatives and neighbors, and if they are indigents, they may be entitled to some form of aid from local government, but nothing on the order of a comprehensive and sustainable package that can address their most important and urgent needs during times of risk.

Recommendations

- All organizations that are concerned with workers need to work together to ensure that their basic labor and social protection needs are met. This can take the form of efforts on the part of NGOs, trade unions, homeworker networks, women's associations and other supportive organizations, working together toward local, national and international goals. The particular challenge is to target vulnerable workers. To do this effectively, they need to have a realistic understanding of local needs and circumstances. A clear understanding of the national and industry context is also crucial.
- Every organising effort that takes place has to take gender issues on board, since most workers in the garment industry are women whose needs at every stage of the life cycle should be addressed comprehensively. Young women of reproductive age need to have access to reproductive health services, including fertility

management, prenatal care when pregnant, maternity benefits when giving birth and childcare services subsequently. Older women, especially those who are single, abandoned or widowed, need financial support in the form of adequate pensions when they are already too old to work. A recognition of both female and male informal workers' workplace-related health problems also needs to be incorporated into social protection schemes, particularly in view of the hazardous circumstances under which informal workers usually live and work.

THE SOCIAL PROTECTION OF WORKERS IN THE INDUSTRY

The following conclusions can be drawn in relation to social protection for workers in Thailand and the Philippines:

- Workers in firms at the low end of the garment industry, producing low-priced, standardized garments, face the highest risks in the industry. In these firms sales patterns are seasonal and vary greatly with the unpredictability of fashions, employment patterns are subject to rapid changes and no geographic location is required. This means that firms move to locations that allow them the flexibility to hire and fire workers under their own terms. Workers in these firms are at risk in terms of employment vulnerability and the cancellation of job orders. They have the least protection against occupational safety and health hazards, and are

the least likely to have access to minimum wages or enforced labor and social protection. Paradoxically, although these workers are most in need of codes of conduct and ethical trade initiatives, this is where such measures are least likely to have any substantial effect, since monitoring and enforcement are so difficult.

- In the middle range of the industry's continuum of products, firms are also highly mobile, and are undertaking geographical shifts to low wage/low cost countries. If these firms do remain in higher cost countries they are likely to casualize production. This part of the industry includes a good number of high profile international retailers at one end of the chain, and therefore international campaigns directed at high profile purchasers and contractors who are conscious of their international image can have an effect.
- At the relatively high end of the industry, involving more expensive and higher quality garments, firms' lead times are very short, and both quality and design are very important, as is price. Workers need to be more skilled and quality control is high. Here, codes of conduct and ethical trade initiatives, as well as other international and national efforts, can have the greatest effect, since the high profile retailers, and branded manufacturers in particular, could make good working conditions part of their marketing strategies.

Recommendations

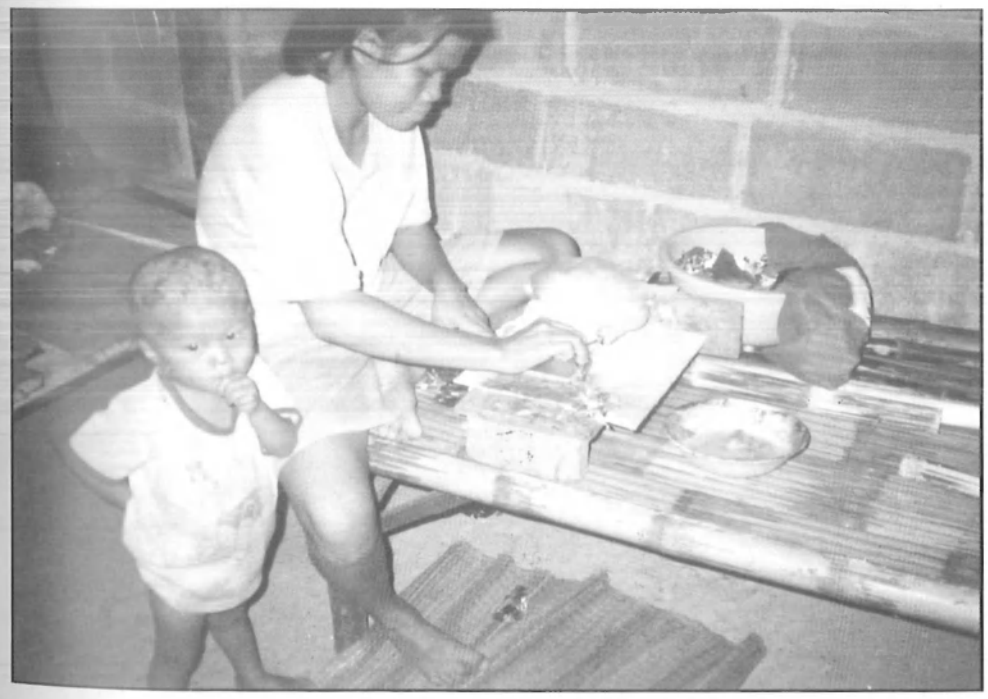
The following recommendations pertain to the roles that various players in the garment industry could play in order to improve social protection for workers in the industry.

At international level:

- In principle, the large manufacturers, merchandisers and retailers should abide by clear guidelines ensuring workers' rights, including the right to social protection, not only for themselves but also for their suppliers, contractors and sub-contractors. Their codes of conduct need to reflect this principle and should be formulated, implemented and monitored with the participation of workers at every level of the value chain. Realistically, however, such codes of conduct may only be effective — under present circumstances — in the case of relatively high profile firms conscious of maintaining a clean image before the global consuming public, and only if independent (and ideally unannounced) audits are conducted involving all types of workers participating in the firms' operations from the bottom up. Laws should also be initiated and enforced to ensure that even low profile and low-end employers are required to contribute to social protection programs for their workers. However, this must ultimately be done on a supra-national basis to ensure that jobs do not simply go elsewhere.
- Ethical trade advocacy groups and consumer and civil society organizations should continue to work in partnership with trade unions and other workers' groups. This enhances worker participation in the formulation and monitoring of firm-specific codes of conduct, as well as in advancing fair trade in general. These groups need to make sure that company-specific codes, as well as national laws, are actually put into effect, without disadvantaging small producers or causing job losses for already very low-income women, men and children, forcing them into even worse jobs.
- The social protection and empowerment of women informal workers should be a special focus of campaigns, so that women can be at the center of the picture instead on the margins.
- The role of UN organizations, multilateral institutions, development banks and aid agencies in the area of social protection for informal workers needs to be strengthened in the context of the overall trend towards emphasizing a rights-based approach to development, poverty reduction and empowerment of the poor and the socially excluded.

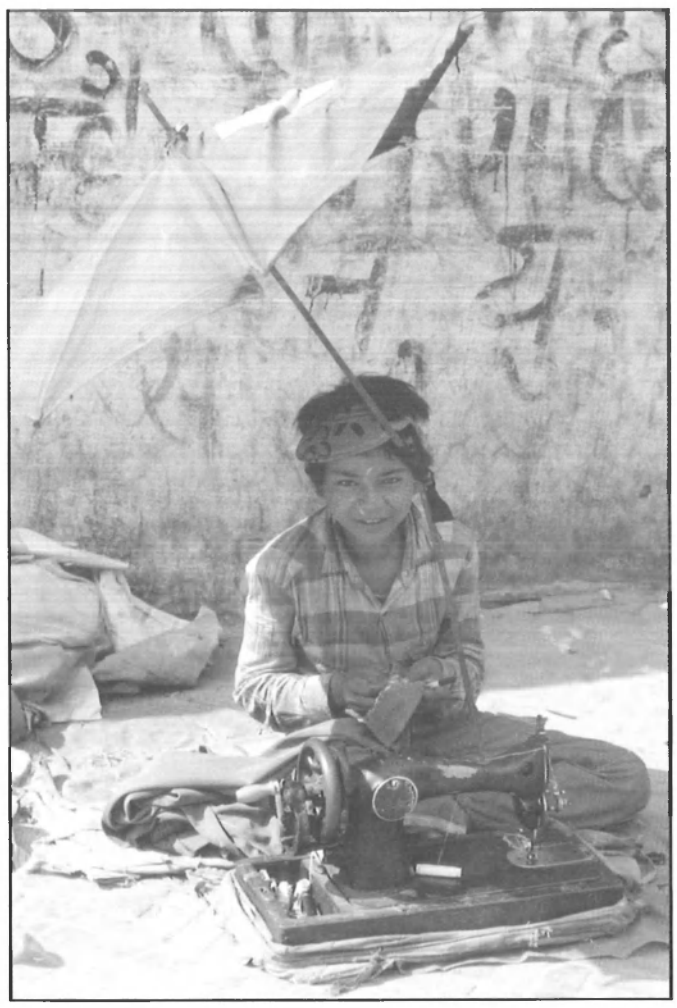
At national and local level:

- The balance of national versus local programs of social protection will depend on the country. In more urbanized countries, national programs may be more effective. However, in countries with strong community ties and local organizations (if relatively free of distortions created by local politics), it may be better for the national government to strengthen the local institutions and community ties with respect to some aspects of social protection.
- Again, regarding national versus local programs, it may be better to differentiate between social protection that will require universal coverage, and protection that may be better provided on a community or more localized basis. National health coverage but local funeral coverage would be an example of this.
- National governments must address the problems of a declining industry in the face of intense competition both in the export and the domestic markets. Rescue plans must be based on the interests of all stakeholders, and should be monitored to ensure that funds are allocated and actually spent according to decisions made collectively. They should include not only financial and technical assistance for employers, but also skills upgrading for workers to improve their chances of job retention, along with programs to help workers who will unavoidably be displaced to find and retain alternative sources of employment.



- Local governments need to have employment promotion as well as social protection and assistance programs whose impact can be felt at community level. Partnerships should be forged with community-based organizations (CBOs) and indigenous initiatives. The private insurance and banking indu can also be involved, but ideally in partnership with trade unions, homewo organizations, cooperatives and CBOs. Through representation in local gov ment councils and offices, CBOs can help ensure that social protection schemes are tailored specifically to different types of informal workers, incl meeting the specific circumstances faced by women workers.
- National assistance must also be provided to allow local systems to develop effectively towards self-reliance, self-sufficiency and solidarity. Once local systems are in place and are sustainable, they can take their own course wit minimum national intervention, if at all.
- Research at both national and local levels should continue to be conducted by NGOs as well as academic and research institutions in order to examine effective sources of social protection for different types of workers, especiall informal workers in general, and subcontracted and casual factory and hom workers in particular. For homeworkers, research should focus primarily on production for local markets.

- There is a need to develop effective social protection programs based on an understanding of various risks, vulnerabilities, needs and priorities from a culturally-specific and gender-sensitive perspective. What should be kept in mind throughout, in designing effective research-based protection programs, is that these should go beyond being merely a patchwork of resources already available in the locality, and strive toward comprehensiveness, systematization and sustainability without losing the flexibility to meet individual needs.



Conclusion

Implications for policy, research and action

The studies in this book introduce a new approach to social protection that explicitly focuses on globalization and changes in the labor market. They use value chain analysis to explore the conditions under which people work. The studies of horticulture in Chile and South Africa, and the garment industry in Thailand and the Philippines, allow the inclusion of urban and rural work, as well as the effects of seasonality on the security of work. Looking at different chains in different industries, and within different chains in the same industry, clarifies some important aspects of risk and vulnerability for different categories of worker, as well as their access to social protection.

Detailed conclusions and recommendations for each sector are found in each of the separate studies. The aim of this final section is to:

- Identify the main lessons learned from using a comparative methodology for two sectors
- Identify some sites for practical policy engagement and program intervention
- Make concrete suggestions for further research.

Main lessons learned from using a comparative methodology for two sectors

Country specific analysis

It is a truism that 'one size fits all' approaches to the design of social protection systems for informal workers are inadequate; yet international agencies can tend to promote uniform approaches. These studies show the need to be country specific when analyzing access to social protection. Informal workers receive very limited social benefits through their work. Much depends on what is available through the national or local state, and this makes a big difference to the basic security of workers.

In Thailand, the local government plays a role in the provision of social services. In South Africa, on the other hand, state social pensions and disability grants for poor people are a commitment from the central government (though channeled through

the provinces). In South Africa, again, women informal workers can get free reproductive health services, though these are of uneven standard. In Chile, the contributory health insurance scheme is in the process of being extended to all workers on temporary contracts, giving them year-round cover. The Philippines case shows that, even though informal workers are eligible to belong to the Philippines Social Security System, a small fraction bother to do so, as it is difficult administratively to contribute and benefits are low.

Income as a priority

In the horticulture study, the researchers reported that employment was the key issue that workers wished to talk about, and that it was difficult to engage workers in conversations about social protection. They reported that workers may have been afraid of voicing their needs, or that social benefits were not attractive because income would be deducted from wages that were already low. The garment study showed that workers are unwilling to contribute toward social benefits, when they are uncertain about the advantages or security of the schemes.

Social protection to include childcare and housing

Childcare and housing do not usually fall within the scope of social security or social protection, and these studies suggest the need for their inclusion in future. With regard to childcare, women worldwide are increasingly participating in the labor market. Though there is some evidence from northern countries that men are engaging in more care of children, it is safe to say that in general men do not engage as much in this form of work as women's new roles would require. These studies show clearly the different ways in which family life is disrupted so that women can work and support their households. In South Africa, horticultural workers who get on-farm housing are able to have their children with them; in Chile, on the contrary, in the fruit season many workers have to move far from where their families are. Some garment workers live on the factory premises without their children, but on the whole, these workers are less frequently removed from their families and communities than those in horticulture.

With regard to housing, the garment study shows vividly how people's homes are used as places of work, and that children are cared for simultaneously while productive work is carried out. In both horticulture and in the Asian garment industry, some workers obtain housing as part of or as a condition of the work. The condition of housing on some South African farms was described as appalling. Recently, in the process of job shedding, many workers lost access to the housing, as well as to other

'benefits' that were traditionally attached to the paternalistic or feudal relationship with the owner or manager.

Gendered changes in labor market participation and the way in which private homes are increasingly used for productive work suggest that the scope of social protection should be broadened to include both childcare and housing.

Different industries, different risks

Different industries or sectors carry different kinds of risks. In horticulture, many workers are on short term seasonal contracts. For some of these, however, their seasonal employment appears to be more assured year after year, and this is related to the overall increase in growth of this sector. Those in horticulture face exposure to chemical hazards, which are not faced by those in the garment industry. Garment workers in small informal factories, however, can be in poorly ventilated and poorly lit environments.

Garment workers in the two Asian countries have been seriously affected by the financial crisis, with major job-shedding. They work in a fiercely competitive industry, in which fashions change fast — and changes in fashion mean changes in skills required to do particular stitches. This itself is a risk factor.

In all of the studies, it was clear how workers and their families are absorbing some of the costs of production, which would 'normally' be accepted as a legal responsibility of the employer. The link between productivity on the one hand, and occupational health and safety on the other, has been lost.

Extension of social protection by governments

Three of the four countries had introduced, or were in the process of introducing, new schemes or reforms that would extend social benefits to non-standard and informal workers. HomeNet in Thailand was participating in the design of the new 30 baht health scheme, which aims to bring affordable health services to all Thai citizens. In South Africa, domestic workers are targeted for inclusion, for the first time, in the unemployment insurance fund. In 2002 Chile extended its contributory social health insurance to contract and informal workers.

These are all good examples of reforms that are in line with the ILO's policy thrust of including formerly uncovered categories of workers in social protection schemes. It remains to be seen to what extent informal workers in dispersed places will be able to get access to these benefits: the administrative challenges are enormous.

Different levels of visibility of owners, employers and buyers

A feature of new global labor processes is that workers producing goods, or parts of goods, may not know who they are working for — they may interact only with a labor broker, or a factory manager, and the latter may himself or herself be in an informal contract with a supplier. In these studies, the great difference between the two sectors is clearly revealed. A few large firms dominate the horticulture chain, and the chains of production and distribution are relatively transparent. In the garment industry, on the other hand, there is a series of complex linkages, with much use of labor brokers. The contractors and brokers themselves are often economically insecure.

In an approach to social protection that seeks co-responsibility between different interest groups, there will be sectoral differences with respect to how to secure the commitment of the owners of capital or employers of workers. In a growing industry with a simpler chain and one in which there is more vertical integration, such as horticulture, it should be easier to call these groups to account. It would be more difficult in industries such as the garment industry, where chains are complex and those driving the chain are less visible. Extending social benefits in ways that depend on the voluntary co-operation of owners of capital will be difficult.

Need for strong organizations of informal workers

A necessary (but not sufficient) condition for informal workers to get better access to social protection is through organizing. Organizations are themselves a source of support and security.

The studies show striking sectoral differences with regard to the organizational life of informal workers. There are dense and active networks in Thailand particularly, where workers are engaged in informal agreements and loans, in rotating savings and credit associations, have links to NGOs, and are involved with indigenous associations. This is in strong contrast to the relatively barren horticultural context in both Chile and South Africa, where workers on the whole live in isolated 'communities' of farm laborers, away from organic residential neighborhoods. The workers, with their few assets and resources, are 'the community'.

In Chile, the researchers found few identifiable organizations of any sort in the areas in and surrounding the fruit farms. There are great difficulties in organizing due to migration and because of the duration of periods of work. In South Africa, the movement and network of community-based advice offices, through which farm

workers could get legal advice about rights and entitlements at work, started diminishing in the 1990s.

In all places and in both sectors, there is a fear of organizing because of the fear of losing work. Workers said that income — even low incomes in exploitative conditions — is preferable to no income at all. The Chilean *temporeras* were excluded from membership of formal trade unions, and the garment workers in Thailand were not allowed to organize. Organizations of informal workers could be assisted if alliances were formed with organizations of formal workers, but worldwide, the latter are, with a few notable exceptions, cautious about engaging organizationally with informal workers. Their own interests and hard-won gains are threatened by an inclusive approach to informal categories of workers. These studies are small and cover two sectors only. There may well be other international experiences where formal labor unions have assisted or formed alliances with informal worker organizations. This will be suggested as a theme for further study.

Various affiliates of WIEGO have demonstrated that organizations of informal workers can intervene in national policy-making and policy-influencing forums. Box 7 on the following page gives concrete examples from Thailand, South African and India.

Need for better statistics on social protection

The studies show the need for a systematic and national-level collection of statistics about access to work-related social protection. There is great variation between countries as to the extent of the statistics collected in labor force surveys. In all countries, there is a gap in respect of social protection coverage derived through the workplace. This is a worldwide problem; even in those countries where questions about social benefits are asked in national household surveys or in labor force surveys, they are asked of the enumerated workers only — so there is no way of knowing whether their family members are covered as well. As a corollary, it is not possible to know how many people lose access to social benefits when one worker loses benefits in the event of job loss or informalisation.

There is a need for a comprehensive and concerted international campaign for improved statistics about social protection. This should be inserted into labor force surveys, as well as into living standards (including income and expenditure) surveys. The series of Basic Security Surveys that have been done under the Socio-Economic Security Program of the ILO may be able to provide conceptual and methodological lessons as to how to ask better questions about social protection.

Box 7: Different sites for policy intervention and influence

Organizations of informal workers can contribute to improvements in conditions of work in a variety of platforms other than in their immediate workplace.

In Thailand: The leader of HomeNet in Thailand has been a member of a national commission on universal healthcare coverage. The commission was set up following a campaign in which a coalition of CBOs combined to get the 50 000 signatures necessary to propose a bill about healthcare. Organizations representing five constituencies were accredited to represent civil society — namely, informal workers, the disabled, people affected by HIV/AIDS, consumers and academics.

In South Africa: The Self Employed Women's Union (SEWU) in South Africa has intervened in a number of significant policy platforms in the democratic transition. It made submissions to the Comprehensive Labour Market Commission, the Commission of Enquiry into the Provision of Rural Financial Services, the draft of the Labour Relations Bill, as well as to the Trade and Industry policy on support for small businesses.

In India: The Self Employed Women's Association in (SEWA) India has participated in a variety of state and national committees and commissions — on labor, on social security, on extending social security to informal workers and on childcare. It is participating in the Task Force set up by the Ahmedabad Municipal Commission to develop a policy for urban workers in the informal economy. Its experience in dealing with a series of cyclones, droughts and the earthquake in Gujarat is being brought to bear on influential government agencies; it is a member of the Advisory Committee on the Gujarat State Disaster Management Authority, and it was selected by the national and state government to be the lead partner in the Livelihood Security Project for Earthquake Affected Rural Households in Gujarat.

Sites for practical policy engagement and program intervention

The studies give leads to concrete sites for policy intervention, which would lever significant material gains for substantial numbers of people.

Extension of labor standards and social protection benefits

The main recommendations of the researchers in both studies are for the extension of the regulatory regime of labor standards to include more workers in different categories. In the South African context, agricultural and now domestic workers have been drawn under the umbrella of some of the basic employment regulations, and into unemployment insurance coverage. There is evidence in the studies of places where labor standards existed but were ignored. More needs to be known about the conditions under which effective extension can be achieved — that is, extensions that can actually be implemented and monitored.

The scope for legal challenges

There are limits to litigation. It may win cases, yet not be translated into actual entitlements or improvements for substantial numbers of people. Thus it would be useful to explore the conditions under which improvements in working conditions could be enhanced through constitutional or legal challenges.

Integrating improved access to social protection within ethical codes of conduct

The horticulture study shows the potential of ethical codes in binding employers and owners of capital to improvements in working conditions. How far could social protection benefits be integrated within ethical codes of conduct? A workshop with leaders in the ethical trade movement, based on case studies such as these, could assist in identifying precisely and strategically what potential there is for such integration.

Integrating the working poor within poverty reduction frameworks

Poverty analyses too often see the poor as excluded and marginalized and as needing to be helped to find work or create work. What should be recognized are the sustained efforts of millions of people in creating their own work, or working for others for their lifetimes, yet they are not able to escape poverty. How can their

conditions of work, and the trapped power relations in which they work, be made more visible and more susceptible to change? The working conditions of poor people should be more effectively integrated within poverty analysis and within the poverty reduction frameworks of influential international organizations, as well as within national policies. It is recommended that the three organizations involved in this initiative develop a strategic plan of action for doing this.

Towards pilot schemes: policy dialogues in selected countries

The value chain approach has been used as an analytical tool in these studies. The findings suggest that there would be potential in exploring its use as a strategic tool in designing or extending actual social protection schemes for different types of workers. Social insurance had its origins in the workplace; through this approach to the informal economy, an extended notion of social insurance could be grounded in the changed workplace under globalized patterns, conditions and power relations. The studies suggest that new schemes should work through an organization of informal workers; that they should assertively explore the idea of co-responsibility of different interest groups; and that, from the beginning, attention should be paid to building equal partnerships.

A start could be made through a national or regional process of setting up dialogues between employers, formal and informal workers, government at local and national level, and interested and supportive organizations. Thailand appears to offer the greatest potential at present to start this process.

Recommendations for further research

Additional sectoral studies

These two studies have shown the potential of this approach to social protection, and much has been learned from them. Further sectoral studies are needed, purposely chosen to fill some of the gaps in these initial ones. It is recommended that the following themes and questions be kept in mind in making decisions about which other industries to analyse:

- In what ways are migrants exposed to specific risks and vulnerabilities? The choice of case studies did not allow sufficient analysis of this question. Migrants by definition leave their homes and communities for periods of time; they may lose access to social entitlements in their homeplace; they may not have access to entitlements in their workplace. It appears there are increasing numbers of women migrants worldwide, and they may be especially vulnerable.

- How does the position of workers who produce for domestic markets compare with that of workers producing for export in global value chains?

- The case studies showed good examples of grassroots action and, similarly, good examples of government intervention. How can the two be linked with each other institutionally and programmatically?

- How can government and other interventions be designed so that they strengthen organizations of informal workers?

- What is the potential of the sector for integrating the leveraging of social benefits within the introduction of ethical codes? What is the potential for creating links between codes of conduct, community organizations, and organizations of informal workers?

Thematic studies

These studies point to the need for analytical and empirical work to be done in the following areas:

- Under what conditions can informal workers get access to formal insurance mechanisms? The private insurance industry needs to be persuaded to extend its insurance mechanisms to people who are informally employed. SEWA's experience suggests that this can happen. It should be possible, in further case studies of different sectors, to develop the assessment of specific types of risk in

specific industries. However, in addition to this, there is a need for studies that undertake actuarial modeling of actual risks faced by informal workers in different industries and in different positions of employment. Studies should be selected to enable comparative study of different places of work — for example, in people's homes, on the street, in informal factories and on construction sites.

- There is considerable evidence of the participation of informal workers in policy platforms. There is a need for a critical assessment of how and whether these policy interventions make a difference, and what the ingredients are of successful interventions.
- Under what conditions are unions of formal workers willing to form alliances with, and extend support to, informal workers in their struggle for social protection? A mapping exercise is needed which identifies and analyses situations in which new social contracts have been formed between formal and informal workers.

The approach to social protection used in these studies has shown the complexity of the problem, and the extent of the challenge involved in improving access of informal workers to social protection. This is not a comprehensive or a holistic approach. Rather, it is a way of heightening awareness of the fact that the majority of the world's working population is facing declining access to social benefits through the workplace.

Conventional value chain analysis has tended to concentrate only on the 'value added' at different points in the chain of production and distribution. By focusing on the workers at different positions in the chain, and on their needs for security for themselves and their households, a more nuanced perspective is introduced. In these studies it can be seen how the value added to a commodity may increase the risks to the health status of workers. The value added to a commodity may mean less security for the workers and his or her family. The focus on short term competitiveness detracts attention from the need for human capital formation of the present generation of workers, and for the access to education of their children — the next generation of working people.

The use of value chain analysis showed clearly how the type of employment arrangement determined the access to specific measures of social protection, and how workers with less secure working status either had to make their own provision to mitigate against risk, which was hard to do, because of their insecurity, or they depended on provision by the local or central state for, for example, health services.

Worldwide, the tendency is for more people to be employed in less secure ways in chains of production. What is needed is the building of ladders of protection, so that workers can, in an incremental way, claim or reclaim more security and more protection against risk. There will only be progress up this ladder of social protection if there is increased co-responsibility of multiple interest groups. These include the owners of capital, governments at different levels, formal and informal workers themselves, both individually and in associations of different kinds, as well as non-governmental organizations.

References

Preface

Barrientos, A. and Ware Barrientos, S. 2002. Extending social protection to informal workers in the horticultural global value chain. Social Protection Discussion Paper No. 0216. Washington DC: World Bank.

Doane, D., Ofreneo, R. and Srikajon, D. 2002. Social protection for informal workers in the garments industry: a case study of the garments industry in Thailand and Philippines. Paper presented at Technical Consultative Workshop on Social Protection for Workers in the Informal Economy, ILO, WIEGO, World Bank, Chamonix, April.

Holzmann, R. and Jorgensen S. 2001. *Social Protection Sector Strategy: From safety net to springboard*. Washington DC: World Bank.

Lund, F. and Srinivas, S. 2000. *Learning from experience: a gendered approach to social protection for workers in the informal economy*. Geneva: International Labour Organization.

Von Ginnekin, W. 2000. 'The extension of social protection: ILO's aims in years to come', in Conway, T, de Haan, A. and Norton, A. (eds.) *Social protection: new directions of donor agencies*. London: Department of International Development.

Introduction

Dolan, C. and Humphrey, J. 2000. 'Governance and trade in fresh vegetables: the impact of UK supermarkets on the African horticulture industry', *Journal of Development Studies* 37(2): 147 – 186.

Chen, M., Sebstad, J., and O'Connell, L. 1999. 'Counting the invisible workforce: the case of homebased workers', *World Development* 27(3): 603 – 610.

Gereffi, G. 1994. 'Capitalism, development and global commodity chains', in Sklair, L. (ed.) *Capitalism and Development*. London: Routledge.

International Labour Office. 2002a. Decent work and the informal economy. Report VI, International Labour Conference, 90th Session. Geneva: International Labour Office.

International Labour Office. 2002b. *Women and men in the informal economy: a statistical picture*. Geneva: International Labour Office.

Kaplinsky, R. 2000. 'Globalisation and unequalisation: what can be learned from value chain analysis?', *Journal of Development Studies* 37(2): 117 – 146.

McCormick, D. and Schmitz, H. 2002. *Manual on value chain research on homeworkers in the garment industry*. Sussex: Institute of Development Studies.

Barrientos, A. 1997. 'Crecimiento Económico y Concentración del Empleo Femenino', *Estadística y Economía* 14: 93 – 107.

Barrientos, A. and Lloyd-Sherlock P. 2000. 'Reforming health insurance in Argentina and Chile', *Health Policy and Planning* 15(4): 417 – 423.

Barrientos, A. and Ware Barrientos S. 2002. Social Protection for Workers in the Informal Economy: Case Study on Horticulture. Social Protection Discussion Paper 0216. Washington DC: World Bank.

Barrientos, S. 1998. 'Fruits of Burden — the organisation of women temporary workers in Chilean agribusiness', in Afshar H. (ed.) *Empowering Women: Illustrations from the Third World*. Basingstoke: Macmillan.

Barrientos, S., Bee A., Matear A. and Vogel I. 1999. *Women and Agribusiness, Working Miracles in the Chilean Fruit Export Sector*, Basingstoke: Macmillan.

Barrientos, S., Dolan C. and Tallontire A. 2001. Gender and Ethical Trade: A mapping of the issues in African horticulture. Report 2694. Greenwich: Natural Resources Institute.

Barrientos, S., McClenaghan S. and Orton L. 1999. Gender and Codes of Conduct: a case study from horticulture in South Africa. London: Christian Aid.

Barrientos, S. and Perrons D. 1999. 'Gender and the global food chain: a Comparative study of Chile and the UK', in Afshar H. and Barrientos S. (eds.) *Women, Globalization and Fragmentation in the Developing World*. Basingstoke: Macmillan.

de Klerk, M. date unknown. Deciduous fruit industry study. Commission of Inquiry into the Provision of Rural Financial Services, Cape Town.

Dirección del Trabajo 2000. Temas Laborales 15, Santiago: Departamento de Estudios, Dirección del Trabajo, Gobierno de Chile.

Kritzinger, A.; Prozesky H. and Vorster J. 1995. Die arbeidsopset in die Suid Afrikaanse sagtevrugte-uitvoerbedryf, plaaswerkers. Werkopset Deel III. Stellenbosch: University of Stellenbosch.

Lund, F. and Srinivas S. 2000. *Learning from experience: A gendered approach to social protection for workers in the informal economy*. Geneva: International Labor Organization.

Penn, R. and Worth B. 1993. 'Employment patterns in contemporary retailing: gender and work in five supermarkets', *The Service Industries Journal* 14(4): 252 – 266.

Rodríguez, D. and Venegas S. 1991. *Los Trabajadores de la Fruta en Cifras*. Santiago: GEA.

Venegas, S. 1993. 'Programas de apoyo a temporeros y temporeras en Chile', in Gómez S. and Klein E. (eds.) *Los pobres del campo, El Trabajador Eventual*. Santiago: FLACSO/PREALC/OIT.

Acuna, G., and Brown K. 1996. Competitive strategies in a changing world market: recommendations for the Philippine garment industry. Manila: GTEB (Garments and Textile Export Board), DTI (Department of Trade and Industry), and CONGEP (Confederation of Garment Exporters of the Philippines).

Aldana, C. H. 1989. A contract for underdevelopment. Manila: IBON Databank Phils., Inc.

Austria, M. 1994. Textile and garments industries: impact of trade policy reforms on performance, competitiveness and structure. PIDS Discussion Paper Series No. 96-07. Makati: Philippine Institute for Development Studies.

Balakrishnan, R. (ed.) 2002. *The hidden assembly line: gender dynamics of subcontracted work in a global economy*. Bloomfield, CT: Kumarian Press.

Barrientos, A. and Ware Barrientos S. 2002. Social protection for workers in the informal economy: case study on horticulture. Technical Consultative Workshop on Social Protection for Workers in the Informal Economy, held by ILO-STEP, WIEGO, and the World Bank, April 11-12, 2002.

HomeNet Thailand. 2002. Impact of the economic crisis on homeworkers in Thailand. Bangkok: HomeNet Thailand. (With the support of the ILO Bangkok Area Office/East Asia Multidisciplinary Advisory Team.)

ILO East Asia Multidisciplinary Advisory Team/Bangkok Area Office. 2000. Decent work for all: targeting full employment in Thailand. Bangkok: International Labour Office.

ILO/PDC-DAP Technical Report. 1999. Productivity improvement, competitiveness and quality jobs in the Philippine garment industry. Manila: Productivity and Development Center, Development Academy of the Philippines. (With the support of the International Labour Organization, Geneva.)

Lema, K. L. 2002. 'Labor-only rules readied', *Business World*, February 18, 2002.

Lund, F. and Srinivas S. 2002. *Learning from experience: a gendered approach to social protection for workers in the informal economy*. Geneva: International Labour Organization.

National Statistical Office (NSO), Thailand. 1999. Results of the survey on homeworkers. Bangkok: NSO, Office of the Prime Minister, The Royal Thai Government.

The Royal Thai Government. 2000. Social development in Thailand: a national report for the special session of the General Assembly on the outcome of the world summit for social development, Geneva, 26-30 June 2000. Bangkok: The Royal Thai Government.

Suphachalasai, S. 1994. *Thailand's clothing and textile exports*. Singapore: Institute of Southeast Asian Studies.

Vagneron, I. 1999. How can the situation on the domestic labour market shape subcontracting arrangements? Evidence from the garment sector in Thailand. CLARA-IISH-IIAS Workshop on Subcontracting Labour in Asia: Historical and Global Perspectives. Bangkok, November 22-24.

Woods, G. 2001. Governance and the common man: embedding social policy in the search for security. Mimeo, Bath: Social Policy in Development Contexts, University of Bath.

Yap, Maria Eufemia C. 2001. Extending social protection to the informal sector. Draft report, July 2001. (To be published by the International Labour Organization, Manila, Philippines.)

Appendix

Participants at the Technical Consultative Workshop, Chamonix, France

April 10 – 12, 2002

From the ILO, WIEGO and the World Bank

Gordon Betcherman	World Bank
Sudarshan Canagarajah	World Bank
Marilyn Carr	WIEGO
Martha Chen	WIEGO
Robert Holzmann	World Bank
Christian Jacquier	ILO
Renana Jhabvala	WIEGO (and SEWA)
Sandrine Lo-lacono	ILO
Rakawin Leechanavanichpan	WIEGO (and HomeNet Thailand)
Amy Luinstra	World Bank
Francie Lund	WIEGO
Evy Messell	ILO
Emmanuel Reynaud	ILO
Radha Seshagiri	World Bank
The Rie Vejs-Laursen	ILO

Horticulture industry researchers

Armando Barrientos	Institute for Public and Development Management, Manchester University
Stephanie Ware Barrientos	Institute for Development Studies, Sussex

Garment industry researchers

Donna Doane	Independent consultant
Rosalinda Ofreneo	University of the Philippines
Daonoi Srikajon	HomeNet Thailand

9 781868 405145 >

How do the many people who work in informal employment get access to measures of social protection that will enable them to build more security for themselves and for their children? Given the current tendency for more and more people to be employed under insecure arrangements, in international chains of production and distribution, how can ladders of protection be built so that workers can claim or reclaim greater security and increased protection against risk? These questions were addressed in a research initiative done by the International Labour Organization, the global network WIEGO (Women in Informal Employment: Globalizing and Organizing) and the World Bank.

This book presents the framework for an innovative approach to social protection, which is based on an understanding of the working lives of poorer people engaged in global value chains. It gives the findings of comparative studies of the horticulture industry in Chile and South Africa, and the garment industry in Thailand and the Philippines. It draws out the implications for policy, research and action. These include the promotion of better statistics about different types of informal employment status, the possibilities for extension of social protection measures, and the integration of the working poor into poverty reduction frameworks and strategies.

THE WORLD BANK

WIEGO
WOMEN in INFORMAL EMPLOYMENT
GLOBALIZING & ORGANIZING

9781868405145
CHAINS OF PRODUCTION LADDERS

This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 Licence.

To view a copy of the licence please see:
http://creativecommons.org/licenses/by-nc-nd/3.0/