



Togolese Informal Sector Workers' Willingness to Pay for Access to Social Protection: The Case Study of CNSS

by

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In 2012, with support of the UK Department of International Development (DFID) and the International Development Research Centre (IDRC)- Canada, PEP launched a new program to support and build capacities in "Policy Analyses on Growth and Employment" (PAGE) in developing countries.

This brief summarizes the main features and outcomes of one of the projects supported under the 2nd round of the PAGE initiative (2014-2015). The full paper is available at the PEP website.

In Togo, around 58.7 percent of the population live below the poverty line (QUIBB, 2015). Poor families cannot afford to pay for some of the basic services making them vulnerable to social risks. These risks such as old age, death in the family, and disabling accidents or illnesses can be addressed through social protection programs. Given the existing social protection programs of the government, many individuals are not yet accounted for particularly workers from the informal sector. The informal sector in Togo is estimated to be 84 percent of the population with an annual growth rate of 5 percent (Auffret, 2011). In the main cities of Togo, many of the workers are in the informal economy. In Lome, for instance, 83 percent work in the informal sector (Auffret, 2011).

Context and importance of the study

In order to provide social protection to those not in the formal sector, Act No. 2011-006 was adopted by the Togolese National Assembly in February 2011 to provide social security to three particular sectors of the economy. These sectors include those who are self-employed, working in the informal economy, students of vocational schools, apprentices, and trainees.



The woman is engaged in selling secondhand clothes and shoes in the neighborhood of Tokoin-Wuiti. (Photo courtesy of CBMS Togo Team)

Individuals from these sectors are provided with family and maternity benefits, pensions, and occupational hazard benefits. However, this was not applied by the National Social Security Fund or Caisse Nationale de Securite Sociale (CNSS) because of the lack of data about the informal sector. This means that informal sector workers are still not covered by social protection program. Despite the large portion of the Togolese working population

Table 1: Distribution of Created Jobs According to their Type of Informality, Location, and Sex (in %)

Type of Job	Urban			Rural						Total		
	Tokoin Wuiti			Dalave			Gblainvie					
	Female	Male	All	Female	Male	All	Female	Male	All	Female	Male	All
Formal job	11.4	26.9	17.8	5.8	22.7	14.4	3.1	14.2	8.6	8.9	23.6	15.6
Informal job	88.7	73.1	82.2	94.2	77.3	85.6	96.9	85.8	91.4	91.2	76.4	84.5

Source: CBMS Census in Togo, 2015

engaged in the informal economy, many still have no financial protection against illness or disability.

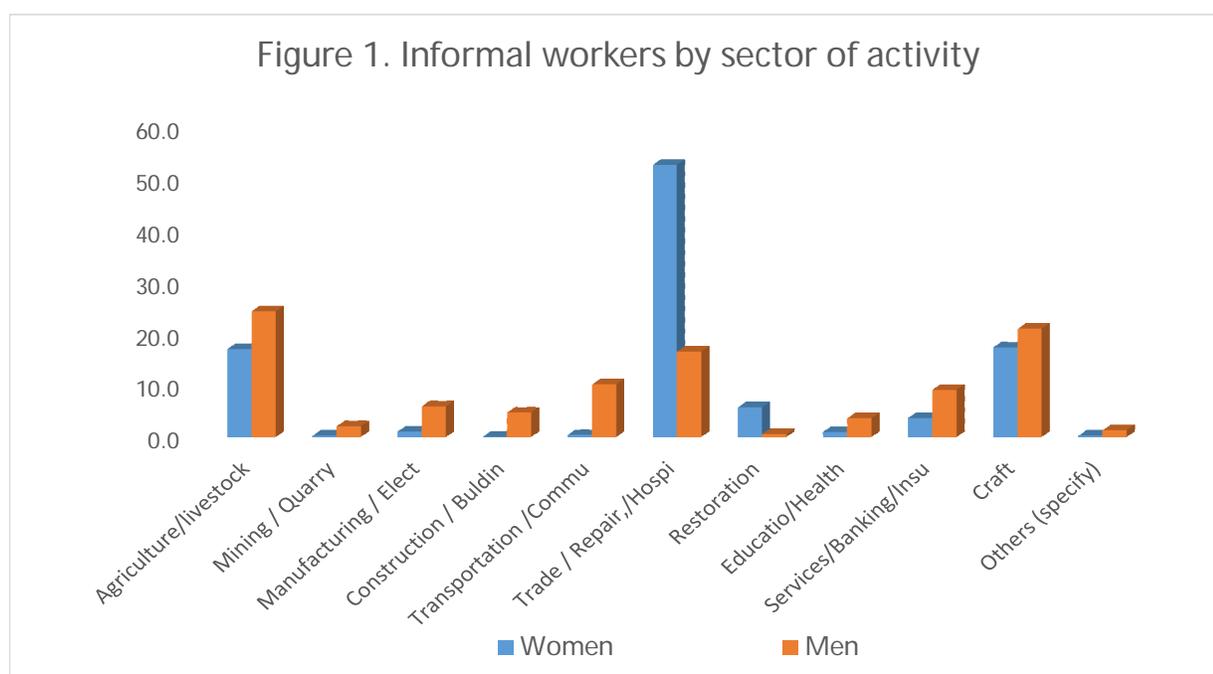
In 2014, the community-based monitoring system (CBMS) was introduced in Togo. The aim of the CBMS project is to establish a local monitoring system which collects data on the different dimensions of poverty. In addition to the profile of the community, a rider questionnaire was also implemented to workers who are part of the informal economy.

The project is expected to produce data which will be the basis in the preparation of local development plans. The 2015 CBMS census in Togo covers 7,436 households in rural and urban

sites in Togo. The urban site covers Tokoin-Wuiti while the rural site covers Dalave and Gblainvie in Tsevie.

The primary objective of the study is to estimate and analyze the willingness-to-pay (WTP) of informal workers to gain access to the social protection system offered to formal sector workers in Togo.

The rider questionnaire, in particular, includes an assessment of the willingness-to-pay (WTP) of informal sector workers to have access to social protection. The need to define a social protection mechanism which will provide sufficient protection to informal sector workers is essential.



Source: CBMS Census in Togo, 2015

Table 2: Indicators of Informal Employment

Indicators	Tokoin-Wuiti (Urban)	Tsevie (Rural)		Total
		Dalave	Gblainvie	
Proportion of informal sector workers unable to write and read	23.1	52.4	50.0	35.9
Proportion of workers whose average monthly income is lower than the guaranteed minimum wage	26.0	53.8	77.2	41.8
Proportion of workers who have access to protection against natural disasters programs	2.0	0.8	1.1	1.5
Proportion of workers who have access to credits	11.7	19.4	7.4	13.4
Proportion of workers who are interested to accident work insurance	76.3	91.5	83.2	81.9
Proportion of workers who are interested to occupational disease insurance	64.7	78.9	69.9	69.8
Proportion of workers who give importance to social protection	95.5	91.3	72.8	90.9

Source: CBMS Census in Togo, 2015

Findings

According to the data collected, about 85 percent of the population from Tokoin-Wuiti and Tsevie are involved in the informal sector activities as shown in Table 1. The results reveal that the proportion of women under the informal employment in the urban area (88.7%) is lower than in the rural area (94.2% in Dalave and 96.9% in Gblainvie). Looking into the different sectors in the economy, it was noted that the proportion of informal workers were higher in trade, agriculture, and handicrafts which represent about 77 percent of the informal sector population as depicted in Figure 1.

Table 2 shows that half of the workers in rural areas were unable to write and read. The table shows that only 1.5 percent of informal sector workers have access to protection against natural disasters. Meanwhile, the proportion of informal workers who have access to credits is also low at 13.4 percent.

More than half of informal sector workers are interested in occupational disease insurance while 81.9 percent are interested in accident work insurance. Also, Table 2 shows that a great

proportion of workers give importance to social protection services at 90.9 percent.

With regard to the willingness-to-pay (WTP) of Togolese informal workers to avail the CNSS services, the data show that 94.4 percent are interested. Though many are willing-to-pay, about 49.8 percent mentioned that they are only willing to-pay if the fee is not more than USD 2.55 per month as shown in Table 3. About 26 percent who are willing to pay are interested to benefit from family allowances as part of the CNSS services. Meanwhile, 21 percent are interested in health insurance and some 19 percent are interested in old age pension. Also, based on the data from Tokoin-Wuiti and Tsevie, we can note that the informal workers operating in the sector of trade/repair/hotels, agriculture/livestock/fishing, and handicrafts are willing to pay a higher amount than those of other sectors.

Unfortunately, many informal sector workers in rural areas have an average monthly income less than the guaranteed minimum wage of USD 63.64 - 77.2 percent in Gblainvie and 53.8 percent in Dalave. On the average, the proportion of women working in the informal sector (45.6%) with a

Table 3: Willingness to pay of informal workers for access to the social insurance benefits (USD)

Payment (in USD)	Urban			Rural						Total		
	Tokoin Wuiti			Dalave			Gblainvie					
	Female	Male	All	Female	Male	All	Female	Male	All	Female	Male	All
Not Interested	4.82	5.63	5.1	4.75	7.41	6.0	6.8	5.74	6.3	5.06	6.26	5.6
Less than 2.5456	48.7	37.84	44.7	58.66	43.8	51.8	71.89	57.8	65.3	54.48	43.16	49.8
2.5456 - 4.364	24.09	24.77	24.3	25.14	27.2	26.1	12.43	17.2	14.7	22.86	24.38	23.5
4.364 - 6.5456	8.46	8.22	8.4	4.75	8.21	6.4	2.96	7.77	5.2	6.72	8.14	7.3
6.5456 - 8.7272	2.28	4.17	3.0	2.65	3.22	2.9	1.48	3.72	2.5	2.28	3.77	2.9
8.7272 - 21.818	10.42	16.67	12.7	3.77	8.53	6.0	3.25	6.42	4.7	7.64	12.19	9.5
21.818 - 36.364	1.04	1.58	1.2	0.28	1.45	0.8	0.59	0.34	0.5	0.77	1.33	1.0
More than 36.364	0.2	1.13	0.5	0	0.16	0.1	0.59	1.01	0.8	0.19	0.78	0.4

Source: CBMS Census in Togo, 2015

monthly income below the minimum wage is higher than men (36.6%). On the other hand, it was found that men are willing to pay a higher amount to have access to the social protection system compared to women in Togo.

Finally, If we consider that informal workers of the two first quartiles which represent 52.02% of informal workers have fulfilled the necessary condition (a monthly income equal to the minimum wage: \$ 63.64), to benefit of CNSS services (family allowance and pensions), their contribution would be USD 12.41 per month. For these informal workers it would require at least USD 8.96 subsidy per worker and per month.

Regarding the first quartile (25.11%), the subsidy would be much higher and would be at least \$ 11.27 dollars per worker and per month. Thus, additional taxes would be necessary to implement this policy.

Policy implications and recommendations

Based on the results of the study using the CBMS census data, the following recommendations were made:

(i) Promote the lower acceptable tax levels to members of informal sectors. This will give them

higher disposable income which they can use to pay for the fee to have access to CNSS. Many informal workers are too poor to pay significant contributions especially women. Thus, the policies for implementing the specific and promotional tax for informal workers to encourage them to enroll to the social protection system in Togo. On the other hand, promote additional taxes on the goods consumed by the richest household (A redistribution mechanism of the wealthiest households to the poorest households);

(ii) Raise awareness and inform the informal sector workers about the benefits they will have once they are a member of the social protection system as well as the cost/fee to have access to it;

(iii) Intensify sensitization sessions and training on the benefits and importance of social protection with greater involvement of associations and nongovernment organizations, micro-finance and community opinion leaders; and

(iv) Translate the government's political will to support the informal sector by subsidizing their contribution/fee to have access to the social protection system in Togo.