



Social Security and the Informal Economy in Jamaica: A Social Insurance Perspective

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Order of Presentation

Social Security in Jamaica

Social Insurance

Informal Economy in Jamaica

Social Insurance and the Informal
Economy

Considerations





Social Insurance in Jamaica

- National Insurance Scheme
 - **compulsory, contributory system of social security** which offers some financial protection to contributors and their families against loss of income arising from injury on the job, incapacity, retirement and/or death through a range of benefits.
 - Ministry of Labour and Social Security



Benefits

Maternity

Health

Survivors

Retirement

Death



Informal Economy

- The set of economic activities, enterprises, jobs and workers that are not regulated or protected by the state

Informal Employment

- is related to persons whose main job lacks basic social or legal protection or employment benefits such as the NIS (Statin)

Informal Sector

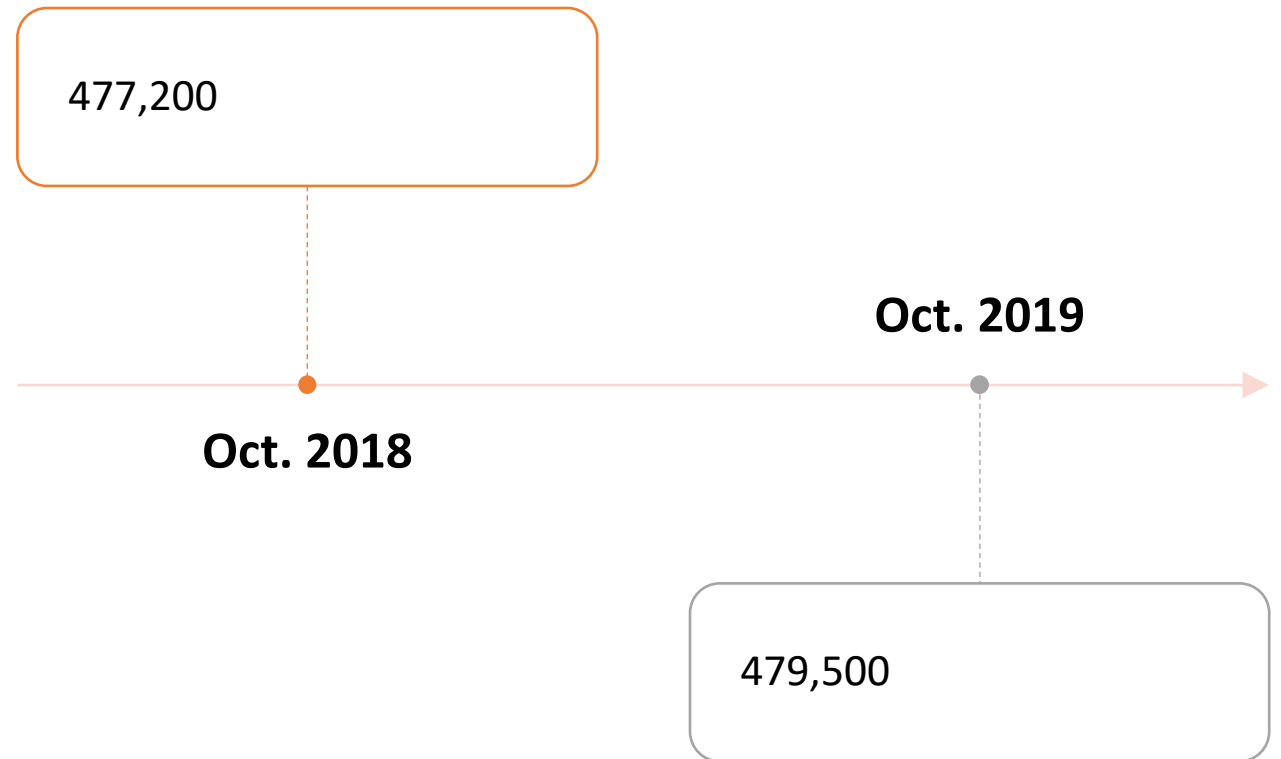
- A person whose main job is not in agriculture or domestic employment is counted as working in the informal sector if his/her present job satisfies any of the following conditions:
 - all own account worker and employer who own informal enterprises
 - all unpaid family members who contribute to the enterprise
 - all employees and employers in jobs where no NIS contributions are deducted



Population Profile

PARTICULARS	October 2018	October 2019	October 2020	January 2021
Population	2,727,900	2,727,200	2,726,600	2,726,400
Labour Force	1,334,900	1,345,100	1,293,000	1,310,900
Employed Labour Force	1,219,200	1,248,400	1,154,100	1,194,800
Unemployment Rate	8.7%	7.2%	10.7%	8.9%

Informal Employment



Population Profile: Informal Employment

Male | 58.2%

No academic qualifications | 79.6%

Industry | Wholesale and Retail Trade, Repair of Motor Vehicles and Equipment | 33.4%

Males | 33.4%; Construction | 31.7%

Females | 39.9%; Hotels and Restaurant Services | 14.8%

Population
Profile:
Informal
Employment

Rural | 44.7%

Male | 46.3%

Female | 42.6%

35 – 44 years | 26%

25-34 years | 22.4%

NIS and the Informal Economy: Self Employed

Labour Force

- 40% Self employed
- NIS – 5%

Employed Labour Force

- 37% own account workers
- NIS – 3%

Considerations

LABOUR MARKET DYNAMICS

Platform economy

- Economic and social activity facilitated by electronic platforms


Gig economy

- Shifting trend in employment towards shorter term contract-based work on-line

Enforce compliance and increase coverage



Considerations

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- COVID-19
 - Restrictions in movement and social distancing protocols
 - Reduced business hours
 - Reduced number of customers in businesses
 - Loss of income
 - Scale down in operations
 - Closure of businesses
 - No access to government assistance

Considerations

Renewed interest in unemployment insurance


Exclusion from government assistance programme

- GOJ CARE Programme

Shift from 'what is in it for me' to what 'I have lost and stand to lose out on'



Considerations

- Companies Office of Jamaica
 - 12% Increase in the registration of business names (12,809)
 - 3% increase in the registration of new businesses (3,935)
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Considerations



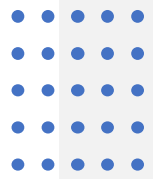
EXCLUSION FROM GOVERNMENT
ASSISTANCE DURING CRISES



SHIFT FROM INFORMALITY TO
FORMALIZATION



SELF INTEREST



Concluding Thought

COVID-19 has opened a window of opportunity to reduce informality and shrink the informal economy

Institute measures to extend coverage

Thank You

