



**Women in Informal Employment  
Globalizing and Organizing**



*ILC Recommendation concerning  
the transition from the informal to  
the formal economy, (No. 204)*

*Summary for MBOs*

June 2015

# Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) Summary for MBOs: WIEGO, June 2015

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## Introduction

### **Recommendation No 204: Adopted**

On June 12, 2015, the International Labour Conference adopted the *Recommendation concerning the transition from the informal to the formal economy*, (No 204). This is the first ever, international labour standard specifically aimed at tackling the informal economy.

### **Recommendation: Status and Use**

A Recommendation is not a legally enforceable instrument but provides practical guidance to ILO Member States. For workers it is a tool that can be used to raise awareness, for advocacy and in negotiations with national and local governments and employers.

### **Actions to be taken**

At the ILC, 2015, the WIEGO Network group and allies agreed to actively work towards implementation of the Recommendation in our countries, and to continue working together.

*In our countries:*

- Report back on the Recommendation to our organizations
- Prepare a plan on how to take this forward in our countries/sectors
- Follow up with our governments. What are they doing to implement the Recommendation?
- Follow up with Trade Union National Centres and work with them
- Approach ILO country/regional offices for support
- Use the ILO Decent Work Country Programmes
- Record experiences

*Together:*

- Share plans, information and good practices regularly through WIEGO
- Set up and share information using the **Whats App Group** and other social media (WIEGO)

Web Site: [www.wiego.org](http://www.wiego.org)

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## **Overview: Good and not so good!**

### **GOOD !**

The Recommendation contains many of the demands in our “WIEGO Network Platform”. The Recommendation:

- provides rights, protection and incentives for informal workers and recognizes the importance of a friendly legal and policy environment
- promotes the preservation and expansion of formal jobs, with the informalization of formal jobs to be prevented.
- applies to all workers and economic units in the informal economy: including own account workers, wage workers, domestic workers, workers in subcontracting and supply chains and members of cooperatives and social and solidarity organizations
- recognizes public space as a workplace and provides that informal workers should have regulated access for use of public space and access to public natural resources
- provides for freedom of association and collective bargaining for informal workers
- provides for social protection, including extension of social insurance coverage, and occupational health and safety for informal workers
- provides for gender equality and elimination of all forms of discrimination and violence, including gender-based violence
- acknowledges that membership-based organizations of informal workers should be represented in tri-partite negotiations/consultations on issues affecting them
- states that labour inspection should be extended to protect informal workers
- recognizes that during the transition existing livelihoods should be preserved and improved
- provides for the collection of statistics on the informal workforce

### **NOT SO GOOD**

- The crucial role of local government in implementing policies and laws for many informal workers is not spelt out. Mention is only made of “all levels of government”
- Direct representation of informal worker MBOs in tri-partite forums is limited to being “within the ranks” of the traditional trade union delegations. It is also “according to national practice”. As most “national practices” exclude informal worker representation this might prevent change.
- There are clauses about enforcing laws and regulations and sanctioning non-compliance. These could be used as an excuse to harass and criminalize informal workers.

## Summary of Recommendation

The summary picks out the positive provisions that might help us in our negotiations with authorities and employers, and even trade unions. Points we fought for (or supported ITUC on) are marked (\*\*)

Some that might be used against us are marked (✘)

### The Preamble:

Is an introduction to the Recommendation and sets its frame of reference. In particular, it acknowledges that:

- Most enter the informal economy because they have no other means of livelihood
- Decent work deficits- such as a lack of rights at work and social protection- are most pronounced in the informal economy
- Urgent measures are needed to enable to transition, but existing livelihoods should be preserved and improved during the transition (*i.e. rather than being destroyed in the process*) (\*\*)

## 1. Objectives and Scope

### Objectives

**Clause 1:** 3 objectives give guidance to members:

- a) To facilitate the transition from the informal to the formal economy, whilst respecting workers' fundamental rights
- b) To promote the creation of decent jobs
- c) To prevent the informalization of formal economy jobs

### Scope

**Clause 2:** Informal Economy refers to “ all economic activities by workers and economic units that are-in law or in practice- not covered or insufficiently covered by formal arrangements”

**Clause 4.** The Recommendation applies to all workers and economic units (\*\*) in the informal economy, in particular:

- Own account workers (\*\*)
- Employers
- Members of cooperatives and social and solidarity economy units (\*\*)
- Contributing family members
- Workers holding informal jobs in informal or formal firms, including those in sub-contracting and supply chains (\*\*) and domestic workers
- Workers in unrecognized or unregulated employment relationships

**Clause 5:** Informal work is found in all sectors and in public (\*\*) and private spaces

### Representation

**Clause 6:** Tri-partite mechanisms should be “with the full participation of the most representative employers' and workers' organizations, which should

include in their ranks, according to national practice, representatives of membership-based representative organizations of workers and economic units in the informal economy" (\*\* and ✘)

*(This clause is appears every time the Recommendation talks about tri-partite representation at a national level (Clauses 6, 34, 38, 39). See note under "Not so Good" above)*

## **11. Guiding Principles**

**Clause 7:** These are useful as they say what must be taken into account when governments design their strategies and policies:

- a) Different characteristics, circumstances and needs of informal workers and economic units
- b) National circumstances and priorities
- c) Many different strategies can be used
- d) Need for coordination across policy areas
- e) Promotion and protection of human rights
- f) Decent work through respect for rights at work
- g) Gender equality and non-discrimination
- h) Special attention to those who are especially vulnerable (includes subsistence farmers and domestic workers (\*\*))
- i) Combine incentives and compliance measures
- j) Prevent and sanction avoidance of formal economy in order to evade taxes, social and labour laws (✘)

### **111. Legal and Policy Frameworks**

**Clauses 8-9:** Laws and regulations and other measures should be adopted, reviewed and enforced to ensure coverage and protection of all informal workers and economic units.

#### **Clauses 10-11:**

There should be an integrated policy framework that includes, amongst others:

- Strategies for poverty eradication and generation of formal jobs
- Appropriate legal and regulatory frameworks
- Respect for fundamental rights at work
- Organization of workers and employers to promote social dialogue
- Equality and elimination of discrimination and gender violence (\*\*)
- Access to education and skills development, financial services, markets, social protection, justice
- Regulated access for use of public space and regulated access to public natural resources for subsistence livelihoods (\*\*)

It should take into account (where appropriate) different levels of government (\*\*) *(we wanted local government to be named but can use this to argue it is included)*

**Clause 13:** opportunities for informal workers and economic units income security should be safeguarded through property rights and access to land.

## IV. Employment Policies

### Clauses 14-15:

Measures in this section have the objective of quality job creation. It directs Members to promote a comprehensive employment policy framework, which includes, amongst others:

- Pro-employment macro economic policies
- Labour market policies to help low-income households, unemployed persons and other disadvantaged persons escape poverty and access employment
- Labour migration policies that promote decent work and the rights of migrant workers (\*\*)

## V. Rights and Social Protection

### Rights at Work

**Clause 16:** “Members should take measures to achieve decent work and to respect, promote and realize the fundamental principles and rights at work for those in the informal economy”, including:

(a) freedom of association and the effective recognition of the right to collective bargaining (\*\*)

### Occupational Health and Safety

**Clause 17:** take immediate measures to address unhealthy and unsafe working conditions (\*\*)(✘) (*care must be taken that this is not used against informal workers*), and promote and extend OHS protection to workers in the informal economy.

### Social Protection

#### Clauses 18-21:

- Progressively extend social security, maternity protection, decent working conditions and a minimum wage that takes into account the needs of workers (cost of living, level of wages) (\*\*) (*minimum living wage was not accepted*)
- In building the social protection floor special attention to be paid to those in the informal economy
- Progressively extend coverage of social insurance, taking into account the contributory capacity of informal workers
- Encourage provision and access of affordable, quality child-care

## V1. Incentives, Compliance and Enforcement

This Section has some useful practical measures (incentives), whilst also providing for sanctions and enforcement. These could be used against informal workers(✘). However, the clause on extension of labour inspection to all workplaces (**Clause 27**) notes that inspection is “in order to protect workers”. This is especially important for own account workers who don’t have an employer.

**Clause 25.** For economic units (which includes cooperatives (\*\*)) some positive measures are:

- Reduce registration costs and lengthy procedures
- Introduce simplified tax system

- Promote access to public procurement, including advice and reserving quotas for economic units (\*\*)
- Improve access to financial services, training and skills development, business services and social security

## **V11. Freedom of Association, Social Dialogue and Role of Employers' and Workers' Organizations**

**Clauses 31-32:** The right to freedom of association and collective bargaining is repeated here. It further states that Members should create an enabling environment so that workers (and employers) can exercise their right to organize and bargain collectively (\*\*).

**Clauses 33-34:** Employers and Workers organization should extend membership and services to workers and economic units in the informal economy. They should consult with and promote participation of membership-based organizations (in the ranks of formal trade unions and according to national practice) when designing, evaluating and implementing policies and programmes of relevance to the informal economy (\*\*)(✘) *(See note under "Not so Good" and Clause 6 above)*

### **V111. Data Collection and Monitoring**

**Clauses 36:** Provides for the collection, analysis and dissemination of statistics on the size and composition of the informal economy in each country, including by sex, age, workplace, number of economic units, workers employed and their sectors.

**Clause 37:** Provides for monitoring and evaluating progress towards formalization.

## **1X. Implementation**

Members should implement the provisions of the Recommendation, in consultation with workers, employers and membership-based organizations of informal workers *(see Clause 6 for limitations on representation)*. They should regularly review the effectiveness of policies and measures.