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**THE INFORMAL ECONOMY IN ARAB NATIONS: A  
COMPARATIVE PERSPECTIVE**



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Paper for Arab Watch Report on Informal  
Employment in MENA Region

## INTRODUCTION

Across the Global South, most workers earn their livelihoods in the informal economy and most low-income households are sustained by informal livelihoods. Those working in the informal economy, and especially women, face many challenges, including low and fluctuating incomes, difficult working conditions, legal and physical risks, and often low social standing. Yet the informal workforce is not adequately covered by legal and social protections. This is partly because informal workers have not been recognized as workers eligible to be covered by labor standards and social protection. Nor have their activities been seen as legitimate economic activities requiring supportive policies and services. Rather, the informal economy and those who work in it tend to be stigmatized by policy makers and the general public. As a result, most informal workers face an unfavorable, if not hostile and punitive, policy and regulatory environment. However, there is growing policy interest in supporting the informal economy as a key pathway to reducing poverty, inequality and economic injustice as well as unemployment.

Arguably, supporting the informal economy also represents a key pathway to promoting peace and reconstruction in conflict or war-torn areas, such as the MENA region. To provide a comparative perspective on informal employment outside the MENA region, and on alternative policy responses to informality, this paper draws on the data analysis, research findings and grounded experience of the global research-action-policy network Women in Informal Employment: Globalizing and Organizing (WIEGO). For informal employment inside Arab countries, and the MENA region, this paper draws on the country studies commissioned by the Arab NGO Network for Development (ANND) for its Arab Watch report and other recent studies on informal employment in the region.

### **The Informal Economy**

Since its “discovery” in Africa in the early 1970s, with Keith Hart’s seminal study in Accra, Ghana, and the ILO’s World Employment Mission to Kenya, the informal economy has been hotly debated. These debates tend to focus more on what causes the informal economy and the problems and challenges associated with it, rather than on its potential and contributions. This paper seeks to correct this imbalance while also providing a comparative regional perspective.

The academic and policy debates on the informal economy can be usefully grouped into four schools of thought (Chen 2012). The *Dualist* school, first promoted by the International Labour Organization (ILO), sees the informal sector as comprising marginal activities—distinct from and not related to the formal sector—that provide income for the poor and a safety net in times of crisis. The *Structuralist* school, a critique from the left (Moser 1978; Portes, et al 1989), views the informal economy as subordinated economic units and workers that serve to reduce input and labor costs and, thereby, increase the competitiveness of large capitalist firms. The *Legalist* school, championed by Peruvian economist Hernando de Soto (1989), sees the informal sector as comprised of “plucky” micro-entrepreneurs who choose to operate informally in order to avoid the costs, time and effort of formal registration, and who need property rights to convert their assets into legally recognized assets. The *Voluntarist* school, a variant on the legalist school popular among neo-classical economists, holds that the informal economy is comprised of (mainly) self-employed entrepreneurs who volunteer to work informally, not due to cumbersome regulations, but as a strategic choice (Maloney 2004).

At present, there is renewed interest in the informal economy worldwide. In part, this is because the informal economy has grown in many countries and also emerged in new guises and in unexpected places. In part, this stems from the fact that informal employment often expands during economic crises, such as the recent Great Recession (Horn 2009, 2011). There is also growing attention to the role of the informal economy during conflicts, wars and reconstruction: a fledgling field of inquiry which is greatly enriched by the country studies in the Arab Watch project and report.

### **Arab Nations**

Until fairly recently, labor markets in the MENA region were characterized by a large public sector, a small, weak private sector, and, depending on the country, a sizable agricultural sector and a sizable informal sector outside agriculture (Assaad 2014). But in the run-up to the Arab Spring, which began in 2010, both youth unemployment and informal employment were on the rise. With the current conflict and terrorism in the region, rural to urban and cross-border migration has increased, leading, in all likelihood, to even greater unemployment and informal employment. The Arab Watch Report, of which this paper is a part, represents an important effort to take stock of labor markets in general and informal employment in particular in the MENA region. This paper provides a comparative overview to the country studies on informal employment in the region.

### **The ANND Arab Watch Project and Report**

ANND is a regional network, working in 13 Arab countries, with nine national networks (with then an extended network of more than 250 civil society organizations, CSOs) and with 23 NGO members. It aims at strengthening the role of civil society, enhancing the values of democracy, respect of human rights and sustainable development in the region. ANND advocates for more sound and effective socio-economic reforms in the region, which integrate the concepts of sustainable development, gender justice and the rights-based approach.

Every two years, ANND produces an Arab Watch Report on Economic and Social Rights addressing key issues for development. The first report (2012) focused on the “Rights for Education and Work.”<sup>1</sup> The second report (2014) concerned “Social Protection in the Arab World: the Crisis of the State exposed.”<sup>2</sup> The current report (to be issued early 2017) is on

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<http://www.annd.org/data/item/pdf/17.pdf>

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<http://www.annd.org/data/item/cd/aw2014/#english>

“informal employment.” It aims at creating awareness on this central issue in the socio-economic and development paradigms of the Arab countries, and at recommending public policies and related advocacy from a rights-based perspective.

### **This Paper**

The paper begins with a review of official statistical definitions of the informal economy, and the related concepts of informal sector and informal employment, and a summary of recent national statistics on the size and composition of the informal workforce and the contribution of the informal sector in developing regions, demonstrating that informal employment is often the norm and that the informal sector generates a sizable share of gross domestic product. Section II examines the working arrangements and conditions of the informal workforce by status in employment and place of work. Section III presents two broad policy responses to the informal economy – one that views and treats it negatively, the other that is more positive towards it – and then interrogates what formalization means under these two broad approaches. Each of these first three sections ends with a sub-section on Arab nations from a comparative perspective. Section IV presents promising examples of the more inclusive approach to informal employment from other regions of the world. I conclude with reflections on how recognizing and supporting the informal workforce might provide a key pathway to peace and post-conflict reconstruction in Arab nations.

## **I. THE INFORMAL ECONOMY**

As noted in the introduction, a good deal of recent thought and effort has gone into rethinking informality to take into account its multiple forms and manifestations in today's globalized economy. Some observers have focused on understanding the composition of the informal economy and what drives its different components, as well as the linkages of the informal economy with the formal economy, formal regulations, and economic development. Statisticians and informed users of data have focused on statistical definitions and measures in order to improve official labor force and other economic data on informality. What follows summarizes recent developments in the official statistical definition and measurement of informal employment and the analysis of national data on informal employment as they become available.<sup>3</sup>

### **Official Statistical Definitions: Informal Sector, Informal Employment & Informal Economy**

In 1993, the International Conference of Labour Statisticians, convened every five years by the International Labour Organization, adopted an international statistical definition of the "informal sector" to refer to employment and production that takes place in unincorporated small and/or unregistered enterprises. Beginning in 1997, the International Labour Office (ILO), the

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The related but distinct terms and concepts “informal sector”, “informal employment” and “informal economy” are defined in the next section.

International Expert Group on Informal Sector Statistics (called the Delhi Group), and the global network Women in Informal Employment: Globalizing and Organizing (WIEGO) began working together to broaden the concept and definition to incorporate certain types of informal employment that had not been included in the earlier concept and definition of “informal sector.” They sought to include the whole of work-related informality, as it is manifested in industrialized, transition and developing economies and the real world dynamics in labor markets today, particularly the employment arrangements of the working poor.

The expanded definition of “informal employment” focuses on the nature of employment in addition to the characteristics of enterprises, and includes all types of informal employment both inside and outside informal enterprises. This expanded definition was endorsed by the International Labour Conference (ILC) in 2002 and the International Conference of Labour Statisticians (ICLS) in 2003 and is being increasingly used in the collection and tabulation of data by national statistical services.<sup>4</sup> This expanded definition extends the focus from enterprises that are not legally incorporated or registered to include employment relationships that are not legally regulated or socially protected. It also serves to focus attention on informal workers: i.e., those who are informally employed.<sup>5</sup> Today, informal employment is widely recognized to include a range of self-employed persons, who mainly work in unincorporated small or unregistered enterprises, as well as a range of wage workers who are employed without employer contributions to social protection by formal firms, informal firms, households, or employment agencies. In this paper, the term “informal workers” is used in a broad, inclusive sense to include informal wage workers as well as the informal self-employed.

To sum up, there are three related official statistical terms and definitions which should be used precisely and not interchangeably as is often the case: the *informal sector* refers to the production and employment that takes place in unincorporated small or unregistered enterprises (1993 ICLS); *informal employment* refers to employment without legal and social protection – both inside and outside informal sector (2003 ICLS); and the informal economy refers to all units, activities, and workers so defined and the output from them. Together, informal units, activities and workers form the broad base of the workforce and economy, both nationally and globally.<sup>6</sup>

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By the late 2000s many countries were using the official international definition of informal employment. To date, 59 countries have responded to the ILO's request for data and are featured the ILO website. Only 47 had responded when the second edition of the ILO-WIEGO publication *Women and Men in the Informal Economy: A Statistical Picture* (ILO-WIEGO 2013) was published in 2013 and were used to generate the regional estimates published in WIEGO Working Paper # 2 (Vanek et al. 2014) featured in this publication. Of these 47 countries, those represented from the Middle East and North Africa were: Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Libya, Morocco, Syrian Arab Republic, Tunisia, Turkey, West Bank and Gaza Strip.

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The related but distinct terms and concepts “informal sector,” “informal employment” and “informal economy” are defined in the next section.

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### **Size and Significance of Informal Employment: National Statistics & Regional Estimates**

What follows is a summary of recently available data on the size and composition of the informal economy in developing countries.<sup>7</sup> The national data were compiled by the International Labour Organization using a tabulation plan developed with the WIEGO network. The regional estimates were prepared by James Heintz for the WIEGO network.

Informal employment represents more than half of non-agricultural employment in most developing regions. However, the regional estimates hide significant diversity within regions: see Table 1.

**Table 1**  
**Informal Employment as a Percentage of**  
**Non-Agricultural Employment 2004-2010**

South Asia: 82%	Range: 62% in Sri Lanka to 84% in India
Sub-Saharan Africa: 66%	Range: 33% in South Africa to 52% in Zimbabwe to 82% in Mali
East and Southeast Asia: 65%	Range: 42% in Thailand to 73% in Indonesia
Latin America: 51%	Range: 40% in Uruguay to 75% in Bolivia
Middle East and North Africa: 45% <sup>8</sup>	Range: 31% in Turkey <sup>9</sup> to 57% in West

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Of course, there are non-statistical definitions of these related phenomena, used by researchers and other observers of the informal economy. Other definitions include: enterprises that evade taxes, jobs that violate labor standards or laws; and the production and trade of illicit goods and services. But these definitions are not easily or often used in the collection of official labor force or economic statistics.

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This is a summary of the main findings in WIEGO Working Paper No. 2, Vanek et al. 2014 *Statistics on the Informal Economy: Definitions, Regional Estimates and Challenges*.

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The lower informal percentage for MENA is most probably due to a higher share in public formal employment.

*Source:* Vanek et al., 2014.

*Women and Men in Informal Employment* - In three out of five developing regions (South Asia, sub-Saharan Africa, Latin America and the Caribbean) plus urban China, informal employment is a greater source of non-agricultural employment for women than for men: see Table 2. In East and Southeast Asia (excluding China) the percentage is roughly the same. Only in the Middle East and North Africa (MENA) is informal employment a greater source of employment for men than for women. This is largely due to the twin facts that those women who are economically active tend to work in agriculture in rural areas or in the public sector in urban areas. Across all regions, because there are more men in employment than women, men generally comprise a greater share of informal non-agricultural employment than women.

While the ILO includes Turkey among the European countries, Turkey was included in the MENA region for purposes of the estimates generated for this paper (WIEGO Working Paper No. 2), which have no grouping for European countries other than the transition countries of Eastern Europe (grouped together with the Central Asian countries).

**Table 2**  
**Informal Employment as Percentage of**  
**Non-Agricultural Employment by Sex 2004-2010**

South Asia	83% women, 82% men
Sub-Saharan Africa	74% women, 61% men
Latin America and the Caribbean	54% women, 48% men
Urban China	36% women, 30% men
East and Southeast Asia (excluding China)	64% women, 65% men
Middle East and North Africa	35% women, 47% men

Informal employment is a greater source of employment for women workers than for men workers, outside of agriculture, in three out of five developing regions: South Asia, Sub-Saharan Africa, Latin America and the Caribbean. In East and South East Asia (excluding China) the percentage is roughly the same; only in the Middle East and North Africa is informal employment a greater source of non-agricultural employment for men than for women. However, because more men than women are in the workforce in most countries, men comprise a larger share of informal employment than women in all regions (Vanek et al. 2014).<sup>10</sup>

It is important to note the basis for the regional estimates in these tables, including for the MENA region. The regional estimates reported in Tables 1-7 are based on the actual direct estimates from national surveys combined with the informed predicted estimates for those countries which lacked direct estimates. Weighted averages were then calculated for each region using non-agricultural employment as the basis for weighting the individual countries which lacked direct estimates. When these regional estimates were prepared in 2013, direct estimates were available for only three countries in the MENA region: Egypt, the West Bank and Gaza (State of Palestine) and Turkey. Only the State of Palestine had data for both informal employment and employment in the informal sector. For Egypt and Turkey only data on informal employment were available. The discussion below on Arab nations presents recent estimates by the World Bank using non-contribution to pensions as the defining criterion for informal employment.

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In labor force statistics, “status in employment” delineates two key aspects of the labor arrangements: the *allocation of authority* over the work process and the outcome of the work done; and the *allocation of economic risks* involved. The International Classification of Statuses in Employment includes five main statuses: employer, employee, own-account worker, unpaid contributing family worker, and member of producer cooperative.



### Composition of Informal Employment: National Statistics & Regional Estimates

Informal employment is a large and heterogeneous category. Many different types of employment belong under the broad umbrella “informal”. This includes employment in informal enterprises as well as outside informal enterprises—in formal enterprises or for households. It also includes the self-employed and the wage employed and, within these broad categories, various sub-categories according to status in employment. It also includes a range of different occupations including: artisans, day laborers in agriculture or construction, domestic workers, home-based workers, fisher folk, forest gatherers, livestock rearers, mine workers, smallholder farmers, street vendors, transport workers, tradespersons, and waste pickers. Most of these are age-old occupations in which large numbers of workers around the world are still employed, often informally.

*Informal Employment Inside and Outside the Informal Sector* - Employment *inside the informal sector* is comprised of all employment in informal enterprises, including employers, employees, own-account workers, contributing family workers, and members of producer cooperatives. Most of this employment is informal but there is a chance that some employees in informal enterprises are contracted formally. Informal employment *outside the informal sector* includes a) employees in formal enterprises (incl. public enterprises, the public sector, private firms, and non-profit institutions) not covered by social protection; b) employees in households (e.g. domestic workers) without social protection; and c) contributing family workers in formal enterprises.

In all regions, with the exception of urban China, informal employment in the informal sector is a larger component of non-agricultural employment than informal employment outside the informal sector.

**Table 3**  
**Informal Employment Inside and Outside the Informal Sector as a**  
**Percentage of Non-Agricultural Employment, 2004-2010**

	<b>Employment Inside the Informal Sector</b>	<b>Informal Employment Outside the Informal Sector</b>
<b>Southern Asia</b>	69%	15%
<b>East and Southeast Asia</b>	57%	14%
<b>Sub-Saharan Africa</b>	53%	14%
<b>Latin America and Caribbean</b>	34%	16%
<b>Urban China</b>	22%	13%

Source: Vanek et al. 2014: 8; 10.

Note: Due to the possible existence of some formal wage employment in the informal sector, estimates of total informal employment in Table 1 may be slightly lower than the sum of the two columns in this table.

*Women and Men in Informal Employment Inside and Outside the Informal Sector* - Informal employment inside the informal sector often accounts for a larger share of men's non- agricultural employment than women's, with the exception of sub-Saharan Africa, where 59 per cent of employed women are in the informal sector in contrast to 49 per cent of men, and in urban China, where 23 per cent of women workers are in the informal sector in contrast to 21 per cent of men workers. Informal employment outside the informal sector is generally larger for women than for men, again with the notable exception of sub-Saharan Africa. Women tend to be disproportionately employed as paid domestic workers in the households of others and contributing family workers in family units.

*Wage and Self-Employment* – Also critical to the employment agenda is the high prevalence of self-employed workers, especially in developing regions. In all five developing regions plus urban China, a higher percentage of informal workers (outside agriculture) are self-employed than wage employed: see Table 4. If data on informal employment in agriculture were more widely available, self-employment would be even more dominant in the regional estimates. Self-employment is particularly dominant in sub-Saharan Africa. In sum, the present-day reality is that most work is now informal, and that most informal workers are self-employed. Indeed, in today's global economy, half of all workers around the world are self-employed (UN 2015).

**Table 4**  
**Informal Wage Employment and Informal Self-Employment as a Percentage of Non-Agricultural Informal Employment, 2004–2010**

Latin America and the Caribbean	48% wage employment, 52% self-employment
South Asia	47% wage employment, 53% self-employment
East and Southeast Asia (excluding China)	49%, wage employment, 51% self-employment
Urban China	47% wage employment, 51% self-employment
Sub-Saharan Africa	33% wage employment, 67% self-employment

*Source:* Vanek et al. 2014

Self-employment is comprised of employers, own-account workers, and contributing family workers.<sup>11</sup> Across the regions own-account workers are the largest category of non-agricultural informal employment, comprising from 53 per cent of informal employment in Sub-Saharan Africa to 33 per cent in East and Southeast Asia (excluding China). The second largest category is contributing family workers who comprise from 5 in Central Asia to 12 per cent in South Asia. Very few informal workers are employers, only 2 per cent in Sub-Saharan Africa and South Asia to

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A fourth category of self-employment, members of producer cooperatives, is not regularly measured or reported on by most countries.

9 per cent in East and Southeast Asia (excluding China), but as high as 16 per cent in urban China (Vanek, et al 2014).

*Women and Men in Wage and Self-Employment* - The majority of women in informal employment are self-employed in all regions with data, except in urban China: see Table 5. In those two regions, men have substantially higher rates of self-employment than women. In South Asia, East and Southeast Asia, and Sub-Saharan African, women have substantially higher rates of self-employment than men. But in Latin America, roughly equal shares of women and men working in informal employment are in wage and self-employment.

**Table 5**  
**Informal Self-Employment as a Percentage of**  
**Non-Agricultural Informal Employment by Sex, 2004-2010**

Sub-Saharan Africa	76%	women,	58%
men East and Southeast Asia (excluding China)	61%	women,	44%
men South Asia	58%	women,	51%
men			
Latin America and the Caribbean	51%	women,	52% men
Urban China	48%	women,	53% men

*Self-Employment* - Self-employment is comprised of employers, employees, own-account workers, and contributing family workers. Across the regions own-account workers are the largest category, comprising from 53 per cent of informal employment (outside agriculture) in Sub-Saharan Africa to 33 per cent in East and Southeast Asia (excluding China).

The second largest category is contributing family workers who comprise as much as 12 per cent of informal employment (outside agriculture) in South Asia.

Few workers are employers, only 2 per cent of informal employment (outside agriculture) in Sub-Saharan Africa, Eastern Europe and South Asia to 9 per cent in East and Southeast Asia (excluding China), but as high as 16 per cent in urban China.

*Women and Men in Self-Employment* - own-account self-employment is a significant source of employment for women and men everywhere: see Table 6. In Sub-Saharan Africa and East and Southeast Asia (excluding China), the percentages of women engaged in own-account employment are higher than those for men, especially in Sub-Saharan Africa where 60 per cent of women engaged in informal employment (outside agriculture) are own-account workers.

**Table 6**  
**Informal Own-Account Workers as Per Cent of**  
**Non-Agricultural Informal Employment by Sex**  
**2004-2010**

Sub-Saharan Africa	60%	women,	47% men
Latin America and the Caribbean	41%	women,	43%
men East and Southeast Asia (excluding China)	38%	women,	31%
men South Asia	32%	women,	41%

men

Urban China

27% women, 32% men

In many regions of the world, contributing family work continues to be significant, especially for women: see Table 7.

**Table 7**  
**Contributing Family Workers as Per Cent of**  
**Non-Agricultural Informal Employment by Sex**  
**2004-2010**

South Asia	26% women, men 9%
Sub-Saharan Africa	15% women, 8%
men East and Southeast Asia (excluding China)	15% women, 5%
men Latin America and the Caribbean	9% women, 4% men
Urban China	8% women, 2% men

### **Contributions of the Informal Sector: National Statistics**

Although earnings among informal workers are low on average, cumulatively their activities contribute substantially to gross domestic product (GDP) (see Table 8),<sup>12</sup> meaning these activities are a central, not marginal, part of the economy in many countries.

**Table 8**  
**Contribution of Informal Sector to on-Agricultural Gross Value Added (GVA)**  
**in Selected Developing Economies**

<b>Sub-Saharan Africa</b>		<b>Latin America</b>	
Benin (2000)	62%	Colombia (2006)	32%
Burkina Faso (2000)	36%	Guatemala (2006)	34%
Cameroon (2003)	46%	Honduras (2006)	18%
Niger (2009)	52%	Venezuela (2006)	16%
Senegal (2000)	49%	<b>Middle East and North Africa</b>	
Togo (2000)	56%	Algeria (2003)	30%
<b>Asia</b>		Egypt (2008)	17%
India (2008)	46%	Iran (2007)	31%
		Tunisia (2004)	34%
		Palestine (2007)	33%

Sources: Table 2.4 from ILO and WIEGO 2013 based on data from United Nations Department of Economic and Social Affairs, Statistics Division, National Accounts Statistics, Vol. 2, 2004, Main aggregates and detailed tables: 2002–2003, p. 1332 and p. 1302 for data on the household institutional sector. For the countries of the West African Economic and Monetary Union, data were drawn from national accounts.

### **Arab Nations: A Comparative Perspective**

Note this is contribution from informal enterprises (the informal sector) and does not include contribution from informal employment outside informal enterprises (i.e., for formal firms or households).

Historically, it was assumed that the informal economy would shrink with industrial development and economic growth (Lewis 1954). Recent trends have challenged this assumption. In today's global and unstable world, there is growing recognition that the size and composition of the informal economy is determined by the nature, not just the level, of economic growth, wider trends in trade and technology, and institutional and political forces.

Consider the MENA region. Until fairly recently, labor markets in the region were characterized by a large public sector, a small weak private sector, and, depending on the country, a sizable agricultural sector and/or informal sector outside agriculture (Assaad, 2014). The over-saturated public sector was the result of a social compact – a political bargain – between the state and specific population groups (Assaad 2014). This social compact was made possible by the spike in oil prices in the 1970s, which benefitted countries across the region to varying degrees – oil-exporting countries experienced revenue windfalls, while labor-exporting countries benefitted from a surge in remittances (Assaad et al. 1997). During this time, most countries in the region adopted expansionist policies and significantly increased the offer of public employment, particularly to politically strategic groups (Assaad 2014).

However, the sharp drop in oil prices in the 1980s and 1990s put pressure on the ability of governments to provide public employment and to sustain large numbers of migrant workers. During this time, most countries in the region began to implement structural adjustment measures, cutting state spending and rolling out privatization measures for industry, trade and agriculture (albeit to different degrees in different countries). The slow return of migrant workers to their home countries sped up drastically after the Gulf War in the early 1990's. Subsequently, in the early 2000's, the "youth bulge" generation began to come of age, and demand for employment far exceeded what governments in the region were able to offer (Aita 2011, 2015).

The net result was high levels of unemployment and increasing levels of informal employment. With expectations shaped by the previous social compact that had benefitted an earlier generation, young, educated entrants to the labor force began to "queue" for public sector employment (Assaad 2014). When governments were unable to deliver, a large share of this group was forced into informal employment, while others remained either unemployed or disengaged from the labor force entirely. The global food crisis of 2003, followed by the global recession in 2008-9, left the unemployed and informally employed worse off than before. In several countries, including Algeria, Egypt, Morocco and Tunisia, policies put in place to mitigate the effects of the crisis – such as minimum wage increases and subsidies – largely benefitted formal sector workers and excluded informal workers and the poor (Subrahmanyam and Castel 2014). As a result, inequalities deepened during the crisis and labor market segmentation became even more rigid: in 2008 and 2009 an informal worker in Egypt had only a five per cent possibility of transitioning to a formal public sector job (Gatti et al. 2014).

In this context, large numbers of unemployed, educated youth became disillusioned by their declining prospects for employment and their limited opportunities to voice demands for reforms. This group, together with workers in the informal economy, faced extremely limited mobility and shared a sense of exclusion from all of the benefits (comfortable wages, social protections) experienced by those employed in the formal, largely public sector. In 2010, a street vendor in Tunisia set himself on fire to protest harsh treatment by the police. Emblematic of the worsening conditions and deepening frustrations, Mohammed Boazizi's self-sacrifice sparked a series of protests and demonstrations that commenced and spread across Arab countries and the MENA region in what became known as the Arab Spring.

The regional estimates presented above were based on direct estimates of informal employment in three countries in the MENA region (Egypt, Turkey, West Bank & Gaza Strip) and weighted averages for the others using the 19913 and 2003 ICLS definitions of informal sector and informal employment. The World Bank (Gatti et al. 2014) has generated estimates of informal employment in the region using non-contribution to pensions as the defining feature. In the MENA region, excluding the Gulf Cooperation Council countries, informal employment so defined represents 65 per cent of total employment, which is significantly higher than the regional average of 45 per cent reported in Table 1. But it should be noted that the World Bank regional averages of informal employment in other developing regions are also higher than those in Table 1: as the regional averages reported in Table 1 were based on the 2003 ICLS definition of informal employment as “non-contribution to social protection” (including health insurance, not only pensions): see Table 10. Also, the figures in Table 1 do not include agricultural workers, while the World Bank estimates encompass the share of the entire labor force (agricultural and non-agricultural) not contributing to social security.

**Table 9**  
**Informal Employment and Self-Employment by Region:**  
**World Bank Estimates**

<b>Region</b>	<b>Informal-employment (% of total labor force not contributing to a pension scheme)</b>	<b>Self-employment (as % of total employment)</b>
MENA	-	32.4%
non-GCC countries	65%	36.5%
GCC countries <sup>13</sup>	-	3.8%
Developed countries	9.3%	13.4%
Europe and Central Asia	33.2%	22.7%
Latin America and the	73.6%	33.1%
East Asia and Pacific	75.0%	56.3%
Sub Saharan Africa	93.2%	80.8%
South Asia	-	71.1%

Source: Gatti et al. 2014 (figures covered are for the latest years in 2000-2010 for

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This figure was calculated using only data from Bahrain (for 2007) and Qatar (for 2008). Data is unavailable for the rest of the GCC countries (Gatti et al. 2014).

pension scheme, 2000-2011 for self-employment)

**Table 10**  
**Regional Averages of Informal Employment in Developing Countries:**  
**WIEGO and World Bank**

<b>Region</b>	<b>World Bank Estimates</b>	<b>WIEGO Estimates</b>
MENA: non-GCC countries	65%	45%
Latin America and the Caribbean	73.6%	51%
East Asia and Pacific	75.0%	65%
Sub Saharan Africa	93.2%	66% (~80, excluding South Africa)
South Asia	not available	82%

Sources: Gatti et al. 2014 (figures covered are for the latest years in 2000-2010 using non-contribution to a pension scheme as definition of informal employment); WIEGO (figures covered are for the latest years 2004-2010 using 2003 ICLS definition of informal employment)

A closer look within the region suggests variations in this overall stylized picture by sub-regions. For example, Ragui Assaad (2014) suggests that in North Africa (in particular Algeria, Egypt, Tunisia and Morocco), the historic social compact or political bargain was largely with the educated middle class; in the Levant region (in particular, Iraq, Jordan and Syria) with members of key sects, tribes or ethnic groups; and in the oil rich Gulf countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates) with native-born citizens.

These sub-regions have responded and recovered to the economic and political shocks of recent decades in varying degrees and ways. The GCC countries have largely sustained the historic social compact of public employment and associated benefits for native-born citizens, with migrant workers almost exclusively working for private firms, at very low wages and with limited or no protections. Both war and terrorism have devastated several countries in the Levant region and at least one country in North Africa, Libya, while terrorism has cast a shadow over other countries in North Africa and in some Gulf countries. In the region as a whole, the Arab Spring wrought enormous economic costs due to withdrawal of foreign investment, decline of local investment and tourism, disruption of production and other factors driven by conflict and war (Subrahmanyam and Castel 2014). While some governments, including Egypt's and Tunisia's, have managed to expand public employment in the process of recovery, unemployment and informal employment in the region remains high (Subrahmanyam and Castel 2014).

Within the MENA region, according to the World Bank estimates, there is a noticeable difference in the prevalence of informal employment in North African countries (53.5%) and in Levant countries (73.4%). By contrast, the prevalence of self-employment, a proxy for employment in the informal sector, is higher in North African countries (44.1%) than in countries in the Levant region (34.4%). This suggests that informal employment outside informal enterprises, for formal firms or households, is quite high in the Levant countries.

**Table 11**  
**Informal Employment and Self-Employment in North Africa**

<b>Country</b>	<b>Informal-employment (% of labor force not contributing to social security)</b>	<b>Self-employment (as % of total employment)</b>
Libya	31.5%	-
Egypt	44.9%	37.8%
Tunisia	51.4%	34.2%
Algeria	63.3%	67.1%
Morocco	76.2%	37.3%
<b>Sub-Regional Average</b>	<b>53.5%</b>	<b>44.1%</b>

Source: Gatti et al., 2014 (figures covered are from 2000-2007 for pension scheme, 1999-2007 for self-employment)

**Table 12**  
**Informal Employment and Self-Employment in the Levant Region (and Yemen)**

<b>Country</b>	<b>Informal employment (% of labor force not contributing to social security)</b>	<b>Self-employment (as % of total employment)</b>
Jordan	61.6%	-
Iraq	64.4%	-
Lebanon	65.5%	15.6%
Syrian Arab Republic	73.2%	53.9%
West Bank and Gaza	86.0%	35.6%
Yemen, Rep. <sup>14</sup>	89.6%	32.4%
<b>Sub-Regional Average</b>	<b>73.4%</b>	<b>34.4%</b>

Source: Gatti et al., 2014 (figures covered are from 2000-2007 for pension scheme, 1999-2007 for self-employment)

## II. THE INFORMAL WORKFORCE

"Informal employment" is a large and heterogeneous category. For purposes of analysis and policymaking it is useful to sub-divide informal employment by branch of industry, status in employment and place of work, as each variable is associated with specific challenges and opportunities.

*Branch of Industry* - In urban areas of many countries of the developing world, the informal workforce is predominant in construction and related trades, domestic work, home-based production, market trade and street vending, transport (including head loaders, barrow operators and vehicle drivers), and waste collection and recycling. In rural areas, the informal workforce is predominant in agricultural day labor, artisan production, fishery and forestry, processing of agricultural and food products, and small hold farming.

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Although Yemen is not geographically part of the Levant region, we have included it here as it has a recent history of conflict, like many of the other countries in the Levant region.



*Status in Employment -*

Status in employment is used to delineate two key aspects of labor or employment contractual arrangements: the allocation of authority over the work process and the outcome of the work done; and the allocation of economic risks involved (ILO 2003a). The International Classification of Statuses in Employment includes five main statuses: employer, employee, own-account worker, contributing family worker, and member of producer cooperative. It is important to, first, sub-divide informal employment into self-employment and wage employment, and then, within these broad categories, into more homogeneous sub-categories according to status in employment, as follows.

*Informal self-employment* including:

- employers: those who hire others
- own-account workers: those who do not hire others (single-person operators or heads of family firms/farms)
- contributing family workers: family members who work without pay in family firms or farms
- members of informal producer cooperatives (where these exist)

*Informal wage employment*: employees hired without social protection contributions by formal firms, informal enterprises, employment agencies or as paid domestic workers by households. Certain types of wage work are more likely than others to be informal. These include:

- employees of informal enterprises
- casual or day laborers
- temporary or part-time workers
- paid domestic workers
- contract workers
- unregistered or undeclared workers
- industrial outworkers (also called homeworkers)<sup>15</sup>

It should be noted that employees of formal enterprises, both public and private, are also increasingly likely to be hired informally: under processes that are referred to as either de-formalization, informalization or flexibilization. See Box 1 for the conceptual framework for distinguishing different statuses of informal employment developed by Ralf Hussmanns for the ILO.

**Box 1**  
**Conceptual Framework: Informal Employment**

<b>Production</b>	<b>Jobs</b>
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<sup>15</sup> In the International Classification of Status in Employment, there is another status of self-employment – *paid or contributing members of cooperatives* - which few countries collect data on.

units by type	Own-account workers		Employers		Contributing family workers	Employees			
	Informal	Formal	Informal	Formal		Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises	3		4		5	6	7	8	
Households*	9					10			

\* As defined by the Fifteenth International Conference of Labour Statisticians in 1993.  
 \*\*Households producing goods for their own final use and households employing domestic workers.

Dark green cells refer to jobs

Workers within each of these status categories can be more or less dependent or independent, depending on the specific contractual arrangement under which they work. Self-employment spans

a range from fully-dependent arrangements in which the owner operator controls the process and outcomes of work and absorbs the risks involved, to semi-dependent arrangements in which the operator does not control the entire process or outcome of her work but may absorb all of the risks involved. Some self-employed persons are dependent on one or two clients or on a dominant counterpart, such as the merchant from whom they buy raw materials (if they are producers) or merchandise to sell (if they are traders). Ostensibly self-employed street vendors may be selling goods on a commission for a merchant; ostensibly self-employed farmers may actually be landless sharecroppers or contract farmers; and wage employment spans a range from fully-dependent employees to fairly dependent casual laborers.

Industrial outworkers who work from their homes are neither self-employed nor wage-employed, and therefore do not fit into the classification above.<sup>16</sup> They work under sub-contracts for a piece rate without secure contracts or any real bargaining power. The smallness and insecurity of their income is exacerbated by the fact that they have to pay for most of the non-wage costs of production, such as workplace, equipment, and utilities. They have little control over the volume or timing of work orders, the quality of raw material supplied to them, or when they are paid. Many of these sub-contracted workers produce goods for brand-name firms in foreign countries. In today's global economy, there is a huge imbalance – in terms of power, profit, and life-style – between the woman who stitches garments, shoes, or footballs from her home in Pakistan for a brand-name retailer in Europe or North America and the chief executive officer (CEO) of that brand-name corporation.

In the causal debates on what drives informality, a distinction is often drawn between informal workers who chose to exit from formal employment or avoid formal regulations and those who are excluded from formal employment opportunities or face barriers to complying with formal regulations. Most observers who argue that informal employment is voluntarily chosen assume that workers are better off working informally. In terms of income, this is not true for the majority of informal workers. Available data suggest that the only group of informal workers who are not poor, on average, are those who have paid employees (Chen et al. 2005). And yet employers represent less than 5 per cent of informal workers in most countries, and less than ten percent in all countries where data are available (ILO-WIEGO 2013). Still, other observers point out that some informal firms and workers are subordinated to or exploited by formal firms while others are pursuing hereditary occupations or are conditioned by cultural norms to work informally. For instance, many women are conditioned by gender norms not to work outside the home.

### **Place of Work**

The conventional view of the place of work has been of a factory, shop, or office, as well as formal service outlets such as hospitals and schools. But this notion of the workplace has always excluded the work places of millions of people, more so in developing than developed countries, who are informally employed. Some informal workers, notably those who work for formal firms, are located in conventional workplaces such as registered factories, shops or office spaces. But most informal workers are located in non-conventional workplaces, including: private homes, open

An international expert group convened by the ILO has proposed that a new additional status in employment – namely, “dependent contractor” – be added to the International Classification of Status in Employment which current includes employer, employee, own-account worker, contributing family worker and member of producer cooperative.

spaces, and unregistered shops and workshops.

*Private Homes* - Many informal workers are engaged in private homes, either their own home (in the case of home-based workers) or the home of their employer (notably, in the case of domestic workers). Significant numbers of people work from their own homes, blurring the distinction between 'place of residence' and 'place of work'. Such home-based workers include own-account operators, unpaid contributing family members, and industrial outworkers.<sup>17</sup> Among the benefits of working in one's own home, one which is often mentioned by women is the ability to simultaneously do paid work and watch children, care for the elderly, or undertake other domestic tasks. This multi-tasking, which may be seen as a 'benefit' in terms of enabling women to fulfill multiple expectations, also imposes concrete costs in terms of interruptions to work affecting productivity -- and hence lowering income. When a home-based worker has to stop her market work in order to look after a child or cook a meal, her productivity drops.

Some women also feel that their home is a physically safe place to work. However, home-based work may also increase a woman's vulnerability, as she is less visible and less likely to be legally recognized as a worker. This may decrease her capacity to claim any social protection measures for which, as a worker, she might be eligible. She has little access to avenues for upgrading her skills. She is harder to reach by trade unions or other organizations that are organizing workers and, therefore, not likely to benefit from the solidarity and bargaining power that comes with being organized. Also, those who work at home are less likely than those who work in a workplace outside the home to develop a personal identity and social ties outside the family.

Those who work at home face several business-related disadvantages. Some of the self-employed who work at home are engaged in survival activities or traditional artisan production for local customers. But others try to compete in more distant markets, but with limited market knowledge and access. The size, condition, and infrastructure of their homes also affect what kind of work they do and how productive they are, including: the amount of space that can be used for work and for storage, the overall condition and cleanliness of the home, and whether or not the home has electricity and water supply. In Ahmedabad City, India, poor women who would like to undertake piece-rate garment work at home but who live in dilapidated shelters on the streets report that no one is willing to give them this work because of the status of their house. Where would they store the raw material and finished products? Won't they get damaged? In spite of having the sewing skills needed to undertake garment work, they have had to resort to work as casual day laborers or as waste pickers (Unni and Rani 2002).

*Public Places* - Streets, sidewalks, and traffic intersections are the place of work for many fixed-site and mobile traders, who provide goods and services to consumers at all times of day. Other commonly used public places are parks, fairgrounds and municipal markets. The same public spot may be used for different purposes at different times of day: in the mornings and afternoons it might be used to trade consumer goods such as cosmetics, while in the evenings it converts to a

<sup>17</sup> This discussion is focused on people who work in their own homes. People who work in the private homes of others include the (mostly female) paid domestic workers and nurse assistants, (mostly male) security guards, as well as the better-paid professionals such as bookkeepers who work for home-based consultants.

sidewalk café run as a small family enterprise.

The benefits of working from public spaces are evidenced by the demand and competition for them. In the competitive jostle for sites close to transport and commuter nodes, city authorities have different options for action, ranging from outright prohibition of street trade, to regulated and negotiated use of sites, to relocation to alternative sites. Which policy option is chosen has different costs for informal traders (and their customers). Harassment, confiscation of merchandise, imposition of fines, physical assault, and evictions – all these costs affect the bottom line for traders. Given these costs of operating informally, many street vendors are willing to pay license fees or other operating fees provided that the procedures are simplified, the fees are not too high, and the benefits of doing so are ensured. Most critically, street vendors would like city governments to recognize and protect the "natural markets" - where they have worked for decades, if not centuries - as these are areas where there is a guaranteed flow of pedestrian customers.

*Other Open Spaces* - Other significant places of work are agricultural lands, including pastures and forests (e.g. for farmers, agricultural laborers, subsistence producers), and fishing areas, including ponds, rivers, and oceans (e.g. for fishing communities and shippers). There are often both class and gender dimensions to the access to and control over these places, and a gendered division of labor in the work itself. Construction sites are the temporary place of work for construction workers, as well as for suppliers and transporters of materials, and these sites may attract other informal providers of goods and services – such as street food vendors – while the site is being developed.

In many countries, there is a marked gender pattern to the place of work. This is because women have primary responsibility for household duties, including child care, which often prevents them from working outside their homes or neighborhoods. This is also because traditional social norms, in some societies, actually prohibit women from going out of their homes to work. In India, for example, this is true not only for Muslim women but also for upper-caste Hindu women.

Consider the case of Ahmedabad City in Gujarat State, India. In 2000, a survey looked into the place of work of all male and female workers, both formal and informal: see Table 8. Nearly 60 per cent of the male workforce, but less than 25 per cent of the female workforce, worked in factories, offices, or shops. Significantly more men (23%) than women (5%) worked on the streets; and somewhat more men (5%) than women (3%) worked at construction sites. Nearly 70 per cent of the female workforce, but less than 10 per cent of the male workforce, worked within homes (their own or that of others).

**Table 13**  
**Distribution of Total Workforce by Gender and Place of Work**  
**Ahmedabad City, India (2000)**

Place of Work	Percent of Total Workfo	
Within Homes	9	70
Own Home	8	52
Employer's Home	1	18

On Streets	23	5
At Construction Sites	5	3
At Factories/Offices/Shops	58	22
Own	8	3*
Employer's	50	19
At Other Locations	6	0.9
Total	100	100

Source: SEWA–GIDR Survey [Unni, 2000, Table 4.7]

\*All women who work in “own shop” are unpaid family helpers.

It is important to highlight that gender segmentation within the informal workforce by branch of industry, status in employment, and place of work tends to disadvantage women informal workers, relative to men informal workers, making it particularly difficult for women informal workers to organize: see Box 2.

**Box 2**  
**Gender Segmentation within the Informal Workforce:**  
**Developing Regions**

There is gender segmentation within informal employment by status in employment, branch of economic activity and place of work. In terms of branches of economic activity, very few women work in informal construction and transportation activities, the one modest exception being female construction workers in South Asia. These two sectors are clearly male-dominated. Manufacturing accounts for an equal or greater share of women's informal employment than men's in all regions, except for Sub-Saharan Africa. A similar pattern holds for trading activities, with the exceptions in this case of the Middle East and North Africa and South Asia. Services other than trade and transportation (e.g. domestic work) account for a larger share of women's employment than men's across all regions (Vanek et al. 2014).

In terms of *status in employment*, women in informal employment are more likely to be self-employed than are men. The self-employed can be further disaggregated into employers, own-account operators, and unpaid contributing family workers.<sup>18</sup> Women informal workers are also more likely than men informal workers to be own-account workers; own-account workers have lower incomes, on average, than informal employers. In South Asia, however, own-account workers comprise a larger proportion of men's non-agricultural informal employment than women's. This is because contributing family workers account for a particularly sizable share of women's informal employment in South Asia, comprising 12 per cent of women's non-

In some countries, members of producers' cooperatives represent a fourth (but usually small) category of informal self-employment. Where relevant, data on members of informal producers' cooperatives are included in the overall estimate of informal non-agricultural self-employment, but separate regional estimates for this particular category of self-employment are not presented in WIEGO Working Paper No 2 (Vanek et al. 2014).

agricultural informal employment in the region. The percentage of women contributing family workers is at least twice that of men in all developing regions. In the sub-regions of Asia, it is three times greater. Employers comprise only between 2 and 9 per cent of non- agricultural informal employment, with the proportion being higher for men than women. Very few women in informal employment are employers: 0 per cent in South Asia, 1 per cent in Sub-Saharan Africa, 2 per cent in Latin America/Caribbean, and 9 per cent in East/South East Asia (Vanek et al. 2014).

Although the regional estimates do not include analysis by *place of work*, other recent statistical analyses indicate that women are over-represented in two forms of employment that take place in private homes: home-based work (in the home of the worker) and domestic work (in the home of the employer) (Chen and Raveendran 2014; Raveendran et al. 2013). Recent statistical analyses also indicate that women are less likely than men to be engaged in workshops or factories outside the home; but are engaged alongside men in public spaces, including to varying degrees in construction, street trade and waste picking depending on the country (Chen and Raveendran 2014; ILO and WIEGO 2013).

### **Arab Nations: A Comparative Perspective**

For most Arab countries, recent data on informal employment in general are not readily available, much less data on informal employment by branch of industry, status in employment or place of work. But the Arab Watch project has commissioned analyses of available data from different sources to address these gaps. To generate a statistical picture of informal employment in Yemen, Samir Aita compared the International Labor Organization (ILO) database with published data from the 2013-14 labor force survey in Yemen. In summarizing what he found, Aita used the ILO framework for classifying different statuses in informal employment developed by Ralf Hussmanns (Box 1 above). Aita's analysis of data from the 2013-14 labor force data in Yemen<sup>19</sup> shows the following:

#### **Box 3**

#### **Informal Employment in Yemen by Status in Employment**

##### **Informal Employment Outside the Informal Sector**

*Informal employees in the formal sector* – 8% of male workers, 10% of women workers, 8% of all workers

##### **Informal Employment Inside the Informal Sector**

*Employers in informal enterprises* – 5.6% of all employed (6.9% of total employers in 2013-2014 up from 4.5% in 2004)

*Informal employees in informal enterprises* – 25.1% of all employed down-account workers in informal enterprises – 31% of all employed (up from 25% in 2004). Almost all of them are men;

majority (80%) are in rural areas, only 20% in urban areas *Contributing family workers in informal enterprises* – 11.4% of all employed (up from 10% in 2004)

**Formal Employment Inside the Informal Sector**

*Formal employees in informal enterprises* – 0.05% of all employed

What these estimates indicate is that *informal employment in informal enterprises* (i.e., the *informal sector*) represents nearly 80 per cent of total employment in Yemen. And *informal employment in formal firms* represents another 8 per cent of total employment. In sum, nearly 90 per cent of all employment in Yemen is informal.

To generate a statistical picture of informal employment in Syria, Samir Aita analyzed the 2007 labor force survey in that country. The Syrian labor force survey distinguishes employment by four statuses in employment (employer, employee, own-account worker, contributing family worker) and by seven types of units (as in Table 14) (Aita 2009).

**Table 14**  
**Percentage Distribution of Total Employment in Syria:**  
**By Status in Employment and Type of Unit 2010**

Status/Sector	Employer	Own-account	Employee	Contributing Family	Total
Government			26,9%		26,9%
Private Formal	0,7%	0,5%	9,2%	0,1%	10,5%
Private Informal	3,5%	28,3%	26,8%	3,7%	62,4%
Others			0,2%		0,2%
<b>Total</b>	<b>4,2%</b>	<b>28,8%</b>	<b>63,2%</b>	<b>3,8%</b>	<b>100,0%</b>

The 2007 labor force data suggest that, before the Arab Spring and the current war, informal employment represented over half (52%) of non-agricultural employment in Syria and over three-quarters (79%) of employment outside both the state and agriculture. Indeed, over two-thirds (64%) of private formal sector employment (outside agriculture) was informal: that is, was not registered for social insurance. There are no data available on the impact of, first, the influx of refugees from Iraq to Syria and, now, the bombings and outflow of refugees from Syria to neighboring countries on labor markets in the country since 2007 (Aita 2009).

### III. POLICY RESPONSES TO INFORMALITY



## Policy Debates

The fact that some observers have not kept pace with or reject recent rethinking regarding the informal economy serves to generate more heat than light in key debates on the nature of the informal economy and its relationship to the state and the market. To begin with, there is the debate about what causes informality. Some observers still believe that informality is caused by excessive regulation by the state, which creates incentives for economic activity to operate outside the purview of regulations – to operate informally. Yet, as Kanbur argues, “even if the presence of regulation could explain the *level* of informality, for it to explain *increases* in informality the regulatory burden would have had to have *increased*. But, in fact, it is well appreciated that in the last two decades of liberalization, the regulatory burden has if anything *decreased*. The regulation based explanation of increasing informality is thus weak at best.” (Kanbur 2014: 7) In fact, deregulation explains increasing informality of particular kinds: notably, de-formalization of once-formal jobs and industrial outwork. Deregulation of labor markets has created an environment in which formal firms, seeking to reduce labor costs, are increasingly hiring some workers as core standard workers and others as peripheral workers under informal arrangements.

The second main causal explanation of increasing informality is fundamental trends in technology and trade, which have reduced the employment intensity of growth in the formal sector (Kanbur 2014). This phenomenon of “jobless growth” means that the formal economy is less and less able to provide employment for a growing labor force. In the developing world, where few countries provide unemployment insurance or benefits, those who cannot find or lose jobs cannot afford to remain unemployed and seek jobs or opportunities in the informal economy. According to Kanbur, the technology-trade explanation seems to be a more plausible explanation for trends in informality. If we accept this explanation, he notes, “we are also forced to accept that informality is here to stay” since “the forces shaping technology and trade are unlikely to reverse in the next two decades” (Kanbur 2014: 8) “Far from receding as a result of development, the very nature of current development means that it will increase. A recent OECD report asked the question in its title: “Is Informal Normal?” The answer it gave was a definite “yes”.” (Kanbur 2014:8).

Taxing the informal economy is still a priority for many governments and international financial institutions who also flag the difficulties of doing so (Kanbur and Keen 2014). But recent research suggests several inherent contradictions in this approach. First, many informal workers are wage or sub-contracted workers who are not liable to pay payroll or corporate taxes and often earn too little to fall above the threshold for income tax. Second, many informal self-employed pay taxes of various kinds: operating fees, license fees, market rents. An analysis in 2014 of revenue and expenditures in the Accra Metropolitan Assembly (AMA) in Accra, Ghana found that workers in the informal economy pay several different types of payments to the AMA: street vendors who carry or display their goods on tables pay a daily toll; traders who have stalls and shops in built markets pay an annual license fee and a monthly rent (Adamtey 2014; Budlender 2015). In some markets, informal traders must also pay for a business operating permit. Traders with stalls and stores also pay tax to the Internal Revenue Service (Ibid.). The analysis found that the budgeted and, more so, actual expenditures of the AMA were low for the categories of expenses most directly related to informal trade, notably the construction and maintenance of markets.

Many traders end up paying private operators for refuse removal and security as the municipality does not provide these services (Ibid.). Third, many informal operators pay value added tax (VAT) on the goods or supplies they purchase to support their livelihood activities but often cannot charge

VAT on the goods they sell or claim VAT rebates, as formal businesses can. In sum, some segments of the informal economy may pay taxes of different kinds and some segments may fall beneath the tax threshold for certain kinds of taxes. It is important, therefore, to disaggregate the informal economy when considering tax policy, regulations and other policies (Kanbur and Keen 2014).

Ravi Kanbur writes about some of the tensions that arise when, as he puts it, “the irresistible force of increasing informality meets the immovable object of current analytical and administrative mindsets,” i.e., when real-life trends challenge entrenched mindsets (Kanbur 2014: 8). To illustrate “the disconnect between the economic lives of policy makers and those for whom they make policy,” Kanbur raises the thorny question of street vending and urban space:

“Loitering and vagrancy laws are often used by the police, at the behest of local residents, to clear away street vendors from public spaces. Street vendors are seen as dirtying clean spaces and obstructing living spaces in various urban neighborhoods. But street vending is the major form of livelihood for many in the informal economy. Thus we see the almost daily drama of groups of informal traders being moved on from one place, only to congregate in another and perhaps eventually cycling back to the same place when the attention of the police is elsewhere. In the process an entire class of economic activity is criminalized.

The daily drama is turned into a mega crisis when nations and cities host major international events, like the Commonwealth Games in Delhi, the World Cup in South Africa, or the World Cup and the Olympics in Brazil. “Beautification” programs in preparation for an event that lasts a few weeks lead to the displacement of thousands of informal sector workers from their normal place of trading and work. A different but conceptually similar crisis occurs when the work of garbage pickers is displaced by formalized mechanisms with contracts given to big companies. The policy mindset is such as to always view this move favorably, as being towards modernity and formality” (Kanbur 2014: 9-10).

### **The Formalization Debate**

The most common substantive policy response is to ‘formalize’ the informal sector. But what does this mean? To some observers, it means shifting people out of informal self-employment /employment into formal wage jobs. But not enough jobs are being created for the unemployed, much less those employed in the informal sector. To many observers, formalization means registering and taxing informal enterprises. But there are inherent contradictions in this approach: this is because many of those who run informal enterprises, either employers or own-account workers, already pay some kind of operating fees, license fees, market rents; pay value-added taxes on the goods and supplies that they purchase; or simply earn too little to be above the threshold for income tax (Adamtey 2014; Budlender 2015; Kanbur and Keen 2015). In return for paying operating fees, license fees and market rents, market traders and street vendors would like basic infrastructure services at their built or natural (open-air) markets. In return for paying VAT on what they purchase, informal producers and traders would like to be able to charge VAT on what they sell but this requires being registered for VAT, which may not be easy for informal firms.

What, then, should formalization mean? The answer depends on what problem associated with informality one is trying to solve, or what benefits of formality one is trying to extend to the informal workforce.

The International Labour Organization convened a two-year standard-setting discussion on the ‘Transitioning from the Informal to the Formal Economy’ at its annual International Labour Conference in 2014 and 2015. In preparing for that discussion, the WIEGO network convened three regional workshops, involving 55 organizations of informal workers from 24 countries, to develop a common platform on formalization from the perspective of informal workers. Aspects covered include the right to organization and voice, legal standing and identity, economic rights and social protection, basic infrastructure and transport services. While the framework of the Recommendation does not distinguish between informal employment in the informal and formal sectors or in households, the relevant clauses speak for themselves.

The standard that was adopted at the 2015 International Labour Conference, Recommendation 204 (*Transition from the Informal to the Formal Economy Recommendation*, 2015), includes some key provisions for those informally employed, both self-employed and wage employed. Recommendation 204 notably includes the recognition that:

- Most informal workers are from poor households trying to earn a living against great odds and, therefore, need protection and promotion in return for regulation and taxation
- Most informal economic units/enterprises are single person or family operations run by operators (‘own-account workers’) who do not hire others as employees.
- Informal livelihoods should not be destroyed in the process of formalization.
- The principle of freedom of association and the right to collective bargaining applies to all workers in the informal economy, self-employed and wage employed.
- Regulated use of public space is essential to the livelihoods of informal self-employed in the informal sector, especially in cities.
- Regulated access to natural resources is essential to the livelihoods of informal self-employed in rural areas.

To this end, Recommendation 204 calls for governments to create an enabling environment for informal employees and enterprise operators to exercise their right to organize and to bargain collectively (with employer organizations or government respectively) and to participate in social dialogue in the transition to the formal economy. Governments are also encouraged to consult representative organizations of informal workers and employers concerning the design, implementation and monitoring of policies and programs of relevance to the informal economy, including its formalization.

Clearly, this is a new approach to formalization of the informal sector, one that recognizes and supports informal self-employed in the informal sector, rather than simply trying to register their enterprises and tax them; and one that recognizes and supports informal wage employed in both the informal and the formal sectors and in households. As such, it goes beyond the recommendations of Hernando de Soto, who focuses on easing registration and increasing property rights of informal entrepreneurs. Adopting this new approach to formalization will require a change in entrenched mindsets of many government officials and policy makers about the informal sector.

### **WIEGO Policy Approach**

The WIEGO network has played a key role in articulating and promoting this new approach to formalization and in challenging the common assumptions about the informal workforce and the state. The first such assumption is that employment consists mostly of formal wage employment. The reality is that informal employment is the norm in developing countries, including in Arab nations. A related assumption is that employment takes place in privately owned commercial

spaces. Across the developing world, non-standard workplaces - households, fields, pastures, forests and waterways - are major sites of production, while public space and markets are the major site of exchange. Yet governments, policy makers, and planners do not recognize non-standard workplaces or slums and squatter settlements as hubs of production, nor do they recognize street vendors and market traders for their contribution to exchange and trade. The third assumption is that informal workers operate outside the reach of the state because they seek to avoid regulation and taxation. The reality is more complex: informal workers are often inside the punitive arm, but outside the protective arm, of the state; and many pay taxes and operating fees of various kinds.

WIEGO has also been at the forefront of promoting an alternative policy approach to the informal economy. One that addresses the common policy needs and demands of all informal workers, distinguishes between the policy needs and demands of the informal self-employed and informal wage workers, and, then, focuses on the policy needs and demands of specific groups of informal workers (distinguished by branch of industry, status in employment and/or place of work). This new policy approach calls for creating incentives for informal operators to register their business and for employers, in both formal and informal firms, to hire workers formally.

And it calls for providing legal and social protections to informal operators and to informal wage workers, for creating an enabling environment and support services for both groups, and for promoting participatory rule-setting and policy-making processes in which organizations of informal workers are represented. For a Platform of Demands which includes the common as well as sector-specific demands of informal workers convened by WIEGO in three regional workshops: see Appendix II.

#### IV. ECONOMIC JUSTICE FOR INFORMAL WORKERS

There is scope for a more inclusive approach to formalization, one that reduces the injustices faced by informal workers and increases the benefits of formalization. Organizations of informal workers have been advocating against injustices and for benefits at both the local and global levels for decades (Chen, Bonner and Carre 2015). These efforts have led to recent victories at the local level, as detailed below. These efforts have also led to recent victories at the global level: ILO Convention 189 on Decent Work for Domestic Workers (adopted in 2011); key provisions in ILO Recommendation 204 (adopted in 2015) that mandate that the gradual transition from the informal to the formal economy should protect informal livelihoods and grant regulated access to public space and natural resources to informal workers for livelihood purposes; and the inclusion of informal livelihoods on the New Urban Agenda adopted at Habitat III in 2016.

To implement these victories at the local level, organizations of informal workers are engaged in two broad types of efforts. First, many organizations are engaged in efforts to “reduce the negatives.” For instance, while conventional approaches to enterprise growth emphasize the productivity and size of enterprises, informal worker organizations are engaged in efforts to make visible the risks and costs associated with working in public space, such as policy uncertainty, harassment and evictions by local authorities, and occupational health and safety risks in order to create a more stable and predictable work environment. This is a critical area for policy reform given that informal workers lack basic legal and social protections unless they make efforts to claim them.

Second, organizations of informal workers are also engaged in efforts to “increase the positives.” These tend to focus on establishing their legal identity as workers and pushing for regulatory reforms that recognize, validate and support their work. These efforts take place at local and global levels. Locally, street vendors and waste pickers have engaged in legal struggles to establish their

right to work, for example as with street traders in South Africa and India (Roever and Skinner 2016) and waste pickers in Belo Horizonte, Bogota and Pune (Dias 2011; Chikarmane 2012; Parra 2015). Globally, domestic workers and home-based workers have advocated successfully for new ILO conventions (Mather 2013; HomeNet South Asia 2016). Most recently, leaders of organizations of home-based workers, street vendors and waste pickers from around the world successfully engaged in the Habitat III process pushing for the inclusion of urban livelihoods in the New Urban Agenda (WIEGO, 2016).

A key area of positive intervention is access to infrastructure and basic services for informal workers at their workplaces, whether in public space or in their homes. Informal workers, through WIEGO research and consultations, have identified infrastructure deficits as a key driver of working conditions for urban informal workers (Chen 2014; Roever 2014; Dias and Samson 2016), and many MBO partners have used the research findings to advocate for improved access. Challenges related to infrastructure also include high costs and poor quality. These challenges are highlighted in advocacy efforts that link informal livelihoods and informal settlements, such as the joint response to the Habitat III Zero Draft presented by the Grassroots Partner Constituency of the General Assembly of Partners of the World Urban Campaign.<sup>20</sup>

Third, as a key enabling condition, organizations of informal workers are making efforts to institutionalize their voices in rule setting and policymaking forums. Though collective bargaining is traditionally understood as the domain of formal sector trade unions, collective bargaining by informal worker organizations, with both the state and market actors, is quite common and increasing in both scale and impact (Budlender 2013; Eaton, Sherman and Chen forthcoming). HomeNet Thailand has facilitated collective negotiations with municipal authorities by home-based workers (relocated from central Bangkok to the periphery of the city) for additional bus routes and a pedestrian over-bridge at a dangerous traffic junction. StreetNet International has taken a particular interest in working with its affiliates to establish statutory bargaining forums between street traders and local governments (Horn 2015). Organizations of waste pickers in Brazil, Colombia and India have negotiated contracts and infrastructure (e.g. sheds and equipment) from local government (Chen et al 2013).

Despite the challenges of organizing informal workers and strengthening the organizations and networks of informal workers, several of the organizations and networks have led successful legal or policy campaigns in support of their membership either locally, nationally or globally. What follows is a brief summary of several of them: domestic workers globally, home-based workers in Thailand, street vendors in India, street vendors and barrow operations in Durban, South Africa, and waste pickers in Bogotá, Colombia.<sup>21</sup>

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The WIEGO Network and Slum/Shack Dwellers International are the co-chairs of the Grassroots Partner Constituency.

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These summaries of the cases are adapted from Chen et al 2013, with the exception of the write-up on Home- Based Workers in Thailand which draws on reports by HomeNet Thailand and WIEGO.

### *Domestic Workers Globally*

Despite obstacles, domestic workers have a long history of organization and advocacy to be recognized as workers and covered by the labor laws of their respective countries. In 2006, domestic worker organizations began to organize internationally with the support of international trade unions and NGOs, including WIEGO. Their main demands were to be recognized as workers with the rights to workers' rights and benefits. In 2008, after the International Labour Organization (ILO) decided to place Decent Work for Domestic Workers on the agenda of the International Labour Conferences in 2010 and 2011, they began a campaign for an ILO Convention. The campaign was led by the newly formed International Domestic Workers' Network (IDWN) with its organizational base in the International Union of Food, Agriculture, Hotel, Restaurant, Catering and Allied Workers Associations (IUF) and with support from WIEGO. The campaign involved extensive coordination and engagement at the country level to mobilize workers and engage with Ministries of Labor, trade unions and employers' associations. The process had immediate benefits in some countries and led to the adoption, with an overwhelming majority vote at the 2011 ILC, of two standards: Domestic Workers Convention, 2011 and Domestic Workers Recommendation, 2011.

The main achievement of the Convention is that domestic workers are unconditionally defined as workers with the same protections under national labor laws and social protection schemes as other workers. Some articles in the Convention provide special protection for live-in, migrant, or other specific groups of domestic workers. The Recommendation provides a comprehensive framework and set of guidelines for governments seeking to implement legislation in line with the Convention. The Convention and Recommendation will not directly or immediately change the situation of domestic workers, but they provide a normative framework and legislative springboard for organizations to work further with governments and other partners. The process of achieving the ILO Convention was itself a catalyst for global organizing and for gaining representative voice at the global level. It contributed to building the capacity of organizations and individual leaders, especially women; enhanced the status of domestic workers associations with formal trade unions; and created the preconditions for recognition and enforcement of rights in countries. Whilst the campaign for ratification is a long term process, legislative changes are taking place as a result of the adoption of the Convention.

### *Home-Based Workers in Thailand*

HomeNet Thailand has helped achieve several successes for informal workers on the national policy front, some in alliance with other civil society organizations. The first such success was the universal health coverage scheme for informal workers and other groups not covered by formal health insurance. Thailand stands out for its decade-long inclusion of civil society organizations in an alliance for health reform, with HomeNet Thailand one of the partners, who contributed to the campaign for what became known, initially, as the 30 Baht Scheme (Namsomboon and Kusakabe 2011; Alfors and Lund 2012). When the 30 Baht Scheme was replaced by the free Universal Coverage Scheme, the alliance of civil society networks, including HomeNet Thailand, were again involved in the design of the scheme, in the legislation, and thereafter in facilitating, monitoring and evaluating implementation.

HomeNet Thailand also successfully campaigned, with support from WIEGO, for the Homeworkers Protection Act, which entitles Thai homeworkers (i.e., sub-contracted home-based workers) to minimum wage, occupational health and safety protection and other fundamental labour rights. To understand obstacles to implementing these protections, under a WIEGO project on law and informality, HomeNet Thailand examined instances where homeworkers had

attempted to access their rights and implement the tripartite committee set up under the Act.

HomeNet Thailand also made a concerted effort to inform homemaker leaders and homeworkers about their rights under the Act through workshops with lawyers and government officials, posters, newsletters and other documents. In 2014, as a direct outcome of these struggles, three home-based workers supported by HomeNet Thailand were included in the tripartite committee.

Also under the WIEGO law project, HomeNet Thailand organized local and national-level consultations with domestic workers to update them on the ILO Convention on Domestic Work (C189) and to mobilize action to protect migrant domestic workers in Thailand, especially Bangkok. During the course of the project, the Thai Domestic Workers Network was formed, which helped pressure the government to pass the Ministerial Regulation for Domestic Workers in 2012.

### *Street Vendors in India*

Since 1998, when it was founded, the National Association of Street Vendors of India (NASVI) has dealt, on a daily-basis, with the challenges to street vendors associated with urbanization, urban renewal, and economic reforms. One of its first steps was to conduct a survey of street vending in seven cities of India in 2002. The report of this survey served to highlight the increasing harassment of street vendors by local authorities and the growing exclusion of street vendors in city plans (Bhowmik 2002). The report generated a good deal of discussion and was presented at a national workshop organized by the Ministry of Urban Development in 2000. At that workshop, the Minister for Urban Development announced that a National Task Force on Street Vendors would be set up to frame a national policy with and for street vendors.

The national policy for street vendors, developed by the National Task Force, including NASVI and other street vendor organizations, was adopted by the national government in January 2004. The policy recommended that state and local governments register street vendors, issue identification cards to street vendors, and amend legislation and practice to reduce the vulnerabilities of street vendors. The main plank of the policy was to establish Vending Committees at the town and ward levels with representatives from street vendor organizations to identify designated zones for vending and hawking. However, the national policy was never implemented widely, in large part because local governments are controlled by state governments and few state governments followed the national policy when formulating their own state policies.

In response to this lack of implementation, the national government declared the need for a new national policy for street vendors while NASVI and SEWA demanded a national law for street vendors. In late 2011, thanks to the campaign and advocacy efforts of NASVI, SEWA and other organizations, the two ministries changed their position and decided to support a national law for street vendors. The draft law was formulated by the Ministry of Housing and Urban Poverty Alleviation in consultation with NASVI, SEWA and other organizations of street vendors and was approved by the Parliament of India in February 2014 and went into effect later that year.

### *Street Vendors and Barrow Operators in Durban, South Africa*

For many years, Warwick Junction, a precinct in the inner city of Durban that houses, on a busy day, up to 8,000 street and market traders, was looked to as best practice of street vendor management and support: characterized by high levels of consultation with the street vendors and

resulting in a high level of self-regulation and a sense of ownership of the area by the street vendors. But in February 2009, to the surprise of many, the Durban/eThekweni Municipality announced its plans to grant a fifty year lease of public land to a private developer to build a shopping mall in Warwick Junction: at the site of the Early Morning Market (EMM), a fresh produce market in the center of the Junction that was to celebrate its centenary in 2010. These plans entailed a redesign of the whole district ensuring that the foot traffic, estimated at 460, 000 commuters a day, would be directed past the mall rather than the informal traders so as to threaten the viability of all street vendors and market traders in the Junction.

There was a groundswell of opposition to the proposal, and a major civil society campaign to oppose the planned mall emerged, involving organizations of street vendors, academics, urban practitioners, and a local NGO called Asiye eTafuleni which has supported the street vendors of Warwick Junction for many years. Central to this campaign was a pair of legal cases pursued by a public interest, non-profit law firm—the Legal Resources Centre (LRC). One case challenged the process by which the City awarded the lease and contract to the private real estate developer: thus drawing on administrative law. The other case challenged building a mall where a historic market building stands: thus drawing on historic conservation principles. By April 2011, the City Council finally rescinded its 2009 decision to lease the market land for the mall development, noting that ‘there was little prospect of the legal challenges relating to the current proposal being resolved.’ This was a major victory for the street vendors and barrow operators of Warwick Junction. The legal case did not mandate the change in position by the City Council. But the legal cases, in combination with civil society activism and protests, helped leverage the change in the City Council’s position.

### *Waste Pickers in Colombia*

For decades, if not centuries, *recicladores* (waste pickers) in Colombia’s capital, Bogotá, have earned a living by recycling metal, cardboard, paper, plastic, and glass and selling the recycled material through intermediaries. Today, there are an estimated 12,000 *recicladores* in Bogotá. But recent privatization of public waste collection threatened the livelihoods of the *recicladores*. Previous municipal administrations in Bogotá granted exclusive contracts to private companies for the collection, transport, and disposal of waste and recyclables. In response, the Asociación de Recicladores de Bogotá (ARB), an umbrella association of cooperatives representing over 2,500 waste pickers in Bogotá, began a legal campaign to allow the *recicladores* to continue to collect and recycle waste.

The *recicladores* achieved a landmark victory in 2003 when the Constitutional Court ruled that the municipal government’s tendering process for sanitation services had violated the basic rights of the waste-picking community. In making its case, ARB and its pro-bono lawyers appealed to the Constitution’s provision of the right to equality, arguing that waste pickers should be allowed preferential treatment and judicial affirmative action in the tendering and bidding process for government waste management contracts.

Subsequent cases have appealed to constitutional provisions, including the right to survival as an expression of the right to life (article 11 of the Constitution), which was used to argue the right to pursue waste picking as a livelihood, and the right to pursue business and trade (article 333), which was used to argue that cooperatives of waste pickers—and not only corporations—can compete in waste recycling markets. The most recent ruling, in December 2011, halted a scheme to award US\$1.7 billion worth of contracts over ten years to private companies for the collection and removal of waste in the Bogotá City. The court mandated that the cooperatives of waste



pickers had a right to compete for the city tenders and gave the ARB until March 31, 2012 to present the municipality with a concrete proposal for solid waste management inclusive of the waste picking community. The current Mayor of Bogotá honored this mandate by de-privatizing waste collection, setting up a public authority to manage solid waste management and allowing ARB and other organizations of *recicladores* to bid for contracts. With the help of WIEGO and other allies, the ARB prepared a proposal, elements of which were adopted into the official proposal made by the district agency in charge of the city's public service.

In March 2013, waste pickers in Bogotá began to be paid by the city for their waste collection services. And, in June 2014, the national government mandated that the Bogotá model be replicated in cities and towns across the country. However, vested interests in the private sector who want to regain control over the waste collection and recycling sector have mounted a political campaign to remove the current Mayor of Bogotá who rescinded some of the private contracts to set up a public waste management authority and brokered the contract with the *recicladores*. They argue that the public management of waste collection and the involvement of the *recicladores* undermine "free competition" and are, therefore, illegal.

As these case studies illustrate, informal worker organizations are increasingly finding a place at the table: with national and local governments and are also finding their voice in international negotiating forums, especially at the annual International Labour Conference. But, as they also illustrate, IW organizations often need to resort to litigation, in addition to policy advocacy, and need support from allies to protect the interests of their members.

## V. KEY PATHWAY TO PEACE & RECONSTRUCTION

On December 17, 2010, Tarek el-Tayeb Mohamed Bouazizi, a Tunisian street vendor, set himself on fire to protest the confiscation of his wares by a municipal official and her aides as part of an on-going campaign of harassment and humiliation inflicted on him and other street vendors. This act of self-sacrifice by Mohamed Bouazizi is widely recognized to have catalyzed wider protests against injustice which spread across the MENA region in what became known as the Arab Spring.

As is so often the case, local authorities had chosen to harass Mohamed Bouazizi, rather than listen to his demands. This iconic example, emblematic of the discontent of the informal employed as well as the unemployed, suggests a key pathway to reducing further protests and violence: namely, to reduce the economic injustices faced by the majority of workers in developing countries. If the powerless are allowed to advocate on their own behalf, and if the powerful listen to their demands, the outcome could be peaceful negotiations, rather than protests, violence and conflict.

This pathway is not only desirable but also feasible – as illustrated by what has happened in Tunisia since the Arab Spring. As part of the Arab Spring uprisings, the Tunisian General Labor Union; the Tunisian Confederation of Industry, Trade and Handicrafts; the Tunisian Human Rights League; and the Tunisian Order of Lawyers created a common front by collaborating with lawyers, traders, and industry – all parts of the economy, informal and formal, poor and rich – to move towards peace and democracy. The method of protesting and negotiating by this coalition of organizations was peaceful dialogues and public demonstration. It addressed everyday economic and political issues, including the right to decent work and honest labor. It was not only a symbolic protest fueled by social media but went far further and deeper, bringing elections and democracy to Tunisia. In recognition of their contribution to peace and democracy in

Tunisia, the Norwegian Nobel Committee awarded the Nobel Peace Prize to this Quartet of organizations, emphasizing that the prize was “awarded to this quartet, not to the four individual organizations as such.”

The Tunisian revolution brought a new regime to power in 2011, promising, among other things, social and economic justice. One plank of the Quartet’s campaign, spearheaded by the Tunisian Central Trade Union (Union Général Tunisienne du Travail or UGTT), was to restore formal employment to low-wage government workers whose jobs had been privatized and subcontracted during previous regimes. Through these subcontracting arrangements, the work of large numbers of government workers had been de-formalized, thereby undermining their working conditions, pay rates and benefits. The campaign to reinstate the de-formalized public sector workers was successful because UGTT had been campaigning on this issue for many years and, as a core member of the Quartet, helped to bring about the regime change that led to the reinstatement of the workers (Eaton, Schurman, Chen 2017; ).

In conclusion, our sincere hope is that this paper will help promote a more inclusive approach to the informal economy in the MENA region. If labor markets in the region remain rigid and segmented, with a formal workforce that receives social protections and economic benefits that are denied to the unemployed and the informally employed, frustrations could again erupt in social unrest. It is critical for governments in the region to not only pursue employment-led growth, but also to reverse the previous “social contract” that created a sense of social and economic exclusion among the working poor in the informal economy. This could include measures to increase and expand social protections, adopt inclusive approaches to city and economic planning, and create platforms for informal workers to exercise voice and influence over the policy-making and rule-setting processes that affect their lives.

For Arab nations, as well as other countries, we would like to propose a three-plank agenda to promote economic justice for informal workers. The first plank is to reduce the stigmatization and penalization of the working poor in the informal economy. Admittedly, some informal workers operate illegally or deal in criminal goods and services. But the vast majority of the informal workforce are working poor persons trying to earn an honest living under harsh conditions. The second plank is to increase benefits – legal and social protection as well as promotive measures – for informal workers. The third, and most important, plank is to invite informal workers to the policy table. Our firm belief is that expanding economic justice to informal workers in Arab countries will contribute to equitable reconstruction and enduring peace in the region.

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## **Appendix I**

### **Percentage Distribution of Total Employment in Syria: By Status in Employment and Type of Unit<sup>22</sup>**

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22

Syrian Central Bureau of Statistics, Labor Force Survey, 2007.



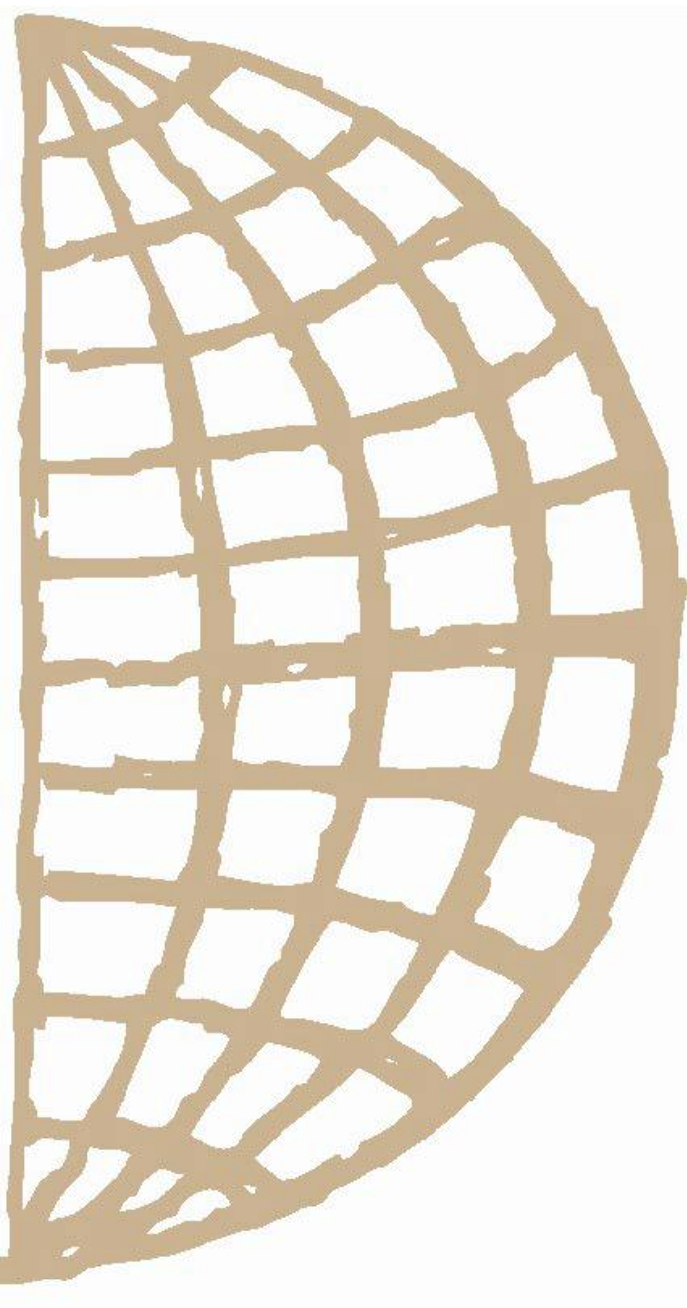
Status in Employment		Employer	Own-account	Employee	Family contributor	Other	Not clear	Total
Government	M			23,9%				23,9%
	F			55,6%				55,6%
	<b>Total</b>			<b>27,9%</b>				<b>27,9%</b>
Private Formal	M	5,2%	12,1%	14,1%	1,9%	0,1%		33,4%
	F	1,1%	4,6%	8,8%	1,3%	0,1%		15,9%
	<b>Total</b>	<b>4,7%</b>	<b>11,2%</b>	<b>13,4%</b>	<b>1,8%</b>	<b>0,1%</b>		<b>31,2%</b>
Private Informal	M	3,7%	16,4%	13,1%	2,8%	0,1%		36,1%
	F	0,6%	3,7%	3,9%	8,6%	0,1%		16,9%
	<b>Total</b>	<b>3,3%</b>	<b>14,8%</b>	<b>11,9%</b>	<b>3,6%</b>	<b>0,1%</b>		<b>33,7%</b>
Common private-public	M	0,0%	0,0%	0,1%	0,0%	0,0%		0,1%
	F		0,0%	0,1%	0,0%			0,1%
	<b>Total</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,1%</b>	<b>0,0%</b>	<b>0,0%</b>		<b>0,1%</b>
Cooperatives	M	0,0%	0,0%	0,1%	0,0%			0,1%
	F			0,1%	0,0%	0,0%		0,1%
	<b>Total</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,1%</b>	<b>0,0%</b>	<b>0,0%</b>		<b>0,1%</b>
Family	M	0,5%	2,9%	0,2%	2,3%	0,0%		5,9%
	F	0,2%	1,7%	0,3%	8,6%	0,0%		10,9%
	<b>Total</b>	<b>0,4%</b>	<b>2,7%</b>	<b>0,3%</b>	<b>3,1%</b>	<b>0,0%</b>		<b>6,5%</b>
Civil Society	M	0,0%	0,1%	0,1%	0,1%	0,0%		0,4%
	F	0,0%	0,0%	0,1%	0,3%	0,0%		0,4%
	<b>Total</b>	<b>0,0%</b>	<b>0,1%</b>	<b>0,1%</b>	<b>0,1%</b>	<b>0,0%</b>		<b>0,4%</b>
Not Available	M		0,0%	0,0%			0,0%	0,0%
	<b>Total</b>		<b>0,0%</b>	<b>0,0%</b>			<b>0,0%</b>	<b>0,0%</b>
Total	M	9,4%	31,6%	51,5%	7,2%	0,2%	0,0%	100,0%
	F	2,0%	10,0%	68,9%	18,9%	0,2%		100,0%
	<b>Total</b>	<b>8,5%</b>	<b>28,9%</b>	<b>53,7%</b>	<b>8,7%</b>	<b>0,2%</b>	<b>0,0%</b>	<b>100,0%</b>

Status in Employment		Employer	Own-account	Employee	Family contributor	Other	Not clear	Total
Government	M			1 029 789				1 029 789
	F			350 187				350 187
	<b>Total</b>			<b>1 379 976</b>				<b>1 379 976</b>
Private Formal	M	225 883	523 983	608 404	81 703	3 226		1 443 199
	F	7 009	28 658	55 672	8 193	532		100 063
	<b>Total</b>	<b>232 892</b>	<b>552 641</b>	<b>664 077</b>	<b>89 895</b>	<b>3 757</b>		<b>1 543 262</b>
Private Informal	M	158 594	708 919	563 731	121 411	5 474		1 558 129
	F	3 763	23 088	24 859	54 459	416		106 586
	<b>Total</b>	<b>162 357</b>	<b>732 007</b>	<b>588 591</b>	<b>175 870</b>	<b>5 890</b>		<b>1 664 714</b>
Common private-public	M	1 157	1 246	2 397	778	128		5 706
	F		37	481	31			549
	<b>Total</b>	<b>1 157</b>	<b>1 283</b>	<b>2 878</b>	<b>809</b>	<b>128</b>		<b>6 254</b>
Cooperatives	M	675	1 646	3 319	445			6 084
	F			659	79	61		799
	<b>Total</b>	<b>675</b>	<b>1 646</b>	<b>3 978</b>	<b>524</b>	<b>61</b>		<b>6 883</b>
Family	M	20 043	123 588	10 682	99 654	974		254 941
	F	1 564	10 957	1 743	54 407	122		68 793
	<b>Total</b>	<b>21 607</b>	<b>134 545</b>	<b>12 425</b>	<b>154 061</b>	<b>1 096</b>		<b>323 734</b>
Civil Society	M	1 437	5 716	5 723	4 852	555		18 284
	F	95	176	376	1 938	47		2 632
	<b>Total</b>	<b>1 533</b>	<b>5 892</b>	<b>6 099</b>	<b>6 790</b>	<b>602</b>		<b>20 916</b>
Not Available	M		39	85			114	238
	<b>Total</b>		39	85			114	238
Total	M	407 789	1 365 136	2 224 131	308 842	10 356	114	4 316 369
	F	12 431	62 916	433 978	119 107	1 177		629 609
	<b>Total</b>	<b>420 220</b>	<b>1 428 052</b>	<b>2 658 108</b>	<b>427 949</b>	<b>11 534</b>	<b>114</b>	<b>4 945 978</b>

## **Appendix II**

### **WIEGO Network Platform Transitioning from the Informal to the Formal Economy**

in the interests of workers in the informal economy





## WIEGO NETWORK PLATFORM

### Transitioning from the informal to the formal economy in the interests of workers in the informal economy

„Workers in the informal economy include both wage workers and own-account workers. Most own-account workers are as insecure and vulnerable as wage workers and move from one situation to the other. Because they lack protection, rights, and representation, these workers often remain trapped in poverty.<sup>1</sup>

A majority of workers worldwide work in the informal economy, and most new jobs are informal jobs. It is assumed that informal work is unlikely to completely disappear, and that many informal economic activities will remain informal or semi-formal in the foreseeable future. There is no single, easy, one-step way to formalize informal employment. Rather, it should be understood as a gradual, ongoing process of incrementally incorporating informal workers and economic units into the formal economy through strengthening them and extending their rights, protection and benefits.

The WIEGO Network supports the definition of informal employment, adopted by the International Conference of Labour Statisticians (ICLS), 2003 (details in Annex).

## What Do Informal Workers Need?

The working poor in the informal economy have a common core set of needs and demands, as well as those specific to their employment status, occupation and place of work. For all informal workers, formalization must offer benefits and protections – not simply impose the costs of becoming formal. It must restore the universal rights from which workers in the informal economy have been marginalized by the neo-liberal model of governance over the past 40 years, and reintegrate them

into legal and regulatory frameworks.

<sup>1</sup> Clause 4 of the ILO Resolution on Decent Work & the Informal Economy, 2002, <http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/pr-25res.pdf>

## Common Core Needs and Demands

### Organizing/ Labour Rights

Workers in the informal economy must be able to effectively exercise their rights to organize and bargain collectively, as well as their other fundamental rights at work.

### Voice and Bargaining Power

The working poor in the informal economy need individual voices and bargaining power founded in an awareness of their rights. They must also have a collective and representative voice that allows them to negotiate on a continuing basis with the dominant players in the sectors or value chains in which they operate. A collective voice comes through being organized in democratic membership-based organizations. A representative voice comes through having representatives of these organizations participate in relevant policymaking, rule-setting, collective bargaining, or negotiating processes – including by means of direct representation in tripartite forums. Ideally, the representation of membership-based organizations in the relevant processes should be ongoing and statutory.

### Legal Identity & Standing

The working poor want to be recognized as workers, or as economic agents, with a clear legal standing in all relevant policy-regulatory-legal domains. They do not want to be relegated, as the poor or vulnerable, to the social policy domain alone; they want to be recognized as legitimate contributing economic agents by policymakers who frame both macro-economic and sector-specific economic policies. This necessitates extending the scope of labour laws to categories of workers traditionally excluded (e.g. domestic workers, home-based workers, agricultural workers) and/or amending laws so they cover the full range of relationships under which work is performed.

### Economic Rights

The working poor in the informal economy need and demand a wide range of labour, commercial, and land-use rights in order to: improve their employment arrangements and secure their livelihoods; make their economic activities more productive; and use their representative voice to achieve appropriate changes to the wider institutional environment that affects their work and livelihoods.<sup>2</sup>

### Social Rights, including Social Protection

Social protection coverage must be extended to all workers in the informal economy through social assistance and/or social insurance mechanisms, as part of universal social security. ILO member states should commit to this by adopting clearly elaborated Social Protection Floors. This includes rights to housing, education, health, food security, water, sanitation and social protection against the core contingencies of illness, disability, old age, and death, and against work-related risks. Maternity and child care should be addressed as a priority due to the over-representation of women in the informal economy.

<sup>2</sup> It should be noted that labour rights are premised on the notion of an employer-employee relationship. But many of the working poor are self-employed. For them, traditional labour rights are not always relevant. Instead, the basic right to pursue a livelihood, as well as commercial rights, are



of greater relevance and importance.

## Different Categories: Different Meanings and Implications

Formalization has different meanings and implications for different categories of informal workers. The diversity of actors in the informal economy should be recognized. The informal economy includes economic units, self-employed workers (a majority of whom are own-account workers striving for survival, with a small minority being entrepreneurs) and wage workers who work informally in either informal or formal enterprises but whose rights as workers are denied. Informality also occurs along global supply chains, where sub-contracted workers are deprived of decent working conditions.

For the self-employed, formalization should not mean just obtaining a license, registering their accounts, and paying taxes – these represent, to them, the costs of entry into the formal economy. In return for paying these costs, they should receive the benefits of operating formally, including: enforceable commercial contracts; legal rights to a secure place of work and means of production; access to markets; preferential prices for social enterprises and worker-controlled cooperatives; membership in trade associations or other associations of their choice; protection against creditors; and social protection.

For informal wage workers, including those who work informally in precarious jobs in formal enterprises, formalization means obtaining a formal wage job – or formalizing their current job – with a secure contract, worker benefits, membership in a formal trade union, and employer contributions toward their social protection. It is important to highlight that formalizing wage work requires a focus on employers, as they are more likely than employees to avoid compliance with labour regulations. In this context, it should be noted that many informal wage workers work for formal firms and households, not just for informal enterprises.

### Summary of a Comprehensive Approach for Transitioning from the Informal to the Formal Economy

1 Formalization of Informal Work  
 legalization, legal recognition and protection as workers (for own-account and self-employed)

rights and benefits of being formally employed:

- freedom from discrimination
- minimum wage
- occupational health and safety measures
- employer/state contributions to health and pensions
- right to organize and bargain collectively
- membership in recognized worker organizations, including trade unions
- inclusion in decision-making

benefits of operating formally for own-account workers:

- simplified registration procedures and simple administration
- progressive taxation system
- protection from harassment
- access to resources and facilities
- workers' rights
- support services, such as access to financial services and training
- inclusion in participatory budgeting processes, including at local government level

2 Formalization of Informal Economic Units  
 appropriate legal and regulatory frameworks, including:

2 Formalization of Informal Economic Units  
 appropriate legal and regulatory frameworks, including:

- enforceable contracts
- land-use and property-use rights
- use of public space
- occupational health and safety regulation

benefits of operating formally:

- work security and security of working space
- access to finance and market information
- access to public infrastructure and services
- enforceable commercial contracts
- limited liability
- clear bankruptcy and default rules
- access to government subsidies and incentives
- membership in trade associations
- access to a formal system of social security

registration and taxation:

- simplified registration procedures

◦ progressive taxation systems

## Organizing and Labour Rights

### Formalization of Labour Rights

Initially, all trade unions were formed by informal workers, since the entire economy was informal at the time trade unions were first organized. Trade unions were, and still are, self-help organizations of workers who, through collective action, seek to regulate their wages and working conditions so as to eliminate the worst forms of exploitation, i.e., to formalize an informal situation.

For workers in the informal economy to exercise their full labour rights, legal recognition and practical integration of their right to be represented by worker-controlled organizations of their own choice is essential. They must be able to regulate their working conditions through collective bargaining processes that involve democratically elected representatives of these worker organizations (not representatives of other trade unions on their behalf).

Workers in the popular or social solidarity economy need to enjoy the right to work in cooperatives while being legally recognized as workers.

Governments need to start giving effect to formalization processes by de-criminalizing all subsistence economic activities that are not inherently criminal in nature.

#### Youth Entry into Labour Market

Policies are needed to ensure youth can become fully integrated in labour markets with protection against becoming another vulnerable sector of the labour force.

#### Defense of Decent Jobs

To avoid counterproductive effects, governments should do away with SEZ (Special Economic Zones) exemptions or other measures that create further informalization.

<sup>3</sup> Gallin, D. 2012. *Informal Economy Workers and the International Trade Union Movement: An Overview*. Geneva: Global Labour Institute

# Voice and Bargaining Power

## Formalization of Representation: Nothing For Us Without Us!

### Negotiation as Opposed to Consultation

Consultation allows people's voices to be heard, but does not carry any obligation to reach agreement – it may not even link with what is implemented afterward.

Consultation can lack continuity – it can be a once-off exercise – and does not necessarily empower those consulted or alter power relations. The party initiating a consultation controls the process, the outcome, and all future actions based on the issues raised.

Negotiation, on the other hand, takes place on a level playing field on which all parties engage with a view to reaching mutually acceptable agreements. In negotiations, vulnerable constituencies use their collective strength to exert a sufficient level of choice and control, affecting a suitable outcome.

The most direct form of negotiations is bilateral negotiations between two parties. However, sometime it is appropriate for a number of parties with a common agenda to negotiate jointly with an authority. For example, multiple actors (e.g. municipality, suppliers, and enforcement agencies) typically exert control over the lives and work of street vendors.

Thus it often makes sense to enter into multilateral negotiations in a joint collective bargaining forum where multiple layers of controls can be simultaneously addressed. Furthermore, street vendors are often represented by many associations in the same area.

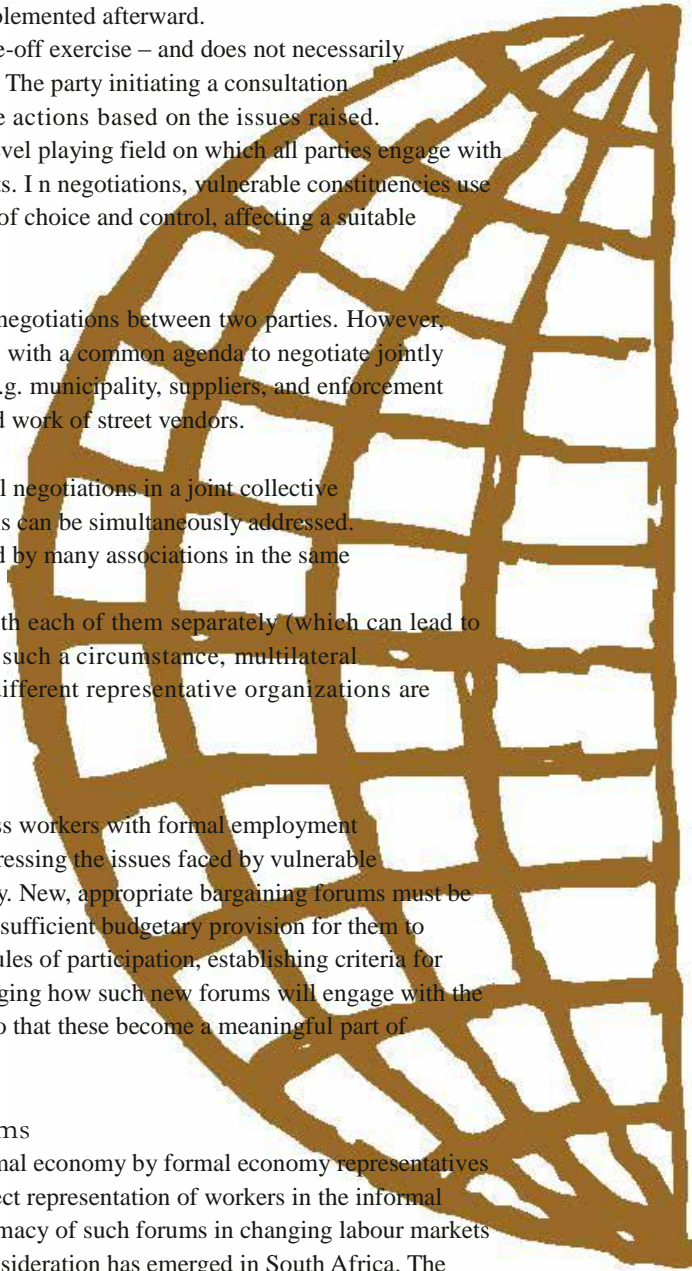
The municipality may not want to negotiate with each of them separately (which can lead to inconsistency, confusion and even conflict). In such a circumstance, multilateral negotiations between the authority and many different representative organizations are often the best way to achieve effective results.

### Creating New Bargaining Forums

Existing bargaining forums are designed to address workers with formal employment relationships. They do not lend themselves to addressing the issues faced by vulnerable constituencies of workers in the informal economy. New, appropriate bargaining forums must be created and enshrined in law, and there must be sufficient budgetary provision for them to function effectively. This requires designing the rules of participation, establishing criteria for determining the issues for negotiation, and envisaging how such new forums will engage with the wider policymaking and regulatory frameworks so that these become a meaningful part of participatory decision-making.

### Direct Representation in Tripartite Forums

Systems of representation of workers in the informal economy by formal economy representatives in tripartite forums need to be replaced by the direct representation of workers in the informal economy themselves. This will improve the legitimacy of such forums in changing labour markets and in a changing world of work. A model for consideration has emerged in South Africa. The National Economic, Development & Labour Council (NEDLAC) Tripartite Plus model has a Community Constituency in addition to the three traditional partners: government, employers and trade unions. In contrast, at the International Labour Conference (ILC), the tripartite structure has been retained – and in recent years, organizations of workers in the informal economy have found space for direct representation in the Workers' Group, and used this space while strengthening the alliance between workers in the formal and informal economies.



# Legal Identity and Standing

## Formalization in Labour Market Policy and Legislation

### Legal Protection

There is a growing commitment in development policy circles to extending legal protection to workers in the informal economy. In its final report, entitled *Making the Law Work for Everyone*, the United Nations Commission on Legal Empowerment for the Poor prioritized three areas of legal rights and empowerment: property rights, labour rights, and business rights.<sup>4</sup>

Most informal workers are not protected under existing labour regulations (which are premised on an explicit employer-employee relationship) and most informal enterprises are not covered under existing commercial or business laws (which are premised on a formal commercial contract). Further, many informal economic activities are governed by local government regulations. Activities of the urban informal workforce are governed in large part by urban planners and local governments, which set rules and determine norms and practices about who can do what, and where. Often the rules are framed or interpreted in ways that discourage or ban informal activities without providing any acceptable alternatives, thus destroying the livelihoods of informal workers.

### Legal Recognition

Governments need to recognize all workers in the informal economy, including own-account workers, as workers – and not as entrepreneurs or a parallel sector of undefined economic operators on the margins of the labour market. Governments need to recognize that such workers have come to form a majority of the global labour market.

### Appropriate Legal Frameworks

Extending legal protection to informal workers will require rethinking and reforming existing legal regimes in most countries. The working poor in the informal economy need new or expanded legal frameworks to protect their rights and entitlements as workers, including the right to work (e.g. to vend in public spaces), labour rights, commercial rights, and land-use rights. Labour legislation needs to be revised to include the right of own-account workers to have their representative organizations registered as trade unions with the right to negotiate with relevant authorities and to access simple statutory dispute procedures. In addition, laws need to be effectively applied in cases of disguised employment relationships, or where joint and several liability<sup>5</sup> applies in triangular employment relationships.

<sup>4</sup> Commission on Legal Empowerment for the Poor (CLEP). 2008. Making the Law Work for Everyone. New York: UN DP.

<sup>5</sup>

For example, where an intermediary and the end firm are held jointly responsible for ensuring compliance with employment laws and regulations, the worker can make a claim against either of the parties. It becomes the responsibility of the parties to sort out their respective liability and payment.



# Economic Rights

## Formalization in the Economy

Workers in the informal economy, including own-account workers, play an important role in local and national economies by helping to reduce unemployment and improve both the GDP and social stability.

The following factors should be embraced to recognize this contribution:

### Favorable Policy Environment

The economic policy environment needs to be supportive of informal operators, especially the working poor, rather than being blind to them or biased against them. This requires addressing biases in existing economic and sector policies, as well as designing and implementing targeted policies. It also requires ensuring that macro policies do not create the conditions for increasing informalization, and that government procurement creates demand for the goods and services produced by informal enterprises and workers.

### Improved Terms of Trade

To compete effectively in markets, the working poor need not only resources and skills but also the ability to negotiate favorable prices and wages for the goods and services they sell, relative to the cost of inputs and their cost of living.

### Social Solidarity Economy

A new economic sector is emerging governed by principles and values of social responsibility, entrepreneurship and solidarity, and this is vital to the development of democracy and economic citizenship.<sup>6</sup>

A strong Social Solidarity Economy consistent with the objectives of social inclusion and decent work should be built by promoting enabling policies and laws and through the provision of resources and support programs including financial support, information and advice, training, research and innovation. Cooperatives, mutual societies, associations and other organizations should be encouraged and practically supported in the development of a popular economy workers' alliance.

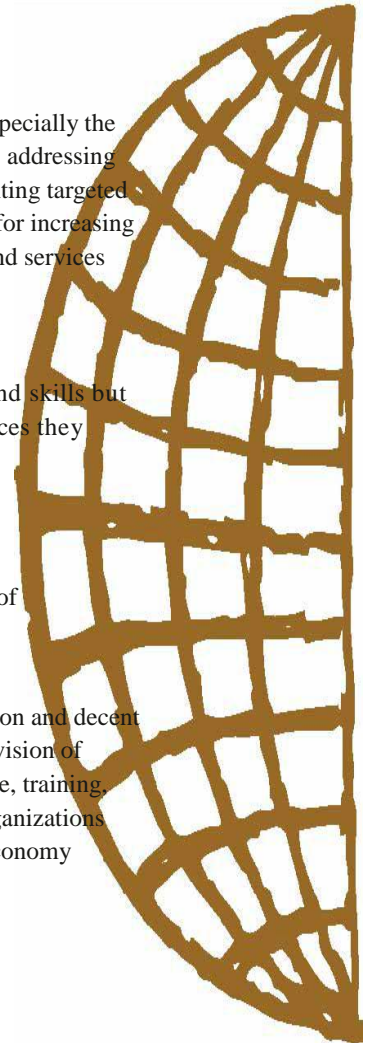
# Social Rights Including Social Protection

## Extension of Social Protection

Social protection is high on the development policy agenda in the aftermath of the global economic crisis, which undermined livelihoods in the informal economy. In June 2012, the ILC adopted Recommendation 202 on Social Protection Floors that would cover people at all stages of the life cycle and be comprised of a combination of cash transfers and access to affordable social services, especially health care.

There is a need to:

- prioritize extension of social protection coverage to excluded groups of workers and their families
  - adapt both social and private insurance to incorporate informal workers by providing fiscal and other incentives for their affiliation
  - coordinate diverse forms of protection and ensure universal pensions and health coverage.<sup>7</sup>



6

StreetNet resolution on the Social Solidarity Economy adopted at the Third StreetNet International Congress in Cotonou, Benin, in August 2010.

7

There is currently no agreement on the appropriate role of government, the degree of government responsibility and public expenditure, and the mix of private versus public insurance and provision.

#### Protection Against Risk and Uncertainty

The working poor need protection against the risks and uncertainties associated with their work, as well as against the common core contingencies of illness, disability, property loss, and death.

#### Specific Protection for Women

Women working in the informal economy need maternity leave so that they do not have to work immediately following delivery. The issue of child care is also a priority, given the overrepresentation of women in the informal economy. Measures are needed for the prevention of abuse of women, who form the majority of workers in many sectors of the informal economy.

#### Occupational Health & Safety at the Workplace

According to the ILO, a “workplace refers to any place in which workers perform<sup>8</sup> their activity”.

In the process of formalization, the obligation to provide healthy and safe workplaces needs to extend to all workplaces, including the public space where many workers in the informal economy conduct their economic activities. Protection against work-related risks (theft, fire, floods, and drought) must also be a factor.



## What Formalization Should NOT Mean

- costly registration and tax requirements without the rights, benefits or protections that should accompany formalization
- taxation or registration of informal enterprises without benefits, including:
  - a flat taxation system where own-account workers pay the same taxes as big businesses
  - an obligation to register with different departments in cumbersome procedures
- unilateral decisions made by authorities, especially to impose:
  - unrealistic educational requirements for informal workers
  - unrealistic legal requirements for informal workers
  - preconditions that are difficult to meet
  - costly requirements that are unaffordable for most informal workers
- formalization which criminalizes/persecutes those who cannot achieve prescribed levels
  - discrimination against women, foreign nationals, people with disabilities, etc.
  - fiscal and taxation schemes which privatize public goods
- registration as individual entrepreneurs, which denies access to collective workers' rights
- formalization in which those with more resources have the same responsibilities as those who remain with no resources
- formalization which creates a "closed shop" system with a new elite "in-group" collaborating with authorities to keep out "outsiders" trying to claim/defend their rights
  - generation of new exclusions, problems and costs
  - preferential recognition of yellow unions in the informal economy
  - abuse of child labour
  - promotion of pseudo-cooperatives
  - handling charges for migrant workers, leading to legalized racial discrimination

# Sector-Specific Demands for Formalization

As there are different sectors in the informal economy, the workers in the different sectors of the informal economy have some very sector-specific proposals about the kind of formalization they would like to see. Workers from four of these sectors have provided extensive input about what they would like to propose.

Each of these four groups demand, first, recognition as workers who make a valuable contribution to the economy and society as part of the economically active population; second, the right not to be subjected to punitive regulations, policies, or practices; and third, the right to enjoy specific promotional and protective measures, including protection against exploitation by intermediaries.

## Domestic Workers Demand:

- freedom from harassment or abuse by recruiters or employers
- freedom from exploitation by agencies and intermediaries
- implementation of the Domestic Workers' Convention and accompanying Recommendations as a minimum set of conditions in every country
- the right to a living wage and working conditions such as time off and leave, overtime pay, sick leave, health insurance, and pensions
- the right to have workplaces controlled and subject to inspection
- decent living conditions where live-in arrangements are part of the employment contract
- access to education, recreation and leisure time
- no child labour (albeit disguised as family labour)
- migrant workers' contracts concluded before leaving home countries
- full and equal rights for migrant domestic workers

## Home-Based Workers Demand:

(and the demands differ, in part, for self-employed or sub-contracted workers)

- freedom from forced relocations and zoning restrictions (all)
- social protection, including maternity grants (all)
- child care facilities to enable workers to work undisturbed (all)
- protection from being subjected to poor quality raw materials, arbitrary cancellation of work orders, arbitrary rejection of goods, or delayed payments (sub-contracted)
- the right to basic infrastructure services – water, electricity, sanitation – at their homes, which are their workplaces (all)
- access to markets for their goods and services (self-employed)
- the right to fair prices in markets (self-employed), and fair piece-rates (sub-contracted)
- the right to secure, transparent contracts – work orders (sub-contracted) and commercial transactions (self-employed)
- occupational health & safety training, business skills training (self-employed)
- no double taxation (self-employed)
- land/space/venues for working collectively (self-employed)

## Street Vendors Demand:

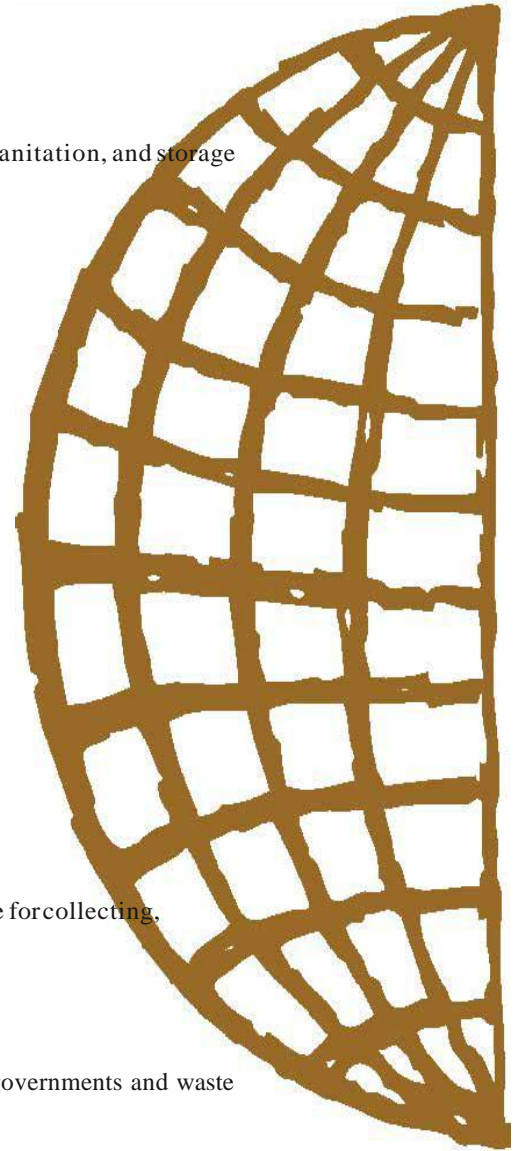
- freedom from harassment, confiscation of goods, evictions, arbitrary warrants and convictions, arbitrary relocations, unofficial payments and/or bribes
- freedom from fear of authorities and mafia elements
- freedom from exploitation by intermediaries who take high fees
- the right to have natural markets of street vendors recognized and built into urban zoning and land allocation plans
- the right to vend in public spaces under fair and reasonable conditions (which balance competing rights of different users of public spaces) and to maintain natural markets
- the right to fair and transparent allocation of permits and licenses
- the right to appropriate sites near customer traffic
- if relocated, provision of suitable alternative sites near customer traffic
- the right to better services and infrastructure at their vending sites, including shelter, water, sanitation, and storage facilities
- provision of infrastructure, including special infrastructure for vendors with disabilities
- provision of protection centers to keep children out of child labour
- education on trading bylaws and local government systems
- access to user-friendly service-providers
- simplified taxation systems
- simplified regulations for informal cross-border traders

## Waste Pickers Demand:

- freedom from harassment, bribes, and evictions by city authorities
- the right to access recyclable waste without restrictions
- access to markets
- provision of infrastructure
- recognition for their economic contribution and environmental service to communities
- the right to access recreational community facilities
- provision of protection centers to keep children out of child labour
- freedom from fear of authorities and mafia elements
- freedom from exploitation by intermediaries who take high fees
- the right to fair and transparent price-setting in the recycling chain
- inclusion in modern waste management systems, and access to equipment and infrastructure for collecting, sorting and storage
- the right of their organizations to bid for solid waste management contracts
- cooperatives and Social Solidarity Economy system
- recognition of their labour as service providers and right to be paid for their service
- the right to ensure solid waste collection is not private but managed by mixed systems between governments and waste pickers' associations (cooperatives, associations, unions)
- an end to the use of incineration and harmful landfill disposals technologies
- promotion of segregation, recycling and composting as ways to secure workers' income

In addition to the above-mentioned four sectors, other sectors of workers in the informal economy who need to be considered in the Recommendation include fisher-people, agricultural sector workers including those in family agriculture, artisan craftspeople, temporary workers, construction sector workers, workers in cooperatives and worker-controlled enterprises, informal transport sector operators, traffic-light workers, etc.

All informal workers – whether wage workers or self-employed workers – in all sectors must have access to basic organizing and labour rights, voice and bargaining power, legal identity and standing, economic rights and social rights, including social protection. Furthermore, it is imperative that informal workers across sectors and in all global regions have input into what formalization, in fair terms, will require.



# Annex 1: Definition of Informal Employment<sup>9</sup>

Informal employment is all employment without social protection (i.e., has no employer contributions) and is comprised of:

Self-employment in informal enterprises: self-employed persons unincorporated and unregistered or small enterprises, including:

- employers
- own-account operators
- unpaid contributing family workers
- members of informal producer cooperatives
  
- Wage employment in informal jobs: wage workers without social protection through their work who are employed by formal or informal firms (and their contractors), by households, or by no fixed employer, including:
  - employees of informal enterprises without social protection
  - employees of formal enterprises without social protection
  - domestic workers without social protection
  - casual or day laborers
  - industrial outworkers (also called homeworkers)





## Contributors to the Platform

Representatives from many informal worker organizations and supporters have contributed to the development of this Platform, through participation in three regional workshops and/or in the WIEGO Network Working Group on Transitioning from the Informal to the Formal Economy.

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