

# Global Position Paper from Organizations of Workers in the Informal Economy

## *ILC 110th Session – General Discussion on the Social and Solidarity Economy*

### 1. INTRODUCTION

- 1.1.** International networks of workers in the informal economy<sup>1</sup> and WIEGO welcome the ILO report on decent work and the social and solidarity economy (SSE) prepared for the International Labour Conference's 110th Session. The report is an important milestone in long-standing work to consolidate global, regional and national frameworks and systems in support of the social and solidarity economy.
- 1.2.** The report describes the ILO's long history in dealing with SSEs, and in particular with cooperatives, which goes back to the ILO constitution. Many ILO standards include SSE provisions. According to the ILO, 61% of the global workforce are in informal employment and 64% of all informal workers are self-employed.<sup>2</sup> To secure their livelihoods, many decide to organize in cooperatives or other SSE units. The implementation of International Labour Standards plays an important role in improving the working and living conditions of workers in the formal and informal economy. With the view to transitioning from the informal to the formal economy and thus having access to a comprehensive system of labour and social rights, the following ILO standards are in particular relevant:
  - 1.2.1.** ILO Recommendation 193 (The Promotion of Cooperatives Recommendation, 2002) clearly states that it recognizes that cooperatives operate in all sectors of the economy and that the Recommendation applies to all types and forms of cooperatives.
  - 1.2.2.** ILO Recommendation 204 (The Transition from the Informal to the Formal Economy Recommendation, 2015) explicitly mentions cooperatives and social and solidarity economy units in the scope of the Recommendation. In implementing R204, governments should develop an integrated policy framework, which includes "the promotion of [...], and other forms of business models and economic units, such as cooperatives and other social and solidarity economy units", to facilitate the transition from the informal to the formal economy.
- 1.3.** We are convinced that the thorough implementation of these two international standards would contribute to changing the lives of millions of workers in the informal economy.

<sup>1</sup> The Global Alliance of Waste Pickers (Global Rec), HomeNet International (HNI), the International Domestic Workers Federation (IDWF) and StreetNet International (StreetNet) – further referred to as "the Nets"

<sup>2</sup> <https://www.wiego.org/statistical-picture> – Based on ILO report "Women and Men in the Informal Economy: A Statistical Picture", 3rd Edition, 2018

- 1.4.** We fully endorse the Report's provisions asserting the universal application of rights at work and most international labour standards (paragraph 79). This is in line with the decent work agenda and the social public-purpose logic, values and principles of the SSE. This provision is also crucial in ensuring that the SSE is not used as a tool to undermine the decent work agenda through the downward variation of rights at work and lack of compliance with international labour standards.
- 1.5.** We recognize the deficit in realizing the decent work agenda. We also recognize the need for many governments and other actors to ensure a conducive environment for the realization of universal application of rights at work and international labour standards in the SSE sector. We believe that more needs to be done to deepen how rights at work and international labour standards relate to the multiple identities (member-worker-owner) of SSE actors.
- 1.6.** We therefore welcome the ILO's initiative to put the discussion on a definition of SSE units at the heart of the general discussion. We expect that the agreement on a definition will contribute to more clarity about the nature of these economic operators and that targeted policy frameworks can thus be developed.
- 1.7.** We make specific proposals on how to strengthen provisions that can advance and promote gender equality in, and through, the SSE.
- 1.8.** The conclusion of the general discussion on the SSE must build on the foundation of international instruments referring to SSEs and the ILO decent work agenda, in order to distinguish the SSE from other types of economic activities and sectors, and to also enable action that can promote the SSE across the world. This is about recognizing, supporting and promoting the SSE as a socio-economic sphere in its own right which requires a conducive global framework to thrive and contribute to decent work and livelihoods. In our view and in our proposals, this must be done through integrating the following points in the conclusion of the general discussion on the SSE:
  - 1.8.1.** A definition, which reflects the values and principles of the SSE, that ensures the application of rights at work and distinguishes SSE units from other economic activities.
  - 1.8.2.** The addition of important values and principles that are integral to the ILO's conceptualization of the SSE.
  - 1.8.3.** Recognizing the SSE as a socio-economic sphere in its own right that can transform economies and contribute to the realization of a decent work agenda and security of livelihoods. We call for the promotion of a distinct identity for the SSE that distinguishes it from both the public and private sectors.
  - 1.8.4.** The ILO needs to institutionally include collaboration, consultations with, and support for representatives of SSE actors and workers' organizations in the informal economy in the follow-up to the general discussion on SSEs and as adopted in the final conclusions, as well as generally in ILO activities regarding the SSE.
  - 1.8.5.** To create more fiscal space for the SSE, which is essentially the economy of the poor, the G20 and international financial institutions must cancel unsustainable and illegitimate debts and reform the global debt architecture so that low and middle-income countries have enough fiscal space for national development.

## 2. THE DEFINITION, VALUES AND PRINCIPLES OF THE SOCIAL AND SOLIDARITY ECONOMY FROM AN INFORMAL WORKERS' PERSPECTIVE

- 2.1. We endorse the core thrust of the definition, values and principles proposed in the ILO Report. We also endorse the report's reference to the potential impact of a universally agreed definition: i) it enables ready operationalization of the definition; ii) it provides impetus for policy-oriented social dialogue; and iii) it lays the foundation for advancing conceptual work on statistical measurement of the SSE. Further to our endorsement, we believe that the definition, and the formulation of values and principles, require further coherent conceptual and policy clarity. Below, we provide specific proposals regarding the definition, social protection, and measures to be taken by ILO Constituents.
- 2.2. We believe that the formulation of the definition, values and principles must focus on the following:
- 2.2.1. Ensuring that both the solidarity and social components of the definition are clearly expressed, making the distinctions between the two concepts clear while at the same time recognizing their common aspects. For example, the main difference between the two concepts concerns how far the logic of each extends from ameliorating socio-economic conditions and effecting a fundamental transformation of economic systems.
  - 2.2.2. The recognition and protection of the multiple identities of SSE actors (member-worker-owner-user).
  - 2.2.3. The SSE serving the producers/service providers as well as the recipients of these services or economic operations.
  - 2.2.4. SSE units must be distinguished from social enterprises such as NGOs or privately-owned enterprises without democratic member-worker-owner participation, from enterprises that lack effective broader social impacts and accountability, and from those where the member-worker-owner individuals and collective are neither workers nor direct recipients of the products/services.
  - 2.2.5. Primarily, the SSE must be socially beneficial economic activities that include income, livelihoods, gender equality, social protection and ecological sustainability.
  - 2.2.6. The autonomy, independence, self-agency and democratic participation characteristics of the SSE must be protected and advanced.
  - 2.2.7. The exclusion from the SSE concept of social enterprises and foundations that operate as non-profit enterprises or NGOs and thus serve societal needs without necessarily complying with the explicit values of the SSE.
- 2.3. Based on the above and with reference to the proposed definition from the ILO Report, we propose the following amendments:
- 2.3.1. To paragraph 21:

*"The social and solidarity economy (SSE) encompasses institutional units with a social or public purpose, engaged in **socially beneficial** economic activities based on voluntary cooperation, **collective/joint***

democratic and participatory **control and** governance, autonomy and independence, the **practices and rules of which prohibit or limit the distribution of profit in line with their social purpose and SSE values and principles**. SSE units may include cooperatives, associations, mutual societies, **foundations**, self-help groups and other units operating in accordance with the values and principles of the SSE in the formal and the informal economies.”

2.4. To the **values** (paragraph 14):

2.4.1. (bullet 1) **Care for people and planet** – “Integral human development, the satisfaction of community needs, cultural diversity, common, ecological culture and sustainability as a **commons and heritage for current and future generations**”.

2.4.2. (bullet 3) **Interdependence** – “Solidarity, mutual aid, cooperation, **reciprocity, joint and collective control and ownership**, social cohesion and social inclusion”.

2.4.3. (bullet five) **Self-governance** – “**Self-agency, self-help, self-responsibility**, self-management, freedom, democracy, participation and subsidiarity”.

2.4.4. We also propose the addition of a new value: (new bullet six) **SSE ecosystem** – “**Building and sustaining a web of life and environment that protects, promotes and advances the SSE ecosystem based on reciprocity, solidarity, mutual exchange, cooperation amongst SSE actors, movement-building, the education and development of SSE actors**”.

2.4.5. We propose a new paragraph that recognizes and promotes a distinct identity for the SSE that distinguishes it from both the public and private sectors. This clarity is essential for what will eventually become the universally accepted definition, values and principles of the SSE. “**The SSE functions outside of party political control, government control or other such state-based control. The SSE is also distinct from the private sector, most significantly in that ownership in private companies is vested with the owners to the exclusion of workers, and the private sector’s lack of democratic control by worker-members over both the labour process and the distribution of surplus**”.

2.5. We propose the following changes to the **principles** in paragraph 15:

2.5.1. **Prohibition or limitation of profit distribution** to be replaced with “**The distribution of profit in line with SSE values and principles, and with the social or public purpose of SSE units**”.

2.5.2. We propose the addition of a new bullet point in paragraph 15 – to read as follows: “**SSE units are not about the maximization of profit for exclusive individual gain. SSE units regard profit as a common resource for the benefit of members and their families and communities, and as a basis for the future growth of the SSE. This includes ensuring decent working conditions for members/hired workers. In addition, the distribution of profit in SSE units is distinguished by democratic, associational and socially beneficial aspects**”.

2.5.3. In bullet point three on democratic and participatory governance in paragraph 15, we propose additional words to the first sentence so that it reads: “The rules applicable to SSE units provide for democratic, **collective/joint**, participatory **control** and transparent governance”.

- 2.5.4.** While social enterprises are part of the broad SSE family, they have important distinctions from the majority of SSE units. In many cases, social enterprises have sole operators (individuals) without broader group or member participation. There is no uniformity regarding how they control and distribute surplus. Some are privately owned and controlled businesses seeking to make profits without sufficient regard for social benefits. In these ways, social enterprises are different from the collective, associational, democratic aspects of the SSE units that we desire and seek to promote.
- 2.6.** We propose the removal of foundations in the examples of types of SSE entities (in the opening paragraph and the whole of bullet point four, paragraph 17). As it stands, this means that large global foundations would be considered in the same category as SSE units set up by workers in the informal economy. Clearly, such foundations are not SSE units.

### 3. THE SSE, GENDER EQUALITY AND SOCIAL PROTECTION

- 3.1.** To achieve, protect, promote and advance gender equality in and through the SSE, we call for the inclusion of the following foundational principles:
- i** Equality and non-discrimination – every person shall be equal and there shall be no unfair discrimination on the basis of gender, sexual orientation or gender identity.
  - ii** Affirmative action for women in the SSE in order to ensure skills development, and access to opportunities for women’s advancement as leaders and managers, among others. There must be a participatory mapping of women’s practical and strategic needs as a basis for gender action plans.
  - iii** Equal pay for equal work, whilst also closing gender-based disparities in pay.
  - iv** Fair and just working conditions that do not disable women and other gender identities from full economic participation in SSE units.
  - v** Protection against sexual harassment.
  - vi** The development of mechanisms and frameworks to appropriately integrate the unpaid social reproduction labour generally provided by women in the economy as a whole and as a basis for shaping the SSE ecosystem into one that fully recognizes women’s labour in social reproduction, particularly through the following measures:
    - Equitable and redistributive recognition and valuing of women’s unpaid reproduction labour and all other forms of work.
    - Dismantling and transforming patriarchal power systems, structures and practices.
    - Gender-sensitive and transformative social protection.
    - Promoting women’s **access** to and **control** over the **resources** they need to improve their lives and livelihoods.
    - Promoting and enhancing women’s **agency** to **influence** the policy, regulatory and institutional environment that shapes their lives and livelihoods.
    - Enhancing the role of SSE in shaping gender-responsive and transformative policy-making.

### 3.2. Social protection

- Based on our position paper<sup>3</sup> that we submitted to the general discussion on Social Protection at the ILC 109th session in 2021, we reiterate the need for workers in the informal economy, including their organizations in the SSE, to have access to social protection generally, contributory and non-contributory schemes and high-quality public services. We remind the ILO constituencies that social protection is a crucial building block in transitioning from the informal to the formal economy. Chapter V of the ILO Recommendation 204 gives clear guidance in this regard. The Promotion of Cooperatives Recommendation 193 calls for measures to promote the potential of cooperatives, irrespective of their level of development, to assist them in improving the social and economic well-being of their members (4f), among others. SSE units consisting of members who are workers in the informal economy must be recognized as an institutional part of the economy and thus must be supported in providing social protection to their members in the same manner as formal workers. This needs to be done in ways in which SSE units (based on their values and principles) may contribute to the provision of public services or a social wage as public goods (i.e. without commodifying social protection or public services). This can be implemented in the areas of basic services such as health care, and early childhood care and development, and where SSE actors can build collective long and short-term savings schemes for workers in the SSE. Often, inappropriate legal and regulatory frameworks, as well as lack of capacity, expertise and access to finance, disable such a possibility.

### 3.3. The SSE as a distinct sphere and sector

The ILO Report fully recognizes the SSE as a socio-economic sphere in its own right that can transform economies and contribute to the realization of decent work and livelihoods. This is important and we call on ILO Constituents to take national actions that respect and maintain the promotion of a distinct identity for the SSE that distinguishes the SSE from both the public and private sectors. Promoting SSE units for workers in the informal economy will, among others, contribute to:

- i Addressing economic and social needs of workers in the informal economy.
- ii Securing and sustaining existing employment.
- iii Creating additional employment.
- iv Building a common voice and enabling joint action and representation.
- v Increasing income and social security through increased bargaining power.
- vi Enabling joint action and solidarity with other social actors (e.g. women's movements, trade unions, small farmers).

**3.3.1.** From an enterprise perspective, it is important to underline that, in the logic of the SSE, it is more beneficial to create cooperatives than individual enterprises for the following reasons:

- i More security (shared risks).

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<sup>3</sup> <https://www.wiego.org/resources/position-paper-extending-social-protection-women-and-men-informal-economy>



- ii Higher degree of resilience – as long as strong leadership and good governance are in place.
- iii Increased economic space for the people's development, promoting decent work and compliance with labour standards and other socially beneficial outcomes and benefits at a community level.

#### **4. RELATIONSHIPS AND ROLES: ILO CONSTITUENTS, ILO OFFICE, ORGANIZATIONS OF WORKERS IN THE INFORMAL ECONOMY AND SSE ACTORS**

- 4.1.** We reaffirm our proposal for reference to ILO Recommendation 193 on Cooperatives, which provides a comprehensive agenda for action, defining the roles of ILO Constituents in promoting cooperatives in line with their definition, values and principles. We call for ongoing social dialogue, which must include representatives of all SSE actors, to ensure the appropriate application of the R193 framework to the broader SSE sphere beyond cooperatives. Specifically, we refer to the provisions dealing with the policy framework and role of governments, the implementation of public policies for the promotion of cooperatives, the roles of employer, worker and cooperative organizations, the relationship between the SSE sector and ILO Constituents, and international cooperation. Below we provide broad proposals as a basis to inform the envisaged social dialogue that would build on the foundation laid by R193 and the ILO Report on Decent Work and the SSE.
- 4.2.** The ILO should focus more on supporting the broader SSE movement beyond cooperatives. We urge the ILO Office to further strengthen its partnership with representative organizations of workers in the informal economy, including SSE units, to appropriately optimize and make real the lessons from the experience of cooperatives.
- 4.3.** We generally support the proposals in paragraph 148 on the role of the ILO Office. In addition, we believe that the overall role of the ILO Office in promoting and advancing the SSE needs to be referenced and adapted from the comprehensive framework and agenda for action laid out in R193 on Cooperatives. This role must focus on:
- i Ways to strengthen SSEs.
  - ii Mobilization of sufficient resources to build the voice, agency, skills and power of SSE actors.
  - iii Support, advice and training for ILO Constituents to ensure that they advance the SSE as required.
  - iv Facilitating partnerships not limited to big or corporatized cooperatives but expanded in ways that recognize the diversity of SSE actors.
  - v Opening up conducive scope and space for ongoing engagement with SSE partners, even though there is no formal institutional representation of the SSE in the ILO.
- 4.4.** We recognize that there is evidence of negative dynamics in both cooperatives and the SSE that undermine the universal definitions, values and principles of both cooperatives and other SSE units. This includes all SSE units that prioritize the profit logic at the expense of the social and public purposes of the SSE (e.g. fake cooperatives) and also big, commercialized cooperatives. Actions required include vigilance, education and training, monitoring and combatting by SSE actors and ILO Constituents.

## **Governments**

**4.4.1.** The support of governments is crucial to develop SSEs. Favourable legal frameworks, including tax regimes, and other financial and technical support is needed so that smaller SSE units can participate in the market on an equal footing and for the benefit of its members and society at large. The ILO R193 provides clear guidance of what is needed. For workers in the informal economy who want to organize in SSE units, and those who have already done so, the following aspects need to be recognized by governments:

### **Appropriate legal and regulatory frameworks**

**4.4.2.** Legal frameworks are often unfavourable for workers in the informal economy. Barriers to forming SSE units are too high and thus exclude workers in the informal economy. What is needed are:

- i** Explicit, clear and coherent legal frameworks that specifically prohibit the misuse of SSE units as mechanisms for undermining regulated wages and working conditions, and non-compliance with international labour standards (e.g. through fake cooperatives and other forms of diluting the SSE identity, values and principles).
- ii** Affordable and easily accessible registration procedures.
- iii** Legal framework that allows small SSE units to meet the requirements.
- iv** Access to finance, particularly start-up capital and working capital on an ongoing basis..
- v** Recognition of experiential learning, instead of emphasising only formal educational requirements.
- vi** Protection for limited liability.
- vii** Mechanisms that ensure compliance with commercial contracts and provide support in recovering debts from clients.
- viii** Rights to land and property use.
- ix** Use of public spaces by SSE units.
- x** Progressive taxation system based on income/surplus.
- xi** Access to government subsidies and incentives.
- xii** Access to financial services and training, including market survey/intelligence, which enable smaller SSEs to develop market niche/opportunities .
- xiii** Equal benefits to those in place for enterprises or bigger coops, such as tax benefits, technical assistance, other financial support (for example government support in accessing credit).
- xiv** Procurement policies that create demands for the goods and services produced by SSEs.
- xv** Access to the formal system of social security for SSE actors.
- xvi** Access to specific skills training, including digital literacy.
- xvii** Inclusion in participatory processes for development planning and budgeting, including at local government level.



## Employers

- 4.4.3.** To avoid diluting the distinct identity of SSE units, employers need to respect the values and principles of the SSE.
- i** Partnerships in SSE sector development, skills development, research and product development, must be done in ways that do not dilute the SSE identity.
  - ii** Ethical conduct in market access, supply chains and enterprise development opportunities is required.

## Workers' organizations

- 4.5.** Trade unions should be open to recognizing SSE units as a legitimate form of organizing, representation, action and solidarity that unites SSE workers with organized workers in trade unions without diluting the identity of the SSE.
- 4.6.** Trade union and worker representatives should support SSE units in ways including:
- i** Organizing workers in the informal economy and SSE.
  - ii** Protecting rights at work and international labour standards in SSE units.
  - iii** Promoting education and training.
  - iv** Supporting worker-led SSE units in being included in partnerships and programmes with the ILO.
  - v** Promoting research and advocacy on worker-led SSE units.

## 5. Conclusion

We welcome the ILO report on decent work and the SSE prepared for the ILO's 110th Session and believe that the conclusions of the general discussion on the SSE must be built on the foundation of international instruments referring to SSE units and the ILO decent work agenda. A definition that ensures the application of rights in the field of work and that distinguishes SSE units from other economic activities is essential. We call for the promotion of a distinct identity for the SSE that differentiates it from both the public and private sectors.

Referencing ILO Recommendations 193 (on cooperatives) and 204 (which contains provisions that provide an agenda for action) is important with a view to transitioning from the informal to the formal economy and thus having access to comprehensive labour and social rights. The ILO Office should further strengthen the partnership with representative organizations of workers in the informal economy, including SSE units, to optimize the lessons from the experience of cooperatives appropriately.