For the implementation of the 2015 ILC Resolution No.204 (concerning the Transition to the Informal to the Formal Economy)

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The informal economy in numbers

![Bar chart showing informal employment in non-agricultural employment by region and gender gap.](chart.png)
Major challenges in the informal economy

- Rights at work
- Rule of law
- Inclusive development
- Social protection
- Quality employment
- Decent working conditions
- Inclusive development
- Social protection
- Quality employment
- Decent working conditions
- Rights at work
Process of transition to the formal economy

Based on social dialogue

Governance

Structural issues

Public policies
Objectives to facilitate the transition

One  Respecting workers’ fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship

Two  Sustainability of enterprises and decent jobs in the formal economy
     Social protection and other social policies

Three Prevent the informalisation of formal economy jobs
### Scope of the informal economy

<table>
<thead>
<tr>
<th>Economic units</th>
<th>Contribution family workers</th>
<th>Employees holding informal jobs</th>
<th>Workers in unrecognized or unregulated employment relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Own-account workers</td>
<td>• In the formal economy</td>
<td>• Subcontracting</td>
<td></td>
</tr>
<tr>
<td>• Employers</td>
<td>• In the informal economy</td>
<td>• Supply chains</td>
<td></td>
</tr>
<tr>
<td>• Members of cooperatives and of social and community-based</td>
<td></td>
<td>• Paid domestic workers</td>
<td></td>
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</table>
Guiding principles in facilitating the transition

- Recognise diversity of characteristics, circumstances and needs of workers
- Recognise specific national circumstances, legislation, policies, practices and priorities
- Apply different and multiples strategies
- Require coherence and coordination across a broad range of policy
- Balance incentives and compliance measures
Areas of a policy guide from ILC Recommendation No.204
Area of Action 1: Legal and policy framework

No.1  Assessment and diagnostics of existing laws, regulations and policies to facilitate the transition

No.2  Adopt, review and enforce national laws and regulations or other measures to protect workers and economic units

No.3  An integrated policy framework
Potential areas of the integrated policy framework

1) Adopt strategies for sustainable development, poverty eradication and inclusive growth
2) Establishment of an appropriate legislative and regulatory framework
3) Promotion and realization of the fundamental principles and rights at work
4) Organisation and representation of workers to promote social dialogue
5) Promotion of gender equality and non-discrimination
6) Access to education, lifelong learning and skills development
7) Effective OSH policies
8) Efficient and effective labour inspections
9) Income security, including minimum wage policies
10) Effective access to justice
11) International cooperation mechanisms
Area of Action 2: Employment policies

No.1  Formulate and implement a national employment policy in line with the Employment Policy Con. 1964 (No.122)

No.2  Implement a comprehensive employment policy framework, based on tripartite consultations

- Labour market policies (wages, social protection schemes)
- Labour migration policies
- Education and skills development policies
- School-to-work transition of young people
- Measures to promote the transition from long-term unemployment to work
Areas of Action 3: Rights and social protection

No.1
Promote and realise the fundamental principles and rights at work
- Promotion of eight ILO core conventions

No.2
Address unsafe and unhealthy working conditions
Promote and extend OSH protection

No.3
Build national social protection floors
- Maternity protection
- Affordable childcare and other care services
- Decent working conditions
- Extension of coverage of social insurance
Area of Action 4: FOA, CB and social dialogue

No.1  Promote the principle of FOA & CB in the informal economy
- Promote the formation of workers’ organisations at all levels
- Extent union services to workers in the informal economy

No.2  Create an enabling environment to allow workers/ employers to participate in social dialogue in the transition

No.3  Strengthen the capacity of the representatives of workers’ and employers’ organisations in collaboration with the ILO
<table>
<thead>
<tr>
<th>No.</th>
<th>Initiative</th>
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<tbody>
<tr>
<td>No. 1</td>
<td>Law enforcement and effective sanctions</td>
</tr>
<tr>
<td></td>
<td>- To address tax evasion and avoidance of social contributions, labour laws and regulations</td>
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<td></td>
<td>- Capacity building for relevant actors</td>
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<td>No. 2</td>
<td>Adequate inspection system and extension of labour inspection to all workplaces in the informal economy</td>
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<tr>
<td>No. 3</td>
<td>Establish efficient and accessible complaint and appeal procedures</td>
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Area of Action 6: data collection and monitoring

**No. 1**
Collect, analyse and disseminate statistics of the informal economy
- In consultation with workers’ and employers’ organisations

**No. 2**
Monitor and evaluate the progress towards formalisation

**No. 3**
Review the effectiveness of policies and measures to facilitate the transition to the formal economy
Concluding: Tips for consideration

**Start**
- make a concrete action plan for on-going key labour issues/ include DWCPs
- Conduct analytical studies, if needed, to build the capacity of unionists and strengthen a union position

**Process**
- The process of facilitating the transition takes from a minimum of 2 years to more than 4-5 years
- There is the need to set an appropriate timeframe to bring tangible results

**At action**
- Need to develop strategies to constantly mobilise trade unions during the process
- Strengthening a partnership with relevant institutions (ex., labour-friendly organisations) would be also useful to maximize support to the partner unions and create a synergy effect
- Effectively use existing bipartite and tripartite dialogue mechanisms to build a tripartite consensus

- Mobilise the media (press release or press conference) for public awareness and for gaining public support

- Align with a political party in case a legislation has to be enacted or revised/ or the ratification process of any ILO convention will take place
THANK YOU