ITUC-AP Policy on Facilitating formality of the informal economy: Organising and Promotion of rights for informal workers

ILO Regional Seminar on the Role of Trade Unions in Facilitating the Transition from the Formal to the Informal economy

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ITUC-AP
International Trade Union Confederation

- Founded in November 2006 at its Founding Congress
- Head Office: Brussels
- Membership 180 million of 333 affiliates in 163 countries

ITUC-Asia Pacific

- Founded in September 2007 at its Founding Conference
- Representing 23 million paying members (effectively over 60 million) of 59 affiliates in 34 countries
- Head Office: Singapore
Aims of the ITUC-AP

• It has been the historic role of trade unionism, and remains its mission, to better the conditions of work and life of working women and men and their families, and to strive for human rights, social justice, gender equality, peace, freedom and democracy.

• Bread, Freedom and Peace
Challenges before Union movement

- Declining labour share
- Inequality: widening gap between the haves and have-nots persistent poverty
- Discrimination
- Unemployment
- Insecure jobs, precarious work
- Growing informal economy
Employment deficits

- Informal Economy
- Atypical workforce
- Precarious employment
- Migrant labour
- Child labour
Decent Work

Labour Standards
Employment
Social Protection
Social Dialogue
Inequality

UNDP Statistics

- Percentage Share of World GDP

- Income group

  - Richest 20% get 86%
  - Middle 60% get 13%
  - Poorest 20% get 1%
Breakdown of costs of a shirt

1. Retail* 59%
   €17.00

2. Profit to the brand 12%
   €3.61

3. Material cost 12%
   €3.40

4. Transport costs 8%
   €2.19

5. Intermediary 4%
   €1.20

6. Profit factory in Bangladesh 4%
   €1.15

7. Overhead costs 0.9%
   €0.27

8. Pay to worker 0.6%
   €0.18

* Includes all costs at a retail level including staff, rent, store profit, VAT etc.
High Unemployment Rate

Figure 4. Global unemployment trends and projections, 2003–18

Note: * 2013 are preliminary estimates; 2014–18 are projections. The graph displays past trends and projections for global unemployment.

Precarious Work

- No essential job security
- Fixed term of employment
- Liable to unilateral termination of employment
- Lower working conditions
- Exempted from public social security schemes and other labour laws.
Informal Economy workers

- Overwhelming majority
- Low incomes/skills
- Long working hours/Overwork
- OHS hazards /Unsafe work
- Poor quality of tools, premises, services
- Lack of job security
- Lack of legal protection
- Harassment
Informal Economy

- Asia 65%
- South Asia Over 80%
- India – over 92%
- Nepal 90%
- Bangladesh 85%
- Pakistan 73%
- Sri Lanka 66%
Informal Employment in Non-Agricultural Employment

ITUC-Asia Pacific
International Trade Union Confederation – Asia Pacific
What is informal economy

Activities that are mainly outside state regulations and legal recognition undertaken by non-corporate sector which is a growing phenomenon in developing countries, activities that are mainly self-employed and casualised work, involving high proportion of women and migrant workers, display informal relations, largely unrecognised by governments, overlook health and safety considerations and the workers mostly non-unionised consisted informal economy.
Who are included?

- On-account workers;
- Employers employed in their own informal sector enterprises;
- Contributing family workers
- Members of cooperatives and social and solidarity economy units
- Employees holding informal jobs in formal enterprises including sub-contracting, supply chains, paid domestic workers employed by households; and
- Workers in unrecognised or unregulated employment relationships
Decent Work Deficits

- Poor labour standards
- Unprotected by labour legislations
- Job and income security
- Low coverage of social security
- Occupational health & safety standards
- Lack of representative organisations
- Weak voice
Why informal Economy Growing?

- Failure of economic policies to transit from traditional economies to modern structured economies
- Consequence of failed policies leading to the collapse of the formal economy structure
- Failure of the formal economy to create jobs in synchronization with the growth of the potential workforce
- Restructuring of employment relations, i.e. outsourcing, casualisation, etc.
Major Sectors in Informal Economy

Agriculture
Manufacturing
Forest Products
Fishery
Artisan skills
Construction
Service providers
Atypical/Irregular Workers

- Part-time employment in formal enterprise
- Temporary employment in formal enterprises
- Self-employment, in particular own account workers with employees
- Contract/subcontract work
- Industrial outsourcing, including home work
- Dispatched workers/agency
- Special employment arrangements like commission
- Sweatshop work
- Day labour
Challenges of Trade Union Engagement with Informal Economy Workers

• Internal Challenges
• External Challenges
Internal Challenges

- Lack of Political will
- Lack of capital resources
- Lack of human capacity
- Internal regulatory constraints i.e. TU constitutions
- Lack of understanding informal economy dynamics
Internal Challenges

• Lack of formal structures to manage the informal economy phenomenon

• Lack of service to the informal economy
External Challenges

• Lack of Political will
• Laws only designed to meet the needs of formal workers
• Lack of enforcement
• Lack of clear government policies to manage informal economy
External Challenges

- Poor government institutional structure
- Competition for informal economy attention by organisations with varied agendas
Union Presence dismal

- ITUC represents the largest democratic force
- ITUC-AP is the sole representative organisation of working people in the region
- ITUC union density 7%
- Asia Pacific no different
<table>
<thead>
<tr>
<th>Country</th>
<th>Unionisation Rate (%)</th>
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<tr>
<td>Australia</td>
<td>18</td>
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<tr>
<td>Bangladesh</td>
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<tr>
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Building Workers Power

- Union strength
- Realising Rights
- Sustainable Jobs

- Campaign for labour law reforms
- Support specially targeted programmes for informal economy, migrant labour, EPZs

* Organising Academy
Trade Union Action

- Organisation
- Campaign for ratification
- Labour laws
- Create awareness
- Coalition building
- Monitor enforcement
- Campaign for coverage of SSS
Trade Union Action

• Pilot Project
• Change in union structures
• Pilot project
• Cooperative option
• Dissemination of information
Effective Strategies

- Traditional means no longer adequate
- Increased resources
- Research and understanding
- How to win first CBA
- Defending workers
- Organise in subsidiaries, sub-contractors, supply chains
Effective Strategies

- Alliance with other organisations
- Education and trade union action
- Special recruitment drives for women and youth
- Membership servicing - housing, insurance, cultural, sports, cooperatives

Think Globally, Act Locally
Organising Methods

- Awareness and empowering
- Through cooperatives
- Study circle
- Skills development and vocational training
- Welfare activities
- Collective bargaining
Organising Methods

- Solidarity action
- Unity and unification
- Social mobilisation
- Special membership
Building Workers’ Power
Organising
Unity - The Way Forward
Solidarity
Bread, Freedom, Peace

ORGANISE, ORGANISE, ORGANISE