



# ► The role of social dialogue and the social partners in addressing the consequences of COVID-19 in the informal economy

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## ► Question 1: What do International Labour Standards say on representation and participation of workers and economic units in the informal economy in social dialogue?

- All workers and employers shall have the right to freedom of association and collective bargaining for furthering and defending their interests, as provided for in the [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\)](#) and [Right to Organise and Collective Bargaining Convention, 1949 \(No. 98\)](#). This includes those in the informal economy.<sup>1</sup>
- This is reaffirmed in the [Transition from the Informal to the Formal Economy Recommendation, 2015 \(No. 204\)](#), which underlines the right of those in the informal economy to establish and to join organizations, federations and confederations of their own choosing.<sup>2</sup> Recommendation No. 204 further states that an integrated policy framework on the transition to formality should address the organization and representation of employers and workers to promote social dialogue.<sup>3</sup>
- Social dialogue can be instrumental in ensuring that policies address informality efficiently, particularly with regard to enabling informal economic units and informal workers to transition to formality. In some sectors, membership-based organizations already exist (trade unions, micro entrepreneurs' associations, cooperatives and other types of representation) to represent the interests of those in the informal economy.<sup>4</sup> Where they do not, the diversity of situations in the informal economy requires trade unions and employers' organizations to deploy different strategies to reach, organize and extend services where appropriate to all workers and economic units.<sup>5</sup> In so doing, and in line with guidance provided by Recommendation No. 204 and national practice, they should include in their rank representatives of member-based representative organizations of workers and economic units in the informal economy who will best understand the realities and needs of their peers. Moreover, the fact that workers' and employers' organizations are present in social dialogue bodies enables them to represent and defend the interests of their members in the informal economy.
- Paragraph 35 of Recommendation 204 indicates that the capacity of representative organizations of workers' and employers' and, where they exist, representative organizations of those in the informal economy, to assist workers and economic units in the informal economy, with a view to facilitating the transition to the formal economy, should be strengthened. It states as well that member states as well as employers' and workers' organizations may seek the assistance of the ILO in this regard.
- Governments should promote the active participation of the most representative employers' and workers' organization<sup>6</sup> in the process of identifying the nature and extent of the informal economy<sup>7</sup> and when

1 See: [Committee of Experts on the Application of Conventions and Recommendations \(CEACR\), Giving globalization a human face](#), paragraph 53.

2 ILO: [Recommendation No. 204](#), paragraph 31.

3 ILO: [Recommendation No. 204](#), paragraph 11(e).

4 See: [CEACR, Promoting employment and decent work in a changing landscape](#), paragraphs 430-435.

5 ILO: [Recommendation No. 204](#), paragraph 33.

6 As clarified by the CEACR, the determination of the most representative organization should meet some conditions. First, it must be based on objective, pre-established and precise criteria so as to avoid any possibility of bias or abuse. Furthermore, the distinction should generally be limited to the recognition of certain rights — for example for such purposes as collective bargaining, consultation by the authorities or the designation of delegates to international organizations. The concept of "most representative" organizations is mentioned in Article 3, paragraph 5, of the ILO Constitution. See CEACR, [General Survey on Freedom of Association and Collective Bargaining](#), 1994, paragraph 97.

7 ILO: [Recommendation No. 204](#), paragraph 6.

designing, implementing and evaluating policies and programmes of relevance to the informal economy.<sup>8</sup> In some instances workers' or employers' organizations in the informal economy may be considered as the most representative organizations.<sup>9</sup>

- The [Social Protection Floors Recommendation, 2012 \(No. 202\)](#) is also relevant in the current crisis to support the transition from informal to formal employment. It calls on member States to establish, as a priority, social protection floors for all in need, and to progressively ensure higher levels of social security to as many people as possible, as soon as possible.<sup>10</sup> Recommendation No. 204 calls on member States to progressively extend, through the transition to formality, social security and social insurance to all workers in the informal economy. Recommendation No. 202 highlights the indispensable role of broad and effective social dialogue in the development of comprehensive social security systems, including social protection floors. While it places the overall responsibility for its implementation on the State, it calls for the participation of representatives of workers and employers, and for consultation with other relevant and representative organizations of

the persons concerned.<sup>11</sup> This may include for example workers in the informal economy.

- The [Employment and Decent Work for Peace and Resilience Recommendation, 2017 \(No. 205\)](#) recognizes the vital role of employers' and workers' organizations in crisis response. It emphasizes that, in case of crises, it is crucial to develop coherent and comprehensive responses through social dialogue, in consultation with the most representative employers' and workers' organizations and, as appropriate, taking into account the views of relevant civil society organizations.<sup>12</sup>
- COVID-19 responses that affect women and men working in the informal economy should be addressed through social dialogue. In accordance with paragraph 34 of Recommendation No. 204, in designing, implementing and evaluating policies and programmes of relevance to the informal economy, including its formalization, Members should consult with and promote active participation of the most representative employers' and workers' organizations, which should include in their rank, according to national practice, representatives of membership-based representative organizations of workers and economic units in the informal economy.

## ► **Question 2: What kind of support can workers' and employers' organizations provide to those in the informal economy during the COVID-19 crisis and in the recovery phase?**

- Recommendation No. 204 recognizes the fact that employers' and workers' organizations play an important and active role in facilitating the transition from the informal to the formal economy.<sup>13</sup> Indeed, for many years, these organizations have reached out in various ways to support workers and economic units in the informal economy to reduce their decent work deficits and support their transition to formality.<sup>14</sup>
- Informal economy workers and economic units have, nonetheless, had a tendency to be outside the scope of many COVID-19 responses, largely due to the fact that, as they are not registered, it is difficult for the public authorities to reach them. This situation is exacerbated by their frequent mistrust and fear of the authorities. Moreover, given the heterogeneity of the

informal economy, policy measures must be very targeted and specific to particular groups if they are to be effective.<sup>15</sup>

- During the COVID-19 crisis, many employers' and workers' organizations have made specific efforts to help workers and economic units in the informal economy confront the extremely challenging circumstances in which they find themselves. Those organizations that had already forged cooperation with actors in the informal economy before the onset of the crisis were best placed to assist their counterparts effectively. Most workers in the informal economy are not in a position to rely on income replacement (e.g. work sharing schemes) or savings and therefore need to continue earning an income to feed themselves and their families.<sup>16</sup>

8 ILO: [Recommendation No. 204](#), paragraphs 34 and 38.

9 For example, [the Union Personal Auxiliar de Casas Particulares \(UPACP\)](#) from Argentina had in 2014 almost 50,000 members the majority of which were in the informal economy. UPACP is the most representative union in the sector. In addition, the Self Employed Women's Association (SEWA) is a registered trade union of self-employed women in India. Most of its members are women workers in the informal economy.

10 ILO: [Recommendation No. 202](#), paragraph 1.

11 ILO: [Recommendation No. 202](#), paragraph 3(r).

12 ILO: [Recommendation No. 205](#), paragraphs 7(k), 8(d) and 25.

13 ILO: [Recommendation No. 204](#), Preamble.

14 ILO: [Interactions between Workers' Organizations and Workers in the Informal Economy: A Compendium of Practice](#) (2019) and ILO: [Organizing Informal Workers into Trade Unions - A trade union guide](#) (2019).

15 ILO: [COVID-19 crisis and the informal economy. Immediate responses and policy challenges](#). May 2020.

16 Ibid.

- A few practical examples from around the globe are presented below to illustrate how employers' and workers' organizations have extended their services to people in the informal economy during the pandemic. These might constitute entry points for them to further develop and extend their services and representation beyond the crisis.
- In Guadalajara (**Mexico**), the Council of Industrial Chambers of the State of Jalisco (Consejo de Cámaras Industriales de Jalisco-CCIJ) and the University of Guadalajara (Centro Universitario de Ciencias Económico-Administrativas (CUCEA)) designed and implemented a "hospital" for SMEs (small and medium-sized enterprises) affected by COVID-19 with support from the ILO.<sup>17</sup> Almost a third of the enterprises requesting support did not provide a tax number or documentation and are believed to be informal. The "Pyme Hospital" offers a no-fee service to address the urgent needs of micro and SMEs in the areas of finance, marketing, human capital management, strategic planning, business reengineering, legal, fiscal and social security matters. The hospital offers coaching to deal with the challenges experienced by companies as a result of COVID-19.
- In June 2020, the **Georgian** Trade Union Confederation (GTUC) launched an awareness raising and information campaign to help thousands of informal workers in the retail sector benefit from support from the state to mitigate the effects of the COVID-19 pandemic, particularly by the payment of a 300 GEL lump sum (about US \$100) per worker. To achieve this, the campaign assisted market vendors across the country to meet the eligibility criteria set out in the Government decree. The main challenge was to convince market owners to provide vendors with a written certification that the latter had been working and/or carrying out economic activities at the food markets during the two months prior to the start of the pandemic. The GTUC extended its legal and bargaining services to some 200 market vendors to help them obtain the required documentation to obtain the state support.<sup>18</sup>
- In **Togo**, a permanent bipartite consultation committee which consists of workers' and employers' organizations has been set up in the wake of the crisis. One of its aims is to engage in dialogue with actors in the informal economy with a view to supporting their formalization.
- In the domestic work sector, that is largely informal in most countries, domestic workers' organizations have played a key role in providing emergency support to their members. In countries around the world, including the **Dominican Republic, Togo** and **Malaysia**, domestic workers' trade unions have delivered food and water to the homes of domestic workers, made and distributed masks, and provided shelter for those who lost their jobs. Many domestic workers' organizations have also drafted and disseminated guidelines and conducted training on the safe return to work. In the case of **Argentina**, information on occupational safety and health (OSH) has been included in a mobile phone application developed by the main domestic workers' trade union. Furthermore, the employers' and workers' organizations in **Argentina** successfully lobbied their government to obtain an extension of emergency income support measures (compatible with universal child support) to the domestic work sector.<sup>19</sup> This measure mainly benefits informal women workers, as domestic work is the most prevalent occupation among women in informal employment in the country.<sup>20</sup>

### ► **Question 3: How are the interests and concerns of workers and economic units in the informal economy being represented and addressed in mechanisms of tripartite social dialogue in the COVID-19 context?**

- Many countries around the world have developed, at least in part, their COVID-19 response and recovery measures through tripartite social dialogue between governments, employers' and workers' organizations.<sup>21</sup> The capacity of the social partners to effectively address the interests and needs of workers and economic units in the informal economy in times of crisis depends, in part, on the extent to which they have been able, in earlier times, to establish constructive links directly with them or with their membership-based, representative organizations. Some of the COVID-19 measures specifically address the particular needs and circumstances of workers and enterprises in the informal economy, who

<sup>17</sup> See: <http://hospitalpyme.cucea.udg.mx/como-funciona/> for more information (in Spanish only).

<sup>18</sup> See: <http://gtuc.ge/en/negotiations-were-held-between-the-trade-unions-and-the-administration-of-the-agrarian-market/> and <https://1tv.ge/video/shekhvedra-dezertirebis-bazarshi/>

<sup>19</sup> UN Women, ILO, ECLAC: [Domestic workers in Latin America and the Caribbean during the Covid-19 crisis](#). Brief. 12.6.2020.

<sup>20</sup> ILO: [Women and men in the informal economy: A statistical picture, 3rd ed.](#) (Geneva, ILO, 2018).

<sup>21</sup> ILO: [Peak-level social dialogue as a governance tool during the COVID-19 pandemic: Global and regional trends and policy issues ahead](#). ILO Research Brief, October 2020; [The need for social dialogue in addressing the COVID-19 crisis](#), ILO Policy Brief, May 2020.

otherwise would not have been reached. The examples below illustrate cases where social dialogue institutions have contributed to targeted measures for, or including, those in the informal economy.

- In **Tunisia**, the social partners negotiated an agreement with the Ministry of Labour to support companies, secure incomes and protect employment across the private sector. Following this agreement, the salaries of about 1.5 million workers were paid during COVID-19-related closures in April 2020. The government paid an exceptional grant of DT200 (about USD70) per worker while employers paid the remaining salary. In order to benefit from this assistance, companies had to be affiliated to the National Social Security Fund and they were given up to 30 days to declare their employees, without incurring penalties. This scheme is expected to have had a positive impact on formalization in the country.<sup>22</sup>
- In **South Africa**, the National Economic Development and Labour Council (NEDLAC) includes representatives of the informal economy in its community constituency, which is a separate entity to the government, business and labour constituencies.<sup>23</sup> In a virtual meeting with the South African President Cyril Ramaphosa in April 2020, NEDLAC discussed ways to improve the provision of support to vulnerable citizens and communities.<sup>24</sup> One measure included in the government's R500 billion economic support package is a special Covid-19 Social Relief of Distress grant of R350 a month for the millions of South Africans in the informal economy who are
- currently unemployed and cannot access other social assistance. The package also includes support to SMEs, informal shop owners and other informal businesses in the form of loans, grants and debt restructuring.<sup>25</sup>
- The High Council for Social Dialogue (HCDS) in **Senegal** has addressed the consequences of the pandemic for workers and enterprises in the informal economy. The HCDS includes representatives of the informal economy in the National Union of Traders and Industrialists of Senegal alongside several other trade unions and business organizations. It has consistently drawn attention at the highest level to the critical situation of those in the informal economy. The Council has been actively involved in the steering committee for an ILO rapid assessment on the impact of the COVID-19 crisis on the informal economy, contributing to the selection of sectors, providing contacts and reviewing the draft report. Through building a tripartite consensus, it plans to advocate the incorporation of the study's findings and recommendations where possible in the national COVID-19 recovery plan.
- In **Peru**, the Acuerdo Nacional (national agreement) is the set of State policies which are prepared and approved on the basis of broad-based civil dialogue and consensus. Measures announced in June 2020 to reactivate the economy and protect public health recognized the need to ensure that workers in the informal economy were complying with safety standards (use of masks, social distancing and hygiene norms).<sup>26</sup>

22 ILO: Negotiated income support and job security in Tunisia. Background Note. Forthcoming. [Text of the agreement in Arabic](#).

23 The Community constituency is represented in the executive council and in one of the four NEDLAC chambers (the development chamber); the other three chambers (public finance and monetary policy, trade and industry and labour market) have a tripartite composition of government, business and workers' representatives.

24 President Cyril Ramaphosa chairs special [NEDLAC meeting on coronavirus pandemic](#).

25 <https://www.ilo.org/global/topics/coronavirus/country-responses/lang--en/index.htm#ZA>.

26 <http://acuerdonacional.pe/wp-content/uploads/2020/06/MEDIDAS-INMEDIATAS-PARA-REACTIVAR-LA-ECONOM%C3%8DA-Y-PRESERVAR-LA-SALUD-4.6.2020.pdf>

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