

**11<sup>th</sup> African Regional Meeting**  
*Addis Ababa*

Information Note

**Parallel Session III: Integrated employment and social protection policies to upgrade the informal economy**

*Thursday, 26 April*

*14.00-16.00*

**Introduction**

In Africa, the majority of the labour force is in the informal economy. It is estimated that as many as nine in ten rural and urban workers have informal jobs, and this is especially the case for women and young people who have no other choice than the informal economy for their survival and livelihood. While some activities in the informal economy offer reasonable livelihoods and incomes, most people engaged in informal activities face insecure incomes and a wide range of decent work deficits. The situation is particularly dramatic for workers affected by HIV/AIDS. In Africa, informalization is closely linked with the growing phenomenon of the working poverty and the inability of the formal segment to create decent employment opportunities. Improving the productivity of and market access for workers and producers in the informal economy and facilitating their access to mainstream economic resources is at the heart of many poverty reduction strategies in the continent.

**Objectives**

The overall objective of this Parallel session is to debate integrated policies that are needed to reduce decent work deficits in the informal economy and to facilitate transition of workers and economic units to formality in the context of Decent Work Country Programmes.

**Key issues and challenges**

The informal economy consists of many different economic activities, including wage workers, home-based workers, street vendors, entrepreneurs who employ other workers, self-employed and casual workers. In Africa, more than in any other region, self-employment (outside agriculture) comprises a greater share of informal employment. Most informal workers, both self-employed and wage earners, are deprived of secure work, workers' benefits, social protection and representation. As a result of these and other factors, there is a significant, but not complete, overlap between working informally and being poor.

In June 2002, the International Labour Conference adopted the resolution and conclusions concerning decent work and the informal economy which provides a new framework for action. It defines the informal economy broadly as referring to "all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements". It calls for the development of a comprehensive and integrated strategy cutting across a range of

policy areas that eliminates the negative aspects of informality, while preserving the significant job creation and income-generation potential of the informal economy, and that promotes the protection and incorporation of workers and economic units in the informal economy into the mainstream economy.

In 2004, the AU Extraordinary Summit on Employment and Poverty Alleviation in Africa highlighted the need for an integrated approach to employment that should address in a comprehensive fashion the four following challenges: enterprise upgrading, skills development, the extension of social protection and the encouragement of organizing.

Good practices and practical approaches are emerging in these various fields. However, a more systematic effort is needed to identify, document and evaluate these practices from the perspective of decent work. Few country initiatives embrace the broad range of policy measures in a coherent and simultaneous manner. Moreover, “success stories” are still being developed through pilot project frameworks with short-term funding. Scaling up into mainstream policies and programmes remains a challenge. A wealth of knowledge, experience, tools and strategies is available in the ILO. The current challenge is to combine such expertise into effective integrated approaches with the twin objective of employment creation and social protection.

A promising strategy could consist in the definition of a framework for a comprehensive approach that will serve as a guide for country specific implementations. A first step would be to carry out a diagnosis through a survey to collect required data on the informal economy and an analysis of the institutional and policy environment. On this basis, priority action areas could be identified through social dialogue at national level. Then actions could be taken to promote an enabling environment for formalization and to implement integrated strategies to reduce decent work deficits in identified priority domains (e.g., sectors or occupations, geographical areas).

The way forward is to convince key actors at the national, continental and international levels to attach highest policy attention to the informal economy, especially in the context of Poverty reduction strategies (PRSs) and the achievement of the Millennium Development Goals (MDGs).

### **Possible questions for debate**

The discussion may focus on:

- Practical strategies to upgrade the informal economy and facilitate transition to formality (examples of practical strategies and good practices);
- How to better integrate the reduction of decent work deficits in the informal economy to Africa’s development and Poverty reduction strategies;
- The role of the enabling environment including the legislative framework governing the micro and small business;
- The role of employers’ and workers’ organizations and social dialogue in upgrading the informal economy.