

Session 2

Upgrading work and enterprises in the informal economy: organizing for voice and participation

Summary of key ideas emerging from the panelists' presentations and the debate

- 1) I witnessed wide agreement of the participants on the diagnosis of the problems faced by people living on the informal economy and on the identification of the challenges ahead of us. First, informal economy is spreading everywhere, including in industrialized countries, and globalization is a contributing cause of this process. Second, the nature of the process of "informalization" varies between a range of different situations. At one extreme, in developed countries, there is an informalization of the formal employment. At the other extreme, in least developed countries, increasing informalization is associated with the declining ability of the agricultural sector to absorb the growing workforce productively and its declining attractiveness to young school leavers together with the inability to generate sufficient non agricultural formal jobs. Third, informal work is rarely decent work and is often correlated with poor governance and the absence of rule of law. Four, fair globalization cannot be achieved if we fail addressing those challenges and this should be done as a matter of priority. "How to face up to these challenges" was the central question put to us. I shall summarize the key ideas that were put forward in the course of the discussion.
- 2) The challenges are so complex that they require *coherent sets of international policies, national and local policies*. An integrated strategy should look at the synergies of policies dealing with land access, land registration, enhancement of agricultural productivity, macro economy, taxation, property rights, skills development, technology development, growth of domestic demand to mention a few elements. There was no agreement as to what the right mix of policies and measures is. Some argued that securing legal entitlements should be the priority; others considered that promoting economic development should be the priority. The debate about what development strategy to pursue remains open.
- 3) Related to the question of policy coherence, *the issue of not having reliable data to formulate any policy was highlighted*. It was suggested that urgent attention be given to address the problem of data collection and compilation.
- 4) *Connecting informal and formal economies: a role for MNEs* - It was also suggested that promoting fair globalization and upgrading informal enterprises could not be done without a change of multinational enterprises practices, especially with their suppliers in global value chains.

- 5) *Stimulating organization and voice* – No policies will be efficient without the full engagement and support of all concerned actors and naturally the question of how to organize the various actors (workers, self employed, micro entrepreneurs) of the informal economy was debated. It was recognized that the question of organizing people is a major challenge in itself and some stressed that duplication of efforts should be avoided. Representation role and mandate of trade unions should be recognized and respected. Experiences had shown that forces of Trade unions and NGOs can be joined around common agenda. It was therefore suggested that partnerships be developed around common agenda such as “developing the capabilities within the informal economy”. It was also suggested that local authorities could take the lead in coordinating “organization efforts” at local level. Finally, the question of informal economy actors’ representation and voice in the ILO was put forward. Some suggested that ILO be reformed to that effect, however no concrete proposals have been put forward.

- 6) *It is time to join forces and ILO needs to push for a global integrated strategy:* No progress can be achieved without strong support from the international community, including the UN system. The current UN reform has already led to increased collaboration, including with UN HABITAT, UNCTAD and FAO. This should be expanded and the ILO should be calling for a wider coalition.