



International
Labour
Organization

IN LATIN AMERICA AND THE CARIBBEAN,
T H E R E A R E

130

M I L L I O N
I N F O R M A L
W O R K E R S

FORLAC

IS THE ILO PROGRAMME
**FOR THE TRANSITION
FROM INFORMAL TO
FORMAL ECONOMY**

Regional Office for Latin America and the Caribbean



The region has managed to reduce unemployment and increase social protection and wage and salaried employment.

B U T

INFORMALITY

IS PERSISTENT
AND REPRESENTS
A MAJOR OBSTACLE

on the road to our countries' social and economic progress.

Informality impedes taking advantage of the potential of a key sector of the economy where **entrepreneurship, initiative, resourcefulness, sacrifice and effort are plentiful.**

Informality is almost always synonymous with low incomes, job instability, a lack of social protection, discouragement and violation of rights.

Informality = poverty = inequality
 A high level of informality = low productivity = low growth

The formalization of informality is a major challenge for Latin America and the Caribbean

FORLAC

What is informal employment?

It is a labour relationship that is not subject to national labour legislation, income taxation, social protection or entitlement to employment benefits...

What is the FORLAC Programme about?

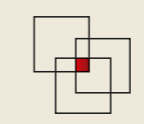
- ↳ Generates knowledge on the dimensions and nature of informality to make accurate decisions
- ↳ Provides advice and technical assistance for the design of integral national and local strategies
- ↳ Trains representatives of governments, employers' and workers' organizations
- ↳ Helps strengthen the institutional capacity of countries
- ↳ Promotes the exchange of successful experiences in the region and in the world
- ↳ Raises awareness among economic and social actors regarding the need to take specific measures

What measures can be taken?

- ↳ Facilitate the formalization of small and medium-sized enterprises to make an adequate environment for their sustainable development
 - ↳ Increase social protection coverage
 - ↳ Create incentives to make formality a good business
 - ↳ Encourage the formalization of self-employed workers
 - ↳ Improve labour inspection and tax control mechanisms
 - ↳ Link education and job training in a more efficient way
 - ↳ Reduce unregistered employment in formal sector enterprises
- Among other measures...



FORLAC works with governments and employers' and workers' organizations. To achieve a significant reduction of informality, a broad based partnership among all actors involved in our countries' development is needed.



INFORMALITY IN NUMBERS

Why is a special programme needed to reduce informality?

Economic growth is insufficient: specific measures are needed to address informality.

Reducing informality means improving the working conditions and lives of millions of people.

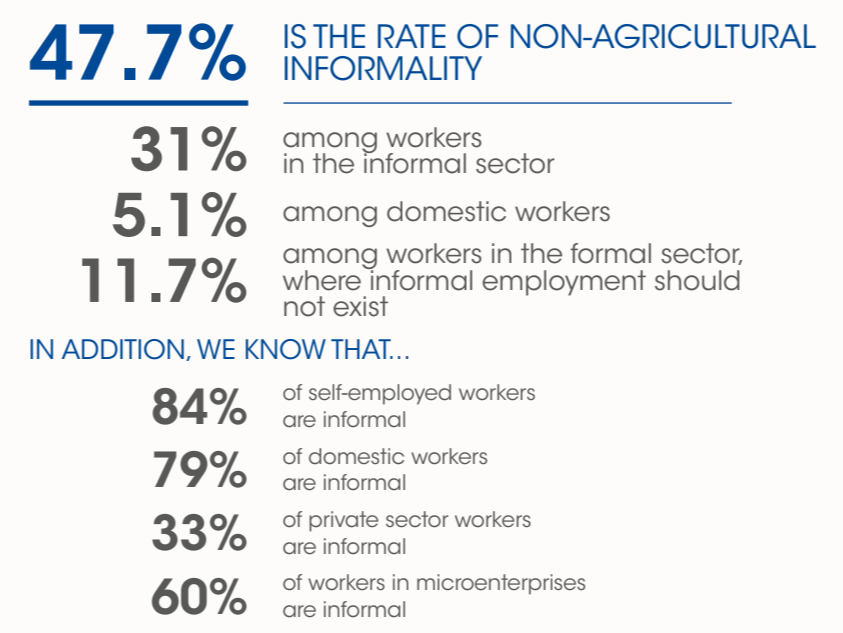
When informality is reduced, productivity and growth increase.

Even if the regional GDP grew at a rate of 4% annually, it would take more than 50 years to reduce informality by half. We cannot wait that long.

Informality will NOT decline by itself

The cost of allowing informality to continue is visible. It:

↳ Perpetuates poverty	↳ Worsens inequality
↳ Limits productivity	↳ Hinders economic growth
	↳ Challenges democratic governance



Informal employment is more common among the most vulnerable groups in our societies: youth, women, migrants, the poor...

Reduction of informality = +decent work, +productivity, +sustainable economic growth

IN LATIN AMERICA AND THE CARIBBEAN

Informality by income

31% AMONG THOSE WITH THE HIGHEST INCOME

42%

53%

61%

AMONG THOSE WITH THE LOWEST INCOME

72%

Informality has a major impact on youth

6 are informal workers FOR EVERY 10 EMPLOYED YOUTH

Informality by sector

- 69% CONSTRUCTION
- 56% TRADE, RESTAURANTS AND HOTELS
- 35% MINING AND QUARRYING
- 38% MANUFACTURING

Domestic employment

- +93% are women OF ALL DOMESTIC WORKERS
- 80% are informal workers OF ALL FEMALE DOMESTIC WORKERS



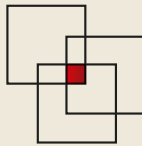


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PROGRAMME FOR THE PROMOTION OF FORMALIZATION
IN LATIN AMERICA AND THE CARIBBEAN

**A great partnership for the formalization
of informality**

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