

International Trade Union Confederation – Asia Pacific

**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**

Colombo, Sri Lanka, 3-5 August 2016

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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

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- 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



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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**



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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



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Employment deficits

- Informal Economy
- Atypical workforce
- Precarious employment
- Migrant labour
- child labour



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Decent Work

Labour Standards

Employment

Social Protection

Social Dialogue

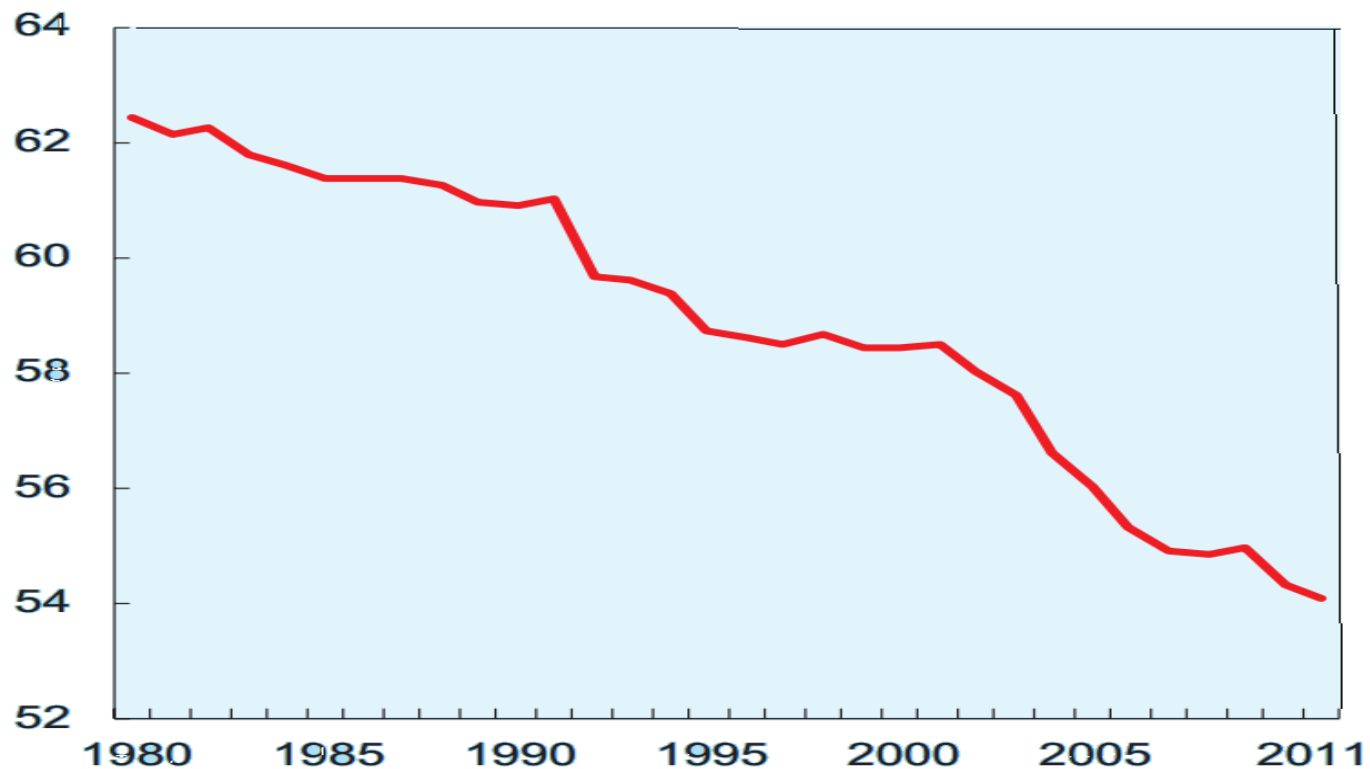


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UNCTAD, *Trade and Development Report*, 2013

**SHARE OF WORLD LABOUR INCOME IN
WORLD GROSS OUTPUT, 1980–2011**
(Weighted averages, per cent)



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Inequality

UNDP Statistics

- Percentage Share of World GDP
- Income group
 - Richest 20% get 86%
 - Middle 60% get 13%
 - Poorest 20% get 1%



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Breakdown of costs of a shirt



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



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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.

Source: ILO, *Trends Econometric Models*, October 2013.

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.



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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



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Informal Economy

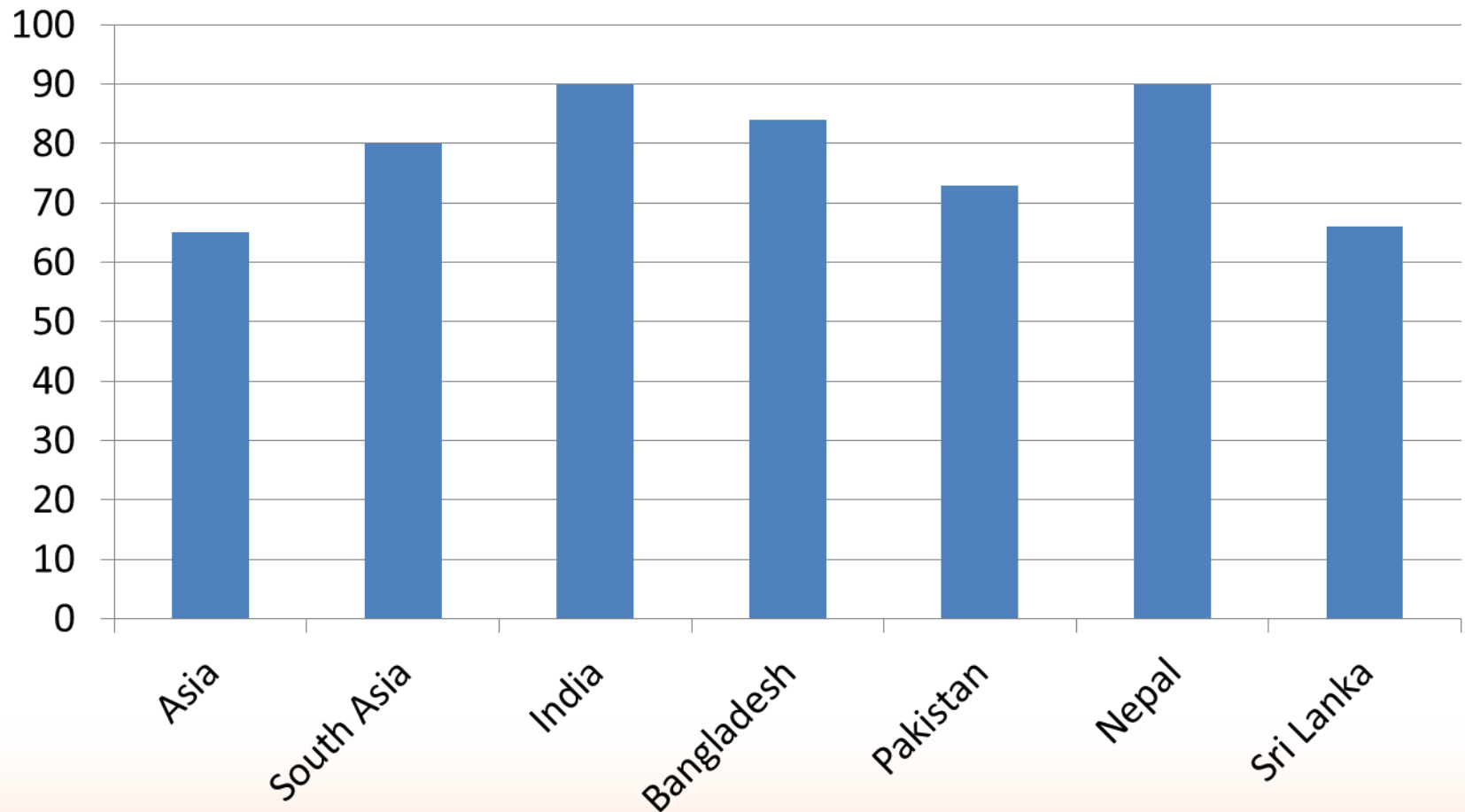
- Asia 65%
- South Asia Over 80 %
- India – over 92%
- Nepal 90%
- Bangladesh 85%
- Pakistan 73%
- Sri Lanka 66%



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Informal Employment in Non-Agricultural Employment



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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.



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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



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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



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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.



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Major Sectors in Informal Economy

Agriculture

Manufacturing

Forest Products

Fishery

Artisan skills

Construction

Service providers



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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



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Challenges of Trade Union Engagement with Informal Economy Workers

- Internal Challenges
- External Challenges



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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



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Internal Challenges

- Lack of formal structures to manage the informal economy phenomenon
- Lack of service to the informal economy



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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



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External Challenges



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



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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



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Unionisation Rate

Country	Unionisation Rate (%)
Australia	18
Bangladesh	4
Fiji	30
Hong Kong	23.19
Indonesia	8
India	9
Israel	33
Japan	17.4
Korea	9.8
Mongolia	35
Malaysia	8

Country	Unionisation Rate (%)
Jordan	8.7
New Zealand	21.2
Nepal	6
Philippines	7.5
Pakistan	6
PNG	5
Singapore	20
Sri Lanka	17.32
Taiwan	29.1
Thailand	2
Turkey	9.4

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**



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Trade Union Action

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



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Trade Union Action

- Pilot Project
- Change in union structures
- Pilot project
- Cooperative option
- Dissemination of information



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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



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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

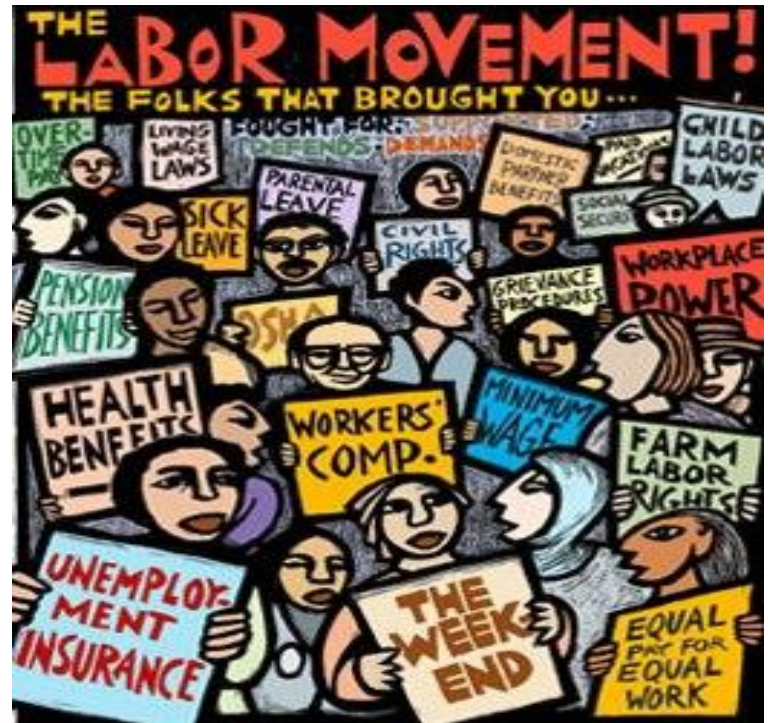


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Organising Methods

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



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Organising Methods

- ❖ Solidarity action
- ❖ Unity and unification
- ❖ Social mobilisation
- ❖ Special membership



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Building Workers' Power

Organising

Unity - The Way Forward

Solidarity

Bread, Freedom, Peace

ORGANISE, ORGANISE, ORGANISE



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