

Bureau for Workers' Activities

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# Beyond survival — Organizing the informal economy



International Labour Office Geneva



*Côte d'Ivoire*

## The problem

Living in rampant poverty; exploited, with no place to go for protection; ill from not having access to clean water or basic social services; maimed, or worse, as there aren't even basic safety conditions at work; holding little or no hope that life can be better; struggling on a daily basis just to survive: this is the existence of informal workers.

They are small farmers, street vendors, wage labourers working in tiny enterprises on a regular, casual or contract basis; unpaid workers including family workers and apprentices, homeworkers, paid domestic workers and more; and a smaller number are the owners of tiny enterprises. Many rely on a single micro-company or middleperson for their survival. Others are almost invisible, making them even harder to find, talk to and organize. The vast majority of them do not enjoy a traditional employee-employer relationship.

But all of these people have something in common — a growing need and desire to defend their own interests and improve their lives.

Most of these workers are women, and it is women workers, many of who work on a contract basis, who are hit hardest by the cruel impact of globalization. Domestic enterprises and multinational corporations will continue to look for the cheapest labour and contracting out work is one way to avoid what would otherwise be enforceable legal responsibilities, labour rights and worker protections usually provided by the State. Many female domestic workers are beaten and sexually abused, living as migrant workers in constant fear of being sent back to their home country in shame.

Using the informal economy, poverty and market forces rob countless young people of their childhood. They force thousands of children to give up their education for a lifetime of hard work, simply to help their families make ends meet.

While globalization didn't create sexism, racism and other forms of discrimination, it certainly has deepened these divisions in society.

Structural adjustment programmes and other anti-worker economic policies, including privitizations, have often driven formal workers into the informal arrangements as their former jobs have been eliminated.

The informal economy has been growing for decades and is the largest “economy” in many countries. The fate of these workers cannot remain as it is. And, it doesn't have to. The trade union movement, governments and international organizations can and should provide a humane and viable alternative.

*India*

## What can the trade union movement do?

There needs to be an urgent sense of mission, whereby organizing in the informal economy becomes a priority for the trade union movement. The most needy and poor in society work in the informal economy and these workers need trade unions as much if not more than anyone else. The only way the trade union movement can effectively confront power on a global scale is by organizing. Further, informal work is not going to disappear. It is growing. If unions do not meet the challenge of organizing, they will become weaker.

Both financial and person-power (human) resources are often scarce in trade unions and it makes devoting what little exists to organizing the informal economy even harder. But the trade union movement would have far fewer members if current members rejected the investment in their own future — which means organizing others.

Organizing workers in the informal economy is easier said than done. The labour movement itself needs to change in order to successfully organize and integrate informal economy workers. This not only involves changing at times laws, rules and structures, but more importantly, changing ways of thinking.

Women in particular, and young people make up most of the informal economy. How inviting are trade unions to these two strategically important groups of the working population? Organizers need to reflect the people they are organizing. Women workers need to see trade unions which not only promote gender equality on paper, but also fight for it at the workplace and in the union itself. Trade unions should create or build upon existing departments which deal with gender issues, working to have equality become a part of daily activities and programmes. Potential members want to see more women in leadership positions in the trade unions. They want to see that women's participation is encouraged, for example, by being able to attend meetings at a convenient time for women who also have family responsibilities. Having childcare available and the provision of meals for the children of those attending meetings allow more women to remain active in trade union life.

The future of the trade union movement lies in its ability to recruit and involve a new generation of workers. Young people want to join modern trade unions which use fresh and creative ideas to attract youth. This can mean using music, drama, youth magazines, posters and sporting events. They want to know that young people are part of the trade union structures, that they are included in the decision-making process and are trained to be leaders.

Trade unions need to be committed to extending their activities to include the informal economy. Can informal economy workers be part of the existing union, and if not, which internal regulations need to be changed to make it possible? In some instances, special structures may need to be created to address the needs of informal economy workers which are different from other workers. Recruitment strategies must be different as well. Trade unions must be able to deliver — both tangible benefits as well as increased protection. This is not simple and no one particular model of organizing works.

There is no need to reinvent the wheel and the following are only a sampling of approaches. One strategy is to provide forms of assistance to those who are already organizing. In some countries, informal economy unions and/or organizations already exist which share the values and objectives of the broader trade union movement. Why not see if some of these groups can become part of existing trade unions, or at a minimum, be a supportive working partner? Working with international networks of informal economy workers, friendly NGOs, faith-based groups and community organizations can also help to improve working conditions. Form alliances to work on common issues, events, or even a broad-based organizing campaign.

A community-based approach can also be effective when combined with more traditional trade union organizing tactics. Reach out to the areas (neighbourhoods, villages, etc.) where informal economy workers live and work with organizations in their communities. Often, organizers don't have access to the workplace, or the workplace is unknown (as with homeworkers and domestic workers). Join with groups in the community to find informal economy workers and involve those workers in activities that they care about.

And don't forget current and former members. It's important to maintain contact with previous union members who may have been forced out of the

formal into the informal economy. They can assist with organizing as they would know others who share the same circumstances. Current members may have friends or family members who are in the informal economy. Their knowledge and experience are priceless. These members can be some of the union's most effective organizers.

Union members can also track down potential members in the informal economy; focus on getting information about where people are working; and details about the contracting out process. If the union can follow the work flow from where the final product is sold or serviced down to the most basic production unit, it will be easier to find those who are working in the economy.

Cooperative economic activities can also be useful. Provide support services, including access to credit and technology and raise awareness about unionization. Expand or create a range of special services to be made available to informal economy workers. Include such immediate needs as health, literacy education, savings and loans. However, always remember the trade union's role is not that of an insurance company which merely hands out services and benefits for some fee.



*Bolivia*

Education programmes can develop leaders while highlighting and expanding issues which are important to informal economy workers. But, education should be thought of in a broad context — such as how collective action and bargaining can be expanded to the informal economy. And trade unions must continue to campaign for access to education and training for all.

Comprehensive trade union campaigns can raise public awareness while building support. To reach informal economy workers, where available, make more use of television and radio announcements than the printed media. Build ongoing relations with journalists and others in the media to ensure good coverage of trade union issues.

Finally, and very importantly, the international trade union movement has to continue to expand and intensify cooperation on advancing rights in the informal economy. This means stronger efforts at linking labour standards to trade issues, negotiating and putting into place codes of conduct on how companies should behave, developing and implementing framework agreements between international trade union organizations and multinational companies which set minimum standards and social labelling schemes, where a product has a “seal of approval” to the effect that it was made under decent working conditions. Imagine having framework agreements which have legally enforceable responsibilities, that cover all workers in every part of the economy and include real mechanisms to enforce all relevant ILO Conventions at all levels of the production process.

*Senegal*

## What can governments and international organizations do?

In a more just world, informal economy activities would no longer exist and all work would take place in an environment where trade union rights are respected and workers are protected, where activities are in line with legal and tax requirements, where appropriate technology is used in a production process which is environmentally friendly, where the work leads to a larger contribution to the national income and where the workers themselves have a real hope of improving their lives well beyond daily subsistence. Unfortunately, in the recent past, many governments, often acting on the advice of the international financial institutions (IFIs) such as the International Monetary Fund (IMF) and the World Bank, have engaged in anti-trade union policies, making it even harder for trade unions to organize. Governments have frequently failed to implement their own labour legislation and have violated basic trade union rights under the false claim of promoting employment. It need not be this way.

There are a number of actions that governments and international organizations can take to help the informal economy. For a start, the IMF, World Bank and World Trade Organization (WTO) should fully support the enforcement of core ILO Conventions, not just as policy but through implementation in all their programmes.



Fight for additional safeguards for informal economy workers, as they are even more vulnerable than others. All workers should have the same rights, regardless of whether they are in the formal or informal economy and a single level of basic labour protection should apply to all. The ILO should advocate for changing national labour legislation to make sure that labour laws apply to all workers and not just “employees” who have an employment contract.

The ILO Declaration on Fundamental Principles and Rights at Work states that all member governments have a duty to respect, advance and realize the core international labour standards. And, the Declaration doesn't state any differences between formal and informal economies. By strongly promoting the Declaration, the ILO can come up with ways to help overcome the barriers to trade union organizing in the informal economy, and at the same time, encourage implementation of all core Conventions.

Ratification and implementation of ILO Rural Workers' Organisations Convention, 1975 (No.141) and the Home Work Convention, 1996 (No.177) should be a priority for governments because these Conventions would at least give a minimum level of labour protection to some in the informal economy. These standards may also be used as an organizing tool. Developing a new Convention extending protection to dependent contract workers would benefit a great number of workers in the economy as well.

Ensuring respect for the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977) throughout the entire supply chain of multinational companies, including the informal economy, would limit further abuses.

The hidden activities and secrecy of the informal economy are additional barriers to organizing and improving conditions. But governments can help correct this problem. They should pass legislation requiring that information on activities that are subcontracted be made available to the public by all enterprises. This would mean collecting information for all parts of the production process including details on how much work was given out, at what price, where the work is being subcontracted to, the location of the enterprise and where the individual workers are doing the work.

Workers who are ill or injured can neither realize their potential nor contribute fully to society. The number of occupational accidents and health problems in the informal economy is enormous. In addition to educating the public about the human costs, governments should increasingly fund information campaigns about the economic price of such problems and ways to improve the health and safety factors in the informal economy.

But even healthy workers can't increase their income if no one is buying their goods or services. There is not enough demand for the products in the economy. Governments and IFI's should act immediately to relieve the bad effects of structural adjustment programmes, increase overall demand and give full debt relief for the poorest nations.

Government economic policy should also link tax and financial incentives given to small and medium-sized enterprises conditioned on enforcing labour

standards and trade union rights. And since the organization of informal economy workers is in the public's best interest in every society, all relevant public policy should be used to encourage such organization. This includes using subsidies, providing infrastructure, improving health and education and more.

How can workers who don't have normal access to basic amenities such as water and electricity build a future and provide a home for their family? How can they have stable employment when they don't have land and are forced to squat on public and private property and work on the pavement or street corners?

IFIs and governments need to provide increased financial support for infrastructure. Poor infrastructure, including roads, drainage and communications facilities weakens the productivity of informal economy workers and hence their ability to expand and succeed. Governments and IFIs should also increase funds for adequate housing for informal economy workers. When coming up with urban development projects, governments should make sure there's space for street vendors.

Education and training programmes can be powerful tools for improving the life of informal economy workers. But, they can only help if government and other vocational training policies are made more relevant to the needs of informal economy workers who often have very little schooling. Special courses should be designed for illiterate or semi-literate people. Also, formal training costs are expensive and need to be made affordable to effectively increase skill levels.

Both with or without education and training, small entrepreneurs and self-employed workers have a hard time securing start-up money and getting credit. It's even more difficult for women. Though many international institutions and NGOs have programmes to give small loans to people in the economy, these programmes should be adjusted to be make sure that the poorest groups benefit as well.

The rules and licensing requirements for small and medium-sized enterprises are often complicated and corruptly administered, making it difficult for the informal economy to comply. Governments, particularly at city and local levels, should review and adjust these regulations as there might be less of a problem if the requirements and their administration were more clear and open.

Another major problem facing informal economy workers is not being covered by the State's social welfare system. All workers, regardless of what work or tasks they perform, should have adequate social protection, as should all members of society. Informal economy workers need it even more than most.

The informal economy accounts for the daily livelihood of an ever-increasing majority of workers in every corner of the globe. No law of nature condemned these workers to ongoing poverty and desperation. No law of humanity states that the great imbalance in the distribution of the world's wealth must continue. Securing protection under national labour laws, social coverage,



*Philippines*

education, training, decent working conditions and the provision of the basic necessities of life are not far-reaching goals to be achieved by future generations, but rather minimum standards which should be fought for now by the trade union movement, governments and international organizations alike.

The most immediate solution is a collective one and organizing the informal economy can no longer be seen as an option. It is a necessity to help ensure that the greatest numbers of workers on this earth labour — not only with dignity but also with hope — for a life that holds more promise than mere survival.

## **Under its Programme for Workers' Activities:**

The International Labour Office assists trade union organizations in their endeavours to strengthen their structure, modernize their methods of action and enhance their capacity to participate in social dialogue with a view to fostering workers' rights, improving their living and working conditions and contributing to sustainable economic growth.

Emphasis is placed on the promotion of workers' education activities, particularly on ILO standards, economic and employment policies, structural adjustment and globalization, collective bargaining, the informal sector, occupational safety and health, the environment, rural workers, gender issues, and child labour. These activities are supported by the development of suitable training methodologies, action-oriented research, the dissemination of information and the production of guides and manuals.

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