

**Notes from the 5<sup>th</sup> Leave No One Behind Dialogue Series:  
Informal Workers  
March 29<sup>th</sup> 2017**

- Some intro questions: Why is social protection so closely tied to employment? If formalization is appropriate, how can we ensure that it is done in a way that respects people's dignity? What are the barriers preventing us from having this conversation at the UN, and how can we overcome them? Social protection: should we wait for workers to be formalized, or should we provide protection to induce formalization?
- Informal economy directly involves half of the global population.
- Informal work generally indicates low-skilled, unprotected jobs, and unsafe working conditions.
- Informal economy is everywhere.
- ILO has worked on the conceptualization and measures for tracking and addressing the informal economy. Most of the time, an informal job means no contract, no taxation, and no protection.
- How can we promote formalization?
- Case study: in Indonesia, social protection helped boost formalization.
- In Brazil and Argentina there has been substantial reduction in informal work.
- Data shows it is taking at least 50 years to reduce an informal economy by half. This process needs to be accelerated.
- Having a strong social protection program that is not linked to employment has helped more people in Brazil to move from informal to formal jobs.
- Proactive labor policies: incentives and enforcement.
- China is in the process of formalizing SMEs.
- Turkey: formalization was driven by a series of tax reforms that encouraged formal disclosure and reduced taxation in some sectors. The tax base was also expanded.
- It is important to have an integrated policy approach; a balance between enforcement and incentives.
- Three types of efforts to facilitate transition from informal to formal economy: Balance incentives with law enforcement, targeted employment-intensive investments, use an integrated approach.
- Work is difficult to find for people without formal training: "A friend taught me how to earn a living collecting cans and bottles (canning) and to redeem them for their 5 cents value."
- One of the challenges in informal work is to deal with disrespect.
- To earn a decent living through canning, you have to work 16 hours per day. To make a living in the informal economy, especially in low skilled jobs, is usually exhausting and requires extreme working hours.
- How can we improve the working conditions of canners so that they can earn a decent living? Ex: raising the redeeming value from 5 cents to 10 cents per can would cause more people to want to collect cans, increase competition, and add more working hours to an already long work day.
- How can the government improve the working conditions?
- The government does not consider canning as a real job.

- In Brazil, the government committed resources so canners could form cooperatives. The city saw benefits in increasing recycling. A system of cooperatives may work for many individuals, but can feel restrictive for people who appreciate being their own boss. Very complex.
- The formal sector profits from informal work--how can this disparity be addressed?
- Family businesses, often a part of the informal economy, provide jobs and livelihoods to workers, sometimes more effectively than the formal sector. How do we balance this in the formalization process?
- In Liberia, the government has taken steps to protect rights of those working in the informal sector. Despite the drafting of the equal work bill, there are challenges with implementation. How can we effectively implement these policies on the ground?
- Women who work experience a sense of dignity that comes with contributing to fulfilling the needs of their families and their communities.
- When working in the informal economy, how can we tax fairly? Often, local projects and community provide social protection—how can these efforts be supported?
- How much are taxing systems a reason for people to be into the informal economy?
- Why is the informal sector so vast—and thriving—in some countries? (up to 90% of workers!)
  - The formal sector is not achieving its purpose and function.
- Can we advocate collaborative initiatives with governments through policy?
- In South America, the informal economy is a very ‘formal’ part of society.
- Waste management is a profitable sector—there are many people who make a decent living.
- Cooperatives are a way to move up the ladder.
- Informality does not inherently affect the dignity of work. But it decreases and endangers the chances to lead a dignified life.
- ILO is pushing for formalization. Adjustment of costs has implications. How does it connect to migration? There should not be a relationship between migrant status and formalization; migrant workers should have the same rights.
- Three separate conversations must take place. The first one is about dignity, community, and justice; the second one is about rights and responsibilities, and the third conversation is about economics and the fiscal justifications. These three strands are entwined. The fiscal argument, which is not inherently bad – but is limited on its own is dominant in the discourse. Need to address the purpose of work: to earn a paycheck? support your family? to contribute to society? What is the purpose of government: to increase GDP? to be of service to citizens? to protect society?
- Instead of legalizing the informal economy, perhaps we should recognize that for some individuals the informal sector is the only opportunity to earn a decent living and contribute to society. Policies that are widely applied may not apply to certain individuals with unique circumstances.
- Many people are pushed into the informal economy because of discrimination, or because of economic strains on individuals and families, which make them become vulnerable to exploitation by employers. A special focus and targeted policies for most vulnerable groups such as young people, women, or people with disabilities is needed.