

**3rd ITUC- Asia Pacific Conference
Resolution No. 2**

**INFORMAL ECONOMY
TRANSITION FROM INFORMAL TO FORMALITY TO REALISE DECENT WORK**

The Conference realises that informal economy accounts for majority of workers in the Asia Pacific region. About 65% of the working people are engaged in informal economy, while in the South Asian countries more than 90% of workers are in informal economy. The number of workers in the Asia Pacific region could be as high as 1.1 billion. Women constitute more than half of the workers in the informal economy. Informal economy refers to all economic activities by workers and economic units that are – in law and in practice – not covered or insufficiently covered by formal arrangements, not registered and it can be carried out across all sectors of the economy, both in public and private spaces.

The working and living conditions of these workers are deplorable. They work for long hours for low wages with practically no social protection. Least protected and subjected to the most oppressive and exploitative conditions, the plight of these workers has been a matter of serious concern to the labour movement. As employment is shrinking in a receding organised sector, there is visible shift in importance and employment in the informal economy.

According to the ILO, the growth of the informal economy is often attributed to: “inappropriate, ineffective, misguided or badly implemented macroeconomic and social policies, frequently developed without tripartite consultation; the lack of appropriate legal and institutional frameworks; the lack of good governance for the proper and effective implementation of policies and laws; and a lack of trust in institutions and administrative procedures.” Neoliberal policies driven by profit-oriented enterprises have reduced jobs or failed to create sufficient numbers of new jobs in the formal economy.

Globalisation has led to increased flexibility in the labour market converting “formal employment” into “informal employment”. While the informal economy is growing in developing countries, in the developed countries in the region, the number of workers engaged in atypical / irregular work is increasing.

There is decent work deficit galore in the informal economy. They are: their inability to find work or conduct business in the formal economy; poor labour standards; unprotected by labour legislation; job and income insecurity; low coverage of social security, occupational safety and health standards; lack of representative, independent and democratic organisations; weak voice to pursue economic and social concerns; etc.

To reduce decent work deficits, in the immediate term, we have to ensure that those currently in the informal economy and atypical employment are recognised and have improved labour rights, social protection, and representation and voice.

Transition from informal to formality is a development challenge for realising decent work for these workers. It is now apparent that if the economic growth is not associated with formal job creation, a shift towards employment in informal activities is inevitable. The failure to link growth and investment with appropriate labour and social policies, which ensure a fair distribution of the gains of growth, will continue to generate inequality, poverty and vulnerability.

In the past, the informal economy and irregular employment have been getting less attention from the trade unions in terms of organising and mainstreaming of these workers. Many

reasons were attributed to this - scattered nature, job insecurity, lack of resources, lack of political will, lack of adequate number of trained organisers, general ignorance about unions, etc. The trade union movement, however, can no longer remain immune or unresponsive to the growing challenge of the informal economy and atypical employment.

Organisation and representation of informal economy workers is a major challenge. It is to be admitted that unions have, by and large, confined to organised sector, leaving majority of the informal workers outside the purview of trade unions. Organising is an important tool in facilitating transition to formality.

Decent work strategies for the informal economy aim at growth strategies and quality employment generation, regulatory environment, including enforcement of international labour standards and core rights, organisation, representation and social dialogue, equality: gender, HIV status, ethnicity, race, caste, age, disability, entrepreneurship, skills, finance, management, access to markets, extension of social protection: building social protection floors and social security systems and local (rural urban) development strategies.

In this connection, the proposed ILO instrument on Transition from Informal Economy to Formal Economy is quite important being the first specific international instrument for the informal economy. We should, along with our affiliates, be actively involved in the development of this instrument and implementation of the same once adopted.

The Conference commits the ITUC-AP, working with affiliates and the GUFs to:

- Campaign for integrating decent work agenda in the national and local development plans and social development policies, especially in respect of informal economy;
- Campaigns at all levels for adoption and implementation of the proposed ILO instrument for facilitating formalising informal economy;
- Targeted organising campaigns for informal economy;
- Undertake training programmes for organisers in informal economy;
- Support affiliates in launching pilot organising projects in selected areas / sectors for intensive time-bound organising campaign;
- Campaign for social protection for informal economy;
- Amendments to the union constitutions, wherever necessary, to ensure involvement, participation and representation of informal economy; and
- Campaign for labour and social reforms to ensure that coverage of these laws is extended to all workers, including introducing a clause on transition to formality in national labour laws.