



TRANSITIONING FROM THE INFORMAL TO FORMAL ECONOMY

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ILO RECOMMENDATION NO.204 2015

The aim of the new labour standard is three-fold: to facilitate the transition of workers and economic units from the informal to the formal economy, to promote the creation of enterprises and decent jobs in the formal economy, and to prevent the informalization of formal jobs.



REASONS FOR THE NEW LABOUR STANDARD

- Millions of workers and economic units around the world suffer from poor working conditions and a lack of rights at work. Low quality employment, inadequate social protection, poor governance and low productivity are some of the obstacles that workers and enterprises face when caught in the informality trap.



THE IMPORTANCE OF RECOMMENDATION No. 204

- The Recommendation is of great significance for all those who are concerned with inclusive development, poverty eradication, reducing inequalities and who are looking forward to a strong focus on the goal of decent work for all in the context of the new post-2015 development agenda.



CONSTRUCT OF THE LABOUR FORCE IN THE CARIBBEAN

- 30- 80% of the labour force in the Caribbean region resides within the informal economy
- Up to 90% of micro and small businesses fall within the informal economy



CATEGORIES OF EMPLOYMENT WITHIN THE INFORMAL SECTOR

- Self Employed
- Micro Enterprises
- Domestic Workers
- Rural Workers
- Fishermen
- Petty Commerce



DIFFERENCES BETWEEN THE FORMAL AND INFORMAL SECTOR

○ Formal Sector

- ❖ Employees are known to pay taxes
- ❖ Operate under a registered business
- ❖ The business has a business account

○ Informal Sector

- ❖ Does not have more than ten employees
- ❖ Many are not covered under formal arrangements – no social security schemes, safety and health, maternity and other labour protection legislation.
- ❖ These workers are physically and financially more vulnerable than formal economy workers



REASONS FOR ORGANIZING THE INFORMAL SECTOR

- Workers are exposed inadequate and unsafe working conditions
- Have high illiteracy levels
- Low skills levels
- Inadequate training opportunities
- Lesser regular and lower incomes
- Endure longer working hours
- Are not avail of the right to collective bargaining or representation
- Often hold an ambiguous and /or not distinguished employment status
- Workers are not covered by law



THE WAY FORWARD

- The placing of emphasis on:
 - Trade Union Organizing
 - Securing new and improved labour legislation
 - Promotion of Social Protection systems covering human rights, protection for migrant workers, poverty alleviation, enhancing productivity, building capacities and having in place an effective information system.

