Informal Sector = employment and production that takes place in small, unincorporated and/or unregistered enterprises (ICLS 1993)
- own-account workers in their own informal enterprises
- employers in informal enterprises
- employees of informal enterprises
- contributing family workers working in informal enterprises
- members of informal producers’ cooperatives

Informal Employment = broader definition that includes informal employment inside informal enterprises (as above) as well as outside informal enterprises (as below) (ICLS 2003)
- employees in formal enterprises not covered by national labour legislation, social protection or certain employment benefits such as paid annual or sick leave
- contributing family workers working in formal sector enterprises
- paid domestic workers not covered by national labour legislation, social protection or certain employment benefits such as paid annual or sick leave
- own-account workers engaged in the production of goods exclusively for own final use by their household (e.g. subsistence farming, do-it-yourself construction of own dwelling)
Significance and Trends

- The informal economy is *large* by whatever measure is used:
  - share of total employment: 60-90 % of total employment in developing countries
  - 48 per cent in North Africa; 51 per cent in Latin America; 65 per cent in Asia; and 72 per cent in sub-Saharan Africa. If South Africa is excluded, the share of informal employment in non-agricultural employment rises to 78 per cent in sub-Saharan Africa.
  - share of economic units: e.g., 80% of all enterprises in India are informal
  - share of GDP: informal enterprises (i.e., the informal sector) contribute 25-50% per cent of non-agricultural GDP in developing countries

- The informal economy is *growing* at least in terms of:
  - share of total employment
  - share of new jobs

**WIEGO Stance**: accept “informal as normal”, as growing reality and core component of the workforce and economy
SEGMENTATION OF INFORMAL EMPLOYMENT: BY SEX, AVERAGE EARNINGS, AND POVERTY RISK

Poverty Risk | Average Earnings
---|---
Low | High

Segmentation by Sex

- Employers: Predominantly Men
- Informal Wage Workers: "Regular": Men and Women
- Informal Wage Workers: Casual: Predominantly Women
- Industrial Outworkers/Homeworkers: High
- Unpaid Family Workers: Low
A statistical picture

- Informal employment is a more important source of employment for women than for men.
- In Sub-Saharan Africa, 74% of women’s employment (non-agricultural) is informal in contrast to 61% of men’s.
- In Latin America and the Caribbean, 54% in contrast to 48% of men’s.
- In South Asia, 83% in contrast to 82%.
- In urban China, 36% in contrast to 30%.
Major Occupational Groups of Informal Workers

- **Domestic Workers** (of urban informal employment: South Africa: 23%, India: 5%, Buenos Aires: 16%)
- **Home-Based Workers** (Africa: 11-25% in 8 cities, 21% in Ghana, India: 23%, Latin America: 3% in Lima, 5% in Buenos Aires)
- **Street Vendors** (Africa: 12-24% in 8 African cities, 14% in Ghana, India: 14%, Vietnam: 11% each in Hanoi and Ho Chi Minh City, Latin America: 2% in Buenos Aires, 9% in Lima)
- **Wastepickers** (India: 0.1%, Latin America: 0.6% in Lima, 0.5% in Brazil)
Other occupational groups

- Construction Workers
- Garment Workers
- Smallholder Farmers
- Transport Workers
Domestic Workers

- According to the ILO there are “tens of millions” of domestic workers mostly performed by women from poorer sections of society.
- According to the latest ILO estimates, domestic workers represent 4 to 10 per cent of the total workforce in developing countries and 1 to 2.5 per cent of the total workforce in developed countries (ILO 2010).
- In Latin America, there are an estimated 7.6 million domestic workers, who represent 5.5 per cent of the urban workforce (Tokman 2010).
Home-based work

- 100 million people working from their homes (Sinha 2006), in countries both rich and poor.

- Two basic types of workers: those who work on their own (the self-employed) and those who work for others (mainly as industrial outworkers). The term “homeworker” is used to refer to the second sub-set of home-based workers: namely, industrial outworkers who carry out paid work from their home.
Various forms of home-based work

- Manufacturing and Assembly: sewing, packing, routine assembly
- Artisan Production: weaving, basket-making, embroidery, and carpet-making
- Personal Services: laundry, beautician and barber, shoe repair, dressmaking, lodging and catering
- Clerical Work: typing, data processing, telemarketing, bookkeeping, accounting, call centre telephonists
- Professional Work: tax accounting, legal advising, design consulting, computer programming, writing, engineering, architecture, medicine
Women home-based workers

- Women are more likely than men to work mainly at home;
- Women are more likely than men to work at home in manual activities;
- Among home-based workers women are far more likely than men to be engaged in low-paid manual work, especially homeworkers (Chen et al. 1999; Felstead et al. 2000).
Size and significance of home-based workers
Size and significance of home-based workers

- In India, the NSS Employment and Unemployment Survey (1999-2000) estimated that homeworkers alone numbered nearly 8.2 million in that country, representing about 7.4 per cent of unorganized or informal non-agricultural workers (Government of India 2007).

- Home-based work has increased in many countries. A study from the Government of India (GOI) found a 15 per cent increase in female workers operating from their own dwelling between 1999-2000 and 2004-05 – the largest percentage increase for any place of work for female workers.
Needs and Constraints

- Isolation from other workers – less likely to be organized
- No access to employment-based benefits or protection
- Low pay compounded by paying non-wage costs, irregular work orders and delayed payments
- Long working hours
- Lack of social protection, low technology, lack of capital
What Home-Based Workers Need and Want – Increased visibility

- To increase their **visibility**, home-based workers need:
  - to institutionalize the systematic collection of data on home-based workers and their contribution to national economies
  - to evolve a universally accepted definition of home-based workers
  - to ensure the participation and voice of home-based workers in the formulation of macro-and micro-economic policies
What Home-Based Workers Need and Want – Increased earnings

- To increase their earnings, home-based workers need:
  - legal status and recognition as workers
  - adoption and implementation of national minimum wages for home-based workers paid by piece-rate
  - access to bigger and inclusive markets
  - inclusion under social protection policies and schemes
  - policy visibility that emphasizes the positive contributions that home-based workers make to the life of cities
  - opportunities to build trade-related capacity through investment in the areas of skills upgrading, technology access and upgrading, design development, market access and product development
Improved working conditions

To improve their **working conditions**, home-based workers need:

- appropriate physical infrastructure, such as housing, water systems, toilets, and waste removal systems
- stable and sustainable policy environments that secure their legal status as workers
- the ability to secure loans at reasonable interest rates
- access to affordable and accessible child care facilities, particularly for very young children
- capacity building within their organizations
- leadership training for women
- urban planning approaches that recognize the home as their work place
- appropriate occupational health and safety measures, social protection, including insurance, health, pension and maternity protection
Increased voice

To increase their voice, home-based workers need:

- recognition – as workers, and for their organizations as workers’ organizations
- recognition of home-based workers organizations and alliances as representational bodies at the national, regional and global levels
- support for collective bargaining and for advocacy campaigns
- participation in the formulation of macro-and micro-economic policies
“The challenge is to convince the policy makers to promote and encourage hybrid economies in which micro-businesses can co-exist alongside small, medium, and large businesses: in which the street vendors can co-exist alongside the kiosks, retail shops, and large malls. Just as the policy makers encourage bio diversity, they should encourage economic diversity. Also, they should try to promote a level playing field in which all sizes of businesses and all categories of workers can compete on equal and fair terms.”

Ela Bhatt
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