



International  
Labour  
Organization

# Workers and producers in the informal economy: *A global perspective and the ILO recommendation*

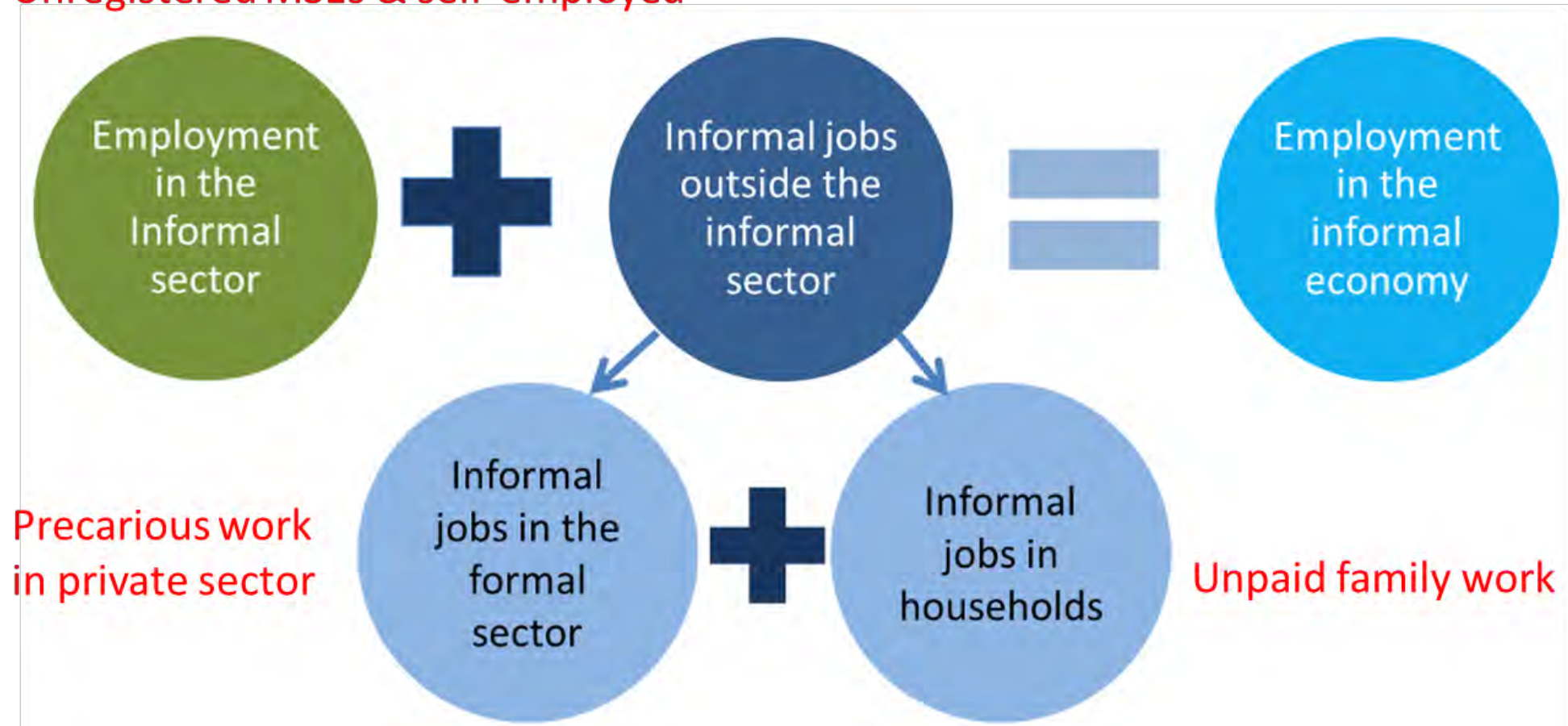


UPPAF RESPOND/PCW Webinar Series on Women's Economic Empowerment, No. 12:  
*Addressing the Issues Faced by Workers in the Informal Economy*  
24 June 2022

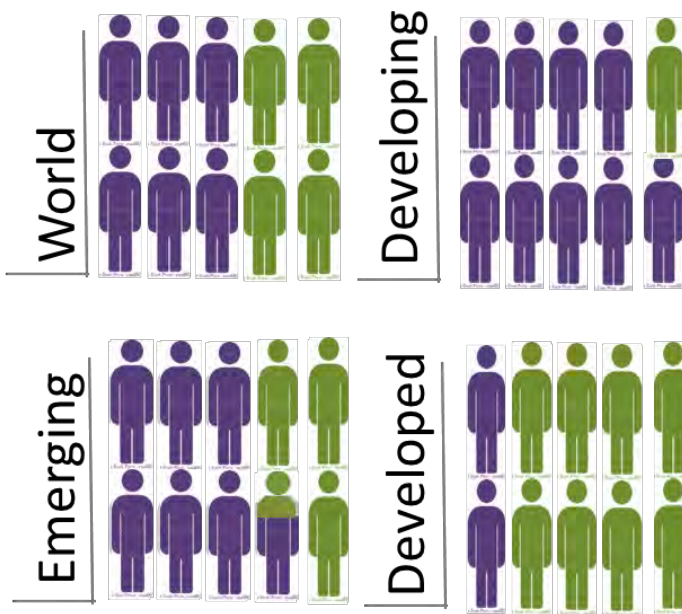
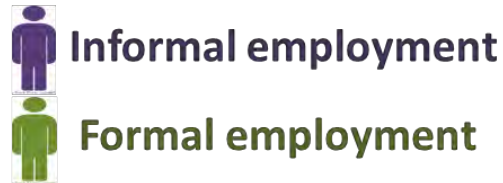
Hideki Kagohashi, Enterprise Development Specialist, ILO

## Measuring employment in the informal economy

### Unregistered MSEs & self-employed

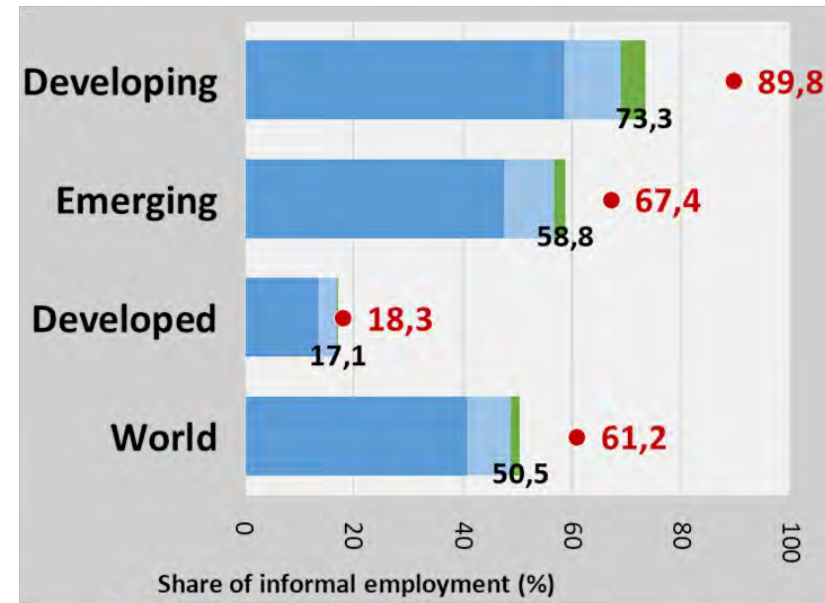


## 2 billion people – more than 60% of the world's employed population are in informal employment



*Source:* ILO calculations based on household survey micro datasets: *Women and in the informal economy: a statistical picture*  
*Note:* based on 119 countries representing more than 90 per cent of the world's working population. Missing values are estimated based on sub-regional/ income groups averages.

Share of informal employment in total employment (including & excluding agriculture, 2016)



■ In households  
■ In the formal sector  
■ In the informal sector  
● Including agriculture (%)  
● Excluding agriculture

WOMEN AND MEN  
IN THE INFORMAL ECONOMY:  
A STATISTICAL PICTURE



ILO (2018)



### Key findings

Gender: Out of the 2 billion informal workers, just more than 740 million are women. 28.1% of women in informal employment are contributing family workers (CFW) compared to less than 9% of men.

Youth & Senior: The youth and older workers are the most likely to be in informal employment (more than 3 out of 4 are informally employed).

#### Employment Status:

- The self-employed/own-account workers (OAW) are more exposed to informality (82/86%), but employees are far from being exempted (38/40%). OAW make up 45% of informal employment, Employees 36.2%, CFW 16.1%.
- **In emerging countries**, IE still dominated by independent workers, but **informal wage employment** is a sizeable share (>1/4 of informally employed employees are in formal sector enterprises).
- **In Southern & SE Asia**, informality is also the reality of **homeworkers subcontracted** in manufacturing activities linked into global production networks.
- In developed countries, **undeclared employees not covered by social security & other employment benefits** represent an important manifestation of informal employment (>50%). Also “*disguised self-employment*” among OAW.

Enterprise Size: **Informality & formalization is primarily an issue of formalizing enterprises of less than 10 workers, but significant share of informal employment found in formal sector enterprises** incl. in large enterprises (17.9% of formal sector enterprises w/ 50+ employees).

#### Working Conditions:

- Non-standard forms of employment (NSFEs) are significantly more likely to be informal, the worst being employees in “temporary part-time jobs”.
- Workers in informal employment are more likely to work very short or excessive hours of work.

#### Drivers of Informality:

- Higher levels of GDP/c & growth are associated to lower levels of informality... but **countries w/ similar levels of GDP/c present very different levels of informality**.
- The level of education of workers is not a guarantee but an important asset to access formal employment. Half of all those in informal employment have either no or primary level of education.
- Poverty: a cause and a consequence of informality. Higher poverty rates among workers in informal employment.

## ► Recovery in the global labour market is threatened by multiple and interlinked global crises, as well as increasing inequalities

- While **the informal jobs** dropped twice as many as the formal jobs (20% vs 10%) at the height of the pandemic, **women in informal employment** have declined more than men (24% vs 18%). Low and middle-income countries saw the largest increase of gender gap.
- Strict, economy-wide workplace closures have been phased out in most countries, but **positive trends in hours worked have stalled** and **risk being reversed**.
- Regardless of the rise in job vacancies in advanced economies, there is no strong evidence that labour markets are generally overheated.
- **Great divergences in employment and labour income persist.** In 2021, 3 out of 5 workers lived in countries where labour incomes had not yet recovered to their level prior to the crisis.
- **The gender gap in hours worked remains large** despite positive developments in high-income countries. Women globally now spend 18.9 hrs/wk while men 33.4 hrs/wk.
- The increase in food and commodity prices is badly hurting poor households and small businesses, especially **those in the informal economy**.

## International community joining hands w/ ILO to formalize informal economy

### IMF CONFERENCE

IMF-ILO High-Level Event and IMF Book Launch

### THE GLOBAL INFORMAL WORKFORCE: PRIORITIES FOR INCLUSIVE GROWTH

A Conversation Between the IMF's Managing Director  
and the ILO's Director-General

### ILO-UNDP joint statement for a human-centred recovery from COVID-19

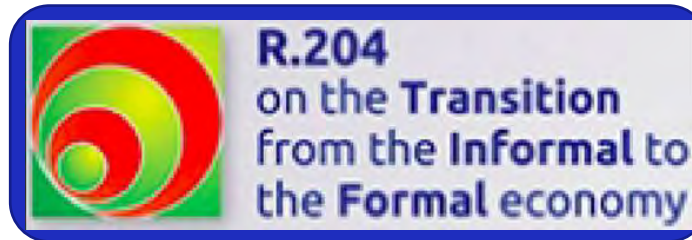
ILO-UNDP joint statement for a human-centred recovery from COVID-19 and accelerated action on jobs, informality and social protection.

POSTED FEBRUARY 23, 2022

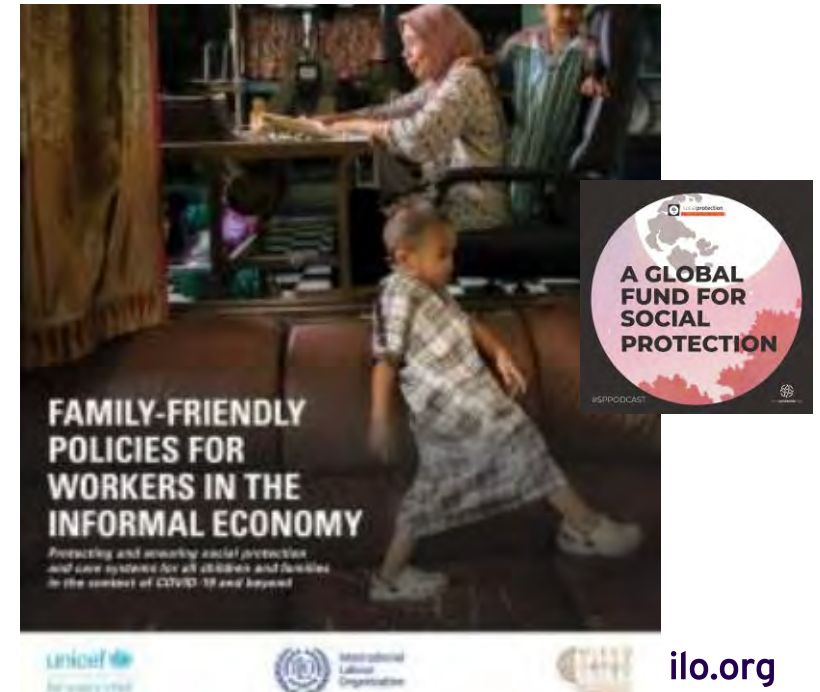
### UN Secretary-General calls for accelerated action on jobs and social protection

Deeply diverging recoveries threaten to undermine trust and solidarity and make the world more vulnerable to future crises, including climate change. In response the UN and ILO have established a 'Global Accelerator' to help ensure global financing to create 400 million jobs and extend social protection to 4 billion people currently without coverage.

Press release | 28 September 2021

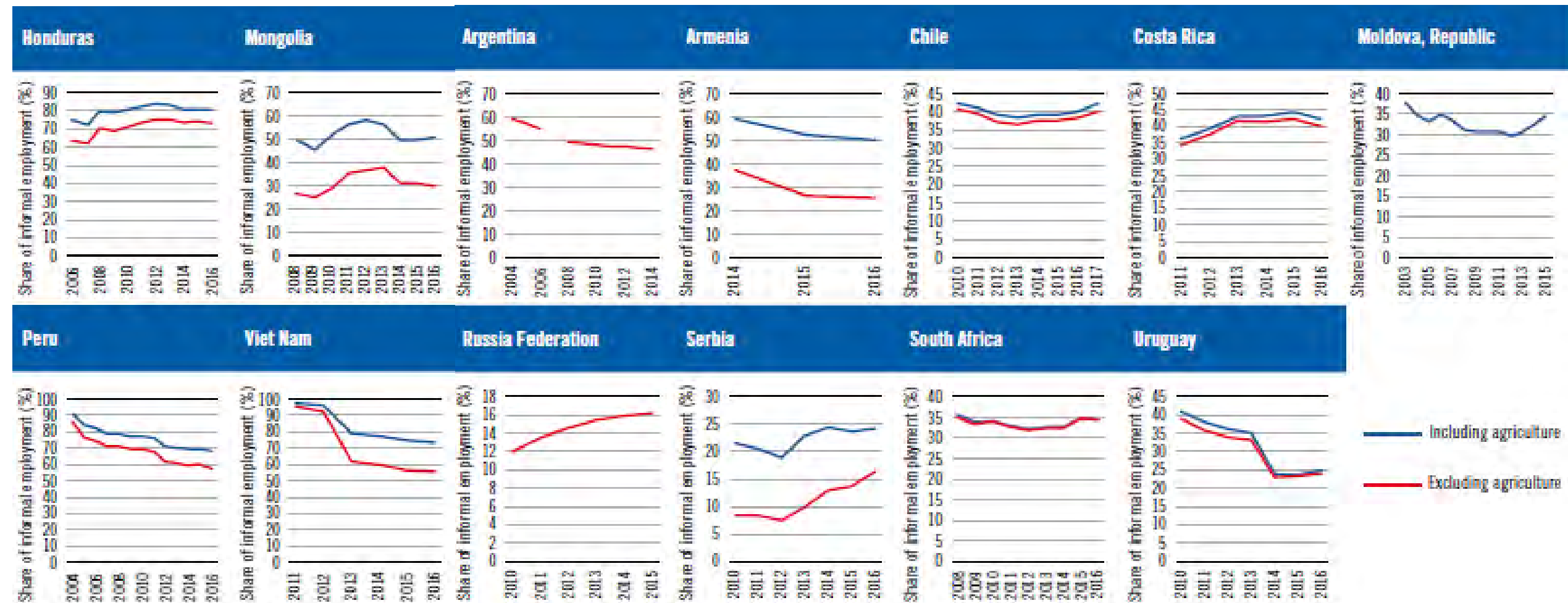


SUSTAINABLE DEVELOPMENT GOALS



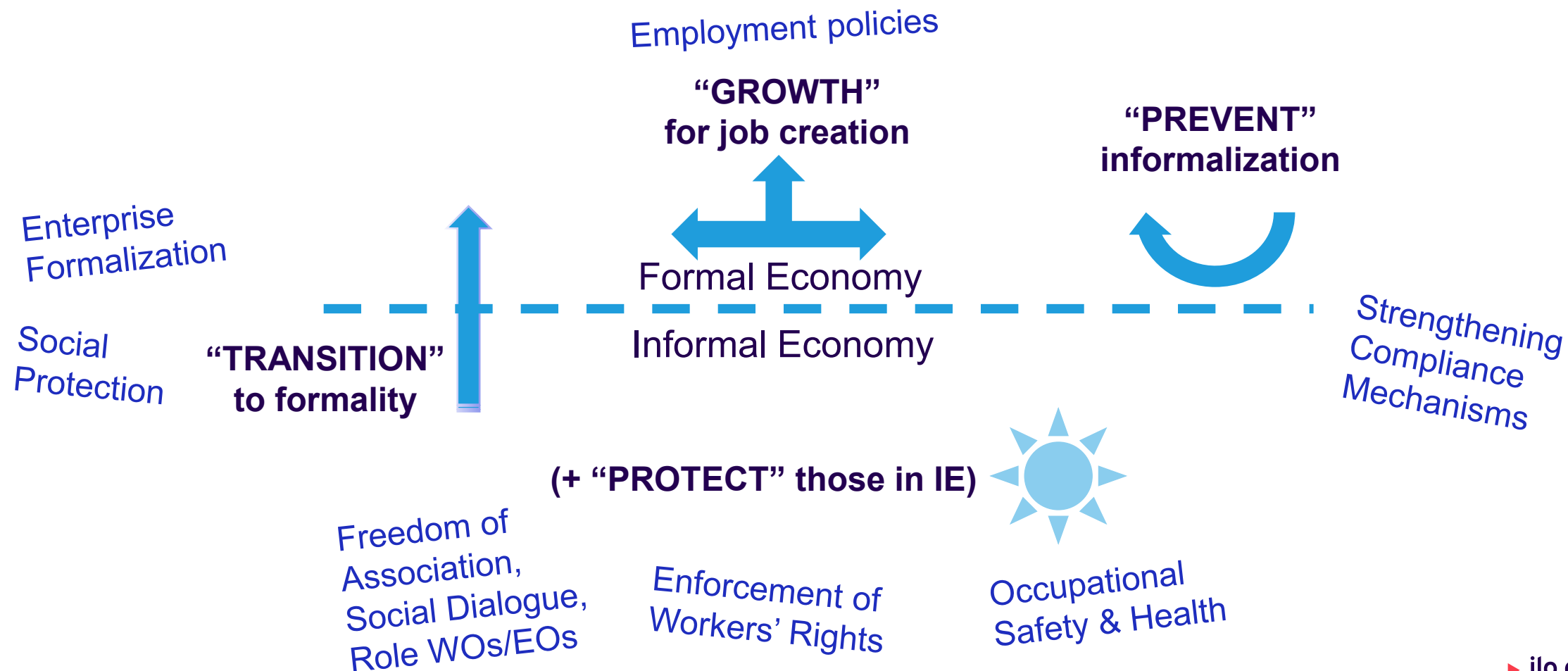
## Evidences behind ILO R204

### Right policy mix can bring significant decline in informality



## New & holistic approach of R204 to Informality

### PROTECT + 3 Channels of Formalization & relevant policies



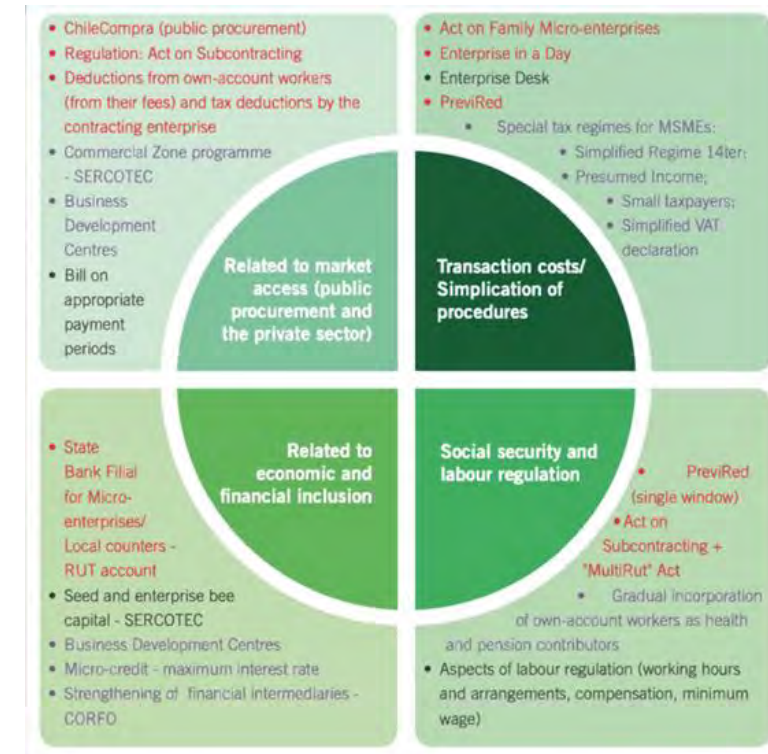


### 6 policy areas of enterprise formalization – ex. of integrated approach

1. **business entry reforms;**
2. **simplified tax regimes;**
3. **access to public procurement;**
4. **access to inclusive financial services;**
5. **access to entrepreneurship training, skills development and tailored business development services; and**
6. **access to social security coverage.**

*As per  
R204 Art25*

Beyond the silos  
[Chile case study]

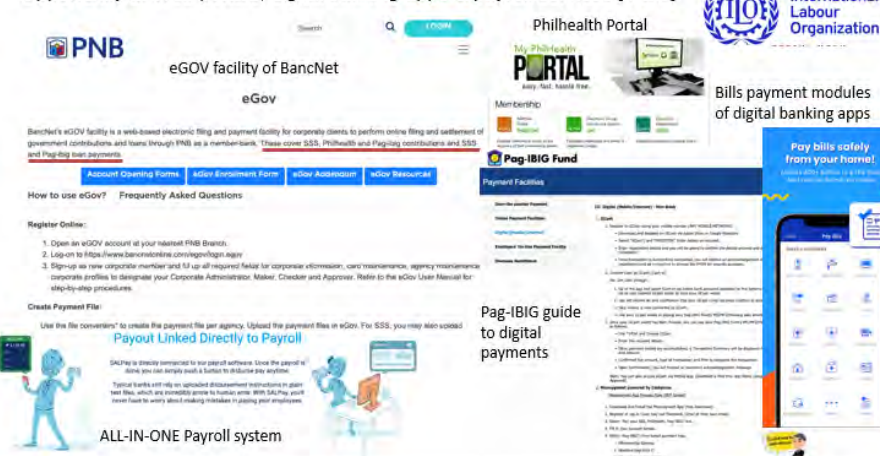


Q) Implications for the Philippine policy mix?

[Ref. ILO presentation at the R204 rollout for the Regional Development Council Members of Region XII, 15 Oct. 2021; and ILO presentation at the UNDESA-DTI policy workshop – strengthening resilience of women and youth-led MSMEs, 26 May 2022]

# Immediate opportunities for Philippines-ILO collaboration on formalizing IE

Opportunity 2: Web portals, digital banking apps & payroll services [4 & 6]



**PNB eGov facility of BancNet**  
BancNet's eGov facility is a web-based electronic filing and payment facility for corporate clients to perform online filing and settlement of government contributions and loans through PNB as a member-bank. These cover SSS, Philhealth and Pag-ibig contributions and SSS and Pag-ibig loan payments.

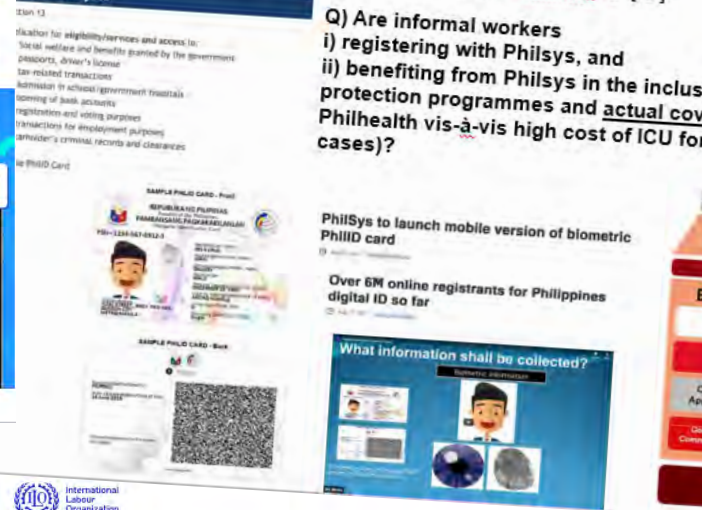
**Philhealth Portal**  
Bills payment modules of digital banking apps

**Pag-IBIG Fund**  
Pay bills safely from your home!  
Payout Linked Directly to Payroll  
Pag-IBIG guide to digital payments

**ALL-IN-ONE Payroll system**



Opportunity 1: e-Gov masterplan & biometric-digital Philsys ID [ID]



**Uses of PhilSys ID**  
Eligibility for eligibility/verances and access to: Social welfare and benefits granted by the government; Passports, driver's license; Tax-related transactions; Access to actual government financial services; Issuance of bank accounts; Issuance of voting purposes; Transactions for employment purposes; Issuance of criminal records and clearances.

**Q) Are informal workers i) registering with Philsys, and ii) benefiting from Philsys in the inclusive protection programmes and actual coverage Philhealth vis-à-vis high cost of ICU for cases?)**

**PhilSys to launch mobile version of biometric PhilID card**  
Over 6M online registrants for Philippines digital ID so far

**What information shall be collected?**

Opportunity 4: MSME digitalization training (=TRANSITION, GROWTH)



**Bringing Back Jobs Safely under the COVID-19 Crisis in the Philippines: Rebooting Small and Informal Businesses Safely and Digitally**

**Basta e-Commerce**  
Market Access | Digital Marketing | Logistics | Payment

**DTI e-SIYB**  
A DTI e-SIYB effort: **CTRL+BIZ: REBOOT NOW!**  
Take control of your business online.

**Global Financial Education**  
programme has incorporated digital financial services.

- The flagship entrepreneurship programme "Start and Improve Your Business" is now available online (e-SIYB), ready for country adaptation. Comes with Guide on Online Training Delivery.
- A new e-commerce guide "Digitalize Your Business" will be integrated into e-SIYB.
- SIYB's Business Game goes digital.
- Global Financial Education programme has incorporated digital financial services.



Op3: OSH-cum-productivity training (=PROTECT, TRANSITION, GROWTH)



**OSHNET PHILIPPINES**  
Bringing Back Jobs Safely under the COVID-19 Crisis in the Philippines: Rebooting Small and Informal Businesses Safely and Digitally

**DTI and DOLE Interim Guidelines on Workplace Prevention and Control of COVID-19**  
BUREAU OF WORKING CONDITIONS, Department of Labor and Employment

**MANAGEMENT OF ASYMPTOMATIC AND SYMPTOMATIC INDIVIDUALS AT THE WORKPLACE**  
Contact Tracing within the Workforce

- OSH training series beginning with "Work Improvements in Small Enterprises" (WISE) with COVID-19 prevention measures (WISE for COVID). Versions for particular beneficiaries or sectors (e.g., construction, street vendors). To be combined with workplace risk assessment.
- Integrated SCORE programme for larger MSMEs w/ new COVID OSH module together with other modules on HR, productivity, cleaner production, etc.



Op5: Digital financial education (=PROTECT, TRANSITION, GROWTH)



**National Strategy for Financial Inclusion 2022-2028**  
BSP Consumer Assistance Management System

**Regional Innovation Hubs**  
Internet connectivity, Co-Working Spaces, Satellite network, Business Development Services, digital capacity, skills / productivity

**Systemic approach case 2: Supporting MSME digitalization in ecosystem – Value Additions/Solutions**  
ILO supports DICT's plan to rollout Innovation Hubs to help address MSMEs' access to the internet connectivity along with digital BDS and co-working spaces in select

**Manuals (trainer) and booklets (trainee)**  
E-learning  
Database  
Certification process

**BSP Digital Literacy Program**  
Digitally-literate financial consumers have...  
Knowledge of digital financial products and services  
Knowledge and ability to control transaction  
Consumer Confidence  
BUILT TRUST INCREASE USAGE





# Relevant ILO work

## Women in STEM workforce readiness and development programme in the Philippines

Supported by J.P.Morgan  
 The programme seeks to provide women with critical soft and technical STEM-related skills to help women gain quality employment and support career advancement of women in the IT-BPM sector in the Philippines.



## South-South Expert Knowledge Forum on Policy Innovations and Lessons Learned on Enterprise Formalization

16 to 18 July 2018 • Manila, Philippines



[https://www.ilo.org/manila/projects/WCMS\\_814829/lang--en/index.htm](https://www.ilo.org/manila/projects/WCMS_814829/lang--en/index.htm)



From the People of Japan

**FORAP**  
 International Labour Organization  
**WHAT WORKS IN E-FORMALIZATION FOR ASIA AND THE PACIFIC**  
 South-South Knowledge Sharing Forum  
 18-20 May 2021



**National Employment Recovery Strategy 2021-2022**  
**JOB SUMMIT**

**Bringing Back Jobs Safely – Project Outcomes**

- Outcome 1 (COVID OSH):** Workplace of the regional (i.e., outside Metro Manila) MSMEs is made safer and more productive in the New Normal environment with the COVID-19 risks.
- Outcome 2 (MSME Digitalization):** Regional MSMEs and alternative livelihoods have reduced the risk of COVID-19 infection and enhanced productivity with digital modalities for business operations.
- Outcome 3 (Outreach & Advocacy):** Strengthened awareness and/or promoted knowledge exchange among non-beneficiary MSMEs.

THE POWER OF SMALL:

**NTESDP 2018-2022**  
 Vibrant Quality TVET  
**Skills for Prosperity Programme in the Philippines**  
 December / 2020

## ILO Recommendation 204 and Approaches towards Enterprise Formalization in the Philippines

R204 rollout for the Regional Development Council Members  
 Region XII (SOCCSKSARGEN)  
 15 October 2021

Hideki Kagohashi  
 Enterprise Development Specialist  
 International Labour Organization



## Safe and Fair: Realizing women migrant workers' rights and opportunities in the ASEAN region

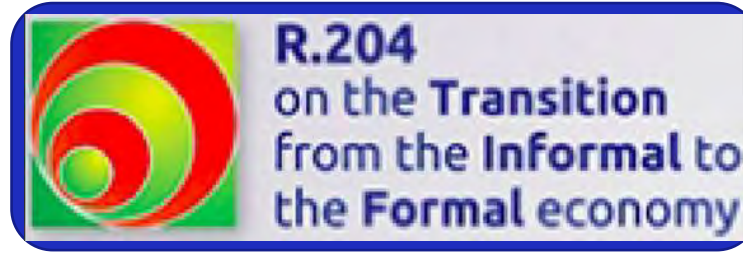


## Industry Skills for Inclusive Growth: InSIGHT Phase 2 Project

**Regional Recovery Plans**  
**UN SPF Initiative**  
**ILO-Japan SSN**  
**UN Joint SDG Fund Development Emergency Modality**

**Rapid Assessment, ILO Positioning and Opportunities for ILO Engagement in the Recovery from the Crisis Brought by Super Typhoon Rai/Odette in the Philippines**  
 First Technical Crisis Group (TCG) meeting, 30 March 2022  
 Hideki Kagohashi  
 Enterprise Development Specialist  
 CO-Manila





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**Thank you / Salamat sa lahat po!**

