

HOMENET EASTERN EUROPE AND CENTRAL ASIA

NEWSLETTER



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INFORMAL WORKERS IN FOCUS HOME-BASED WORKERS

WHAT ARE HOMEWORKERS AND THEIR PROBLEMS

Of the many categories of informal workers, home-based workers typically have the least security and lowest earnings. Home-based work is a growing global phenomenon, with over 100 million people¹ working from their homes, in countries both rich and poor. The vast majority are women, who often face the double burden of performing both paid market work and unpaid care-giving work in their homes. There are two types of home-based workers: homeworkers (also known as industrial outworkers), who carry out work for firms or their intermediaries, typically on a piece-rate basis, and self-employed or own account home-based workers, who independently produce and sell market-oriented goods or services in their homes.

Home-based work exists in a wide range of sectors, including personal services such as shoe repair and childcare, clerical services such as data processing and invoicing, handicraft production, and manufacturing—especially of textiles, garments, electronics, and other consumer goods.

With the rise of complex global chains of production over the past half-century, home-based work has grown exponentially. The growth of homework in manufacturing especially can be linked to the logic of global competition that pushed the bulk of manufacturing first from developed to developing countries, and then out from the factories into workers' homes, as employers cut costs by passing off responsibility for rent, electricity, equipment, and other production costs onto workers.



Statistics On Home-based Workers

Home-based work is one of the most invisible and difficult to count types of informal employment, and few countries actually collect statistics on home-based work. The available estimates suggest that, in most developing countries, more than 10 percent of the non-agricultural workforce is home-based, and between 25

and 60 percent of garment and textile workers are home-based. Home-based work appears to be less common in developed regions: in one study of European countries, four to five percent of the total workforce spent the majority of their working hours at home.

Of the world's estimated 100 million home-based workers, more than half are found in South Asia, and 80 percent of these are women. Women are found in particularly high concentration in the homemaker category.

Insecurity and Exploitation

Home-based work is generally a low-return activity, and industrial outworkers have the lowest average income of all categories of informal workers.⁶ Typically paid on a piece-rate basis, they usually receive less than 10% of the final sale price of what they produce. Their earnings often fall below the minimum wage—even in developed countries.

Homeworkers have very little income security, as work orders can be suddenly cancelled, finished goods rejected by contractors, or payment delayed for months on end. The companies that employ them can also easily shift their production to other regions. Many self-employed home-based workers are just as vulnerable and dependent as homeworkers, often buying materials on credit from and selling finished products to a single merchant.

Like all informal workers, home-based workers are rarely protected by labor and safety regulations, have limited access to social insurance, benefits, or financial services, and lack representative voice.

Who are homeworkers?

Homeworkers (also called home workers, home-based workers or outworkers) are defined by the International Labour Organisation as people working from their homes or from other premises of their choosing other than the workplace, for remuneration.

There are two main categories of homework recognised in ILO conventions and the literature: dependent work and own account work. This report suggests that a third category- semi-dependent or economically dependent be added. As shown in Figure 1, in practice, workers often conduct work which is not clearly subordinate or independent but somewhere on a continuum between the two poles.

'Dependent' workers provide a product or service as specified by the employer/contractor for remuneration. An example of dependant work drawn from Bulgaria is bridal dress beading conducted in the home of the worker for many years for the same bridal gown bridal shop. The bridal gown shop seamstress and manager provides all the materials, specifies the way that the beads are to be sewn onto the dresses and dictates the price per piece. According to the ILO definition, the seamstress would be considered an employer, which means a person, natural or legal, who, either directly or through an intermediary, whether or not intermediaries are provided for in national legislation, gives out home work in pursuance of his or her business activity.



The EU defines parasubordinate as “the term generally used to refer to situations of self-employment which in material terms are similar to work as an employee under a contract of employment, because the worker is in a position of economic dependence”. The ILO defines economically dependent work as "performed personally under actual conditions of dependency on or subordination to the user enterprise and these conditions are similar to those that characterise an employment relationship under national law and practice but where the person who performs this work does not have a recognised employment relationship with the user enterprise”.

A large proportion of workers conduct dependant or semi-dependent work, as well as own account work in order to generate a living wage. A woman who makes martenistsas may do so both for a contractor, who orders a particular volume, specifies the design, price and date for delivery, and also create their own designs for personal sale at festivals. A person who has a low paying formal job as a shop assistant, for instance, may make additional income as a dependent homemaker sewing embroidery onto dresses. It is very common for rural based homeworkers in Bulgaria to carry out a mix of dependent homework, own account homework and agricultural work.



Organizing Among Home-based Workers

Isolated and often entangled within complex chains of contractors and subcontractors, homebased workers face significant challenges in organizing themselves collectively. Despite this, home-based workers' organizations in several countries have achieved important victories, including coverage by minimum wage laws and access to social security and health care programs.

In 1996, the International Labour Organization called on all countries to develop policies to improve the conditions of homeworkers with its adoption of Convention 177 on Home Work.



“It is difficult to conceive of a meaningful strategy to fight poverty without substantially improving the living and working conditions of homeworkers. Homework is where the poor are, millions of them. Those who want to “make poverty history” would be well advised to use as a point of leverage those standards, like the Home Work Convention, which are specifically designed to address the problems of the poor, and particularly of poor women, who make up the vast majority of homeworkers.”

Dan Gallin, Global Labour Institute



**Women in Informal Employment:
Globalizing and Organizing**

Women in Informal Employment: Globalizing & Organizing (WIEGO)

What is WIEGO?

WIEGO is a global action-research-policy network that seeks to improve the status of the working poor in the informal economy, especially women. Economic

empowerment of these workers is at the heart of WIEGO's mission. We believe all workers should have equal economic opportunities and rights and be able to determine the conditions of their work and lives.

We seek to improve the status of the working poor, especially women, in the informal economy by:

- helping to strengthen membership-based organizations (MBOs) of informal workers and to build sector-specific networks of such organizations
- highlighting the size, composition, characteristics, and contribution of the informal economy through improved statistics and research
- promoting policy dialogues and processes that include representatives of informal worker organizations
- promoting more equitable working conditions and more inclusive global trade, social protection, and urban planning policies

WIEGO is comprised of organizations of informal workers, as well as individual researchers and development professionals engaged in or concerned with informal employment.

WIEGO has five core Programmes (below) as well as Global Projects and Special Initiatives.

- Organization and Representation
- Statistics
- Social Protection

We seek to involve membership-based organizations (MBOs) of informal workers in the identification, prioritization and design of all of our activities. We disseminate the findings, data, and case studies generated – and related lessons learned – as widely as possible.

Why WIEGO?

The International Labour Organization (ILO) estimates that, in 2009, one in five workers worldwide – 630 million or so workers – lived, along with their families, at or below the US \$1.25 a day poverty level: 40 million more than before the global economic crisis began in 2008. The vast majority of these working poor earn their living in the informal economy where earnings are typically low and risks usually high. WIEGO believes that reducing poverty and inequality is possible only by raising the earnings and lowering the risks of those who work in the informal economy. The challenge is great, and growing. Over the past two decades, informal employment has persisted or grown in most countries, emerging in unexpected places and in new guises.

The WIEGO network was founded in April 1997 by a group of 10 activists, researchers, and development professionals who had long worked on the informal



economy. They shared a concern that the working poor in the informal economy, especially women, are not well understood, valued, or supported in policy circles or by the international development community.

Those who join the WIEGO network are motivated by this same concern. Together, the members, directors, and team of employees and consultants who comprise WIEGO seek:

- to put work, workers and workers' organizations at the center of economic development policies and processes
- to investigate how different groups of the working poor in the informal economy – especially women – are linked to the formal economy and to the global economy, and with what consequences
- to examine the quantity and quality of employment opportunities created by different patterns of economic growth and global integration
- to identify appropriate policies, regulations, and practices to manage and govern the employment arrangements of the working poor in the informal economy

HOMENET EASTERN EUROPEAN AND CENTRAL ASIA

Introduction

Many organizations in the seventies accept the challenge to work with homeworkers in order to develop their collective consciousness and power of negotiations. Many trade unions and NGOs, members of HomeNet have worked for many years with homeworkers. Their experience showed that home workers

can be organized and that they themselves can undertake action to improve their lives.

The International Organization HomeNet EE/CA, which has been dealing with problems of workers in the informal economy for ten years, unites 13 organizations. The main issue which united representatives of organizations is the lack of legislative regulation of homeworkers. Another tough problem that these workers experience is the inability to sell their products. After the democratic changes in countries were established organizations that have different history, structure and approaches. The common between them is the strive to reach groups of workers who are not yet organized.

HomeNet - international network

HomeNet is an international network of organizations of homeworkers from different parts of the world, which include dependent and self-employed workers, from the village and town. Among HomeNet member organizations are trade unions, NGOs, associations, cooperatives and aid organizations. Network supports the principle of independent organizations of homeworkers based on membership in democratic organizations.

The definition of home workers is widespread and each organization must determine, according to its context, which includes a group of workers. Some organizations within HomeNet are designed to organize all the poor women-workers, not only to homeworkers. Others are formal unions, who have extended their membership for home workers and workers from the factories. Three non-governmental organizations working with men and women home workers, while others are only women's organizations, including homeworkers among other women.

HomeNet work jointly with other organizations that bring together other informal workers, particularly women, and many members of the network organized a number of workers, including homeworkers. Organizational form and focus of the organizations of HomeNet vary according to local conditions and needs.

ORGANIZATION FROM HOMENET EASTERN EUROPE AND CENTRAL ASIA

BULGARIA

Organization: Association of home workers

Introduction

Home-based work – entailing, for example, sewing clothes, constructing shoes, putting together shopping bags, and making a range of crafts - is a valuable source of income to people during economic crises and transformation. Homeworking grew in Bulgaria as a response to the transition to capitalism after 1989 when privatisation and economic structural transformation resulted in great job losses. During the economic crisis of 2008/9 homeworking has again provided economic

refuge to those who lost their jobs or who were unable to subsist off their existing incomes. Despite the important role of homeworking in the Bulgarian economy and for the people who rely on it for their livelihoods, it is both indicative of and creates economic and social vulnerability.



This report addresses how regulatory measures, in tandem with a number of short and long term organisational initiatives, might remedy the poor conditions and vulnerability of homebased workers in Bulgaria. It reports on evidence from various sources regarding the conditions and livelihoods of homeworkers in Bulgaria. Its central finding is that almost no homeworkers in Bulgaria are receiving legally stipulated minimum wages. The majority are struggling to pay bills and meet their basic needs. Indeed, most homeworkers interviewed for this report perceive that their livelihoods have declined in the last 6 years. This is a problem which has primarily economic causes, but also points to a failing in the legal system. The vast majority of homeworkers in Bulgaria are ‘informal’ workers, which means that they do not have employment or civil contracts with their employers or contractors. Their conditions, including the health and safety of their work are rarely inspected or enforced by the relevant inspectorates, they rarely receive social security and pension payments are not made on their behalf. These are alarming findings given that it is estimated that there are around 500,000 homeworkers in Bulgaria out of a working age population of around 4.8 million. If

these figures are accurate, homeworkers account for 10 per cent of the workforce. (The total population of Bulgaria is around 7.5 million.)

On a more positive note, the unregulated nature of home-based work in Bulgaria is currently being addressed by a legal reform program which has resulted from goodwill amongst the current government and social partners, and savvy campaigning by the organisations that represent homeworkers.

The structure of this report is as follows: it first sets out the findings of research conducted in Bulgaria in 2010 concerning the working conditions of homeworkers and the reform process. Comparison with data collected by the author in 2004, as well as data from other sources, is also made. (For details regarding the methodology, see Appendix 1.) The report then discusses the draft reforms currently under consideration by the Bulgarian Labour Ministry. Although the reforms proposed are a positive beginning, they leave a number of gaps which undermine their capacity to concretely assist homeworkers. In the final section of this report, a number of additional measures are proposed which could be undertaken so as to improve the livelihoods of this group of informal, vulnerable workers. It is hoped the report will act as a useful resource for government and policy makers, union representatives, as well as advocates and organisers of homeworkers in Bulgaria.

The law reform process in Bulgaria to date

In 2009 the Bulgarian parliament ratified the ILO Convention 177 on Home Work. This created the impetus for the reform of the Bulgarian Labour Code. Further grounds for reform were the Decision of the National Council for Tripartite Cooperation in October 2009 concerning The adoption of anti-crisis measures, which included an accord to reach an agreement on the regulation of home-based work as well as the Decision of the Council of Ministers in June 2009, The Bulgarian "path" to achieve better flexibility and security in the labour market 2009-2011, p.IV p.3.

When social matters are legislated in Bulgaria, social partners must be formally consulted through the National Council for Tripartite Cooperation (NCTC). It consists of an equal number of government representatives (at least one of them should be a deputy prime minister and the chair of the NCTC) and representative organizations of employers and trade unions. During the course of 2010 the NCTC met and drafted an agreement. In September of 2010 a preliminary agreement was reached. This agreement, titled the National Agreement on Regulation of Homebased Work in Bulgaria provided for the amendment of the Labour Code so that dependent homeworkers must be provided with a labour contract and enjoy the conditions, including health and safety, guaranteed by Bulgarian labour, social security legislation and collective agreements, regardless of their place of work.

Association of home workers in Bulgaria more than 6 months organizes cooperatives in Northeast, Northwest and Southwest Bulgaria. Expanding its

membership and has already established organizations in Central South Bulgaria / Stara Zagora, Plovdiv, Panagjurishte, Sliven /.



Macedonia

Organization: Association of Homeworkers-Dora Dom



DORA DOM from Macedonia said that he works very well with members of the ruling party. I hope that by the end of the year there will be legal changes concerning home work. FYROM's government creates an opportunity to use small grants of 3,000 euro's for starting their own business. Self-employed growers are allowed to enter the market and sell when they want, without being registered as a traders or company. This allows many producers to gain resources for themselves and their families. It is hard to work with the employed workers, he can not find them because they are afraid. He did not expand his business throughout Macedonia. He works in his area in Strumica.

“Dora Dom” had contacts with the government on the implementation of C 177 which they ratified 3 Oct 2012. They meet with the Ministry of Labour. They expect that they will have a law in place one year from now. In 1 ½ years are national elections and they would need to show what they have achieved.



All their members are covered by basic health insurance through their status as “unemployment”. They need to register annually as unemployed. Regarding pensions, Dora Dom is pushing to be treated as agricultural workers for which a lower than average threshold exists (€ 50, monthly) in order to be entitled to receive a pension. The other alternative would be to register as a company. However this is very costly and the members are not able to afford it. There would also be no advantage in terms of being able to apply for a credit because one needs two co-signees which have a secure (for example government) job.

MONTENEGRO

In Montenegro also work mostly self-employed women. They received an order of the German Embassy. Collect dues only when women have jobs. They rent a room for their work and buying materials. They work with souvenir shops and receive orders through the firms. For now, membership is about 200 people, and according to their research in Montenegro there are 400 000 home workers. All home workers are not registered and do not receive Social Security.

Has statutes, 5 board members and executive manager



About 150 of the 200 members are working closely together. They are producing souvenirs for tourists. 50 are on and off and only stepping in when there are more orders. The members distribute the orders among themselves and thus all profit. They don't have middle men but deliver directly to souvenir shops. They are getting in touch with the companies through

participating in fairs. They are sharing space for work with a women's right association "safe home" and don't have to pay any rent. They don't have enough turn over so that it would be worth registering as a cooperative. The workers neither have health nor pension coverage. Voluntary contribution to the health and pension schemes would be € 100,-- but the average income of each worker is only about € 150,--. The minimum, wage is Montenegro is € 200,--. There is no other government assistance because the assumption is that they live from their land, which is in fact the case, but it is not sufficient to make a decent living. In order to survive they are vending products they produce, for example vegetables.



There is an estimated total of 400.00 home-based workers (own account) working in the sector

ALBANIA

Organization: Gruaja Intellektuale Pogradec (Intellectual Women of Pogradec)



Organization of Albania "Intellectual women" is a registered NGO, based on membership with manual work plan and statutes. They work very well with the local government of which receive municipal locations for exhibitions and fairs. They gain access to foreign fairs for crafts and souvenirs with mayor's help. The membership fee is 1 Euro and allocated to meet the needs of members. Here again work mostly self-employed women and they help young women to socialize. For them it is important to preserve the traditions and therefore have focused more on souvenirs.

Albania has ratified C 177 but there is no law/policy on home work. The workers they are reaching are all self-employed so that C 177 would not apply.



The “Intellectual Women of Pogradec Albania” is a new member of HomeNet Eastern Europe. It is a NGO with the aim to help women and young people facing social problems, so that they don’t leave their country and keep their own traditions. They claim to reach out to 100 home based workers. The target group is talented, skilled women.

The NGO helps to identify markets and tries to bring together shop owners and workers. There is no organized production. The NGO organizes professional skills training. Through contact to the mayor they were able to get space provided for free (for 3 months; peak time when tourists visit the town) where the workers could sell their products. They work together with other NGOs as to jointly market the products. They are planning their own exhibition and want, together with partner NGOs, rent a shop. Expenses will be paid by the membership fees.

ARMENIA

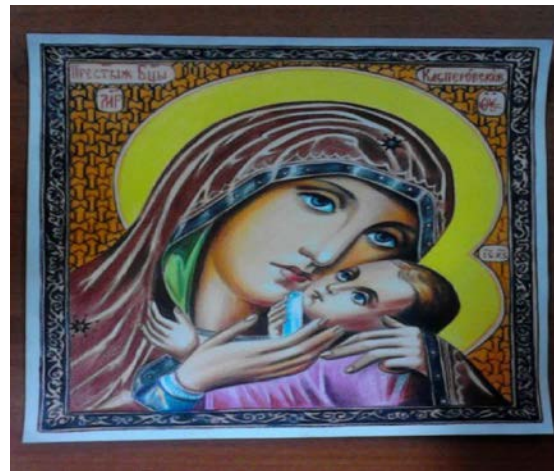
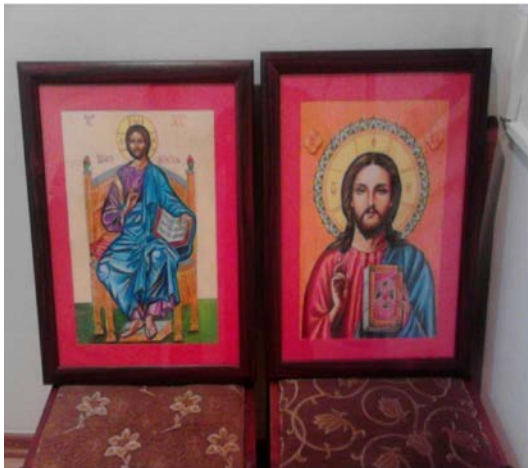
Organization: Armenian Association of Homeworkers



The representative of Armenia, Hermine started to work 6 months ago. She was enthusiastic about to make the first study of the problems of home workers in the country. In less than three months she mapped more than 50 home-workers and made a brief analysis by gender, age and way of working. After the conference, she continued to map home workers included as employed. The NGO "Association of home workers in Armenia" with a group of 50 people was registered in April. It has statute and electoral code. According to Hermine, the last cards in Armenia show that there are many outworkers a(those who work in factories, and at the

home).

Organization of Armenia is currently the most active supplier of products created online store.



GEORGIA

Organization: Transport workers' union – affiliated to Georgian Trade Union Centre (GTUC), to the ITF (International Transport Workers' Federation) and ETF (European Transport Workers' Federation)



The union is organizing mini-bus drivers, (3.000 formal/ 5.000 informal) informal. The membership fee is not sufficient to finance the structure. They can only maintain their structure because they are affiliated to the GTUC. The new government will establish a new Labour Code (which was de facto non-existent under the old government) and intends to formalize the informal transport sector. They organize in the sector through collective agreement negotiations/strikes. They also have a telephone hotline. Since 2012, they agreed to examine the situation of

home work in Georgia and try to unify home workers. They mapped 100 home workers. During the study, they discovered 200 artists who have lost their jobs and



support themselves with work at home. In Georgia there are lots home-producers of souvenirs, but it is difficult for them to find vendors and contractors. Most of the self-employed are situated in the capital and aged are between 35 and 60 years. Here again the home workers are placed entirely in the informal economy.

The union found some home-based workers (200 painters/souvenir producers). They have problems to sell their products in the street. They don't have any social protection. Leaders could not yet be identified. Their aim is to bring the home-based workers to the union and to HNEE.

KYRGYZSTAN

Organization: CACSARC-kg; Central Asia Crafts Support Associations' Resource Centre



The NGO was established in 2000 in Bishkek and started off to operate in six countries in the region: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and later Mongolia). It has now 76 member organizations (artisan groups/craft development centre's). According to the statues, the umbrella organization was moved in 2008 to Almaty in Kazakhstan. The Kyrgyz office

decided to register as an own entity and founded “CACSAK-kg” . The activities were in line with the previous ones: the preservation and development of traditional culture and handicrafts and the integration into the world crafts market, which would include the improvement of skills of the artisans and to assist them in protecting their professional, civil, economic and social rights.

Regionally they are covering 5.000 crafts people. They are not a MBO, but serve as an umbrella organization of different groups. They are selling their services, organize fairs and exhibition, help to connect to the foreign community in the country but also beyond Kyrgyzstan (i.e. US). They raise money through projects so that they can pay overhead costs (paid staff, office etc.).

They started mapping the home-based workers and discovered that they all don't have social protection. They see it as an urgent need to enquire how the home-based workers can get access to social protection. They have not spent any effort yet on legal expertise and improving the legal framework for the workers, but think that they should do it.



It is worth noting, that CACSARC-kg is putting a lot of effort in undertaking research what kind of products would be selling well. They organize trainings for the workers at different levels. The first step is to identify the most talented designer(s) in Kyrgyzstan to train the workers. But

they also partner with an US NGO “Aid to Artisans” to try to find out what is on demand outside of Kyrgyzstan. They have been inviting designers from the US, who are developing together with the workers new products, based on their traditional methods of production. Through these contacts, it was also possible to participate in fairs in the US, which they now do on a regular basis annually (about 10-12 workers). The workers were able to increase substantially their income situation, so that, for example, they were able to pay for their own travel fees to the US. They are participating at the annual Asian fair and they have been invited to an important Hungarian fair. They are also lobbying to form a union. There are considerations to go beyond homebased work. At the moment there is a good relationship already with the union of the light industry in Kyrgyzstan.

TURKEY

Organization: Home-based Workers and Social Rights Association also mapped 100 home workers women from the area in which she lives.



Here 94% of home-based workers are self employed. It was found that the industry is working with external contractors. Hundred women, of whom only 6% have benefited from health insurance. 80% of women work at home, producing food, pasta, ravioli, jam, yogurt, bread, doing construction work, such as building a house, which is very uncomfortable, braid lace, embroidery, made jewelry and more. More than 90% of women have problems

with their eyes, waist and neck, hernia and varicose veins. Lack of social security, underpay and brutal exploitation forces women to work on Sunday. It is imperative to proceed to regulate the work of home-based women, having ratified Convention 177. But Aycan is not convinced that this could soon happen in Turkey because they do not support either of the unions or the government or other NGOs. She said she left the group of Nazik in Ankara because they do not work to solve the problems of home workers. Aycan's organization feels very isolated and alone in their struggle to protect women home workers.



KAZAKHSTAN – Center for home-based workers “Artisans Center Qazaq-Oner”



The organization which represents the target group is founded as a Center for homeworkers in 2014 including 20 women and local producers. At this moment they are more than 170 people with different professions. The main goals which they face are: training in high quality; participation in festivals, forums and

establishing branches across the country. They actively use tourism for searching orders. The government pays the rent for the premises in which they work during festivals and faires.

The major problems for the homeworkers are: lack of legislative policy on social security and registration of homeworkers. Therefore they struggle for the ratification of ILO Convention C177.

Aigul, the leader of the Center, is a bearer of several medals and many others government awards. She and the trained by herself women have participated in many world fairies. She has a certificate from UNESCO.



TAJIKISTAN – NGO „CASCA“



The organization works very well with the government. As a result of their joint work in Tajikistan take place:

- Joint training of young people in traditional crafts and entrepreneurship;
- Fairies and opening of state shops in tourist sites;
- A law on crafts and homeworkers was adopted through which they are all exempt from taxes and patent forever;
- A pension fund similar to the one in the United Kingdom has been set up.



As a major problem, Mukarrama noted the developing of an unified national structure for homeworkers. With the support of the government, until the end of the following year, they have set themselves the task of covering the whole country organizationally.

Goals:

- 1.To find 30 centers in the country
2. Strengthening the printing structure
3. Opening of 2 museums: "Susanne" and "Costume story"
4. Book about traditional elements in embroidery.

Activities:

1. Consolidation of informal workers
- 2.Production and sustainability
- 3.Installations, festivals and bazaars
- 4.Training and Qualification
- 5.Money campaign

UZBEKISTAN – Bukhara Crafts Developmetn Center (Association of Crafts)



In 2014 a group of crafted women wanted to participate in a fairy in Pakistan but were not allowed in because they did not have a registered organization. This incident became an occasion for establishing an NGO „Association for Crafts”. They work in 4 different spheres and have restored more than 61 old proffessions.

They were sent to training in India for a month in order to learn how to colour the yarn.

Mrs. Bazarova, the representative of the NGO, shared with satisfaction that the organization is developing very fast with the support of the government. Namely:

- A group of 50 women work in each area and get a salary;
- The homeworkers are exempted from sales taxes and can sell everywhere without rent for 5 years;
- At the invitation of the social minister they received funds for training;
- Membership in the Chamber of Commerce without paying fee; using their shops without cash register; supporting participations in fairs abroad without paying taxes;
- From 2018 with a government decree the home workers can take free of interest credit;
- The government gives a center building;
- Training of many young people and thanks for that the regional festival gathered 50-60 000 participants in May;
- The government is in constant communication with them and take into consideration their proposals and requests.



The only problem is the lack of social security for the homeworkers and new markets as the organization is constantly growing. Mrs. Bazarova thinks that there is no training in entrepreneurship.

International documents regulating home-based work

C177 Home Work Convention, 1996

The General Conference of the International Labour Organization, Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Eighty-third Session on 4 June 1996, and Recalling that many international labour Conventions and Recommendations laying down standards of general application concerning working conditions are applicable to home workers, and Noting that the particular conditions characterizing home work make it desirable to improve the application of those Conventions and Recommendations to home workers, and to supplement them by standards which take into account the special characteristics of home work, and Having decided upon the adoption of certain proposals with regard to home work, which is the fourth item on the agenda of the session, and Having determined that these proposals shall take the form of an international Convention; adopts, this twentieth day of June of the year one thousand nine hundred and ninety-six, the following Convention, which may be cited as the Home Work Convention, 1996:

Article 1 For the purposes of this Convention:

- (a) the term *home work* means work carried out by a person, to be referred to as a home worker,
 - (i) in his or her home or in other premises of his or her choice, other than the workplace of the employer;
 - (ii) for remuneration;
 - (iii) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used, unless this person has the degree of autonomy and of economic independence necessary to be considered an independent worker under national laws, regulations or court decisions;
- (b) persons with employee status do not become home workers within the meaning of this Convention simply by occasionally performing their work as employees at home, rather than at their usual workplaces;
- (c) the term *employer* means a person, natural or legal, who, either directly or through an intermediary, whether or not intermediaries are provided for in national legislation, gives out home work in pursuance of his or her business activity.

Article 2 This Convention applies to all persons carrying out home work within the meaning of Article 1.

Article 3 Each Member which has ratified this Convention shall adopt, implement and periodically review a national policy on home work aimed at improving the situation of home workers, in consultation with the most representative organizations of employers and workers and, where they exist, with organizations concerned with home workers and those of employers of home workers.

Article 4

1. The national policy on home work shall promote, as far as possible, equality of treatment between home workers and other wage earners, taking into account the special characteristics of home work and, where appropriate, conditions applicable to the same or a similar type of work carried out in an enterprise.
2. Equality of treatment shall be promoted, in particular, in relation to:
 - (a) the home workers' right to establish or join organizations of their own choosing and to participate in the activities of such organizations;
 - (b) protection against discrimination in employment and occupation;
 - (c) protection in the field of occupational safety and health;
 - (d) remuneration;
 - (e) statutory social security protection;

- (f) access to training;
- (g) minimum age for admission to employment or work; and
- (h) maternity protection.

Article 5 The national policy on home work shall be implemented by means of laws and regulations, collective agreements, arbitration awards or in any other appropriate manner consistent with national practice.

Article 6 Appropriate measures shall be taken so that labour statistics include, to the extent possible, home work.

Article 7 National laws and regulations on safety and health at work shall apply to home work, taking account of its special characteristics, and shall establish conditions under which certain types of work and the use of certain substances may be prohibited in home work for reasons of safety and health.

Article 8 Where the use of intermediaries in home work is permitted, the respective responsibilities of employers and intermediaries shall be determined by laws and regulations or by court decisions, in accordance with national practice.

Article 9

1. A system of inspection consistent with national law and practice shall ensure compliance with the laws and regulations applicable to home work.

2. Adequate remedies, including penalties where appropriate, in case of violation of these laws and regulations shall be provided for and effectively applied.

Article 10 This Convention does not affect more favourable provisions applicable to home workers under other international labour Conventions.

Article 11 The formal ratifications of this Convention shall be communicated to the Director-General of the International Labour Office for registration.

Article 12

1. This Convention shall be binding only upon those Members of the International Labour Organization whose ratifications have been registered with the Director-General of the International Labour Office.

2. It shall come into force 12 months after the date on which the ratifications of two Members have been registered with the Director-General.

3. Thereafter, this Convention shall come into force for any Member 12 months after the date on which its ratification has been registered.

Article 13

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

Article 14

1. The Director-General of the International Labour Office shall notify all Members of the International Labour Organization of the registration of all ratifications and denunciations communicated by the Members of the Organization.

2. When notifying the Members of the Organization of the registration of the second ratification, the Director-General shall draw the attention of the Members of the Organization to the date upon which the Convention shall come into force.

Article 15 The Director-General of the International Labour Office shall communicate to the Secretary-General of the United Nations, for registration in accordance with article 102 of the

Charter of the United Nations, full particulars of all ratifications and acts of denunciation registered by the Director-General in accordance with the provisions of the preceding Articles.

Article 16 At such times as it may consider necessary, the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall examine the desirability of placing on the agenda of the Conference the question of its revision in whole or in part.

Article 17

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides –

(a) the ratification by a Member of the new revising Convention shall ipso jure involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 13 above, if and when the new revising Convention shall have come into force;

(b) as from the date when the new revising Convention comes into force, this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

Article 18 The English and French versions of the text of this Convention are equally authoritative.

R204 - Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204)

Preamble

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 104th Session on 1 June 2015, and

Recognizing that the high incidence of the informal economy in all its aspects is a major challenge for the rights of workers, including the fundamental principles and rights at work, and for social protection, decent working conditions, inclusive development and the rule of law, and has a negative impact on the development of sustainable enterprises, public revenues and governments' scope of action, particularly with regard to economic, social and environmental policies, the soundness of institutions and fair competition in national and international markets, and

Acknowledging that most people enter the informal economy not by choice but as a consequence of a lack of opportunities in the formal economy and in the absence of other means of livelihood, and

Recalling that decent work deficits – the denial of rights at work, the absence of sufficient opportunities for quality employment, inadequate social protection and the absence of social dialogue – are most pronounced in the informal economy, and

Acknowledging that informality has multiple causes, including governance and structural issues, and that public policies can speed up the process of transition to the formal economy, in a context of social dialogue, and

Recalling the Declaration of Philadelphia, 1944, the Universal Declaration of Human Rights, 1948, the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, 1998, and the ILO Declaration on Social Justice for a Fair Globalization, 2008, and

Reaffirming the relevance of the eight ILO fundamental Conventions and other relevant international labour standards and United Nations instruments as listed in the Annex, and

Recalling the resolution and Conclusions concerning decent work and the informal economy adopted by the International Labour Conference at its 90th Session (2002), and other relevant resolutions and Conclusions as listed in the Annex, and

Affirming that the transition from the informal to the formal economy is essential to achieve inclusive development and to realize decent work for all, and

Recognizing the need for Members to take urgent and appropriate measures to enable the transition of workers and economic units from the informal to the formal economy, while ensuring the preservation and improvement of existing livelihoods during the transition, and

Recognizing that employers' and workers' organizations play an important and active role in facilitating the transition from the informal to the formal economy, and

Having decided upon the adoption of certain proposals with regard to the transition from the informal to the formal economy, which is the fifth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this twelfth day of June of the year two thousand and fifteen the following Recommendation, which may be cited as the Transition from the Informal to the Formal Economy Recommendation, 2015.

I. Objectives and scope

1.1. This Recommendation provides guidance to Members to:

- (a) facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship;
- (b) promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and
- (c) prevent the informalization of formal economy jobs.

2.2. For the purposes of this Recommendation, the term "informal economy":

- (a) refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements; and
- (b) does not cover illicit activities, in particular the provision of services or the production, sale, possession or use of goods forbidden by law, including the illicit production and trafficking of drugs, the illicit manufacturing of and trafficking in firearms, trafficking in persons, and money laundering, as defined in the relevant international treaties.

3.3. For the purposes of this Recommendation, "economic units" in the informal economy include:

- (a) units that employ hired labour;
- (b) units that are owned by individuals working on their own account, either alone or with the help of contributing family workers; and
- (c) cooperatives and social and solidarity economy units.

4.4. This Recommendation applies to all workers and economic units – including enterprises, entrepreneurs and households – in the informal economy, in particular:

- (a) those in the informal economy who own and operate economic units, including:
 - (i) own-account workers;
 - (ii) employers; and
 - (iii) members of cooperatives and of social and solidarity economy units;
- (b) contributing family workers, irrespective of whether they work in economic units in the formal or informal economy;
- (c) employees holding informal jobs in or for formal enterprises, or in or for economic units in the informal economy, including but not limited to those in subcontracting and in supply chains, or as paid domestic workers employed by households; and
- (d) workers in unrecognized or unregulated employment relationships.

5.5. Informal work may be found across all sectors of the economy, in both public and private spaces.

6.6. In giving effect to the provisions of Paragraphs 2 to 5 above, and given the diversity of the informal economy across member States, the competent authority should identify the nature and extent of the informal economy as described in this Recommendation, and its relationship to the formal economy. In so doing, the competent authority should make use of tripartite mechanisms with the full participation of the most representative employers' and workers' organizations, which should include in their rank, according to national practice, representatives of membership-based representative organizations of workers and economic units in the informal economy.

II. Guiding principles

1.7. In designing coherent and integrated strategies to facilitate the transition to the formal economy, Members should take into account the following:

- (a) the diversity of characteristics, circumstances and needs of workers and economic units in the informal economy, and the necessity to address such diversity with tailored approaches;
- (b) the specific national circumstances, legislation, policies, practices and priorities for the transition to the formal economy;
- (c) the fact that different and multiple strategies can be applied to facilitate the transition to the formal economy;
- (d) the need for coherence and coordination across a broad range of policy areas in facilitating the transition to the formal economy;
- (e) the effective promotion and protection of the human rights of all those operating in the informal economy;
- (f) the fulfilment of decent work for all through respect for the fundamental principles and rights at work, in law and practice;
- (g) the up-to-date international labour standards that provide guidance in specific policy areas (see Annex);
- (h) the promotion of gender equality and non-discrimination;
- (i) the need to pay special attention to those who are especially vulnerable to the most serious decent work deficits in the informal economy, including but not limited to women, young people, migrants, older people, indigenous and tribal peoples, persons living with HIV or affected by HIV or AIDS, persons with disabilities, domestic workers and subsistence farmers;
- (j) the preservation and expansion, during the transition to the formal economy, of the entrepreneurial potential, creativity, dynamism, skills and innovative capacities of workers and economic units in the informal economy;
- (k) the need for a balanced approach combining incentives with compliance measures; and
- (l) the need to prevent and sanction deliberate avoidance of, or exit from, the formal economy for the purpose of evading taxation and the application of social and labour laws and regulations.

III. Legal and policy frameworks

1.8. Members should undertake a proper assessment and diagnostics of factors, characteristics, causes and circumstances of informality in the national context to inform the design and implementation of laws and regulations, policies and other measures aiming to facilitate the transition to the formal economy.

2.9. Members should adopt, review and enforce national laws and regulations or other measures to ensure appropriate coverage and protection of all categories of workers and economic units.

3.10. Members should ensure that an integrated policy framework to facilitate the transition to the formal economy is included in national development strategies or plans as well as in poverty reduction strategies and budgets, taking into account, where appropriate, the role of different levels of government.

4.11. This integrated policy framework should address:

- (a) the promotion of strategies for sustainable development, poverty eradication and inclusive growth, and the generation of decent jobs in the formal economy;
- (b) the establishment of an appropriate legislative and regulatory framework;
- (c) the promotion of a conducive business and investment environment;
- (d) respect for and promotion and realization of the fundamental principles and rights at work;
- (e) the organization and representation of employers and workers to promote social dialogue;

- (f) the promotion of equality and the elimination of all forms of discrimination and violence, including gender-based violence, at the workplace;
- (g) the promotion of entrepreneurship, micro, small and medium-sized enterprises, and other forms of business models and economic units, such as cooperatives and other social and solidarity economy units;
- (h) access to education, lifelong learning and skills development;
- (i) access to financial services, including through a regulatory framework promoting an inclusive financial sector;
- (j) access to business services;
- (k) access to markets;
- (l) access to infrastructure and technology;
- (m) the promotion of sectoral policies;
- (n) the establishment of social protection floors, where they do not exist, and the extension of social security coverage;
- (o) the promotion of local development strategies, both rural and urban, including regulated access for use of public space and regulated access to public natural resources for subsistence livelihoods;
- (p) effective occupational safety and health policies;
- (q) efficient and effective labour inspections;
- (r) income security, including appropriately designed minimum wage policies;
- (s) effective access to justice; and
- (t) international cooperation mechanisms.

5.12. When formulating and implementing an integrated policy framework, Members should ensure coordination across different levels of government and cooperation between the relevant bodies and authorities, such as tax authorities, social security institutions, labour inspectorates, customs authorities, migration bodies and employment services, among others, depending on national circumstances.

6.13. Members should recognize the importance of safeguarding the opportunities of workers and economic units for income security in the transition to the formal economy by providing the means for such workers or economic units to obtain recognition of their existing property as well as by providing the means to formalize property rights and access to land.

IV. Employment policies

1.14. In pursuing the objective of quality job creation in the formal economy, Members should formulate and implement a national employment policy in line with the Employment Policy Convention, 1964 (No. 122), and make full, decent, productive and freely chosen employment a central goal in their national development and growth strategy or plan.

2.15. Members should promote the implementation of a comprehensive employment policy framework, based on tripartite consultations, that may include the following elements:

- (a) pro-employment macroeconomic policies that support aggregate demand, productive investment and structural transformation, promote sustainable enterprises, support business confidence, and address inequalities;
- (b) trade, industrial, tax, sectoral and infrastructure policies that promote employment, enhance productivity and facilitate structural transformation processes;
- (c) enterprise policies that promote sustainable enterprises and, in particular, the conditions for a conducive environment, taking into account the resolution and Conclusions concerning the promotion of sustainable enterprises adopted by the International Labour Conference at its 96th Session (2007), including support to micro, small and medium-sized enterprises and entrepreneurship, and well-designed, transparent and well-communicated regulations to facilitate formalization and fair competition;
- (d) labour market policies and institutions to help low-income households to escape poverty and access freely chosen employment, such as appropriately designed wage policies including minimum wages, social protection schemes including cash transfers, public employment programmes and guarantees, and enhanced outreach and delivery of employment services to those in the informal economy;
- (e) labour migration policies that take into account labour market needs and promote decent work and the rights of migrant workers;

- (f) education and skills development policies that support lifelong learning, respond to the evolving needs of the labour market and to new technologies, and recognize prior learning such as through informal apprenticeship systems, thereby broadening options for formal employment;
- (g) comprehensive activation measures to facilitate the school-to-work transition of young people, in particular those who are disadvantaged, such as youth guarantee schemes to provide access to training and continuing productive employment;
- (h) measures to promote the transition from unemployment or inactivity to work, in particular for long-term unemployed persons, women and other disadvantaged groups; and
- (i) relevant, accessible and up-to-date labour market information systems.

V. Rights and social protection

1.16. Members should take measures to achieve decent work and to respect, promote and realize the fundamental principles and rights at work for those in the informal economy, namely:

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced or compulsory labour;
- (c) the effective abolition of child labour; and
- (d) the elimination of discrimination in respect of employment and occupation.

2.17. Members should:

- (a) take immediate measures to address the unsafe and unhealthy working conditions that often characterize work in the informal economy; and
- (b) promote and extend occupational safety and health protection to employers and workers in the informal economy.

3.18. Through the transition to the formal economy, Members should progressively extend, in law and practice, to all workers in the informal economy, social security, maternity protection, decent working conditions and a minimum wage that takes into account the needs of workers and considers relevant factors, including but not limited to the cost of living and the general level of wages in their country.

4.19. In building and maintaining national social protection floors within their social security system and facilitating the transition to the formal economy, Members should pay particular attention to the needs and circumstances of those in the informal economy and their families.

5.20. Through the transition to the formal economy, Members should progressively extend the coverage of social insurance to those in the informal economy and, if necessary, adapt administrative procedures, benefits and contributions, taking into account their contributory capacity.

6.21. Members should encourage the provision of and access to affordable quality childcare and other care services in order to promote gender equality in entrepreneurship and employment opportunities and to enable the transition to the formal economy.

VI. Incentives, compliance and enforcement

1.22. Members should take appropriate measures, including through a combination of preventive measures, law enforcement and effective sanctions, to address tax evasion and avoidance of social contributions, labour laws and regulations. Any incentives should be linked to facilitating the effective and timely transition from the informal to the formal economy.

2.23. Members should reduce, where appropriate, the barriers to the transition to the formal economy and take measures to promote anti-corruption efforts and good governance.

3.24. Members should provide incentives for, and promote the advantages of, effective transition to the formal economy, including improved access to business services, finance, infrastructure, markets, technology, education and skills programmes, and property rights.

4.25. With respect to the formalization of micro and small economic units, Members should:

- (a) undertake business entry reforms by reducing registration costs and the length of the procedure, and by improving access to services, for example, through information and communication technologies;
- (b) reduce compliance costs by introducing simplified tax and contributions assessment and payment regimes;
- (c) promote access to public procurement, consistent with national legislation, including labour legislation, through measures such as adapting procurement procedures and volumes, providing training and advice on participating in public tenders, and reserving quotas for these economic units;

- (d) improve access to inclusive financial services, such as credit and equity, payment and insurance services, savings, and guarantee schemes, tailored to the size and needs of these economic units;
- (e) improve access to entrepreneurship training, skills development and tailored business development services; and
- (f) improve access to social security coverage.

5.26. Members should put in place appropriate mechanisms or review existing mechanisms with a view to ensuring compliance with national laws and regulations, including but not limited to ensuring recognition and enforcement of employment relationships, so as to facilitate the transition to the formal economy.

6.27. Members should have an adequate and appropriate system of inspection, extend coverage of labour inspection to all workplaces in the informal economy in order to protect workers, and provide guidance for enforcement bodies, including on how to address working conditions in the informal economy.

7.28. Members should take measures to ensure the effective provision of information, assistance in complying with the relevant laws and regulations, and capacity building for relevant actors.

8.29. Members should put in place efficient and accessible complaint and appeal procedures.

9.30. Members should provide for preventive and appropriate corrective measures to facilitate the transition to the formal economy, and ensure that the administrative, civil or penal sanctions provided for by national laws for non-compliance are adequate and strictly enforced.

VII. Freedom of association, social dialogue and role of employers' and workers' organizations

1.31. Members should ensure that those in the informal economy enjoy freedom of association and the right to collective bargaining, including the right to establish and, subject to the rules of the organization concerned, to join organizations, federations and confederations of their own choosing

2.32. Members should create an enabling environment for employers and workers to exercise their right to organize and to bargain collectively and to participate in social dialogue in the transition to the formal economy

3.33. Employers' and workers' organizations should, where appropriate, extend membership and services to workers and economic units in the informal economy

4.34. In designing, implementing and evaluating policies and programmes of relevance to the informal economy, including its formalization, Members should consult with and promote active participation of the most representative employers' and workers' organizations, which should include in their rank, according to national practice, representatives of membership-based representative organizations of workers and economic units in the informal economy

5.35. Members and employers' and workers' organizations may seek the assistance of the International Labour Office to strengthen the capacity of the representative employers' and workers' organizations and, where they exist, representative organizations of those in the informal economy, to assist workers and economic units in the informal economy, with a view to facilitating the transition to the formal economy

VIII. Data collection and monitoring

1.36. Members should, in consultation with employers' and workers' organizations, on a regular basis:

- (a) where possible and as appropriate, collect, analyse and disseminate statistics disaggregated by sex, age, workplace, and other specific socio-economic characteristics on the size and composition of the informal economy, including the number of informal economic units, the number of workers employed and their sectors; and

- (b) monitor and evaluate the progress towards formalization.

2.37. In developing or revising the concepts, definitions and methodology used in the production of data, statistics and indicators on the informal economy, Members should take into consideration relevant guidance provided by the International Labour Organization, in particular and as appropriate, the guidelines concerning a statistical definition of informal employment adopted by the 17th International Conference of Labour Statisticians in 2003 and their subsequent updates.

IX. Implementation

1.38. Members should give effect to the provisions of this Recommendation, in consultation with the most representative employers' and workers' organizations, which should include in their rank, according to national practice, representatives of membership-based representative organizations of workers and economic units in the informal economy, by one or a combination of the following means, as appropriate;

- (a) national laws and regulations;
- (b) collective agreements;
- (c) policies and programmes;
- (d) effective coordination among government bodies and other stakeholders;
- (e) institutional capacity building and resource mobilization; and
- (f) other measures consistent with national law and practice.

2.39. Members should review on a regular basis, as appropriate, the effectiveness of policies and measures to facilitate the transition to the formal economy, in consultation with the most representative employers' and workers' organizations, which should include in their rank, according to national practice, representatives of membership-based representative organizations of workers and economic units in the informal economy.

3.40. In establishing, developing, implementing and periodically reviewing the measures taken to facilitate the transition to the formal economy, Members should take into account the guidance provided by the instruments of the International Labour Organization and the United Nations relevant to the informal economy listed in the Annex.

4.41. Nothing in this Recommendation should be construed as reducing the protections afforded to those in the informal economy by other instruments of the International Labour Organization.

5.42. The Annex may be revised by the Governing Body of the International Labour Office. Any revised Annex so established, once approved by the Governing Body, shall replace the preceding annex and shall be communicated to the Members of the International Labour Organization.

