

# Global Position Paper from Workers' Organizations in the Informal Economy

## *ILC 110<sup>th</sup> Session – General Discussion on the Social and Solidarity Economy*

International networks of workers in the informal economy<sup>1</sup> and WIEGO welcome the ILO report on decent work and the social and solidarity economy (SSE) prepared for the International Labour Conference's 110th Session.

61% of the global workforce are in informal employment and 64% of all informal economy workers are self-employed.<sup>2</sup> With the view to transitioning from the informal to the formal economy and thus having **access to a comprehensive system of labour and social rights**, ILO Recommendation 193 (The Promotion of Cooperatives Recommendation, 2002) and ILO Recommendation 204 (The Transition from the Informal to the Formal Economy Recommendation, 2015) are particularly relevant.

ILO R193 clearly states that it recognizes that **cooperatives operate in all sectors of the economy** and that the Recommendation applies to all types and forms of cooperatives. ILO R204 **explicitly mentions cooperatives and social and solidarity economy units** in the scope of the Recommendation and states that governments should develop an integrated policy framework that includes “the promotion of [...], and other forms of business models and economic units, such as cooperatives and other social and solidarity economy units”, to facilitate the transition from the informal to the formal economy.

We believe that the conclusions of the general discussion on the SSE must be built on the foundation of international instruments referring to SSE units and the ILO decent work agenda in ways that include:

- A definition, which reflects the values and principles of the SSE, that ensures the application of rights in the field of work and distinguishes SSE units from other economic activities.
- Recognizing the SSE as a socio-economic sphere in its own right that can transform economies and contribute to the realization of a decent work agenda and security of livelihoods. We call for the promotion of a **distinct identity for the SSE** that distinguishes it from both the public and private sectors.

Further to our endorsement of the core thrust of the definition, values and principles proposed in the ILO Report, we believe that their formulation must focus on, among others, ensuring that both the solidarity and social components of the definition are clearly expressed, making the distinctions between the two

<sup>1</sup> The Global Alliance of Waste Pickers (Global Rec), HomeNet International (HNI), the International Domestic Workers Federation (IDWF) and StreetNet International (StreetNet) – further referred to as “the Nets”

<sup>2</sup> <https://www.wiego.org/statistical-picture> – Based on ILO report “Women and Men in the Informal Economy: A Statistical Picture”, 3rd Edition, 2018

concepts clear while at the same time recognizing their common aspects. The multiple identities of SSE actors must be recognized and protected, with the SSE serving the producers/service providers as well as recipients of these services or economic operations.

SSE units must be distinguished from social enterprises such as NGOs or privately-owned enterprises without democratic member-worker-owner participation, from enterprises that lack effective broader social impacts and accountability, and from those where the member-worker-owner individuals and collective are neither workers nor direct recipients of the products/services.

Social enterprises are part of the broad SSE family, but in many cases they have sole operators (individuals) without broader group or member participation. There is no uniformity regarding how they control and distribute surplus. Some are privately owned and controlled businesses seeking to make profits without sufficient regard for social benefits. In these ways, social enterprises are different from the collective, associational, democratic aspects of the SSE units that we desire and seek to promote.

Primarily, the SSE must be **socially beneficial economic activities** that include income, livelihoods, gender equality, social protection and ecological sustainability. The autonomy, independence, self-agency and democratic participation characteristics of the SSE must be protected and advanced.

We therefore propose the following amendments to the proposed definition (paragraph 21) in the ILO Report:

“The social and solidarity economy (SSE) encompasses institutional units with a social or public purpose, engaged in socially beneficial economic activities based on voluntary cooperation, collective/joint democratic and participatory control and governance, autonomy and independence, the practices and rules of which prohibit or limit the distribution of profit in line with their social purpose and SSE values and principles. SSE units may include cooperatives, associations, mutual societies, foundations, self-help groups and other units operating in accordance with the values and principles of the SSE in the formal and the informal economies.”

We propose the following changes regarding the **values** in paragraph 14:

(bullet 1) Care for people and planet – “Care for people and planet: integral human development, the satisfaction of community needs, cultural diversity, common, ecological culture and sustainability as a commons and heritage for current and future generations”.

(bullet 3) Interdependence – “Interdependence: solidarity, mutual aid, cooperation, reciprocity, joint and collective control and ownership, social cohesion and social inclusion”.

(bullet 5) Self-governance – “Self-governance: self-agency, self-help, self-responsibility, self-management, freedom, democracy, participation and subsidiarity”.

We also propose the addition of a new value to paragraph 14:

(new bullet six) SSE ecosystem – “Building and sustaining a web of life and environment that protects, promotes and advances the SSE ecosystem based on reciprocity, solidarity, mutual exchange, cooperation amongst SSE actors, movement-building, the education and development of SSE actors”.

We propose the following changes to the **principles** in paragraph 15:

(bullet two) "Prohibition or limitation of profit distribution" to be replaced with "The distribution of profit in line with SSE values and principles, and with the social or public purpose of SSE units".

We propose the addition of a point in paragraph 15 to read as follows:

(new bullet six) "Decent working conditions – SSE units are not about the maximization of profit for exclusive individual gain. SSE units regard profit as a common resource for the benefit of members and their families and communities, and as a basis for the future growth of the SSE. This includes ensuring decent working conditions and for members/hired workers. In addition, the distribution of profit in SSE units is also distinguished by democratic, associational and socially beneficial aspects".

In bullet point three on democratic and participatory governance in paragraph 15, we propose additional words to the first sentence so that it reads: "The rules applicable to SSE units provide for democratic, collective/joint, participatory control and transparent governance...".

We propose the removal of foundations in the examples of types of SSE entities (in the opening paragraph and the whole of bullet point four, paragraph 17). As it stands, this means that large global foundations would be considered in the same category as SSE units set up by workers in the informal economy. **Clearly, such foundations are not SSE units.**

With barriers to forming SSE units too high, workers in the informal economy have been largely excluded. The **support of governments is crucial** to develop SSE units and R193 provides guidance for what is needed. Appropriate legal and regulatory frameworks must be put in place for workers in the informal economy who want to organize in SSE units and for those who have already done so. Necessary actions include affordable and easily accessible registration procedures, and access to finance, particularly start-up capital.

We reaffirm our proposal for reference to R193 on Cooperatives, and the respective provisions in R 204, which provide a comprehensive agenda for action, defining the roles of ILO Constituents in promoting cooperatives in line with their definition, values and principles, including to benefit workers in the informal economy.

The ILO Office should further strengthen the partnership with representative organizations of workers in the informal economy, including SSE units, to optimize the lessons from the experience of cooperatives appropriately.

This Position Paper is a summary of a longer version available here:

<https://www.wiego.org/events/ILO2022>