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## **Report of the Seminar:**

### **Decent Labour and Social Security in the Informal Economy**

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The seminar was organized by

IRENE, International Network on Labour and Development  
the Evangelische Akademie for Berlin,  
the DGB North South Network of the German Trade Unions,  
the EED – Development Aid Organisation of Protestant Churches Germany

## **Introduction:**

The aim of this seminar was to bring together different representatives of organizations (and their experiences) who play an active role in promoting development strategies for the informal economy. The focus was on poverty oriented development strategies in which the question of social security was crucial.

More attention is paid in the last years to the existence of the informal economy and the informal economy has become more visible, even though the scope and the nature of it around the world differs tremendously, as the conditions of work and social security of informal economy workers. For a long time the phenomenon of the informal economy was seen as being temporary which would disappear as soon as economical growth was achieved. Only recently the connection between the formal and the informal economy has been acknowledged, very often in various types of discussions about Globalization.

**a** -The seminar started with a more academic approach of what the informal economy is, what concepts have been developed to explain its existence and increasing growth.

**b** -The informal economy is on the agenda because of activities and pressure of workers' organisations, trade unions and NGO, a short overview drew the context to this seminar.

**c** - Information was given on how aid of rich countries for the poor countries is discussed and actually exercised.

**d** - The reports of one representative from SEWA India and one from AZIEA Zambia about their experiences of organizing the informal workers and of strategies how to improve their living conditions, were basis for the discussions which focussed on building social security for workers in the informal economy.

**e** - In two workshops these aspects could be discussed in more detail.

**f** - A forum discussion at the end gave the opportunity to address questions and concerns to key players of trade unions, churches, and the government/parliament in Germany.

## **a - The informalized economy – concepts and contribution to economy and employment: Elke Grawert (University of Bremen):**

In the seventies it was common ground that the formal and the informal economy were separate from each other and that poor traditional economies in which the proportion of informal economy was high, could be transferred into dynamic modern economies with the right mix of economic policies and resources.

The formal economy is characterized as follows:

- ◆ registered, licensed enterprises and trading companies
- ◆ regulated employer-employee relationships
- ◆ compulsory social security schemes
- ◆ observance of social standards
- ◆ factory inspectorate, occupational health and safety
- ◆ independent representation of interests

The "formalized economy" is determined by the level of state, enterprise-based or corporative regulation.

In 1993 the 'International Conference of Labour Statisticians' defined the informal economy with the following characteristics:

- ◆ informal work (without binding contracts, without social security, without occupational health and safety
- ◆ self-employed workers and paid family members in informal enterprises (small, non-registered businesses)
- ◆ workers who work for formal enterprises or households or non-permanent employer (casual work, temporary work, part-time work, home work, domestic work)

There is no clear delimitation between the formal and the informal economy. Formal and informal parts of the economy are dynamically connected (by sub-contracts, part-time work, product chains etc.)

The scope of the above mentioned characteristics varies from country to country.  
 (Source: ILO 2002: *Women and Men in the Informal Economy: A statistical picture. Geneva*)

In the eighties there was a growing criticism of the policy of the International Monetary Fund (IMF) and national policies towards developing countries. The intended result of liberalization, privatization and the abolition of state regulation, namely economic growth, the flourishing of small and medium size enterprises which would mean the integration of the informal economy into the formal economy did not come true. To the contrary: the informal economy has been growing.

Scope of the informalized economy:

Region	Proportion of informal workers of total non-agricultural workers
USA	25 %
Europe (15 countries)	30 %
Northern Africa	48 %
Latin America	51 %
Asia	65 %
Sub-Saharan Africa	72 %

(Source: ILO 2002)

Structure of informal work in the developing countries:

Mainly small business (self-employed): 81% of informal workers in Sub-Saharan Africa  
 59 % in Asia

Percentage of women of informal workers (non-agricultural)

Sub-Saharan Africa 84% women to 63% men  
 Latin America 58% women to 48% men  
 Asia 50% women to 50% men

Since the seventies there has been a development of a new concept of how to define the informal economy and a different approach of analysing the structure and function of the informal economy. Until then every concept was based on a view from the outside, which would mean from the (economic) reality of the developed countries. It was recognized that the manner of production in most developing countries is a combination of domestic/subsistence economy and "pure" capitalistic economy. The formal and informal economy are very often no separate spheres.

Research shows that if there is no structure of social protection, the importance of mutual support is growing. In times of crisis the small access to (may be) state-funded social protection is getting more difficult.

For development policies 'employment' can be an entrance for finding strategies to combat problems caused by globalisation processes with its different driving forces: de-agrarisation and longer global production chains. People have to get chances to develop new employment options (education, marketing and credit is important) and a 'social' infrastructure is needed to cope with crisis situations (as individuals, as social communities).

*In the following discussions there were more questions raised, than answers found. What should be the starting point for a development strategy: the transformation of the informal economy into the formal economy or should we accept the persistence of the informal economy and try to improve the conditions of the informal economy workers on that basis? Are the ones who are the target group of development policies actively involved in the implementation process? Are the poor the ones that actually benefit from development policies or does the aid go to the urban middle class? It was expressed that social security is first of all the responsibility of the state. Foreign aid policies should focus on the attempt to introduce social security schemes by the state. It was hinted that in many developing countries the only spheres of formal employment are the state and the military forces and that there are no incentives of improving the living conditions of the vast majority of the population. Nevertheless, the states are negotiating standards of all kinds: social and health standards for example, in the framework of the WTO (World Trade Organization). The core labour standards, which are valid for all workers, including the informal economy workers, are an integrated, binding part of the membership in the ILO (International Labour Organization). Very often, though, the informal economy is not seen as being part of these international agreements.*

## **b - Context of actions to organise and protect informal workers internationally.**

**Anneke van Luijken (IRENE network)** gave a short historical view in the wider context of ILO, trade unions and NGOs of what they have been doing in improving the conditions of the informal economy workers. In the late seventies, early eighties special attention was given to woman workers in the informal economy. Special focus was on homework which was seen as the "worst case" of informal work. The exchange and connection of work experiences between Southern and Northern NGOs and trade unions and global unions, resulted in the early nineties an international network of organized homeworkers HomeNet International. The merit and achievement of this international network was the lobbying for a Homework Convention of the ILO, which was adopted at the International Labour Conference in 1996. Ratification of this convention is until now very poor (only four countries ratified: Albania, Finland, Ireland and the Netherlands) and will hence be under serious pressure of withdrawal unless there will be other states that are prepared to ratify it. After this success the international network continued: SEWA from India, SEWU South Africa, the organisation which are now called HomeNet South East Asia and HomeNet South Asia, the FNV from the Netherlands and several NGOs in Europe and the US were closely working together on behalf of the workers in the informal economy. In 1997 WIEGO (Women in Informal Employment: Globalizing and Organizing) was founded, its initial focus was on connecting research and action and improving statistical information on the informal economy. WIEGO, of which SEWA is a founding organisation, is now the 'umbrella' organisation, with a place for HomeNet and StreetNet ( the in 2002 launched international alliance of street vendors). Social protection has always been one of the main concerns of these organizations, associations and networks.

Very important is the discussion on "decent work" (2001) within the ILO, attention was also paid to "decent work deficits" - lack of employment/income, lack of workers' rights, lack of social protection, lack of voice/representation - which focussed the informal workers. The ILO, a tripartite body, though more formal-worker-orientated, put as one major item the "Informal Economy" on the agenda of the International Labour-Conference (ILC) in 2002. The trade union representatives worked hard to get a positive outcome. WIEGO organized a group of around twenty representatives, mainly women, from unions and NGOs to lobby on behalf of the informal economy workers. Also in 2003 when the "Scope of the Employment Relationship" was discussed at the ILC, the interests of informal workers were included. This year, the main point of discussion at the ILC will be "Migration", a topic which is closely related to the informal economy, especially regarding the undocumented (very often referred to as "illegal") workers who are the least protected. Again, members of the WIEGO-network will be there to make their voices heard. The trade unions are becoming more aware of the importance to organize and represent the interests of informal workers. The picture varies though. In some countries informal workers may not organize - it is prohibited by law. In others like in Ghana, every branch has a desk for informal economy, as the TUC of Ghana concluded at its last conference. In Central and Eastern Europe people hesitate to join trade unions because they used to be part of the communist system, however, some unions have actively taken up the issue of informal work with the support of the ICFTU-Central and Eastern Europe, and NGOs focussing on informal work do realise the need to cooperate with the unions.

In December 2003 SEWA India convened jointly with StreetNet, the Ghana Trade Union Congress, the Nigerian Labour Congress and HomeNet Thailand a conference in Ahmedabad. It was stated that the conclusions of the ILC 2002 about the informal economy were good, but only guidelines and that they have to be transformed into policies. The resolution at the end of the Ahmedabad conference recorded the status quo, as well as it included claims towards governments, multilateral organizations and trade unions and proposed steps how to continue.

Its **resolution 'Organising in the informal economy'** is to be found on IRENEs website, where report of earlier seminars on informal economy workers can be found ([www.irene-network.nl](http://www.irene-network.nl))

**Sahlini Sinha**, an independent consultant, **working for SEWA and WIEGO** added a short introduction about WIEGO - Women in Informal Employment: Globalizing and Organizing: WIEGO is an international network of women's organisations, women's sections in trade unions, women's in NGOs, development agencies, workers' educational bodies, and academics, plus the networks HomeNet and StreetNet. It has a secretariat at Harvard University, USA

The driving force has been the Self-Employed Women's Association (SEWA) of India which is the largest trade union of informal workers in the world, now having approximately 700.000 members.

WIEGOs main focus to date has been on street vendors and homeworkers. It has five programmes:

- global markets: looking at how women own-account workers enter the global market and how they can improve their economic position
- urban policies: particularly how local authorities relate to street vendors
- statistics: improving our knowledge of the size, scope and contribution of the informal economy
- social protection: how to improve legislative and other initiatives such as micro-finance to protect and assist informal workers
- organization and representation: working with networks such as HomeNet and StreetNet as well as the international trade union movement.

WIEGO commissions background papers to identify key programmes, research and policy issues. Each programme includes a mix of research studies, programmatic interventions and policy dialogues.

WIEGO helps to organize workshops and to bring together key-players in the informal economy on regional level or worldwide.

#### **WIEGO-Approach to Social Protection:**

The key-question is: what is the potential, how can social protection be extended to informal workers? Hereby the focus is on women informal workers, but men are not excluded. It is taken into account that there must be different approaches in different countries, since social protection has to be according to the concrete need of risk-avoidance. One tool to develop the right approach to the needs is a sectoral or commodity chain analysis. Within the production chain, the employer/owner-employee/informal worker relationships has to be made visible to address demands properly. (Recent publication: *Chains of production, ladders of protection - social protection for workers in the informal economy* - Francie Lund and Jillian Nicholson)

Other components of the approach are a focus on categories of the work status, and a gendered analysis which takes into account different risks, vulnerabilities and strengths at different stages of the life cycle of life course. Social protection is seen to be an inalienable part of work, but for informal workers, housing and child-care have to be included as important components.

The overall WIEGO framework has a redistributive intent. In the Social Protection Programme, the framework keeps open a potential role for a variety of stakeholders and interest groups, in terms of their contribution to risk management. WIEGO wants to find out what the potential is for extending existing mechanisms of protection, and what the potential is of bringing in new actors.

*"After all, what do the poor need?*

*They need a continuous flow of employment through which they can earn enough in terms of cash and kind to meet their needs. They need capital formation at the household level through access to financial services (savings, credit, insurance) to build up and create assets of their own. In addition and simultaneously (!), the poor also need social security – at least healthcare, childcare, shelter and relief – to combat the chronic risks faced by them and their families."* (Ela R. Bhatt, Founder Member, SEWA and WIEGO)

Social protection is seen to be an inalienable part of work. Shalini Sinha stressed the importance of international exchange of the working and living conditions of the informal workers, because the precondition of concrete interventions is information.

**Wim De Groof** of the **World Congress of Labour** (WCL), which is based in Brussels Belgium, reported that his confederation has started in 2001 a special programme for the informal economy, even though there had been activities in this field before that. The aim of the program, which is carried out in six countries in both Latin America, Asia and Africa is to convince the trade unions, their affiliates, to deal with the workers in the informal economy and to organize them. Within the program they have a training element, using guidelines, elaborated from ACTRAV (Bureau for Workers' Activities within the ILO), about internal and external strategies of organizing informal economy workers. The WCL is convinced that without organizing informal economy workers, there is no possibility to ensure social protection for them. It is necessary to give them a voice at all levels and to identify laws and conventions of social protection which may and have to be applied also for informal economy workers. The question is: what can we offer the workers in the informal economy? What can

we do? Not, how this is to be achieved, because different approaches have to be taken into account, due to cultural diversity. (see: [www.cmt-wcl.org](http://www.cmt-wcl.org))

*The audience raised the question: what can be concrete steps and strategies to support informal workers? It was argued that if the informal economy becomes formal there wouldn't be the problems involved. Others objected that not the status is important but the presence of decent work conditions. Little steps may lead to formalization, for example registration and issuing of ID-cards may lead to access to state pensions. It was agreed that making informal workers visible is very important.*

### **c - The economic, social and cultural human rights in development co-operation.**

**Annette Windmeisser** from the Ministry of Development Co-Operation, declared that her presentation about "" was a human rights approach. The German government has committed itself, via a parliamentary decision, to the in 2000 international agreed **Millennium-Development-Goals** (MDG). In the her introduction she looks at where the position of informal economy workers will be improved by the MDGs.

- 1) **Poverty reduction and the abolition of hunger:** this indicates the right of food and can be achieved indirectly by the set of rights of the core labour standards which can lead to work, income and therefore to access to food
- 2) **Right of general, primary education:** this right can only be enforced, if children are free of labour and if financial resources are available to pay for school materials and school uniforms. Without improving the conditions of informal work and a long-term transformation into formal work this goal is difficult to achieve.
- 3) **Promotion of gender equality/empowerment:** this means first of all an equal juridical status for women and men, also in employment
- 4) **Promotion of lowering the child mortality rate:** this is to be achieved in less than five years
- 5) **Improving of health conditions of mothers:** this has direct effect on the working conditions of mothers
- 6) **Combating HIV/Aids, Malaria and other epidemics:** special attention has to be given to prostitution
- 7) **Ecological sustainability:** means concrete the access to drinking water and a better infrastructure especially for the rural population
- 8) **Creation of global partnerships:** in the field of labour market policies, employment and development policies not only among states but also between organizations of the civil society

The MDGs are supposed to be achieved by the year 2015. Annette Windmeisser stressed that the access to economic, social and cultural human rights is only possible on the basis of good governance, democracy and the fight against corruption in connection with the possibility to exercise political and civil rights, like the right to organize, the right of property or the access of women to public posts.

In the German policy there are three levels chosen to translate the MDG into action:

- 1) Influencing the change of global structures
- 2) Bilateral co-operation
- 3) Awareness-raising in Germany

In the framework of the additional protocol to the MDGs, Germany promoted the economic, social and cultural human rights and supported, together with various NGOs, the right of housing. The German government also supports delegations of partner countries to make it possible for them to represent themselves on international level. The collaboration with international organizations, like the ILO or the WTO is promoted.

The activities on bilateral level are manifold. They range from financing educational institutions for working mothers, supporting social protection schemes and the reform thereof, as also the co-financing of projects within the framework of "PPP" (public private partnership), up to the support of general structures of a social market economy.

The ministry of Development Cooperation set up a round table with participation of all relevant groups of the civil society. Here various forms of code of conducts are discussed and promoted, in the field of fair trade, certification and how to transfer the recommendations of this round table into the public. Solidarity with the developing world can be exercised by opening the markets of the developed countries, but as well by consumer behaviour that supports products of fair trade, which have been produced under decent working conditions.

*In the discussion it was argued that primary education alone does not lead to employment and income. The factor "labour" is underrepresented in all development co-operation programmes. The "poor" are workers, so the conditions of work have to be improved. The links between poverty and informal economy are so close, that measurements to deal with the informal economy will help to eradicate poverty. It was added that for BMZ the vehicle to achieve improvements for the working poor are human rights. Criticism was raised towards global compacts. Global compacts are based on dialogue and unilateral commitments. Are these adequate instruments to meet the needs of informal economy workers? It was stated that economic, social and cultural rights are often in conflict with the actual situation. They have to be enforced. Tripartite dialogue has not only a long tradition in Germany but also there have been good results but they have to become more binding from the side of the enterprises.*

**d - Building social security for workers in the informal economy .**

How can policies and good intentions be translated into real tools to improve the living conditions of workers in the informal economy. The reports of one representative from SEWA India and one from AZIEA Zambia about their experiences of organizing the informal workers and of strategies to bring change and support to the situation of informal economy workers, esp. women workers.

**Towards securer lives, SEWAs social security programme for women workers in the informal economy. Shalini Sinha** works as a consultant for SEWA and WIEGO, she wrote the book published by SEWA Academy "Strength in solidarity".

The first column informs in general about SEWA, the second is SEWAs social security programme in short. (it is written as separate stories, there is some overlap):

<p><b>What is SEWA?</b>  <b>SEWA - Self Employed Women's Association</b></p> <p>SEWA is a trade union and a co-operative for women workers in the informal economy in India, which was founded in 1972. It is today the largest organization of informal workers in the world with a total membership of about 700.000 in 86 different trades in seven Indian states.</p> <p>SEWAs members can be categorized into four categories:</p> <ul style="list-style-type: none"> <li>•Street vendors</li> <li>•Home-based workers producing a variety of goods, including handicrafts</li> <li>•Small producers, i.e. own account artisans, salt farmers, small and marginal farmers</li> <li>•Manual labourers and service providers, like construction workers, agricultural labourers, child care workers etc.</li> </ul> <p>The main objective is to organize women as workers to achieve full employment, including social security. SEWA follows an integrated approach for its activities and has identified eleven areas of importance for informal workers (see other column)</p> <p>Today about 93 % of the workers in India are working in the informal economy and their share of the GDP amounts to 62%. SEWA thinks that</p>	<p><b>Socio-Economic Security in SEWA</b></p> <p>The ideas of basic security listed below have emerged from a two-year process of consultations with members of SEWA. The consultations included leaders and long time members of SEWA, as well as those who had just joined and were not yet part of the organisational ethos. According to SEWA members, socio-economic security means the following 11 points:</p> <ol style="list-style-type: none"> <li>1. Sufficient and regular work or employment</li> <li>2. Sufficient and regular income</li> <li>3. Assets in her own name</li> <li>4. Sufficient food and water</li> <li>5. Access to health care</li> <li>6. Access to child-care</li> <li>7. Access to housing</li> <li>8. Access to insurance</li> <li>9. Education and capacity building</li> <li>10. Organising and their own leadership</li> <li>11. Self Reliance</li> </ol> <p><b>Employment and Income</b></p> <p>The main and first issue that most women voice is that there is not enough work which gives them an income. Second, many times they have to do a great deal of work which yields little or no income. Even when work is directly related to the market, the amount of work done is often disproportionate to the income received.</p>
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social security can only be achieved through a strong organization, which also includes capacity building and education for its members. Its members have found out that women's perspectives are different to traditional trade unions. They believe in leadership of women and the decision-making process is consensus-orientated.

#### **The SEWA-bank**

As early as 1974 SEWA founded its own bank for its members because they realized the importance of asset building and credits, even though on a small scale, for informal workers. Starting with funding through international organizations, the SEWA-bank is today financially sound, self-reliant through member dues and deposits and it is profit-making. They have 148.000 depositors.

#### **Social Security Concept**

SEWA runs its own insurance schemes, funded through premiums, covering the following risks:

- death
- widowhood
- hospitalization
- asset loss

There is an option available to insure as well children and husbands. Since 2002 an old age pension scheme is included.

SEWA lobbies for the inclusion of slums or markets into the urban developing programmes. Waste removal and access to drinking water, for example, improves the living and working conditions of the poor. Better housing and better occupational health and safety conditions will mean lowering the risks of getting ill. In addition to this, SEWA runs its own health centres. The work of the centres is prevention, curing diseases and awareness building about the importance of good health.

Child-care is also seen as an integrated part of a concept to social security. 8.168 children and 8.100 working mothers are involved in the childcare programme. Childcare centres are organized as cooperatives. They provide educational services for the children, provide jobs for the child-care staff and enable the mothers to work on a regular basis or in taking part in courses offered by the SEWA-academy.

#### **Lessons learnt and challenges**

SEWA has developed its policies step by step according to the needs of its members. An organization of informal economy workers like SEWA has to be present on the spot and it has to take into account the special living and working conditions of their members (for

#### **Assets in her own name**

The most common assets land and house are usually in the name of the man and are inherited through the male line. Assets can be of many types. Here we include physical assets such as land, machinery, livestock, housing and infrastructure etc.; financial assets such as savings and credit instruments and natural assets such as forests, water bodies, grazing lands. (Not human or social assets)

#### **Food and Water Security**

Hunger, missing meals, eating less, is still a common phenomenon among informal sector women and their children.

#### **Social Security**

Health Care, Child Care, Housing and Insurance are essential to tide them over the periods of crisis.

#### **Capacity Building and Education**

Besides education, the women expressed a major need for capacity building for themselves. This capacity building includes both new and better skills as well as the need for more knowledge. They need to know how to manage work, to understand accounts, to understand the law, they also skills of organizing, of running and managing different types of organizations, of advocacy, of interacting with other organizations. In fact, sometimes it seems that women hunger for knowledge more than they hunger for food!

At a broader level, the women have expressed a need to understand the world around them. To understand values, the economy, governance, to help them to get a larger meaning of life.

#### **Organization and Leadership**

Our experience in SEWA reveals that reaching security begins with organising, concrete benefits strengthen organising, and the process of organising changes individuals, families and societies. The organisation is the basis of security.

#### **Self Reliance**

Self Reliance is a value, a goal and a concrete benefit. It pertains to the individual, to the family, to the community and also to the organization. Self reliance means building up her bargaining power, so that the dependency becomes an interdependency. Families and communities, tend to be similarly dependent on external forces. Self reliance means strengthening the community so that the dependence does not remain one-sided. At the organizational level self-reliance is tied in with

example different jobs in different periods of the year and during the life cycle). If possible, own schemes (child-care, health) have to be linked with government schemes to make them more efficient. The SEWA-academy combines the task of capacity building measures with research activities for and by their members. Maintaining and up-scaling quality services for their members are major challenges for SEWA. Identifying the needs of informal workers, finding solutions to improve their conditions and to influence government policies accordingly is a permanent task.

As it is the largest organization of informal workers, it has reached out to share its experiences with others. SEWA is member of different Global Union Federations (GUFs) and is part of an international network of informal economy workers' associations.

Social security services can best be provided for by member-owned and managed institutions. SEWA has its own claim committees.

For the different programmes and policies see: [www.sewa.org](http://www.sewa.org)

sustainability. An organisation goes towards self-reliance when it is both financially sustainable and has an internal mechanism for self-governance.

### **An Integrated Concept**

The concept of socio-economic security explained above is an integrated one, in which the elements need to develop simultaneously, rather than consecutively. The processes of organising, leadership, capacity building and education need to go together with the concrete benefits of employment, income, health care and housing. For the women in the informal economy, her next meal is more important than knowing how to read and write, and yet she hungers for both. This means that any strategy which is developed needs to look at security in a holistic way, with the material benefits as the concrete outcomes through the processes of organising and capacity building.

(source Paper Shalini Sinha, written for IRENE seminar, May 2004, Berlin)

## **New Forms of Self-Organization and Collective Representation in the Informal Economy - Decent Labour and Social Security in the Informal Economy.**

**Bernard Tembo** is the treasurer of the Alliance for Zambia Informal Economy Associations (AZIEA). In his presentation he shows that the situation in Zambia differs from India tremendously. AZIEA is compared to SEWA a new organization (founded in 2001):

### **Background**

After its independence Zambia had a sound economy, due to its copper resources and could provide free education, health services and had almost full employment. In the seventies, though, the oil crisis triggered the fall of copper prices and hence Zambia became a country with a heavy debt burden. In 1991 the new government privatized 280 public companies and abolished trade barriers, which led to massive lay-offs and a dramatic shift within the labour market from formal to informal work. Today it is estimated that from a total work force of 4.000.000 only 390.000 enjoy the benefits of a formal employment relationship. Also among them are workers that have to work additionally in the informal sector to make a living. 80% of workers in the informal economy live on less than one dollar a day. Life expectancy has decreased enormously and the mortality rate among babies is the highest among 194 countries.

The government of Zambia launched the Poverty Reduction Strategy Paper (PRSP) in the year 2002 as an attempt to tackle the issue of poverty and create employment. The PRSP is a document, which was initiated by the government under the prescription of the International Monetary Fund (IMF). The failure of the Structural Adjustment Programme (SAP) to produce the desired results gave birth to the PRSP. The preparation of this PRSP followed a very consultative process involving all stakeholders such as government agencies and institutions, the private sector, civil society, trade unions, traditional rulers, provinces and districts through workshops, seminars and public and private media channels. Nevertheless, the ones most affected were excluded, since the trade unions now represent only a narrow constituency as most of the workers try to survive in the informal economy and are perceived as criminals by both local and central governments.

### **Informal Economy In Zambia**

The characteristic of the informal economy in Zambia does not differ from other countries: it is a

growing phenomenon of a sub economy, which is outside of state-regulation. Among the informal workers are small and medium scale producers and providers of services, mainly self-employed and a high proportion of women workers. Since their work is unregulated they work often under appalling conditions: their trading places have no shelters and toilets, there are no storerooms and water available. The local authorities demand high levies on a daily basis but the vendors are not getting any services in return. They are even harassed, detained and sometimes their goods are confiscated. The government has no budgetary allocation for this economy in order to enable it to be transferred into the mainstream economy. The regulatory framework in Zambia has its origin in the British colonial rule, which is unfriendly towards informal workers since they are not able to follow the rules of formal business. Informal workers enjoy no social security at all. Until now the state has not provided any scheme, which includes basic social services for the informal economy.

### **Lack of Representation**

Most of the informal economy associations emerged in the early 90s but effective representation is very difficult, because

- Associations are registered under the societies act, which does not include institutionalised forums that can bring parties together to negotiate
- Workers in the informal economy are perceived to be law-violators and illiterates who cannot contribute to the well being of the country
- Workers' organisations are labelled as opposition parties
- Associations were and are working separately which makes it easier for the government to use a divide and rule tactic

The need of cooperation was evident. In 2001 a workshop was organised by the Workers' Education Association of Zambia at which 13 associations of informal workers participated. They concluded the formation of the Alliance for Zambia Informal Economy Associations (AZIEA) to promote effective organisation representation to local and central government.

One of the mobilizing strategies of AZIEA is to organize workshops and seminars with the help of the Workers' Education Association of Zambia. Especially the Service Centre "CISEP" (Concept for Informal Sector: Employment Promotion) attracts the educational needs of informal economy workers. CISEP is funded by the GTZ, the German development agency that carries out development programmes of the German government and is an integrated part of PRSP. It has been mainly set up for vocational training purposes. Basic commercial skills ("start your own business", "improve your own business") as knowledge in farming and poultry raising are among the courses offered. Even though the fee for each course is US-Dollar 5,- the courses are very popular. In case that a person cannot afford the fee he/she can apply for a grant at AZIEA, and the demand is decided by the committee. The successful completion of a course may even lead to access to financial facilities. The micro-credit scheme "Pride Africa" which is run by a private, profit-orientated company is more likely to grant a credit to an informal worker if he/she can prove the participation of a course at CISEP.

AZIEA had already the chance to test its strength. Last year the Kitwe City Council unilaterally increased the market levies without any justification. There are no services provided, as for example the provision of sanitation facilities or garbage removal. AZIEA requested negotiations but this was ignored. The affiliates of AZIEA mobilised their members to launch peaceful demonstrations in Kitwe. As a result 27 people were arrested, including AZIEA senior executive members. The demonstrations were extended to other cities and combined with the application for a court interdiction to restrain the council from collecting new levies until the issues are negotiated by the parties concerned and the request to release the detainees. The president of Zambia intervened and set up a Market Task Force, including representatives of AZIEA, local and central government to revise the out-dated Market Act. AZIEA collected more than 2000 oral and written submissions in five districts from vendors, local and government officials and citizens. The intervention by the president and massive participation of informal workers was only possible because the organized informal workers were united.

Another conflict is still unresolved. Recently 100 street vendors were arrested, prosecuted, fined or sentenced for 2-6 months by the Fast Track Court which is connected to local authorities. Street vendors are harassed, arrested and imprisoned. They are treated like criminals and are blamed for

the dirt in the city. Street vending is a form of survival in a country that has not managed to offer decent work and a decent living for the majority of its inhabitants. Only social dialogue between the government at all levels and the organizations that represent the interests of the majority of the population will help to find solutions. Criminalization is not the answer but negotiations about policies that are user friendly to the informal economy workers, which include: access to financial facilities, health, education, occupational health and safety and direct access to land. All workers need protection, representation, recognition and equal treatment. Participation in the Market Task Force is one step into this direction, as discussions with the state president about the situation of informal workers and how to improve it.

AZIEA has learnt that improvements are only achieved by combining the efforts. It has already affiliated to StreetNet International and has applied for affiliation to the Zambia Congress of Trade Union in order to strengthen representation.

*AZIEA was congratulated for the achievements within a very short period of time. It was asked how AZIEA deals with conflicts between the trade unions that organize the workers of the formal economy and the organizations of the informal workers? **Bernard Tembo** replied that there are no conflicts at all. To the contrary: the trade unions are supporting AZIEA. They offered them office space and facilities and they are now helping to find an office of their own. Some retired trade union members become teachers in the Service Center where informal workers attend courses.*

#### **e - Workshops:**

After the presentations from the guests from India and Zambia, the seminar participants split up into two groups. One workshop was going to continue the discussion of the plenum: what are the experiences of SEWA and AZIEA? The other workshop was going to discuss: what can be done in "the North", what are the possibilities of civil society in "the North"?

#### **Summary of first workshop: Lessons from SEWA for AZIEA?!?**

The two organisations are in a very different stage of their development. AZIEA is very young. The impression SEWA makes is that 'all is arranged', which is only partly true. SEWA is always building its movement on direct contacts and needs of the members. So in SEWA you have young structures too, which can, however, link to SEWAs infrastructure. So how to learn from each other.

Compared was the work with the street vendors. AZIEAs first demand would be 'stop harassing! and water, shelter, storage and sanitation is needed. In SEWAs strategy the mapping of needs is also a first stage of organising, out of which an advocacy strategy is developed. SEWA has been organizing street vendors from its beginning, but has only recently started to develop a policy for them. When they fought for the improvement of the working conditions for street vendors, like providing space for them, they realized that this means recognition and street vendors are no longer seen as a pure public nuisance. Attitudes are changing as well as working conditions. SEWA, India, can negotiate with local or federal authorities on the basis that it is a mature recognized organization. For AZIEA the starting point is the negotiation with the government in order to become recognized first, the fact that they are supported by the Zambian Congress of Trade Unions may help.

SEWAs insurance schemes have been developed according to the needs and discussions among its members. Life insurance was the first insurance scheme they set up in connection with the life insurance company of the government. Then they established a health insurance for their members, later husbands and children were included. If possible this was developed in collaboration with the insurances of the government. SEWA tried also to work together with private companies but they found out that private companies didn't meet the needs of their members: money wasn't paid in time and the paperwork that had to be done was too complicated. The SEWA insurance schemes achieve a coverage of about 70% of the total costs. They compensate on the basis of premiums and they are run by the members themselves. SEWA-Academy has a supportive role in providing the necessary training for the huge amount of voluntary members at every level who are operating these schemes.

The situation for AZIEA is totally different. At this stage, members can apply individually for credits for any purpose (education, health, funeral etc.) but this is an exception not in any way a possibility to cover social risks. AZIEA is discussing how they can approach the government to demand successfully the introduction of social insurance schemes that are available for informal workers. In addition they demand access to financial facilities, low interest rates to grow small businesses and the integration of measures for the informal economy in the PRSP.

In many African countries experiences with the state are not very encouraging. Wim de Groof from the WCL stated that small organizations, which are getting started have to face a lot of difficulties and he explained that therefore the policy of the WCL is, to approach the existing trade unions and try to extend existing structures of organization and social protection to the informal economy. He underlined as well the importance of national and international networks, especially if state structures do not function, due to corruption, for example.

For AZIEA social security not yet the biggest issue, the need assessment is still going on. What does exist are small revolving funds. In India different small organisations had come together to express their demands to the government. But for African countries it will be difficult to convince the government to work on social security was the meaning of the workshop.

### **Summary of second workshop: What can be done in "the North"**

The key question for this workshop was: what are the pre-conditions for the acting organizations and individuals in the field of development aid in the developed countries?

It was emphasized that the knowledge of the informal economy and the knowledge of the economic, social and cultural rights are not widespread. The task is therefore to sensitize the public. But where to connect? This is easier if there are cases of violations of human rights, for example by companies or semi-state institutions. Also product-orientated campaigns and discussions about fair trade are measures to discuss inequality in a global context.

#### **Instruments:**

- Public awareness/education: information about human rights violations and good practice examples
- Lobbying: state authorities, enterprises, application of international standards
- Setting up fact finding missions
- Elaborating alternative reports to official state reports
- Can PPP (public private partnership)-projects be used to enforce the core labour standards (ILO)?
- Systematize exchanges with other countries and trying to include these in national policies

#### **Problems:**

- The civil society of the North can not easily cope with different structures in other countries
- The NGOs in developed countries are fragile and dependent of donors – hence only the big NGOs survive, the smaller, more flexible disappear and with them their knowledge
- Different groups of the civil society in developed countries are in keen competition
- Competition also exists on the international level between tripartite bodies and NGOs
- The enforcement of rights is a permanent process and not a "project"

Very often it is complained that there is a lack of exchange between the developed and the developing countries, but an exchange amongst the developing countries is as important as the North-South exchange. Changes are only happening by acting not by talking about problems.

*Within the following discussion it was asked provocatively why companies, which are engaged in PPP-projects, and why the trade unions of developed countries should care about the informal economy in developing countries? The main purpose of private enterprises is to make profit. There is a recent development that consumer are more critical about the origin of the products and the way they have been produced. Enterprises are under public pressure and they have to justify their actions, hence they are interested in improving their image. Trade unions in the North represent their members.*

**Werner Oesterheld**, representing the **DGB Bildungswerk** (development education department of the German Trade Unions), stated that international solidarity has always been one important pillar of the global trade union movement and that now, in times of worldwide economic crisis, the function of the trade unions, to protect and support each other, becomes more important. Very often financial

resources are lacking in order to take actions beyond the basic tasks of trade unions, which is to represent their members. The development to a global economy means that also trade unions have to act globally.

**Paul Hell** from the **EED – Evangelischer Entwicklungsdienst** (development aid organization of the Protestant Churches in Germany) added that the approach of the EED has changed from a welfare to an organizing or rights approach which means that people in the developed countries are not only seen as the beneficiaries of (financial) resources from the developed countries but as people who have rights and who have the right to fight for them. This change of policy is not shared unanimously among the members of the protestant churches though.

*There was no objection when stated that examples, like SEWA from India and AZIEA from Zambia, are hardly or not known in developed countries. The picture of the poor and needy prevails and it was critically added that there are NGOs which support this view because they think it is income-generating. Support in the North means a correction of this picture. SEWA and AZIEA show that the poor are not (only) needy but that they can be strong. Very often countries like India and Zambia are too far away for people in the developed world, especially for those who are struggling themselves with unemployment and deterioration of social protection.*

#### **f- Forum discussion: Human rights as part of poverty oriented development strategy: challenge for politicians and civil society.**

##### **Participants of discussion:**

<b>Dr. Herta Däubler-Gmelin</b>	<b>Min. Foreign Affairs (former Minister of Justice)</b>
<b>Burkhard von Seggern</b>	<b>DGB – German Trade Union Confederation</b>
<b>Dr. Wilfried Steen</b>	<b>Board of EED – Evangelischer Entwicklungsdienst (development aid organisation of the Protestant churches in Germany)</b>

The discussion was moderated by Paul Hell (EED).

**Herta Däubler-Gmelin** introduced herself and mentioned that she chairs the foreign committee for the southern part of Africa and that she initiated a similar committee for China. Through this work, she is very much aware of the fact that the poorest of the poor need special protection. The informal economy is characterized by the absence of rights. One has to realize that there is a difference between countries, which do have good governance and those which do have not. She stressed the special role of NGOs, which can be very supportive at the practical level. They can help to make the knowledge of the existence of international ratifications public and therefore help to increase the willingness of ratification. NGOs play a crucial role in the dialogue about the importance of a constitutional state in China, not only at the government level, but also at lower levels.

**Burkhard von Seggern** explained that for the trade unions the informal economy is nothing unknown. The industrial development started with informality, which was connected to the absence of rights. Historically there have been three ways out of it:

- The workers took the matters in their own hands, like SEWA which created its own insurance schemes. The very beginning of the labour movement didn't only fight for the improvements at the working place but for the up-scaling of living conditions as well. This was the beginning of a lot of co-operatives.
- Collective representation of interests. This is only possible by protection of the state.
- Regulation by the state

It is in our self interest that decent work reigns everywhere in the world. The founding documents of the UN-Charter declare that the above priority is to secure peace by the existence of human rights. Social security worldwide is the pre-condition of peace. Policies are not transferred into action at the headquarters of organizations, but on the spot. For example: the works council of Volkswagen pushed through that the supply chain for the plant in South Africa consists of African enterprises and not European. This includes also informal workers, like taxi drivers. For German chemical enterprises in Brazil the German chemical union concludes an agreement that German occupational health and safety regulations have to be applied also in Brazil. In general, German trade unions try to reach agreements in the framework of global conducts as an attempt to transfer regulations of protection into other countries.

**Wilfried Steen** made clear that the fight against poverty has the highest priority in the work of the EED. There has been a shift in the policy of the churches' development aid. In the past the protestant church would build own hospitals or schools. Nowadays support is rather given in the form of capacity-building which means supporting the people in the developing countries who want to help themselves. This shift can be described as a shift from a welfare approach to a rights-based approach. A very important issue is awareness-raising in the developed countries. Help must be more sustainable than just collecting money for actual catastrophes like earthquakes. Unfortunately in the media only these pictures are shown. One project of sustainable development aid is establishing legal resource centres in India, run by the church. The church initiated a suit at the Supreme Court and claimed the right to food. The problems of the South are better tackled by this right-based approach. But this is only possible in cooperation with trade unions, foundations, NGOs and governments. What can be done in countries with "bad governance"? It is very important to keep a debate about economy and human rights. As important is to spread the information into the public. Of what use is a common declaration by the protestant church, trade unions, ATTAC and Ministries if it is not made public?

*It was agreed by the audience that a rights-based approach might be a good policy, but it was asked: what can be done if rights are constantly violated? What can we do to fight a development of a worldwide shift from a formal to an informal economy? How can we help developing countries if we don't find solutions to our own problems? What does the DGB do to enforce ILO conventions? The questions were given back to the participants of the forum discussion.*

**Herta Däubler-Gmelin:** Even though Germany did not ratify the European Social Charter, it has to be made clear that it is nevertheless valid because national laws in Germany include the items regulated in the European Social Charter. So enforcement can be achieved by applying national law. Since the end of the cold war, we are facing the situation that the US is pushing through its own interests worldwide, which is based on neo-liberalism. What can we do? First we have to apply our laws on national level. The state has to ensure instruments of protection regulation towards informal workers. On the international level one must find allies. There is nothing wrong with flexibility, if there is a regulated framework for it.

**Burkhard von Seggern:** What we see at the moment is "the competition of the mad". The pressure of prices leads to worldwide dumping prices and this is one source of the expansion of the informal economy. There has been a broad discussion on the position of Germany in a world economy, but it is always a mere discussion on the cut of wages and cut of costs for social protection. This has also an effect on the level of wages for the poor. The basic tasks of trade unions are to fight inequality and the fight for justice with regard to wealth distribution. What does the DGB do? For example: within the framework of international collaboration, the DGB participates in financing a masters' programme for foreign trade union students, organized by the ILO, in connection with the creation of a trade union research network.

**Wilfried Steen:** The development aid work is not in vain. The churches very often support small groups that have partners overseas and they are even in times of crisis committed to continue working. The church representatives in developing countries encourage self-organization to get involved internationally, for example, in writing "shadow reports" in contrast to official UN documents. Even though the fair trade products (coffee, bananas) only have a share of 1% of the whole market it has to be recognized that there has been continuity.

*From the audience it was again pointed out that there often exists a disparity between rights and the enforcement of rights. This is very often true as well for the countries of the south. What are the strategies to tackle this problem? What possibilities exist?*

**Burkhard von Seggern:** There must be a stronger collaboration among the organizations of the civil society, namely between the trade unions, the churches and the NGOs. After the social summit of 2000 the German government announced the main-streaming of all laws with regard to the achievement of the goal to cut poverty by 50% until 2010. Organizations of the civil society should participate in the discussion process. Nothing really has happened after the announcement. The German trade unions will take the initiative to invite members of the government and parliament, NGOs, employers' organizations, and churches to create a forum with a more binding structure to discuss these international issues.

**Herta Däubler-Gmelin:** It always helps if the organizations of the civil society work closer together. One must not compromise on the goals and one has to use all means that are available to achieve the goals (incl. juridical proceedings).

**Wilfried Steen:** Successful work can only be done in cooperation with others, as part of networks.

At the end **Anneke v. Luijken** pointed out that the problem remains that all people have certain rights but that there are a lot of them who are not able to exercise them. The key question is how to create protection for the unprotected? In this context the right to organize is more important than development policies. We have to develop more knowledge in order to know how to support best the people who do the practical work and the ones who organize themselves. The discussion has to be continued.

### **g - Summary – Conclusions**

We have seen that according to the (changing) reality of workers in the informal economy, there has been a different academic approach of explaining the phenomenon of the expansion of the informal economy. With a view from the outside it had been believed that with the application of the right mix of economic policies, the informal economy could be easily transformed into the formal economy and would – in connection with economic growth – disappear like a thunderstorm. It was realized that the phenomenon persisted and that there is an inter-acting relationship between the formal and informal economy. In short: the globalized economy in the current development requires informality.

The income of informal workers is hardly enough to survive, let alone the means for social protection. Due to a lack of an employer-employee relationship there is no employer who can be made responsible to take care of social insurance schemes. There are no or little taxes paid so that the states are weak and/or corrupt so that they are not capable to fill the gap.

Informal workers throughout the world have started to organize themselves from local level up to international level. At the conference we had two representatives of informal workers' organizations: one from SEWA (India) and one from AZIEA (Zambia) who shared with us their experiences. SEWA started as early as in the seventies to organize informal workers outside the traditional trade union structures and is today a mature organization, which is in fact the biggest trade union of informal workers in the world. SEWA has achieved recognition and basic social security for their members. They run their own bank, insurance-schemes (partly connected to state-schemes) and they provide training and research at the SEWA-Academy. AZIEA is a new alliance of organizations that organize street vendors and it is closely working together with the trade unions, which organize the formal workers. Since they have just started, they are still struggling for recognition and for basic rights for their members. In Zambia are no social security schemes outside a formal employer-employee relationship. The majority of the population has no access to health care or to an old age pension. AZIEA will negotiate with the government about budget allocation to meet the security needs of the vast majority of Zambians. Both organizations, SEWA and AZIEA, are members of international alliances and networks, like WIEGO and StreetNet. Besides this, SEWA is member of several Global Union Federations (GUF). They both stressed the importance of cooperation and collaboration at all levels.

Unfortunately the representative of the ILO was not present to provide us with information about the activities in the field of social security by the ILO in collaboration with different states.

The representative of the Ministry of Development Co-Operation as the representatives of the protestant church, who deal with development aid, stressed the importance of a right-based approach with regard to development aid policies, versus a welfare-approach. The poor of developing countries are no pure victims, they can be strong and they expect support in order to be able to act self-independently. Unfortunately the situation of the working and living conditions in the developing countries and how people deal with this are rarely known in developed countries. The mass media only covers stories about catastrophes, they give little information about the "normal" life in developing countries and how people there cope with it. So information is very important but as important is the exchange of information among representatives of the civil society in developing countries themselves.

Development aid in most cases is executed in form of short or middle term projects. The enforcement of rights is a permanent process though and not fulfilled with the end of a project. Many NGOs compete against each other and therefore precious resources are wasted. On the other hand, there are a number of small, innovative NGOs that cannot meet the needs (complicated paperwork) of the donors and they therefore have to stop their activities and consequently their knowledge disappears. The structure of development aid in the developed countries need similar structures in the countries of their counterparts. If these don't exist or are not compatible development aid fails.

Everybody agreed that more information and exchange is needed. The discussion has to be continued among the North and the South and among themselves. Through the exchanges we can build alliances and coordinate actions. The aim is to regulate globalization for the well-being of all people.