

# TRANSITION FROM THE INFORMAL TO THE FORMAL ECONOMY IN AFRICA

## THE WAY FORWARD



**WORKERS IN INFORMAL EMPLOYMENT HAVE LOWER EARNINGS AND FACE HIGHER RISKS OF POVERTY THAN WORKERS IN FORMAL EMPLOYMENT.**

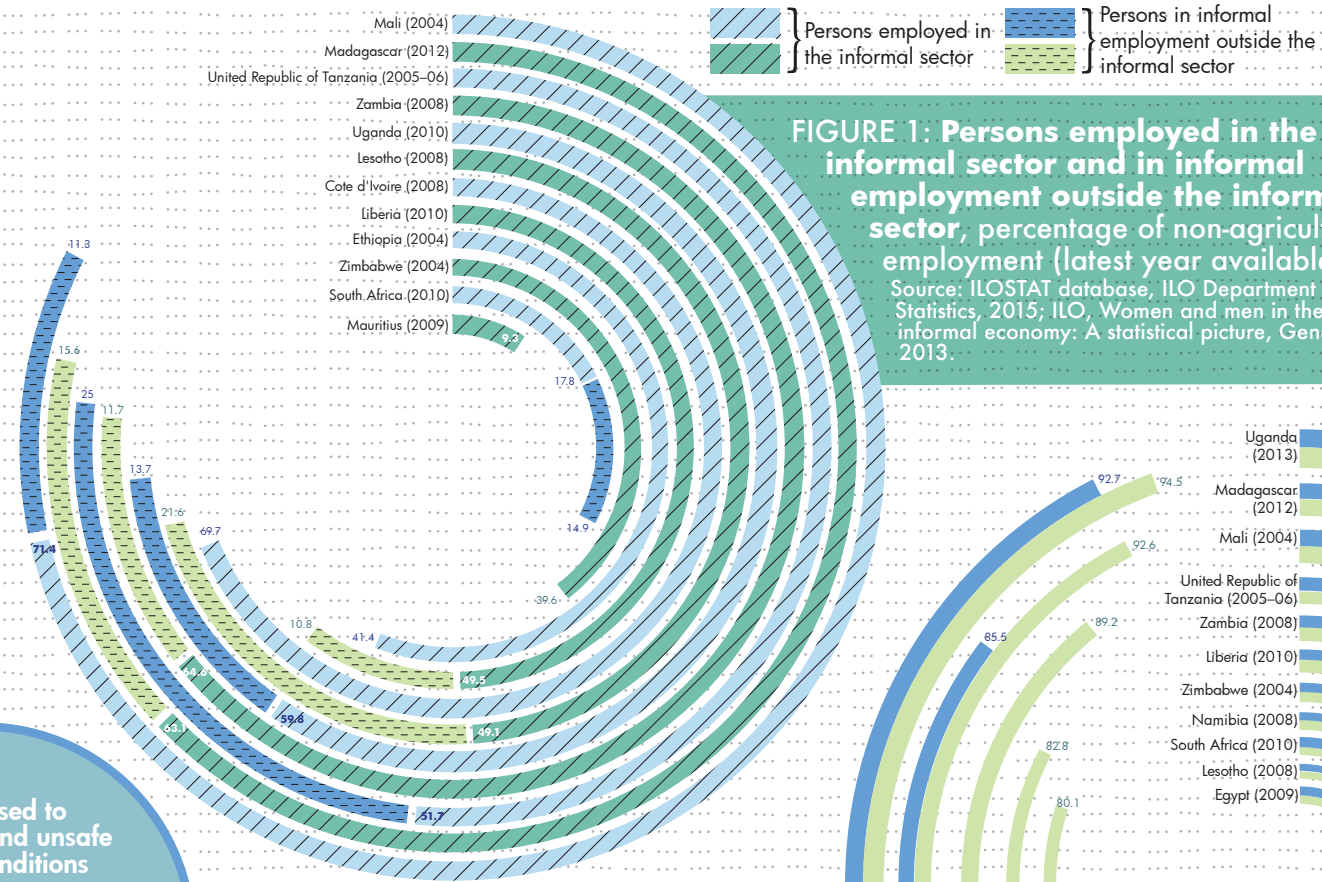
The vast majority of the labour force and micro- and small enterprises (MSEs) is operating in the informal economy

Most people engaged in informal activities in Africa:

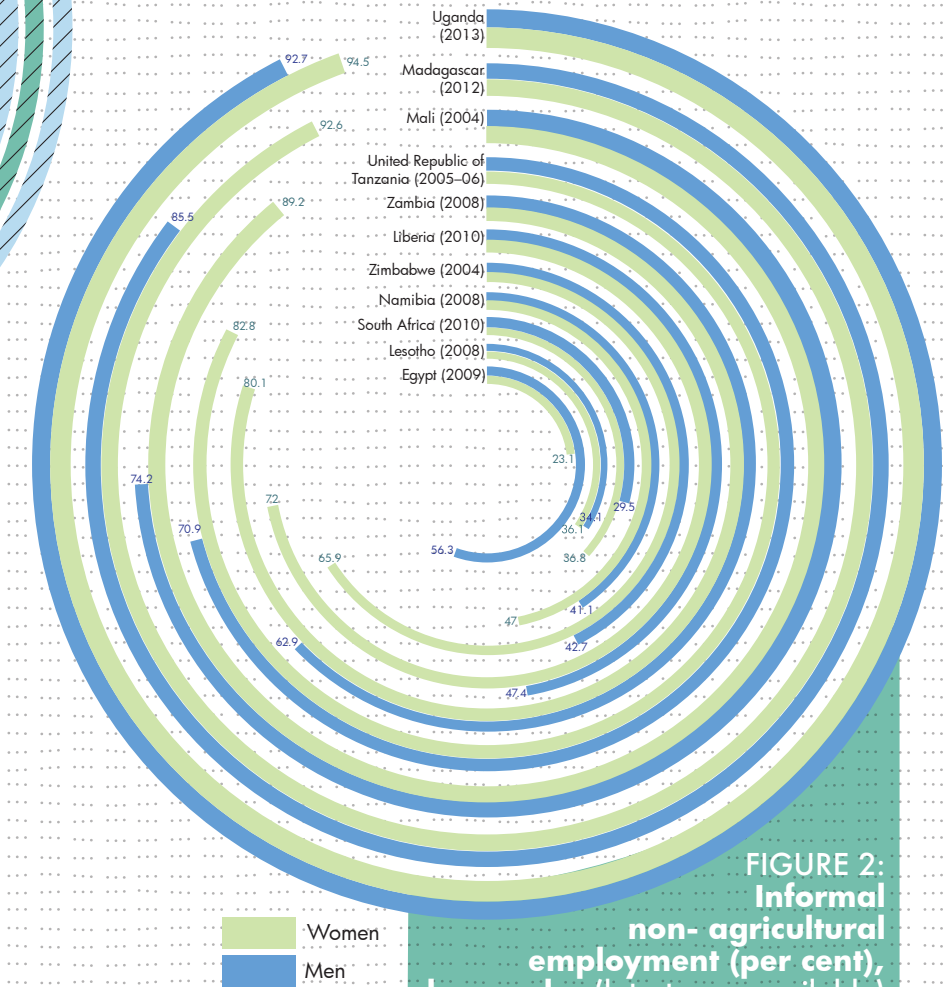
**1** Are exposed to inadequate and unsafe working conditions  
Have high illiteracy levels,  
Have low skill levels  
Do not have enough training opportunities

**2** Have less certain, less regular and lower incomes than those in the formal economy,  
Suffer longer working hours,  
Absence of collective bargaining and representation rights  
Ambiguous or disguised employment status

**3** Are physically and financially more vulnerable  
Are either excluded from or effectively beyond the reach of social security schemes  
Lack of access to safety and health, maternity  
Lack of access to labour protection legislation



**FIGURE 1: Persons employed in the informal sector and in informal employment outside the informal sector, percentage of non-agricultural employment (latest year available)**  
Source: ILOSTAT database, ILO Department of Statistics, 2015; ILO, Women and men in the informal economy: A statistical picture, Geneva, 2013.



**FIGURE 2: Informal non-agricultural employment (per cent), by gender (latest year available)**  
Source: ILOSTAT database, ILO Department of Statistics, 2015; ILO, Women and men in the informal economy: A statistical picture, Geneva, 2013.

TRANSITION FROM THE INFORMAL TO THE FORMAL ECONOMY IS ESSENTIAL TO ACHIEVE INCLUSIVE DEVELOPMENT AND TO REALIZE DECENT WORK FOR ALL



African countries are searching for new policies and practical responses in order to promote decent work for a significant proportion of the working population who are engaged in the informal economy.

THE ADOPTION OF A NEW INTERNATIONAL INSTRUMENT, THE TRANSITION FROM THE INFORMAL TO THE FORMAL ECONOMY RECOMMENDATION (RECOMMENDATION NO. 204), BY THE INTERNATIONAL LABOUR CONFERENCE IN JUNE 2015, ACHIEVED THROUGH STRONG TRIPARTITE CONSENSUS, PROVIDES THE FRAMEWORK AND THE GUIDANCE FOR TRANSITION FROM THE INFORMAL TO THE FORMAL ECONOMY.

### Recommendation 204

[http://www.ilo.org/wcmsp5/groups/public/-ed\\_norm/-relconf/documents/meetingdocument/wcms\\_377774.pdf](http://www.ilo.org/wcmsp5/groups/public/-ed_norm/-relconf/documents/meetingdocument/wcms_377774.pdf)

Recommendation No. 204 recognizes a threefold objective

**1** The transition of workers and economic units who are already in the informal economy

**2** The prevention of further informalization of formal economy jobs

**3** The creation, preservation and sustainability of enterprises and decent jobs in the formal economy

Effective transition to a formal economy can ensure that growth becomes more inclusive and that the working-age population becomes more fully and productively employed.

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