

Africa Regional Knowledge Sharing Forum – Innovative approaches to addressing informality and promoting transitions towards formality

Date: 15 November 2024

► Communiqué

1. We, the participants in the Regional Knowledge Sharing Forum on innovative approaches to addressing informality and promoting transitions towards formality in Africa, have gathered in Abidjan, Côte d'Ivoire from 13-15th November 2024.
2. We recognize that, in Africa, accelerating progress on the transition to formality is fundamental to addressing the root causes of decent work deficits, poverty, and inequality, to provide an enabling environment for sustainable enterprises and, to respond to the aspiration for social justice, and leaving no one behind.
3. We recall that persisting high levels of informality is a major challenge for social and economic development and, just transition and, one of the barriers to a renewed social contract.
4. We acknowledge that remaining and emerging challenges impacting pathways to formality such as lack of employment opportunities in particular for Africa's youthful population, demographic shifts, crises, technological change and climate change but also new opportunities related to the blue and green economy and the digital revolution.
5. We reaffirm our commitment to the ILO Centenary Declaration for the Future of Work, the Abidjan Declaration for Advancing Social Justice and the 2030 Agenda for Sustainable Development.
6. Ten years after the adoption of the ILO Recommendation 204, we stress that it is time for reinvigorate political commitment and effective action to promote formalization and prevent informalization in Africa.
7. Recalling that:
 - (a) The Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), adopted by the International Labour Conference (ILC) in June 2015, is a landmark international labour standard which provides guiding principles and policy guidelines on how to facilitate the transition from the informal to the formal economy.
 - (b) Transition to formality is not an end but a means to achieve decent work and social justice.
 - (c) Most of the women and men 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.
 - (d) Structural transformation, policy coherence, coordination among relevant ministries and across different levels of government, social dialogue and a human-centred approach are needed to address formalization.
 - (e) Policies and initiatives designed to reduce informality must be responsive to socio-economic, cultural, and institutional specific contexts.

8. ILO constituents and partners in Africa should work on the following to accelerate and upscale the operationalisation of the Recommendation 204 concerning the transition from the informal to the formal economy by:

1 Strengthening political commitment, building trust, and developing and promoting the culture of formality

1.1. Governance, political will and commitment

9. The development and effective implementation of integrated strategies to support the transition to formality for decent work and sustainable development requires strong political commitment and reassuring governance which are essential to create trust in engaging in transition to formality for workers and economic units in the informal economy.
10. Good governance involves creating transparent, accountable, fair and inclusive policymaking processes, through participatory approaches that amplify the voice of workers and enterprises and foster trust between governments, social partners, and other stakeholders as well as enforcing the rule of law to protect the rights of workers and provide an enabling environment for sustainable enterprises. It includes streamlining administrative procedures, ensuring regulatory stability, improving compliance mechanisms and fostering effective coordination between government entities to provide a consistent and supportive environment for transition to formality.
11. Adequate government funding is vital to effectively reduce decent work deficits in the informal economy and achieve decent work by supporting a smooth transition to the formal economy. This includes allocating resources for the development and implementation of supportive policies, training programmes, social protection systems, awareness raising campaigns and administrative services tailored for the needs of those in the informal economy.
12. Actively foster public-private partnerships to effectively mobilize resources for initiatives supporting the transition to formality
13. By allocating adequate resources, enhancing institutional capacity, strengthening social dialogue and implementing robust monitoring and evaluation systems, governments can ensure that policies are not only well-designed but also effectively executed.

1.2. Coherence and coordination

14. Stronger action and coordination to mainstreaming transition to formality in national development plans, national employment policies, social protection strategies and other strategies and programmes, including at the sectoral level and at local levels.
15. Integrate formalization strategies into Decent Work Country Programmes (DWCPs), to create a cohesive framework that promotes productive employment, labour rights, social protection, and social dialogue.
16. Employers' and Workers organizations should be equipped with adequate technical and financial resources to effectively contribute to the development and implementation of strategies and programmes that promote the transition to formality.
17. Effective social dialogue institutions will ensure that all voices are heard, fostering policies that reflect priorities and needs of all stakeholders in particular actors in the informal economy, and promoting broader support for implementation of policies aiming at facilitating transition to formality.

1.3. Evidence based policies, monitoring and evaluation

18. Support the regular production, analysis and dissemination of data on informality of jobs, enterprises and their contribution to the economy, in line with the latest statistical standard on informality adopted at the 21st ICLS.
19. Increased capacity to assess the informal economy to support the development of evidence-based strategies, action plans and related interventions able to consider the heterogeneity of characteristics,

needs and opportunities and the diversity of drivers of informality; and monitor their implementation through a robust, data-driven assessment, monitoring and evaluation framework to track and assess the progress of formalization efforts at both national and continental levels. This framework should be designed to capture accurate and timely data on the transition of workers and enterprises from the informal to the formal economy and the effect on workers wellbeing, productivity and structural transformation, ensuring accountability and enabling evidence-based policy adjustments.

20. Utilize digital platforms and technological innovations to streamline data collection processes, enhance transparency, and improve accessibility for stakeholders involved in monitoring and evaluating formalization efforts.

1.4. Raising awareness and advocacy campaigns

21. Promote the benefits and advantages of formalization among informal economy actors through expanding direct awareness raising Campaigns. A successful and sustainable shift to the formal economy requires more extensive and targeted awareness campaigns to ensure informal economy actors fully understand the advantages of formalization while acknowledging their resilience and adaptive responses to the lack of opportunities in the formal economy and co-designing pathways that reflect their realities. These campaigns should clearly demonstrate how formalization enhances business development, improves working conditions, provides access to social protections, and contributes to inclusive growth.
22. Promote advocacy campaigns targeting Governments to foster understanding of challenges, opportunities and realities of informal economy workers and enterprises and their representatives.

2 Organizing and empowering workers and economic units in the informal economy and facilitating their access to an effective social dialogue

23. Employers' and Workers' Organizations as actors for change must be involved in the design and implementation of policies supporting the transition to formality and eradication of poverty through social dialogue.
24. They have been and remain central to formalization processes in creating an enabling environment and providing services for informal workers and economic units to organise and gain bargaining power – as well as improving working conditions, access to social protection, and the business environment.
25. It is crucial to reaffirm that those in the informal economy must 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.
26. Organizing, servicing and representing workers and economic units in the informal economy by employers' and workers' organizations must be part of the formalization processes and it calls for reinvigorated effort to strengthen their capacities to represent the voice of those in the informal economy.
27. Social dialogue is a mean for action to address informality and must be at the heart of all strategies and policies for transition to the formal economy. The strengthening of social dialogue institutions with the full and effective participation of the ILO tripartite constituents (Governments, Employers' and Workers' Organizations).
28. Engaging workers and economic units in the informal economy in concertation platforms to bring the perspectives of the informal economy into policy discussions, to gain deeper insights into specific challenges and develop solutions that meet the real needs of informal workers and entrepreneurs, strengthen policy credibility and ownership, and promote commitment from all stakeholders toward achieving sustainable and effective formalization.
29. The ILO and partners to support constituents, in particular trade unions, to organize and promote social and solidarity economy as a way to facilitate transition to formality and access to social protection. Develop strategic alliances with the social and solidarity economy.

30. The ILO to support Member States to promote social dialogue to design inclusive and responsive social protection systems, focusing on closing the gaps for vulnerable groups such as women, rural and migrant workers, while strengthening resilience to climate and environmental shocks.

3 Structural transformation, sectoral policies and productivity to promote inclusive growth and decent work:

31. Enhancing productivity is essential to achieving sustainable enterprises and creating decent jobs.
32. Fostering productivity and supporting structural transformation from low productivity to higher productivity sectors to create productive employment and facilitate transition to formality.
33. Macroeconomic environment, productivity growth and decent work are linked, although the nature of this link is complex. When robust labour market institutions and employment policy frameworks are in place, productivity growth can drive decent work and inclusive growth.
34. Promoting the UN Guiding Principles on Business and Human Rights (UNGPs) and the guidance provided by the Tripartite Declaration of Principles on Multinational Enterprises and Social Policy (MNE Declaration) to foster the contribution of multinational and other enterprises to formalization and decent work.
35. The ILO's "Productivity Ecosystems for Decent Work" (PE4DW) approach offers a strategic path to promote sustainable productivity growth that is economically, socially, and environmentally viable, thereby fostering the creation of decent jobs.
36. By engaging governments, social partners, and other stakeholders, this approach provides a structured framework to identify and address factors that drive productivity and decent work across three levels: the national (macro), sectoral (meso), and enterprise (micro) levels.

3.1 Enabling environment for sustainable enterprises

37. Facilitate access to financing and digital infrastructures for entrepreneurs in the informal sector to boost individual enterprises and enable their transition to formality while also contributing to broader economic development.
38. Incentives are crucial to motivate workers and economic units to transition to the formal economy. Governments can create a range of incentives such as tax breaks or reductions for newly formalized businesses, simplified registration processes, and improved access to public services including access to social protection, and infrastructure to make the transition to the formal economy more appealing. By reducing administrative burdens and highlighting the economic and legal advantages of formalization, policymakers can motivate informal actors to enter and remain in the formal economy, thereby increasing tax revenue, enhancing market stability and improving working conditions.

3.2 Enhancing productivity and supporting decent work through value and supply chains

39. The adoption of a value chain approach, based on a national mapping of the informal economy, enables efforts and resources to be optimized.
40. Small and medium-sized informal enterprises can significantly benefit from partnerships and integration into the value and supply chains of larger companies. By integrating informal actors into formal value and supply chains, these enterprises can increase their productivity, hence competitiveness, visibility, improve working conditions and likelihood of achieving sustainable development through formalization.
41. Strengthening the skills and knowledge in the informal economy to help workers, including entrepreneurs to meet the requirements of formal supply chains and operate more efficiently and effectively.

42. An accountability mechanism on responsible business practices that integrate facilitation of the transition to formality within supply chains should be developed and implemented.

3.3 Adopting a sector-specific approach to informality:

43. Sectoral approaches based on evidence-based policies are needed to start formalization depending on the diagnosis of the informality in the country.
44. Recognizing the diverse nature of informality across different sectors, a targeted, sector-specific approach in addressing informality might be more effective. Policies should be tailored to the unique characteristics and challenges of sectors with high rates of informality, such as agriculture, construction, trade, and services, to ensure the effective and sustainable transition of workers to the formal economy.

3.4 Promoting skills development in the informal economy

45. Enhancing both technical and soft skills is essential for improving productivity, earnings and compliance capacities. Strengthening skills not only fosters innovation, competitiveness and employability but also reduces barriers to formalization, ultimately contributing to more sustainable economic growth and decent work.
46. Digital skills have become essential for informal economy enterprises and workers aiming to transition into the formal economy. Developing these skills not only enhances operational efficiency and expands business opportunities but also simplifies access to administrative and formal financial services and facilitate a culture of compliance.
47. To promote labour mobility and employability, it is crucial to establish skill portability programmes at national and international levels. These programmes should allow workers to carry their qualifications and experience and facilitate their access to formal employment, including through recognition and validation of prior learning.
48. We encourage countries to review their national apprenticeship regulations and policies in light of Recommendation 208, which includes provisions aimed at supporting the transition to formality.

4 Integrated strategies for improving working and living conditions and creating the enabling conditions for those in the informal economy to move out of informality: leaving no one behind

Such strategies include improving working and living conditions for workers in the informal economy to support their transition to formality and through their access to formal decent jobs:

49. The reduction of decent work deficits in the informal economy is urgent. Policies of formalization must support the improvement of working and living conditions for workers in the informal economy, targeting in the short and medium-term, the extension of social protection coverage in line with R202, living wages and living income, occupational safety and health, and increased productivity of informal enterprises.
50. Support the realization of Fundamental principles and rights at work by addressing the root causes of informality and supporting the transition to formality. Ensure a safe and healthy working environment; prevent and address discrimination; access to justice and remedial services; prevent and address violence and harassment in the informal economy in line with C190; fight against the worst forms of child labour; make the right to freedom of association and collective bargaining effectively realized for informal economy workers
51. Prioritizing the most vulnerable such as domestic workers (supporting the ratification and implementation of C189), homeworkers and care economy workers, persons with disabilities, own-account workers and migrant workers.
52. The ILO, in collaboration with other partners, to support Member States in aligning legal frameworks and policy instruments to extend social protection for workers in informal economy, adopting a right-based

approach consistent with the international labour standards including the Social Security (minimum standards) Convention, 1952 (No.102) and the Social Protection Floors Recommendation, 2012 (No.202).

53. The ILO, in collaboration with other partners, to support Africa Member States to ratify the “Protocol to the African charter on human and peoples' rights on the rights of citizens to social protection and social security” to support access to social protection for all Africans.
54. The ILO to support Member States in adapting the administrative procedures and management of social protection institutions to overcome practical barriers to coverage. This includes awareness raising, tailored contribution collection mechanisms, enhancing monitoring, transparency and governance of the systems for enhancing trust in the institutions, and creating partnerships with workers' associations and cooperatives to improve reach out of groups still uncovered.
55. The ILO to support Member States in advancing sustainable and equitable financing for social protection by expanding domestic revenues, and improving resource allocation efficiency to create greater fiscal spaces, including for providing subsidies for groups with limited contributory capacities.

5 Preventing informalization and addressing emerging forms of informality

56. To prevent informalization of formal jobs, policies must take into consideration the new forms of informality, including in the digital and gig economy and the importance of the coming output from the standard setting discussion on the platform economy and must include accountability mechanisms.
57. Given the impact of climate change on workers in the informal economy, particularly agricultural workers, it is essential to introduce just transition measures.

6 Develop innovative and strategic partnerships

58. Strengthen cooperation and develop strategic partnerships within the multilateral system, International Financial Institutions and other development partners to support efforts at both the national and local levels to promote transition to formality.
59. Ensure policy coherence and appropriate resource mobilization for effective pathways to formality.
60. Align ILO and partners support to the needs of constituents and call for an ambitious regional programme to strengthen capacity, foster knowledge sharing and support policy making to support transition to formality, in Africa (FORAF).

The participants call for priorities expressed in the Africa Regional Knowledge Sharing Forum to be well reflected in the background report of the General Discussion at the International Labour Conference in 2025 on Innovative approaches to tackling informality and promoting transitions towards formality to promote decent work.

Recommendations made this day, 15th November 2024
at the City of Abidjan,
Republic of Côte d'Ivoire.