



Promoting formalization for gender equality and decent work in Middle East and North Africa

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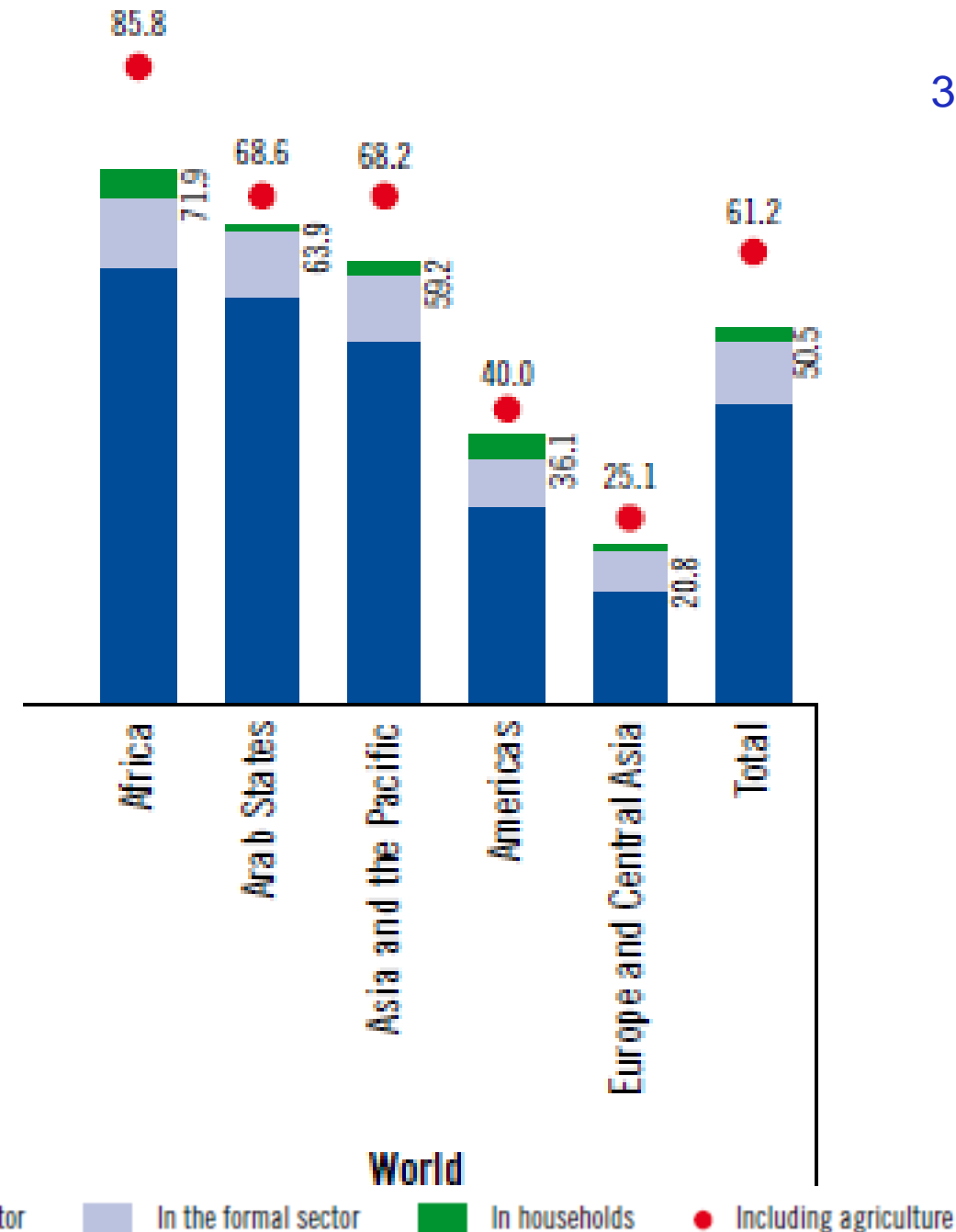
9 July 2024

- Informal Economy (as defined in the Recommendation on Transition from the Informal to the Formal Economy, 2015 (No. 204)):
 - All economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements
 - Does not cover illicit activities, in particular the provision of services or the production, sale, possession or use of goods forbidden by law, including the illicit production and trafficking of drugs, the illicit manufacturing of and trafficking in firearms, trafficking in persons, and money laundry
- Typically, though not in all cases, informal workers and economic units are more exposed to high vulnerability and decent work deficits including:
 - Inadequate and unsafe working conditions, including protection from violence and harassment, including gender-based violence and harassment, which includes sexual harassment
 - Discrimination
 - Lower productivity, skills and incomes
 - Lack of access to credit and appropriate economic infrastructure
 - Longer working hours
 - Exclusion from social protection, including maternity protection
 - Absence of collective bargaining and representation rights.



Share of and components of informal employment as a percentage of total employment: the informal sector, formal sector, and household sector (percentages, 2016)

“Informality in the MENA region ranged between 20-30% of the GDP during the 1990-2018 period, although with shares varying significantly across countries. Depending on the model used to estimate the size of the informal economy in the MENA region, the informal economy has increased, decreased or remained constant, signalling the complexity of measuring this phenomenon and calling for more accurate data to enable appropriate policies to address it.”
(ILO/OECD/UNDP, 2024)



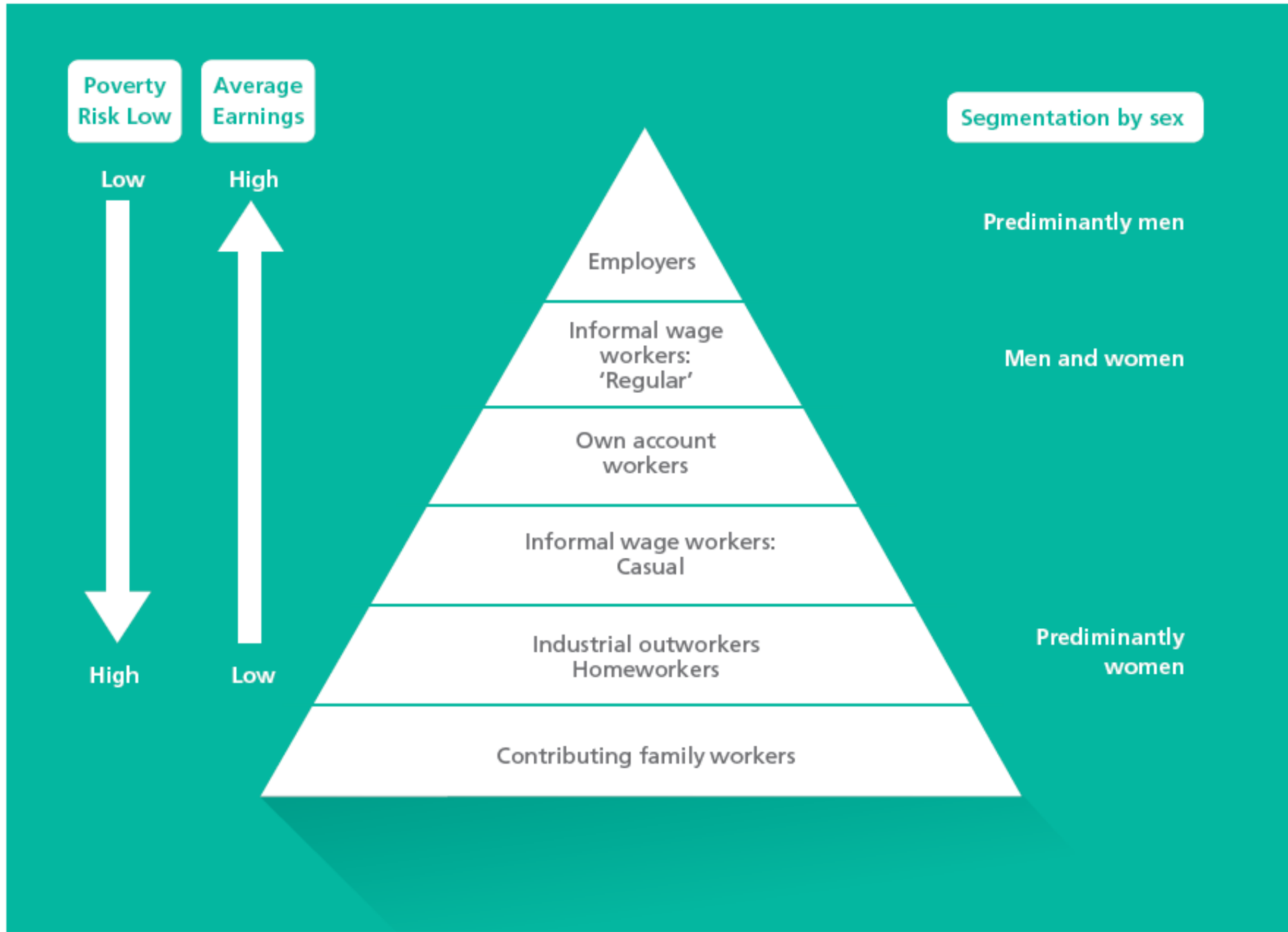
	Total employment (%)												Non-agricultural employment (%)											
	Total				Men				Women				Total				Men				Women			
	Total	In the informal sector	In the formal sector	In households	Total	In the informal sector	In the formal sector	In households	Total	In the informal sector	In the formal sector	In households	Total	In the informal sector	In the formal sector	In households	Total	In the informal sector	In the formal sector	In households	Total	In the informal sector	In the formal sector	In households
Arab States																								
Iraq	100	59.7	40.3	0.0	100	62.2	37.8	0.0	100	44.8	55.2	0.1	100	59.5	40.5	0.0	100	62.0	38.0	0.0	100	44.1	55.8	0.1
Jordan	100	43.9	56.1	0.0	100	47.8	52.2	0.0	100	24.8	75.2	0.0	100	42.0	58.0	0.0	100	46.3	53.7	0.0	100	21.3	78.7	0.0
Occupied Palestinian Territory	100	31.4	66.4	2.3	100	33.1	66.4	0.5	100	24.0	66.2	9.8	100	26.0	74.0	0.1	100	28.2	71.7	0.0	100	14.5	85.3	0.2
Syrian Arab Republic	100	66.0	34.0	0.0	100	67.8	32.2	0.0	100	57.6	42.4	0.0	100	55.6	44.4	0.0	100	60.9	39.1	0.0	100	16.2	83.8	0.0
Yemen	100	68.8	30.9	0.4	100	68.5	31.2	0.4	100	72.7	26.8	0.5	100	56.6	42.9	0.5	100	57.1	42.4	0.5	100	45.0	53.9	1.1
Africa																								
<i>Northern Africa</i>																								
Egypt	100	59.9	39.6	0.6	100	61.6	37.9	0.5	100	53.2	45.9	0.9	100	45.3	54.0	0.8	100	50.3	49.1	0.6	100	19.5	79.0	1.5
Morocco	100	60.1	38.3	1.6	100	62.9	36.7	0.4	100	45.6	46.6	7.8	100	55.1	42.7	2.2	100	58.3	41.1	0.6	100	39.2	50.4	10.4
Tunisia	100	53.4	46.2	0.5	100	56.0	44.0	0.0	100	44.8	53.3	2.0	100	47.7	51.8	0.5	100	51.3	48.7	0.0	100	35.7	62.0	2.4

The gender dimension of informality

- Globally, informal employment is a greater source of source of employment for men (63%) than for women (58%)
- However, there are actually more countries (55%) where women are more exposed to informality than men ...
- When in the informal economy, women tend to be in the most vulnerable segments
 - The proportion of **contributing family workers** is more than three times higher among women in informal employment compared to men
 - **Part-time & very short hours**: always higher for women informally employed compared to their men counterparts
 - Whether in formal or informal employment women employees **earn less** than men
 - Women face a more **limited access to training and retraining**
- Persons with disabilities are more likely to work in the informal economy. They are also more likely to be self-employed.
- Supporting the transition from the informal to the formal economy:
 - important dimension of gender equality promotion, inclusive development and growth strategies
 - important goal of employment policies.



Informal employment: Hierarchy of earnings and poverty risk by employment status and sex



► Benefits of formalization

For individuals (workers and/or employers)

Improved access to rights at work, social security including maternity protection and decent working conditions;

Better access to representation and national policy dialogue;

For enterprises

Better access to credit and other productive factors, including through public programmes;

Expanded access to markets: participation in public procurements, access to imports and exports through formal channels;

Reduction of the influence of corruption, greater respect for commercial contracts, etc.

For society at large

Broadening the tax base (increasing the scope of public action, reducing tax rates, etc.);

Increased equity with regard to the contribution to public budget and to benefits of redistributive policies;

Increased efficiency and sustainability of preventive & compensative measures to address risks;

Fairer competition in national and international markets

Greater social cohesion

▶ What does “formalization” mean?

- The aim is to “eliminate the negative aspects of informality while at the same time ensuring that opportunities for livelihood and entrepreneurship are not destroyed, and promoting the protection and incorporation of workers and economic units in the informal economy into the mainstream economy
- Recognize the economic contribution and importance of the informal economy (data, laws, etc), “restricting and regulating it when necessary, but mostly seeking to increase the productivity and improve the working conditions of those who work in it so as to facilitate the transition to formality
- The goal is to make informal activities part of a growing formal economy, offering decent jobs, productivity gains and economic growth
- Formalization is sometimes narrowly conceived only in terms of registration and punitive sanctions for non-compliance with the law. Such an approach is likely to be counter-productive as it does not take into account the many avenues towards formalization, the limited choices facing most informal economy operators and workers, or the range of incentives which can encourage genuine transitions to formality.
- Formalization can entail registration, taxation, organization and representation, legal and social protection, business incentives and supports and more – and mean different things for different groups of enterprises and workers.
- Transitions to the formal economy should offer the benefits and protections that come with being formal and does not simply impose the costs of becoming formal.

R204 Guiding Principles (I)

R204 invite Members when designing strategies to take into account the following:

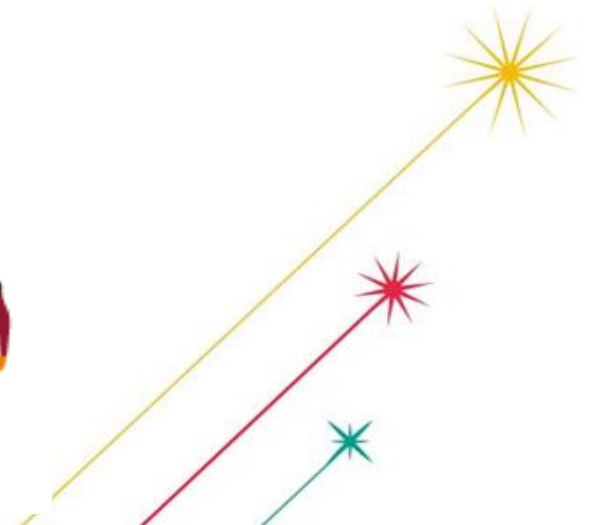
- the **diversity** of characteristics and needs of workers and economic units in the informal economy and the necessity to address such diversity with tailored approaches;
- the **specific national circumstances** and the fact that **different** and **multiple strategies** can be applied to facilitate the transition to the formal economy;
- the need for **coherence and coordination** across a broad range of policy areas in facilitating the transition to the formal economy;
- the **effective promotion** and **protection of the human rights** of all those operating in the informal economy;
- the **fulfilment of decent work for all** through respect for the fundamental principles and rights at work, in law and practice;

R204 Guiding Principles (II)

- the **international labour standards** that provide guidance in specific areas;
- the **promotion of gender equality** and **non-discrimination**;
- the need to **pay special attention to those who are especially vulnerable to the most serious decent work deficits** in the informal economy (e.g. women, persons affected by AIDS, domestic workers);
- the **preservation and expansion**, during the transition, of the **entrepreneurial potential, dynamism, skills and innovative capacities**;
- the need for a **balanced approach** combining **incentives** with **compliance**;
- the need to **prevent and sanction deliberate avoidance** of, or **exit from**, the formal economy for the purpose of evading taxation and the application of social and labour laws and regulations.

Key areas of intervention

1. Legal and policy frameworks
2. Employment policies
3. Rights and social protection
4. Incentives, compliance and enforcement
5. Freedom of association, social dialogue and role of employers and workers organizations
6. Data collection and monitoring



Formalization of informal work

- Legalization, legal recognition and protection as workers (for own-account and self-employed)
- Rights and benefits of being formally employed:
 - Freedom from discrimination
 - Minimum wage
 - Occupational health and safety measures, including protection against violence and harassment
 - Employer/state contributions to health and pensions, including maternity protection
 - Right to organize and bargain collectively
 - Membership in recognized worker organizations, including trade unions
 - Inclusion in decision-making
- Benefits of operating formally for own-account workers:
 - Simplified registration procedures and simple administration
 - Progressive taxation system
 - Protection from violence and harassment
 - Access to resources and facilities
 - Workers' rights
 - Support services, such as access to training and financial services
 - Inclusion in participatory budgeting processes including at local government level

► Formalization of informal economic units (enterprises)

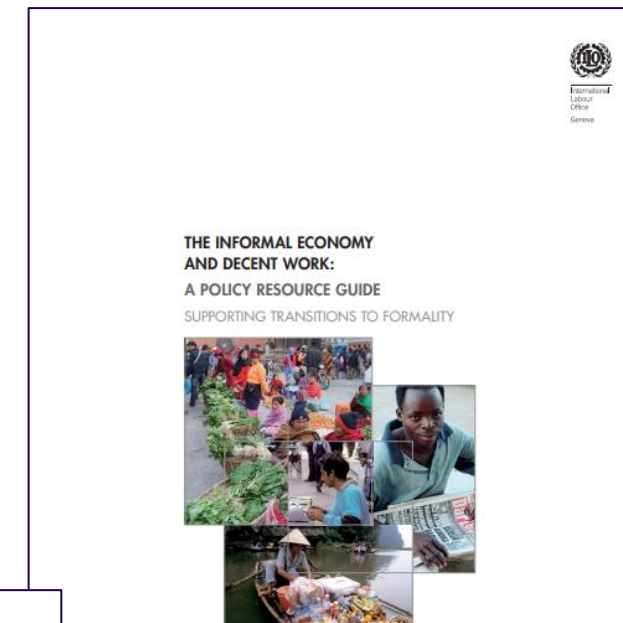
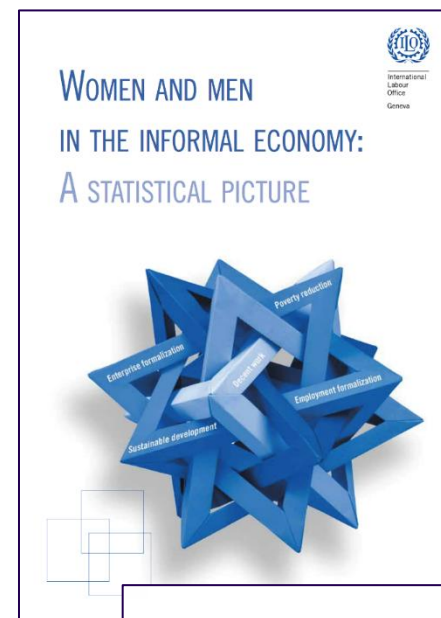
- Appropriate legal and regulatory frameworks, including:
 - Enforceable contracts
 - Land-use and property-use rights
 - Use of public space
 - Occupational health and safety regulation
- Benefits of operating formally:
 - Work security and security of working space
 - Access to finance and market information
 - Access to public infrastructure and services
 - Enforceable commercial contracts
 - Limited liability
 - Clear bankruptcy and default rules
 - Access to government subsidies and incentives
 - Membership in trade associations
 - Access to a formal system of social security
- Registration and taxation:
 - Simplified registration procedures
 - Progressive taxation systems

What formalization should not mean

- Costly registration and tax requirements without the rights, benefits of protections that should accompany formalization
- Taxation or registration of informal enterprises without benefits, including:
 - A flat taxation system where own-account workers pay the same taxes as big businesses
 - An obligation to register with different departments in cumbersome procedures
- Unilateral decisions made by authorities, especially to impose:
 - Unrealistic educational requirements for informal workers
 - Unrealistic legal requirements for informal workers
 - Preconditions that are difficult to meet
 - Costly requirements that are unaffordable for most informal workers
- Formalization which criminalizes/persecutes those who cannot achieve prescribed levels
- Discrimination against women, foreign nationals, people with disabilities, etc.
- Fiscal and taxation schemes which privatize public goods
- Registration as individual entrepreneurs, which denies access to collective workers' rights
- Formalization in which those with more resources have the same responsibilities as those who remain with no resources
- Formalization which creates a “closed shop” system with a new elite “in-group” collaborating with authorities to keep out “outsiders” trying to claim/defend their rights
- Generation of new exclusions, problems and costs
- Preferential recognition of yellow unions in the informal economy
- Abuse of child labour
- Promotion of pseudo-cooperatives
- Handling charges for migrant workers, leading to legalized racial discrimination

Reference publications:

- Women and men in the informal economy: A statistical picture
- The Informal Economy and Decent Work: A Policy Resource Guide supporting transitions to formality
- Informality and Structural Transformation in Egypt, Iraq and Jordan: A framework for assessing policy responses in the MENA region
- Extending livelihood opportunities and social protection to empower poor urban informal workers in Asia



FILTERS



Country

Search

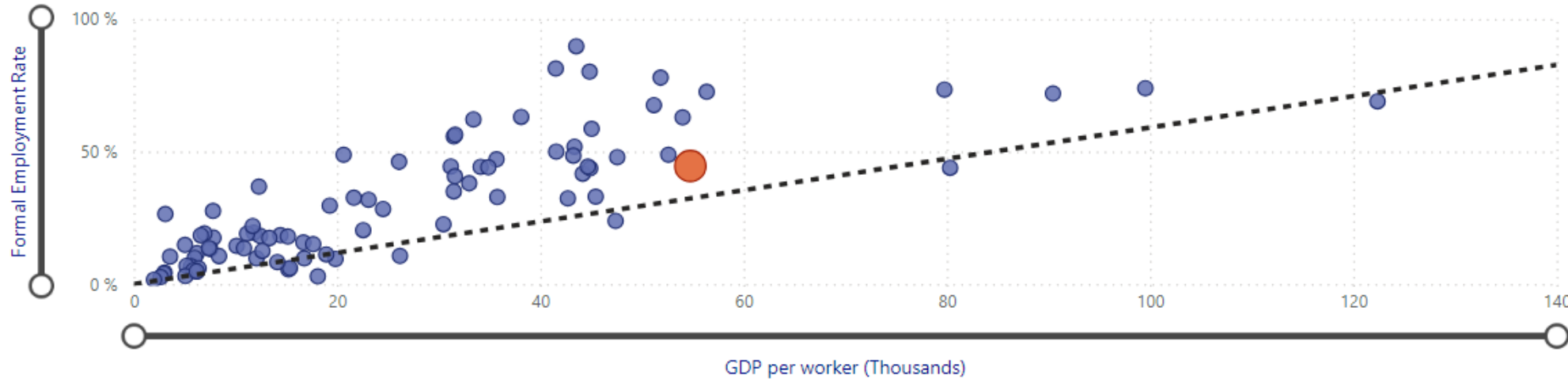
- Afghanistan
- Angola
- Argentina
- Armenia
- Australia
- Bangladesh
- Barbados
- Bolivia

Sector Hierarchy

Search

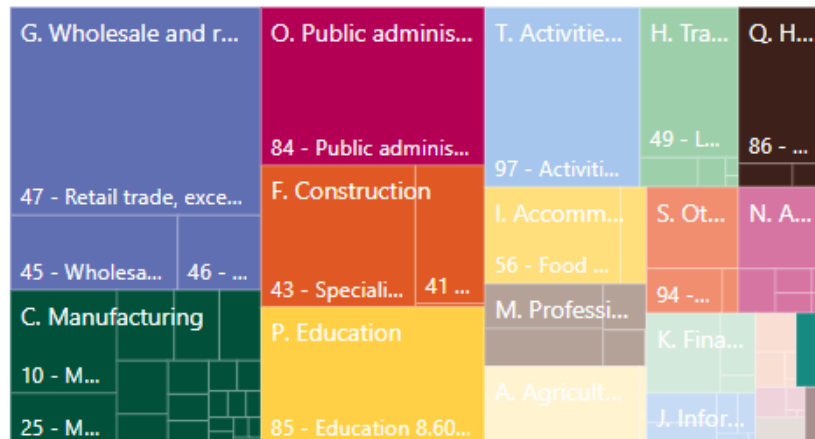
- A. Agriculture; forestry and fi...
- B. Mining and quarrying
- C. Manufacturing
- D. Electricity; gas, steam and ...
- E. Water supply; sewerage, w...
- F. Construction
- G. Wholesale and retail trade...
- H. Transportation and storage

Formal Employment rate by GDP Worker

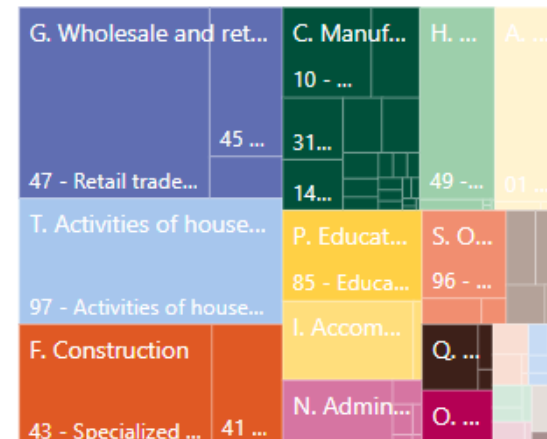


Lebanon

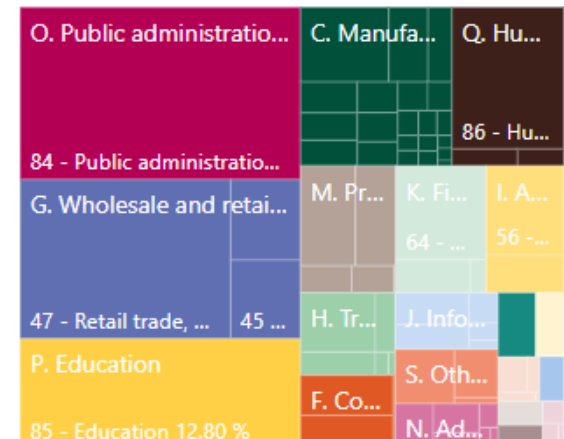
Distribution of Total Employment



Distribution of Informal Employment



Distribution of Formal Employment





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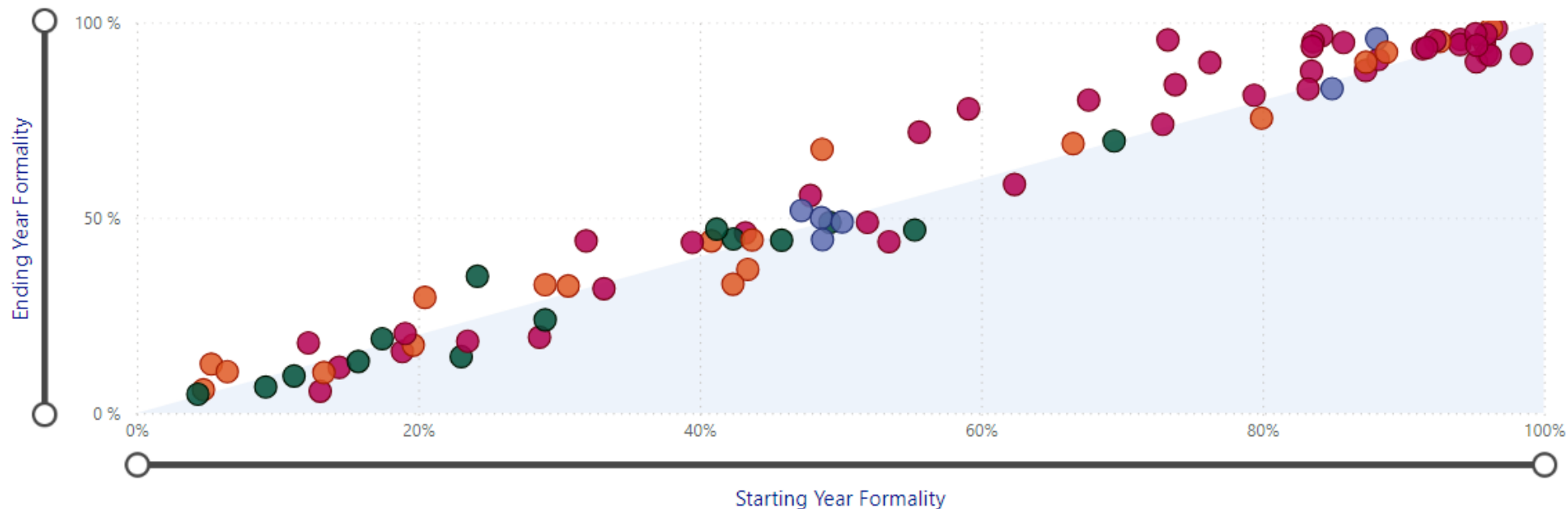


Country

lebanon

Lebanon

Years of Difference ● 3 years or less ● 4 to 6 years ● 7 to 10 years ● more than 10 years



TOP 5 sectors by formal employment rate change (percentage points)

Country name

(Blank)

Lebanon

O. Public administration and defence; compulsory social security	90.39
K. Financial and insurance activities	86.67
B. Mining and quarrying	75.72
Q. Human health and social work activities	75.49
U. Activities of extraterritorial organizations and bodies	73.34



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ISIC 1

ISIC 2

Country

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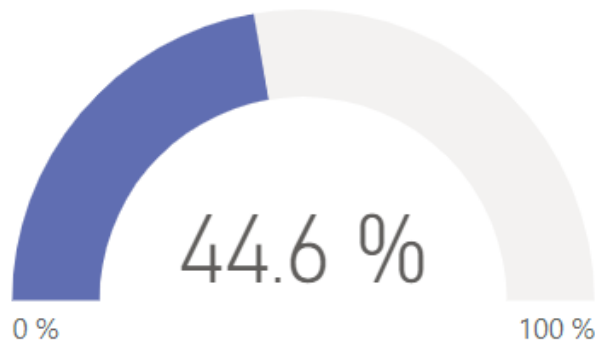
- Afghanistan
- Argentina
- Australia
- Austria
- Bangladesh
- Barbados
- Belgium
- Benin

Sector Hierarchy

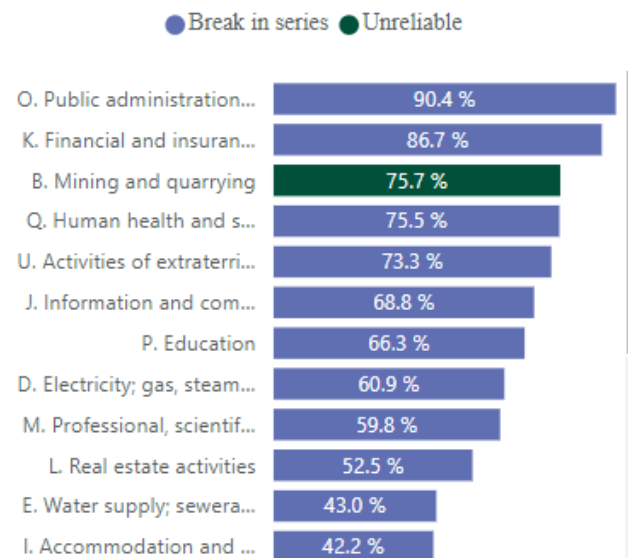
Search

- A. Agriculture; forestry and fis...
- B. Mining and quarrying
- C. Manufacturing
- D. Electricity; gas, steam and ai...
- E. Water supply; sewerage, wa...
- F. Construction
- G. Wholesale and retail trade; ...

Lebanon formal employment rate



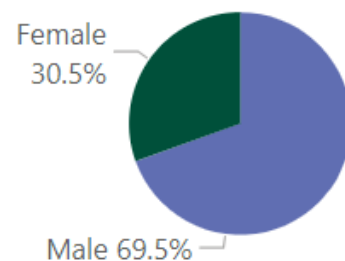
Lebanon: Formal employment rates by Sector



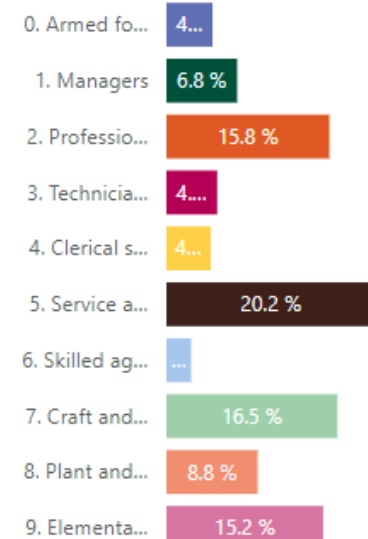
Right click over a sector to access the comparative tool and check for countries with similar distributions

Sector Total

Gender distribution



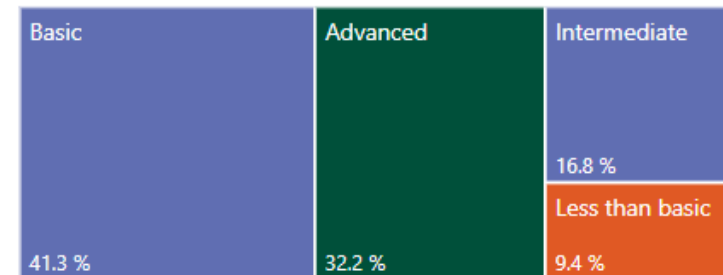
Occupation distribution



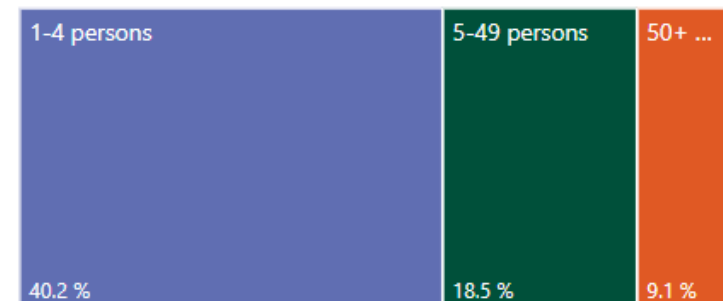
Employment Status distribution



Education distribution



Establishment Size distribution





Decent Work for the transformation of the informal economy in Africa



Number of informal actors supported 23621

Number of women informal actors supported 13

Select Language

- English
- Français
- Português
- عربي

Links

Knowledge hub orientation

Up load a document

ILO Resources



Document Repository

Enterprise formalization and employment creation 10

COVID-19 mitigation 5

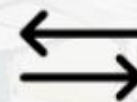
Productive and decent work for all 2



IE Programme Results



Country Results Scorecard



Country to Country Comparison



Programme Results

Click on a tile to see more

Formal work, Decent work

Social Dialogue for Formalization and Employability in the Southern Neighbourhood Region

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International
Labour
Organization

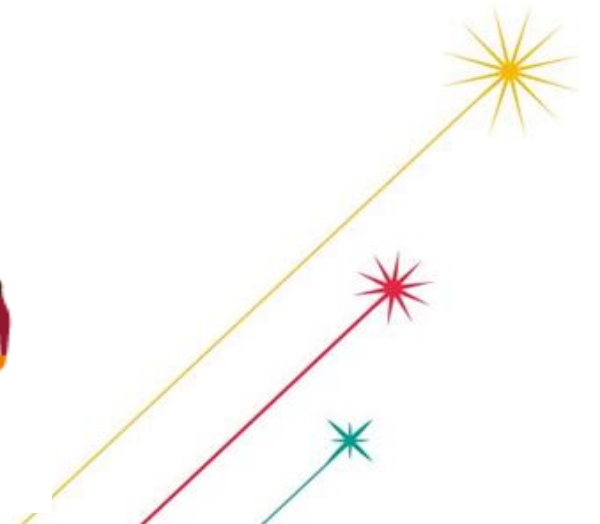


SOLIFEM
FORMAL WORK, DECENT WORK

Algeria, Egypt, Lebanon, and Palestine

Other ILO tools & resources on gender equality

1. [ILO Global Care Policy Portal](#)
2. [Care Policy Investment Simulator](#)
3. [Violence and Harassment Portal](#)
4. [Gender Equality Portal](#)



▶ **Thank you**

