



**STREETNET
INTERNATIONAL**



The Recommendation 204 (2015) on Transitioning from the Informal to the Formal Economy

Most workers worldwide work in the informal economy, and most new jobs are informal jobs. There is no single, one-step way to formalize informal employment. Rather, it should be understood as a gradual, ongoing process of incorporating informal workers & economic units into the formal economy through strengthening them and extending their rights, protection and benefits.

In June 2015, the ILO adopted a new international labour standard – [Recommendation 204](#). It's the first-ever international labour standard specifically for the informal economy. R204 contains many provisions supportive of informal workers, including:

the right to freedom of association and collective bargaining;

social protection;

occupational health and safety;

regulated access to public space and natural resources;

stipulates that livelihoods should be preserved and improved during the process of transition.

What do informal workers need?

- Organizing/Labor Rights;
- Social participation and Bargaining Power;
- Legal Identity & Standing;
- Economic Rights;
- Social Rights, including Social Protection.

Benefits of operating formally for street traders:

- simplified registration procedures and simple administration;
- progressive taxation system;
- protection from harassment;
- access to resources and facilities workers' rights;
- support services, such as access to financial services and training;
- inclusion in participatory budgeting and decision-making processes including at local government level.

How to use Rec204 in your political strategy with public power?

R204 is a valuable tool for advocacy with the public power at the federal or local level & an instrument to add strength to the voice of the organized informal worker in claiming their legitimate right to work, despite governments' neglect of informal work. It's yours!

Use it in your favor!

Street Vendors demands supported by the Rec204:

- freedom from harassment, confiscation of goods, evictions, arbitrary warrants and convictions, arbitrary relocations, unofficial payments and/or bribes
- freedom from fear of authorities and mafia elements
- freedom from exploitation by intermediaries who take high fees
- the right to have natural markets of street vendors recognized and built into urban zoning and land allocation plans
- the right to vend in public spaces under fair and reasonable conditions
- the right to fair and transparent allocation of permits and licenses
- the right to appropriate sites near customer traffic
- if relocated, provision of suitable alternative sites near customer traffic
- the right to better services and infrastructure (including for vendors with disabilities)
- provision of protection centres to keep children out of child labour
- access to user-friendly service-providers
- simplified taxation systems & regulations for informal cross-border traders

Nothing for Us without Us!



What Formalization Should NOT Mean:

- costly registration and tax requirements without the rights, benefits or protections that should accompany formalization;
- taxation or registration of informal enterprises without benefits, including:
 - a flat taxation system where own-account worker pays 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 who cannot achieve prescribed levels;
- discrimination against women, foreign nationals (migrants), people with disabilities, etc.;
- fiscal and taxation schemes which privatize public goods;
- registration as individual entrepreneurs, which denies access to collective workers' rights;
- 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;
- 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.