



Empowering Informal Street and Market Vendors: A Just Transition to **Formalization**

Introduction

This position paper highlights the urgent need for a just and inclusive approach to formalizing informal street and market vendors. With the upcoming International Labour Conference 2025, where one of the key themes of discussion will be 'innovative approaches for the transition from the informal to the formal economy,' it is crucial to emphasize the position and perspective on formalization process from the street and market vendors and to advocate for policies that recognize and protect these workers rather than marginalize, displace, or criminalize them.

Millions of street and market vendors sustain local economies worldwide, yet they face daily threats of eviction, harassment, and economic insecurity due to their informal status. StreetNet International advocates for an inclusive, worker-centered, and rights-based approach to formalization that empowers rather than excludes. Formalization should improve working conditions, expand social protections, and secure economic rights.

StreetNet International calls on governments, trade unions, and employers participating in the ILO Conference to adopt a **just approach to formalization that ensures dignity, security, and social inclusion for all informal street and market vendors.**

Key Principles of a Just Transition

1. Inclusive and Rights-Based Formalization

- A just formalization process must begin with the full recognition of all street and market vendors as workers and citizens, making them rightful bearers of legal and social protections.
- Formalization must prioritize livelihood protection over punitive regulation.
- Vendors must have access to secure workspaces, infrastructure, and basic services.
- Governments must avoid evictions, harassment, and regressive fiscal policies in the name of formalization.
- Informal economy workers and their representative organizations must play a central role in shaping formalization policies that affect them.
- Any formalization process must incorporate a gender perspective and recognize that vulnerable groups, such as migrants and disabled individuals, who have historically been excluded from the labour market, are disproportionately represented among street and market vendors.

2. Decent Work, Social Protection and Social Dialogue

- Formalization should ensure access to social protection, including healthcare, maternity benefits, childcare, and pensions.

- It must recognize the social value of street and market vendors' work. The COVID-19 pandemic demonstrated their vital role in ensuring food security and essential goods supply, often at great personal risk.
- Informal street and market vendors must be recognized as social partners in policy-making and urban planning processes.
- Trade unions of informal economy workers, cooperatives, and collective bargaining must be officially recognized and supported. Their right to freedom of association should also be respected, as per the ILO Core Convention 87.
- The fundamental labour rights of all trade unions and membership-based organizations of informal economy workers must be protected, beginning with freedom of association. Furthermore, social dialogue can only be effective if informal economy workers have the right to protest against decisions and policies which negatively affect them and their livelihood.

Pathways to a Fair Formalization

1. Implementing the ILO Recommendation 204

- ILO Recommendation 204 provides a roadmap for a gradual, inclusive transition that protects existing livelihoods.
- Governments must invest in capacity-building, infrastructure, and legal frameworks that facilitate formalization without harm.
- Awareness-raising and training on R 204 should be promoted, particularly among local authorities who play a key role in implementing formalization policies.

2. Inclusion in Collective Labour Law

- Street and market vendors, as workers, have the right to form and register trade unions, despite their status as own-account (self-employed) workers without traditional employment relationships. This right is often denied and must be explicitly recognized in any formalization process.
- Trade unions and membership-based organizations representing informal street and market vendors must have the right to collective bargaining and negotiation with relevant institutions and authorities at different levels. This remains rare in practice and is a key demand.
- The inclusion of street and market vendors in collective labor law frameworks is essential to improving their working conditions and ensuring a just formalization process.
- Recognizing these organizations as social partners would allow their direct representation and participation in national tripartite structures.

3. Leveraging the Social Solidarity Economy (SSE)

- The SSE offers a worker-driven path to decent work, social protection, and economic stability.
- Cooperatives, mutual aid groups, and social enterprises provide market access, legal recognition, and improved conditions.
- Formalization policies should create an enabling environment for SSE initiatives to thrive. This should include simplification of registration processes for SSE initiatives, and access to seed funding.
- Vendors must have improved access to credit at fair interest rates. Many street and market vendors are excluded from mainstream financial institutions and are often forced into exploitative

debt arrangements with loan sharks.

- SSE initiatives, especially Cooperatives of Vendors and other informal economy workers, should be supported with grants, trainings, and production inputs by relevant Government and organized private sector agencies.

4. Just and Transparent Regulations

- Laws must be clear, fair, and realistic, taking into account the realities of informal work and its particularities.
- Urban planning should allocate public spaces for vending and trading, ensuring a gender-sensitive approach.
- National and local authorities must apply laws consistently and follow due process in implementing policies.
- National and local authorities should implement just taxation policy regimes which avoid creating an unfair tax burden upon informal street and market vendors, as is often the case.

What Formalization Should Not Be

- Not a tick-box exercise: Formalization should lead to real improvements, not just bureaucratic categorization.
- Not just about taxation: It should not be a mechanism to simply bring informal street and market vendors into complicated and flat tax regimes without offering protections and benefits.
- Not a pretext for control and restriction: Formalization should not be used to curtail vendors' rights or limit their ability to work.
- Not a threat to livelihoods: It must not result in evictions, economic hardship, or loss of income for informal street and market vendors.

Call to Action

StreetNet International urges all stakeholders at the International Labour Conference to endorse ILO Recommendation 204 as the guiding framework for a just transition from the informal to the formal economy by:

- Ensuring, that informal economy workers, including street and market vendors are represented in all decision-making processes, which directly address their issues and interests.
- Rejecting formalization models that harm livelihoods and fail to protect workers' rights.
- Committing to worker-centred policies that improve conditions and expand protections.
- Promoting inclusive economic models such as the Social Solidarity Economy.
- Supporting local, regional, and international campaigns of Street vendors' and other informal economy workers' for the progressive realization of specific policies promoting Just Transition to Formalization.

Formalization should be a gateway to rights, security, and opportunity—not a barrier.

Governments, unions, and international agencies must act now to ensure a just transition for informal economy workers worldwide.

