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A photograph of a rural landscape. In the foreground, a person wearing a traditional conical hat and a yellow and green long-sleeved shirt is working in a field of young green plants. In the middle ground, there is a simple, rustic hut with a corrugated metal roof and walls made of fabric or plastic. The background is filled with lush greenery, including palm trees and other tropical plants, under a cloudy sky.

# Transitioning to Formality in the Rural Informal Economy

**DECENT WORK IN THE RURAL ECONOMY  
POLICY GUIDANCE NOTES**

A large number of workers in the informal economy face acute decent work deficits. This is exacerbated in the rural economy – especially in agricultural activities, which are characterized by high levels of informality. This policy guidance note highlights the integrated and comprehensive approach of the International Labour Organization (ILO) to addressing informality, which is guided by the new historic landmark Recommendation concerning the transition from the informal to the formal economy (No. 204), adopted at the 104th Session of the International Labour Conference in 2015. Informality in the rural economy is closely linked to other policy concerns that are high on the global development agenda: without measures to tackle income inequality, working poverty and lack of social protection, it will not be possible to address rural poverty, food insecurity and environmental degradation.



## 1. Rationale and justification

The informal economy refers to “all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements”.<sup>1</sup> It represents a significant but often overlooked share of the rural economy, especially in developing countries. Ample empirical research has shown that workers in the informal economy face higher risks of poverty than those in the formal economy.<sup>2</sup> The problems of informality tend to be exacerbated in the rural economy, which is marked by acute decent work deficits and a disproportionate share of the working poor.

Informality is difficult to measure, particularly in rural areas, where labour statistics and data are often not collected. Where there is data, it is difficult to compare across countries due to variation in definitions of rural and urban employment.<sup>3</sup> However, recent data collection efforts show, for a growing number of countries, that the share of the informal economy is higher in rural than in urban areas and higher in agricultural than in non-agricultural activities.<sup>4</sup> Over 80 per cent of agricultural workers are informal in Bangladesh, India, Indonesia, Mongolia and the Philippines.<sup>5</sup> In the rural areas of Central and South-Eastern Europe (non-EU) and the Commonwealth of Independent States (CIS), informal employment constitutes 82.1 per cent of total rural employment and 98.6 per cent of agricultural employment.<sup>6</sup>

There are multiple drivers of informality. Some drivers are common across different contexts (e.g. inefficient public institutions, inappropriate macroeconomic frameworks), while others are specific to a particular type of economic unit (e.g. micro and small family enterprises), group of workers (e.g. smallholder farmers or subsistence farmers), or category of employers (e.g. multinational companies, small and medium enterprises).<sup>7</sup>

These drivers tend to be exacerbated in the rural economy. Macroeconomic policies, such as price, trade and exchange rate controls, have historically tended to be biased against agricultural products and inputs. Research from the 1990s showed that such policy interventions have induced a decline in the relative price of agricultural products.<sup>8</sup> Furthermore, public spending in rural areas is often low, leading to poor infrastructure, low levels of social services, weak governance and limited industrial activity.

Assets owned by rural households determine their ability to sustain their livelihoods as farmers, participate and compete in markets as entrepreneurs, and find gainful employment as workers. These assets, mainly human capital, land, and finance, are often underutilized. They are also unprotected especially in rural areas given insecure property rights, weak contract enforcement, poor access to financial services, weak labour market institutions and social security systems. Various forms of discrimination, often based on gender and ethnicity and especially prevalent in rural areas, affect the productive use of the assets of over half of the labour force.

There are significant overlaps between informality and poverty, the extent and severity of which tends to be greater in rural than urban areas. The last 60 years of development experience have shown that growth does not reduce poverty unless associated with improved employment opportunities, better conditions of employment and the elimination of informality, especially in rural areas.<sup>9</sup> A large proportion of the rural labour force remains in vulnerable employment, and the highest incidence of child labour is found in agriculture. More than half of these child labourers are involved in hazardous work and the majority of rural youth are disproportionality represented among the working poor living in rural areas.<sup>10</sup>

<sup>1</sup> ILO: *The Transition from the Informal to the Formal Economy Recommendation*, 2015 (No. 204), Geneva, 2015.

<sup>2</sup> ILO: *Transitioning from the Informal to the Formal Economy*, Report V (1), ILC, 103rd Session, Geneva, 2014.

<sup>3</sup> *Rural Labour Statistics*, ILO, <http://www.ilo.org/global/statistics-and-databases/statistics-overview-and-topics/rural-labour/lang--en/index.htm> [Accessed 28 July 2015].

<sup>4</sup> ILO: *Measuring Informality: A Statistical Manual on the Informal Sector and Informal Employment*, Geneva, 2013; ILO: *Statistical Update on Employment in the Informal Economy*, Geneva, 2012.

<sup>5</sup> ILO and ADB: *Women and Labour Markets in Asia: Rebalancing for Gender Equality*, Bangkok, 2011, p. 11.

<sup>6</sup> ILO: *Global Employment Trends*, Geneva, 2013.

<sup>7</sup> ILO: *ACI 6 Concept Note, Annex, Taxonomy of Formalization*, Geneva, 2014, unpublished.

<sup>8</sup> World Bank: *World Development Report*, Washington, 2008.

<sup>9</sup> ILO: *Addressing Informality for Rural Development*, Rural Policy Briefs, Rural Employment and Decent Work Programme, Employment Sector, Geneva, 2012, p.1.

<sup>10</sup> FAO: *FAO Statistical Yearbook 2013*, Rome, 2013; and ILO: *Global Employment Trends: Preventing a deeper jobs crisis*, Geneva, 2012.

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If rural poverty is to be reduced and agriculture is to be a basis for growth, policies that neglect and disadvantage agriculture need to be reversed. Rural economies should be directed into higher value-added products especially in the face of growing demand for food and agricultural products. Addressing capacities, contract enforcement and property rights – as well as correcting various market failures, including in credit and insurance – will help balance market power and terms of in favour of rural economic actors. These include small and medium enterprises, smallholders, wage labourers and other rural service providers.

Finally, strong efforts have to be made to address decent work deficits among rural workers. This implies protection by labour legislation, which in many countries excludes agricultural workers and home-based workers, strengthening the labour inspectorate system in rural areas, improving

occupational health and safety, supporting farmers' unions and workers' organizations, extending social security and insurance systems, and access to land tenure.

Formalization is critical in ensuring economic, social and legal inclusion of workers in the rural economy. Addressing rural poverty, while feeding a global population in the context of increasing environmental degradation and climate change, cannot be achieved without tackling the rural informal economy.<sup>11</sup> Informality thus is closely linked to other policy concerns high on the global agenda.

This policy guidance note highlights the ILO's integrated and comprehensive approach to formalization of the informal economy.

## 2. Scope and definitions

Policies and programmes targeting informality in the rural economy must distinguish between the different types of economic activities and categories of workers.

There is great heterogeneity in the rural economy: large commercial farmers co-exist with commercial smallholders who, in turn, operate alongside subsistence farmers. Such range of farmers supplies farm and non-farm goods to village markets, middlemen or big companies, which can be trans- or multinational.

The rural labour market is heterogeneous, with jobs ranging from poorly remunerated agricultural work to higher-skilled wage employment in more dynamic enterprises and industry. In rural towns with very little private sector activity, public sector employment might be the only or main source of wage employment.

Policies should further differentiate between those employed on a regular basis with a full set of protection and those who are undeclared or unregistered, enjoying no such protection. Then there are those who are employed as casual or day labourers, contract workers or part-time workers.<sup>12</sup>

### Definitions

The 2002 Session of the International Labour Conference and the 15<sup>th</sup> and 17<sup>th</sup> International Conferences of Labour Statisticians (1993 and 2003, respectively) agreed on a number of concepts consistent with ILO's framework.

*Informal economy* (a) refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements; and (b) 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 laundering, as defined in the relevant international treaties.

<sup>11</sup> How informality and decent work deficits are dealt with in rural areas will greatly affect food price volatility and food security. Rural informal enterprises and workers are key actors determining availability, access, utilization and stability in the entire food system, from production to consumption to waste management.

<sup>12</sup> L. Lim: *Decent Work in the Rural Economy: Formalizing the Rural Informal Economy*, Geneva, 2013, unpublished.

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The *informal sector* consists of enterprises defined in terms of one or more of the following three criteria:<sup>13</sup>

- small size of the enterprise in terms of employment according to national conditions or regulations,
- non-registration of the enterprise under specific forms of national legislation,
- non-registration of its employees.<sup>14</sup>

*Informal employment* refers to jobs, whether in the formal or informal sector, that are not covered by labour regulation, taxation, social protection or other employment benefits.<sup>15</sup> The following also are considered to have informal jobs:

- employees in the formal sector with that are not covered by abovementioned legislation (see Box 1, cell 2),
- own-account workers, employers and members of producers' cooperatives are considered to have an informal job if the production unit is informal (cell 3-7),
- unregistered domestic workers (cell 9),
- own-account workers engaged in the production of goods for final use by their households (cell 8),
- all contributing family workers are considered to have informal jobs (cells 1 and 5).<sup>16</sup>

### BOX 1: Conceptual framework for informal employment (17<sup>th</sup> ICLS guidelines)<sup>17</sup>

Production units by type	Jobs by Status in Employment									
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers cooperatives		
	INF	FOR	INF	FOR	INF	INF	FOR	INF	FOR	
Formal sector enterprises		FOR MAL		FOR MAL	1	2	FOR MAL		FOR MAL	Informal employment, relevant also to rural areas, refers to: ... unregistered workers in the formal sector, e.g., in registered plantations, factories, firms. <sup>18</sup>
Informal sector enterprises	3		4		5	6	FOR MAL	7		...all workers in the informal sector. (Note that there are infrequent cases of formal workers in the informal sector - see cell marked "formal".) <sup>19</sup>
Households	8					9	FOR MAL			... own-account and domestic workers in households with no social security coverage and other protections; also households producing for own use.

<sup>13</sup> See also Box 1, row 2: "Informal sector enterprises".

<sup>14</sup> ILO: *Report of the Conference*, 15<sup>th</sup> International Conference of Labour Statisticians, Geneva, 1993.

<sup>15</sup> ILO: *Guidelines Concerning a Statistical Definition of Informal Employment*, Report of the Conference, 17<sup>th</sup> International Conference of Labour Statisticians, Geneva, 24 November - 3 December 2003.

<sup>16</sup> Ibid.

<sup>17</sup> Cells in dark green refer to jobs, which by definition, do not exist in the type of production indicated. Cells in light green are various types of informal jobs.

<sup>18</sup> The underdeclaration of wages or hours of work does not obviously fall under the ICLS definition, but is included here because of its implications regarding the workers' entitlements (e.g. for social security benefits).

<sup>19</sup> ILO: *Measuring Informality: A Statistical Manual on the Informal Sector and Informal Employment*, Geneva, 2013.

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Informality is inherently linked to the existence and scope of regulations and their effective implementation. Most directly relevant to formalization are: business regulations governing establishment and operation of enterprises; labour legislation governing rights and protection of workers; and laws pertaining to property rights.<sup>20</sup>

The formalization process would thus involve:

- **Formalizing informal economic units:** Incorporation of informal firms, increased compliance of registered firms with labour and social security obligations; registration of cooperatives; simplifying business registration procedures and taxation requirements; extension of the scope and application of labour and social security regulation.
- **Formalizing informal jobs:** Extension of the scope and application of labour law and social security to the rural economy and agriculture sector workers; establishment and effective enforcement of commercial and work contracts; registration of unregistered employment relations; and registration of own-account or self-employment work.
- **Broader transitions in the economy** facilitate formalization due to improved economic policies, market opportunities and skills upgrading. This could lead to enabling conditions in which new and more dynamic enterprises are created, the workforce shifts towards more productive and higher value sectors, and contractual relationships are improved.

Amidst all of the above considerations, special attention should be given to expand productive employment opportunities for those who continue to live in extreme poverty, earning less than 1.25 USD per day, two thirds of which are in rural areas.<sup>21</sup> Certain groups, particularly women and youth, tend to be among the poorest of the poor, being disproportionately held back by disadvantages rooted in inequalities. These are the groups that are most likely to work in the informal economy.<sup>22</sup>

### Stakeholders

Governments play a key role in ensuring that effective national legal and regulatory frameworks allow an integrated and comprehensive approach to facilitating transitions to formality. Governments have primary responsibility for providing public goods where market failures are found. They are responsible for creating an enabling environment for sustainable formal enterprises, and to extend the coverage of labour and social protection to informal workers. Governance issues are more challenging in rural areas.

Local governments, given their proximity to rural communities, are best suited to delivering interventions that promote economic development and employment promotion, social protection and social dialogue and inclusion. Partnerships among national and local agencies are critical if one were to address the multifaceted aspects and drivers of informality. Cooperation among ministries responsible for labour, agriculture, health, infrastructure, education and vocational skills, and social services, are indispensable.

Policies promoting formality must be embedded in strong social dialogue institutions with the participation of employers' and workers' organizations, including representatives from the informal economy. The multifaceted dimensions of rural informality require that a broad range of stakeholders are engaged in managing solutions. Governance mechanisms and processes must enhance the participation of all stakeholders in a meaningful way, especially those who have least voice in social and political representation yet who are most affected.

<sup>20</sup> ILO: *Decent Work and the Informal Economy*, Report VI, ILC, 90th Session, Geneva, 2002.

<sup>21</sup> IFAD: *Rural Poverty Report*, IFAD, Rome, 2011.

<sup>22</sup> M.-K. Chan: *Making agricultural value chain programmes work for workers: A practical guide for development donors and practitioners*, WIEGO Technical Brief (Global Trade) No. 4, 2012, p.12.

### 3. The ILO's approach

The ILO has been at the forefront of policy analysis and development action on informality since the 1970s, when the term was first used and popularized. In 2002, the International Labour Conference adopted a Resolution on Decent Work and the Informal Economy, which expanded the concept of informal employment beyond just the informal sector to take into account a diversity of actors and activities. It recognized that informality exists across sectors, including domestic workers in households, and that informal work is found in both the formal and the informal sectors.

Meanwhile, the conclusions on the “Promotion of rural employment for poverty reduction” of the June 2008 International Labour Conference (ILC) also emphasized formalization as a major goal and an integrated decent work perspective a potent means to achieve it.<sup>23</sup>

In 2015, through a landmark agreement, the Recommendation concerning the transition from the informal to the formal economy (No. 204) was adopted. This Recommendation calls upon ILO Member States to take urgent and appropriate measures to enable the transition to the formal economy, recognizing both the diversity of the informal economy and of national contexts.

Recommendation No. 204 provides guidance for action, calling on Member States to ensure that an integrated policy framework to facilitate the transition to the formal economy is included in national development strategies or plans as well as in poverty reduction strategies taking into account, where appropriate, the role of different levels of government.

The Recommendation provides guidance for member States to pursue formalization processes as follows:

- Facilitating the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship.
- Promoting the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies, and
- Preventing the informalization of formal economy jobs.<sup>24</sup>

The Recommendation holds much relevance to the rural informal economy. Notably, one of the clauses recognizes and upholds “regulated access to public natural resources for subsistence livelihoods.”

<sup>23</sup> ILO: Resolutions adopted by the International Labour Conference at its 97th Session, Geneva, 2008.

<sup>24</sup> Addressing decent work deficits in the informal economy is yet another objective when addressing informality. This includes actions to improve earnings, working conditions, social security, and to promote social dialogue for workers who remain in the informal economy. While these actions may improve the capacities of workers and economic units to reach the point of formalization, they do not constitute formalization by themselves.

### 4. The ILO's experience to date

Lessons learned over past years support an integrated and comprehensive approach to decent work in the rural informal economy. Such a coherent and coordinated approach to formalizing rural employment has focused the following:<sup>25</sup>

- *Improving data and analysis of the rural informal economy.* A major constraint to date has been the lack of a clear definition of “rural” for statistical purposes. The agricultural sector has served as an approximation for rural labour. “Rural” is also defined in different ways by countries, including by population density, infrastructural characteristics or other variables.<sup>26</sup> The lack of robust definition prevents a realistic assessment of the nature, magnitude and patterns of rural employment, the base upon which to further analyse the contribution and decent work challenges of informal employment in rural areas – including its gender and age disaggregated dimensions.

The ILO has established the ILO Rural Initiative on Statistics, which documents rural labour statistics of at least 80 countries through datasets, metadata and analysis. It aims to further develop and build the capacity of labour force surveys to better disaggregate rural-urban data that account for both rural specificities and multi-faceted nature. It will also carry out development research to define “rural area” for statistical purposes.<sup>27</sup> The stronger statistical base will allow the disaggregation of informal and formal employment in rural areas.

- *Generating more and better jobs in rural areas.* The creation of decent work and formal jobs in rural areas requires employment-friendly macroeconomic policies that correct the history of neglect and biases against rural areas especially in developing countries. Market failures are pervasive in rural areas where investment in education, infrastructure, transport networks and basic services is often low. Rural areas also suffer from uneven access to technology, market information and business services. There is thus need for public policy to provide public goods and make markets more inclusive. Economic incentives, public expenditures, rural infrastructure, a friendly business environment and sound financial policies can create a conducive environment for investment to take place in rural areas, enough to stimulate jobs and expand opportunities in the formal economy.

The ILO has a number of tested tools and a growing range of internationally recognized experience with public works programmes, public procurement policies, local economic development strategies, business environment promotion, and land rights protection among indigenous people. Their impact and implications for addressing rural informality and promoting decent rural employment are apparent and must be further supported.

#### **BOX 2: Training for rural economic empowerment**

The ILO's Training for Rural Economic Empowerment (TREE) programme contributes to an integrated approach to informality in the rural economy. The programme, based in 11 countries, has been successful through community-based training at generating more and better jobs in rural areas, particularly among informal workers and with a focus on women. It identifies local economic opportunities; links up with dynamic value chains; designs and delivers skills training; and provides follow-up services after training. Following the success of the programme in Pakistan and the Philippines, both governments mainstreamed the approach into national policies.

<sup>25</sup> This section is partially drawn from L. Lim: *Decent Work in the Rural Economy: Formalizing the Rural Informal Economy*, Geneva, 2013, unpublished, p. 3.

<sup>26</sup> *Rural Labour Statistics*, ILO, <http://www.ilo.org/global/statistics-and-databases/statistics-overview-and-topics/rural-labour/lang--en/index.htm> [Accessed 28 July 2015].

<sup>27</sup> Ibid.



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- *Investing more and better in smallholder agriculture.* Agriculture continues to represent a major source of opportunities to move out of poverty for large numbers of rural women, men and young people. The essential feature of a viable smallholder agriculture is the development of a smallholder farming system that is productive and remunerative; integrated into dynamic markets; and sustainable and resilient to risks and shocks. Many countries are seeing growth in new agriculture and rural nonfarm opportunities which are connected to local and transnational supply chains. Programmes to involve smallholder farmers in these new opportunities will be more effective in promoting decent work if they recognize the heterogeneity of the rural labour force, link producers to new markets opportunities, provide training on marketable skills and production technology, establish policies that allow group formation and joint direct marketing, and build capacity in negotiating better contracts. This combined approach would ensure better value capture and improved terms of trade, especially in the lower parts of the supply chain where informality is most pervasive.
- *Extending rights at work to rural informal workers.* Challenges to rights protection and formalization of rural work include the following: (i) Exclusion from labour law: labour legislation may exclude agricultural workers or certain types of workers like casual or seasonal workers; it may also exclude certain groups of workers to which many rural workers belong, such as migrant workers and indigenous people.<sup>28</sup> (ii) Difficulty of enforcement: where the law covers agricultural workers, the challenge may lie in enforcement, due in part to the dispersed, diverse and invisible nature of rural informal employment, and in part to weak (or absent) labour inspectorates especially in rural areas. (iii) Lack of advocacy and information on labour law and workers' rights in rural areas. Informality in rural employment thus stems largely from such legal and institutional exclusions, whether de facto or de jure, and from inadequate rights awareness.

In 2010, the ILO published “Extending the scope of application of labour laws to the informal economy: A digest of comments of the ILO’s supervisory bodies related to the informal economy” to counter widespread misconceptions that international labour standards are applicable only to the formal economy. The publication compiles comments from the ILO’s supervisory bodies related to the informal economy to assist policy-makers to assess the extent of application of national laws, regulations and practices, as well as to identify obstacles to the application of relevant labour standards to unprotected workers and how they can be addressed.<sup>29</sup>

The ILO’s value chain development work often focuses on rural subsectors that are most relevant for job creation and job quality improvement. It works in the tourism, small-scale agriculture, fishery, and also in non-farm processing sectors. The ILO aims at improving market relationships to improve value capture at different parts of the chain, especially producers and small economic units, which are often informal. The ILO’s interventions build on private sector development strategies that seek to strengthen enterprises, business relationships and services, market structures, and the business environment. The ILO furthermore has had long experience in addressing child labour in farm and non-farm work, as well as forced labour and workplace compliance in production units linked to supply chains.

- *Extending social protection to rural informal workers.* Rural populations are exposed to high levels of risk (such as natural calamities), higher incidences of diseases (due to hazards in agricultural occupations) and lack of basic facilities (such as water and sanitation and health care).<sup>30</sup>

The ILO is assisting over 30 countries to strengthen their social protection systems including (i) extending to rural areas the basic set of guarantees under the social protection floor (e.g. income security through cash transfers and health protection); (ii) extending the contributory system to ensure access to higher levels of social security benefits and protection (e.g. by adjusting contributory requirements to suit the income cycles of agricultural

<sup>28</sup> ILO: *Report of the Committee on Rural Employment*, ILC, 97<sup>th</sup> Session, Geneva, 2008.

<sup>29</sup> ILO: *The Informal Economy and Decent Work: A Policy Resource Guide Supporting Transitions to Formality*, Employment Policy Department, Geneva, 2013.

<sup>30</sup> For more information please see the ILO Decent Work in the Rural Economy policy guidance note on “Extending social protection to the rural economy”.

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workers, and decentralizing registration and payment structures); and (iii) making benefit delivery systems more efficient and reliable.<sup>31</sup> Preventive measures such as occupational safety and health (OSH) education are also being extended to rural workers through national OSH policies while labour inspectors, as well as agricultural and health extension workers, are being trained in simple OSH advisory services utilizing ILO work improvement training packages.

### BOX 3: Social protection measures

Several different countries have implemented social protection measures that are reducing vulnerability in the informal rural economy. For example, in 2005 India implemented the National Rural Employment Guarantee Act, which aims to guarantee the right to work by providing rural households at least 100 days of wage employment every financial year for unskilled manual work. Ghana and Thailand have expanded the scope of health coverage to the informal economy, and Brazil has implemented the “Bolsa Familia” programme which provides social protection to a large proportion of Brazilians.<sup>32</sup>

In Argentina, the Argentina Union of Rural Workers and Stevedores, succeeded in getting a National Registry of Agricultural Workers and Employers (RENATRE) established in March 2003. Its aim is to get rural workers, including foreign workers, registered and thus eligible for social security benefits.<sup>33</sup>

- *Fostering and supporting organization and voice of rural informal workers.* With structural changes in rural markets and entry of new players, including corporate actors, there is a need to increase the participation of smallholders and small firms in policy decisions, including the poverty impacts of investments. Member-based organizations have a key role to play in representing their interests. Collectively, they can better negotiate with their suppliers and buyers; as a bloc they can better voice their interests with respect to policy or investment decisions that benefit or harm them. Furthermore, the ability of small producers to participate in high-value markets

depends on collective action. Such organizations help rural people avail themselves collectively of insurance facilities, purchase machines or assets that add value to their products, obtain skills training in more competitive products, and link to new and dynamic markets.<sup>34</sup>

### BOX 4: Programme for the promotion of formalization

In 2013, the ILO Regional Office for Latin America and the Caribbean launched the Programme for the Promotion of Formalization in Latin America and the Caribbean, FORLAC. The programme has three components: a) generation and dissemination of knowledge on formalization policies, b) technical assistance to specific countries, and c) capacity-building of workers’ and employers’ organizations in formalization issues. Argentina is advancing in the implementation of sectoral agreements (Union Co-Responsibility Agreements) to formalize rural employment and facilitate access to social protection by simplifying and facilitating social security payments.<sup>35</sup>

An ILO ACTRAV–Norway Workers’ Education Project (2004–06) contributed to organizing rural workers in the informal economy, and supported 80,426 marginalized and vulnerable rural workers, especially women workers, from the informal economy in Tamil Nadu and Madhya Pradesh, India, to organize themselves into unions and 854 self-help groups. With a focus on the capacity building of rural workers and rural workers’ organizations, the project assisted workers in enhancing their skills and accessing various welfare benefits, created decent employment and income, empowered women, and helped trade unions play an active and constructive role in socio-economic development.<sup>36</sup>

The Ghana Employers’ Association, which represents private business on matters of industrial relations, works with associations of small-scale industries to emphasize formalization, labour standards, and health and safety. It works with, for instance, the Ghana National Association of small-scale gold miners.<sup>37</sup>

<sup>31</sup> ILO: *Supporting Rural Development through Social Protection Floors*, Rural Policy Briefs, Geneva, 2011.

<sup>32</sup> ILO: *The Transition to Formalization: Recent trends, Policy Debates and Good Practices on the Informal Economy*, Proceedings of the Tripartite Interregional Symposium on the Informal Economy: Enabling Transition to Formalization, Geneva, 2008.

<sup>33</sup> ILO: *Report VI: Promotion of Rural Employment for Poverty Reduction*, Report to the 97<sup>th</sup> International Labour Conference, Geneva, 2008.

<sup>34</sup> For more information see ILO Decent Work in the Rural Economy policy guidance note “Promoting social dialogue in the rural economy”.

<sup>35</sup> ILO: *The Informal Economy and Decent Work: A Policy Resource Guide Supporting Transitions to Formality*, Employment Policy Department, Geneva, 2013.

<sup>36</sup> T. Haque and S. Varghese (eds.): *The path of deliverance: Organizing and empowering rural informal economy workers*, New Delhi, ILO, 2007; see also ILO: *Giving a Voice to Rural Workers - General Survey concerning the Right of Association and Rural Workers’ Organizations instruments*, 2015.

<sup>37</sup> ILO: *The Informal Economy and Decent Work: A Policy Resource Guide Supporting Transitions to Formality*, Employment Policy Department, Geneva, 2013.

### 5. Practical guidance and resources

The ILO has a substantial set of tools and guides relevant for addressing informality in rural areas, including for carrying out needs analyses, policy formulation, design and implementation of rural development programmes, and knowledge sharing. A comprehensive tool that has been developed is the Policy Resource Guide on the Informal Economy and Decent Work: Supporting Transitions to Formality. This resource guide provides a synthesis of knowledge, policy innovations and good practices facilitating transition to formality.<sup>38</sup>

The ILO provides support at policy level and in operational work, as well as support to ratifying and implementing relevant international labour standards pertaining to rural areas. Some of the conventions that directly address rural workers are listed in the References.

The ILO extensively utilizes partnerships, including with the Food and Agricultural Organization (FAO), International Fund for Agricultural Development (IFAD), and International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF). For instance, the ILO co-leads since 2009 the UN Social Protection Floor (SPF) Initiative where many of the supported national strategies cover rural areas.

#### Instrument

The Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

#### Tools

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<sup>38</sup> Ibid.

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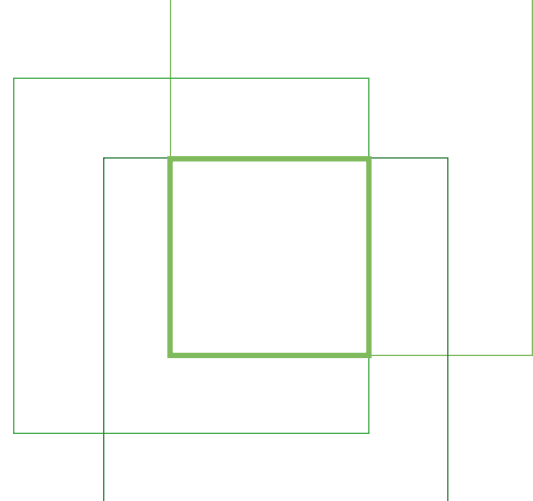
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# Overview of Policy Guidance Notes on the Promotion of Decent Work in the Rural Economy



## Supporting inclusive agricultural growth for improved livelihoods and food security

- Decent Work for Food Security and Resilient Rural Livelihoods
- Decent and Productive Work in Agriculture

## Promoting economic diversification and triggering productive transformation for rural employment

- Economic Diversification of the Rural Economy
- Promoting Decent Work for Rural Workers at the Base of the Supply Chain
- The Role of Multinational Enterprises in the Promotion of Decent Work in Rural Areas
- Transitioning to Formality in the Rural Informal Economy
- Sustainable Tourism – A Catalyst for Inclusive Socio-economic Development and Poverty Reduction in Rural Areas

## Promoting access to services, protection and employment-intensive investment

- Providing Access to Quality Services in the Rural Economy to Promote Growth and Social Development
- Extending Social Protection to the Rural Economy
- Developing the Rural Economy through Financial Inclusion: The Role of Access to Finance
- Employment-Intensive Investment in Rural Infrastructure for Economic Development, Social and Environmental Protection and Inclusive Growth

## Ensuring sustainability and harnessing the benefits of natural resources

- A Just Transition towards a Resilient and Sustainable Rural Economy
- Decent Work in Forestry
- Harnessing the Potential of Extractive Industries
- Water for Improved Rural Livelihoods

## Increasing the voice of rural people through organization and the promotion of rights, standards and social dialogue

- Rights at Work in the Rural Economy
- Promoting Social Dialogue in the Rural Economy
- Building Local Development in Rural Areas through Cooperatives and other Social and Solidarity Economy Enterprises and Organizations
- Decent Work for Indigenous and Tribal Peoples in the Rural Economy
- Empowering Women in the Rural Economy
- Decent Work for Rural Youth
- Promoting Fair and Effective Labour Migration Policies in Agriculture and Rural Areas

## Improving the knowledge base on decent work in the rural economy

- Enhancing the Knowledge Base to Support the Promotion of Decent Work in Rural Areas

**For more information please visit [www.ilo.org/rural](http://www.ilo.org/rural) or contact [rural@ilo.org](mailto:rural@ilo.org)**

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