

## Special report: Informal Economy and decent work

HELPING BUSINESSES TRANSITION TO THE FORMAL ECONOMY: A KEY ACTION AREA FOR SENEGAL'S TRADE UNIONS

2

HELPING TRANSPORT WORKERS IN BURUNDI TRANSITION TO THE FORMAL ECONOMY

6

COSATU SPOKESPERSON, SIZWE PAMLA: "WITH DECENT WORK, EVERYONE – WORKERS, EMPLOYERS AND THE ECONOMY – CAN EMERGE AS WINNERS"

10



# THE INFORMAL ECONOMY AND DECENT WORK IN SENEGAL, BURUNDI AND SOUTH AFRICA

# HELPING BUSINESSES TRANSITION TO THE FORMAL ECONOMY: A KEY ACTION AREA FOR SENEGAL'S TRADE UNIONS

## BY MOMAR DIENG



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Master craftsman Papa Aly Diallo in his workshop in Dakar in November 2021.

*Hundreds of thousands of people in Senegal work in the informal economy, without any social protection. Some are making the transition to a better existence, and they are doing so with the help of the Confédération Nationale des Travailleurs du Sénégal (CNTS), the country's largest trade union organisation.*

Master craftsman Papa Aly Diallo, who runs a carpentry business employing five people in the suburbs of Dakar, has just completed a week's training at the National Centre for Vocational Education (CNQP) in Dakar. Thanks to the courses and management tools provided by his trainers, he intends to move forward with his company's modernisation by anchoring it a little more firmly into

Senegal's formal economy. It is a choice that involves registering the company, drawing up formal contracts for his employees, and paying contributions to Senegal's Retirement Pensions Institute (IPRES) and Social Security Fund (CSS).

This master carpenter and joiner, who studied English at university, joined the sector some 20 years ago, almost by chance: "I used to help my father run his carpentry business during the school holidays. I could see the difficulties he was having in drawing up estimates and invoices, for example, so I would help him out. I gradually took on



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People protest on May 1, 2008, in Dakar during the traditional workers' May Day march by the CNTS-FC (National Confederation of Senegalese Workers, Forces of Change) which brought together several thousand participants.

management roles without being a professional. It was not until the year 2000 that I joined the National Centre for Vocational Education to learn the trade," says Diallo.

After working as head of carpentry for a large Senegalese company, he decided he wanted to spread his wings and start his own business. By staying in the informal economy, artisans such as joiners and other tradespeople are not eligible for the lucrative works contracts tendered by the Senegalese state, which amount to tens of billions of CFA francs every year. This represents a loss of potential earnings for them and their employees.

Thousands of informal economy workers like Diallo are benefiting from the assistance of trade unions and public authorities within the framework of Recommendation 204 (R204) of the International Labour Organization (ILO), which aims to "facilitate the transition of workers and economic units from the informal economy to the formal economy at the same time as ensuring respect for fundamental workers' rights at all levels," explains El Hadj Mbengue, health programmes manager and member of the CNTS-CGSLB/MSI project management unit.

“According to an ILO report on the informal economy in Senegal published in 2020, 9 out of 10 workers are in informal employment and 97 per cent of non-agricultural economic units operate in the informal economy.”

The report identifies two main groups: “subsistence informality, which includes small businesses and needy entrepreneurs that are vulnerable, exposed to precarity and not able to grow their business” and “large informal or semi-informal activity, which includes businesses that operate informally but are comparable to formal businesses”. “The strategies for supporting formalisation should be adapted to these groups,” says the ILO report.

The CNTS, Senegal's most representative trade union centre, has 18,000 members who work in the informal economy. Support for these members is provided by an informal economy department that was set up during its congress in 2018, explains Mbengue, but the union confederation's work on this crucial issue dates back much further.

“To implement R204, the CNTS is working to organise the sector and raise awareness among informal economy actors of the need to formalise, as well as lobbying the government to ensure recognition, legitimacy and representation for the workers in the sector, to ensure that their concerns and demands are heard and that they benefit from all the protections associated with employment.”

The confederation began this work in 2001 with the support of MSI, the international cooperation organisation of the Belgian liberal trade unions confederation, CGSLB, to promote the formation of 18 sectoral trade unions, all within the informal economy. “The programme has enabled six sectors, including carpenters, to organise and form trade unions, with the aim of facilitating their formalisation,” says Mbengue.

## == THE TRANSITION FROM INFORMAL TO FORMAL: A REAL REVOLUTION

Although the absence of national statistics makes it impossible to quantify the number of informal workers migrating to the formal economy, the CNTS nevertheless notes that workers, as well as joining the trade union to better defend their interests, are increasingly aware of the need to formalise, despite their apprehensions about the process.

“It implies having to work in a different way: keeping books, opening a bank account, engaging with the tax authorities and undertaking procedures to ensure compliance with their obligations. It’s a real revolution for those who were used to doing as they pleased,” says Diallo.

Massila Guèye, president of FEDAP, a federation of around 50 master artisans in the suburbs of Dakar, has observed the same reservations among informal workers. “I would say that, out of 1,000 cases, at least half agreed to establishing a legal business. It involves a lot of paperwork, especially with the payment of taxes, but I explain to them, plainly and simply: if you have been awarded and carried out a works contract, it is only natural that you pay taxes to the Treasury.”

The CNTS has introduced training workshops in Wolof (the most widely spoken language in Senegal) to circumvent the high rate of illiteracy among informal workers. They usually deal with the issue of formalisation, its importance in terms of guaranteeing decent work and the administrative procedures involved (registration with chambers of commerce, the Agency for the Promotion of Investments and Major Works – APIX, and the social security system), and the unionisation of informal economy actors. It is also lobbying the state to be more open to this category of workers. “We have signed several agreements with the Vocational and Technical Training Fund (3FPT) and the Institute of Food Technology (ITA) to facilitate access to training and accreditation for informal economy actors,” says Mbengue.

The 3FPT is a public body set up by the Senegalese government to provide “concrete responses” to the needs expressed by the local private sector and trade unions in terms of training and capacity building, especially for young people. “As part of our cooperation with other national union centres, the UDTs and the CSA, we have set up a mutual health scheme for informal economy workers, under the supervision of the Universal Health Coverage Agency (CMU). It is subsidised by the Senegalese state and has just been launched as a nationwide scheme,” says Mbengue of the CNTS.

## == HURDLES AND NEW HORIZONS

Whilst implementing its many initiatives in this sector, the CNTS has encountered numerous hurdles that make the task of achieving the aims of R204 all the more difficult. And the sheer volume of informal workers being encouraged to join the formal economy is such that there is no easy recipe for success.

“They want to see an improvement in their living and working conditions. They want social protection for themselves and their families, occupational capacity building, they dream of being empowered. But they do not always appreciate the importance of the trade union in meeting their demands. This is in part due to their lack of knowledge about trade unionism but also to their lack of availability, given the nature of their work,” explains Mbengue.

The CNTS often comes up against hurdles in its dealings with the state authorities. One example is the simplified scheme for small taxpayers, the RSPC, designed, among other things, to provide “a social security scheme adapted to their ability to pay and their needs in terms of protection”. Mbengue explains: “Unfortunately, the trade unions were neither involved nor consulted in the process, just informed. A new mutual insurance scheme for artisans was therefore set up at the expense of the one we had helped to launch. This is the kind of institutional fragmentation that we have been denouncing for years.”

“Senegal’s leading trade union centre nevertheless intends to continue working on the implementation of R204. As part of this effort, a campaign entitled ‘Towards the Formalisation of the Informal Economy’ was launched on 16 December 2021 and “the support of the Senegalese state is essential” in this regard, notes Mbengue.”

“We are working on several fronts: conducting lobbying and advocacy campaigns, building alliances and working within the framework of inter-union cooperation, as we did for our May Day celebrations, and networking with our partners. Above all, we are using key institutional tools such as the High Council for Social Dialogue (HCDS) and the National Labour Advisory

Council. We have appointed an informal economy representative to the HCDS to ensure that the sector is represented within state institutions. For the CNTS, and in line with its strategic priorities, social dialogue is as much a means as an end.”

The creation of the Jakarta motorbike taxi drivers’ union and its recognition by the authorities represents a major breakthrough for the CNTS. For these young moto-taxi drivers, who provide an essential means of transport in Senegal’s large urban centres, a new horizon has perhaps been opened. The signs are already there, such as their success in securing a portion, however modest, of the funding provided by the government to support the sector during the Covid-19 pandemic.



# HELPING TRANSPORT WORKERS IN BURUNDI TRANSITION TO THE FORMAL ECONOMY

BY MOÏSE MAKANGARA



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*The public transport network in Burundi is very poorly developed. While half of the Burundian population travels exclusively by foot, mostly independent workers provide the collective and individual transport services that supplement under-funded public services.*

*“An economy where the majority of jobs are created in the informal sector is a fragile economy. We need to strengthen vocational training to enable informal workers to acquire the skills they need to move into the formal economy without difficulty.”*

Sitting behind the wheel of his 18-seater minibus, Jean-Claude Bigirimana, 50, prepares to leave a car park in Rohero, a district in downtown Bujumbura. Life as a transport worker in Burundi used to be much more difficult and Bigirimana regularly encountered numerous problems when he drove. Once he joined the Union of Workers in the Transport of People and Goods (SYTTPB) in July 2020, those problems became a thing of the past. For Jean-Claude, and for many other drivers who have worked in

the informal sector, joining the union has meant a better future.

According to the [International Labour Organization \(ILO\)](#), Burundi’s informal economy accounts for 93.5 per cent of the country’s jobs. This means precarious working conditions that offer no social protection and often provide workers with no means to make ends meet. [ILO Recommendation 204 \(R204\)](#) seeks to resolve this problem. Adopted in 2015, the text sets out guiding principles with the objective to help countries “enable the transition of workers and economic units from the informal to the formal economy,”

to contribute to the development of decent jobs in small and medium-sized enterprises and, in so doing, to increase income and protection for the rights of workers and their families.

The SYTTPB has taken up this struggle. Thanks to their awareness-raising and advocacy activities, and dialogue with the authorities, the union has been able to secure legal status for drivers. “Before 2012, motorbike taxi and bicycle taxi drivers had no legal recognition. In 2012, Burundi’s law on the transport sector was revised. We fought for motorbike and bicycle drivers to be recognised. Once legal recognition took place, we educated drivers in our union on their rights and duties. Today, they know how to deal with harassment,” explains Gérard Nijimbere, secretary general of SYTTPB.

In addition to raising awareness of the legal framework that governs their sector, the SYTTPB also trains its members on social protection, informs them of mutual health insurance, and helps them to access credit and acquire their own buses, bicycles or motorbikes. “The current system allows you to sell a bus or a motorbike to a transporter on credit. With the money he earns from the vehicle, he can pay back the credit and become

the owner. In the past, we worked with banks that granted credit to several drivers. Unfortunately, we were unable to continue this project over the long term,” explains Nijimbere.

These changes have benefitted Jean-Claude, who works as an independent driver. As he explains, his income has increased since he joined the union, primarily because he is able to save the money he was obliged to pay to police officers who arrested him and charged him arbitrary fines. Because he owns the bus bought on credit, with which he serves the city centre of the capital, he isn’t worried about his repayments. “The union taught me to manage my income intelligently. I used to spend everything I earned. Since I was trained by the union, I have managed to build up savings that allow me to repay the loan and support my wife,” he explains..



© SYTTPB

Members and passengers in a minibus discuss road safety in a Bujumbura parking lot during Transport Week in December 2020.

## LEGAL RECOGNITION

The public transport network in Burundi is very poorly developed. While half of the Burundian population travels exclusively by foot, mostly independent workers provide the collective and individual transport services that supplement under-funded public services. They offer travel by bus, motorbike, bicycle, tuk-tuk and, more rarely, by car. Passengers typically negotiate fares directly with their drivers.

The SYTTPB is affiliated with the National Federation of Transport, Social and Informal Workers (FNTT-SI). The FNTT-SI brings together workers from different sectors of the formal and informal economy and supports the latter in their transition to the formal economy. The FNTT-SI enables its 200,000 members spread across Burundi to unionise and thus improve their working conditions.

“When you are in an association, production increases, knowledge improves, the trade develops and people help each other,” explains Jean Ntungumburanye, secretary general of the FNTT-SI.

With the support of the Movement for International Solidarity (MSI), a member organisation of the General Confederation of Liberal Trade Unions of Belgium, the FNTT-SI, which had long organised transport workers, gradually opened its doors to workers in the informal economy, providing them support in defending their rights and interests. “Unemployed young people organised themselves to work as bicycle taxi drivers. While these young people were working to survive, they were victims of police harassment for illegally parking their cars in the city centre. After negotiating with the administration, they were

allowed to drive in the city centre. A year later, a union of bicycle taxi drivers was formed. That’s where it all started,” recalls Ntungumburanye.

Thanks to its 15 years of hands-on experience, the FNTT-SI is now able to offer its members capacity-building training in areas such as occupational health and safety, collective bargaining, database creation and advocacy. Members benefit from trade union support services and income-generating activities set up by the various FNTT-SI member unions, which facilitate the retraining of members who can no longer perform physical jobs due to their age, and provide support to union members experiencing difficulties.

The Trade Union Confederation of Burundi (COSYBU), the country’s largest trade union, to which FNTT-SI is affiliated, as well as other federations of workers in the informal economy, advocate on a national level for the interests of workers in the informal economy. COSYBU participates in the tripartite negotiations within the National Council for Social Dialogue, which over recent years has overseen a complete revision of the Labour Code and the Social Protection Code.

Informal workers are, at least in theory, now better protected by legal frameworks like the Burundian Labour Code, the Social Protection Code and the National Charter for Social Dialogue. These instruments allow them to benefit from medical care, a retirement pension and the right to join bi- and tripartite social dialogue.



In Bujumbura, SYTTPB members talk with bicycle drivers about road safety during Transport Week in December 2020.



## HEALTH CRISIS

But it has been far from smooth sailing for Burundian trade unions. Apart from the fact that most union members are illiterate and find it difficult to understand many legal provisions, unions often face difficulties related to the implementation of laws. “We have legal provisions that can improve working conditions in the informal economy, but implementing them is still a problem,” says Célestin Nsavyimana, president of the COSYBU. “An economy where the majority of jobs are created in the informal sector is a fragile economy. We need to strengthen vocational training to enable informal workers to acquire skills that will allow them to move into the formal economy without difficulty.”

“The global health crisis has given rise to new challenges. “Covid-19 has shaken up social, economic and even political conventions the world over. Because Burundi is a small country with an economy that depends heavily on cross-border trade, it has been seriously affected by this health crisis.”

Many informal workers have been forced to suspend their activities. “When the transport of people and goods across borders decreases, transport workers have nothing left to transport. Many jobs have been destroyed by the lockdown,” says Nsavyimana.

The unions are trying to address this situation with awareness-raising campaigns that encourage compliance with health measures. At the entrance to offices and inside vehicles, images printed by the unions urge compliance with health and safety measures. “If a worker is infected, he or she will be forced to miss 10 days of work. This will result in a significant loss of income,” says Nsavyimana. Thanks to union support services and cooperatives, union members have been able to provide aid in small ways to the most needy among them, including distributing masks and hand sanitiser during the pandemic.



© AFP/Phil Moore

Bicycle taxi driver wait for clients in downtown Bujumbura on July 24, 2015.

# COSATU SPOKESPERSON, SIZWE PAMLA: “WITH DECENT WORK, EVERYONE – WORKERS, EMPLOYERS AND THE ECONOMY – CAN EMERGE AS WINNERS” BY COLLETA DEWA



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Some 27 per cent of South Africa's workforce is informal, working in sectors as varied as hairdressing, domestic work and mining.

*"Decent work is the only sustainable way to accelerate the growth of production and employment, to increase the pace of poverty reduction, and to build genuine democracy and social cohesion in South Africa."*

The informal sector makes up a significant portion of the South African economy, with estimates ranging from 6 to 18 per cent depending on the sector. Some 27 per cent of the South African workforce is informal, a total of over three million workers, according to the Congress of South African Trade Unions

(COSATU). In terms of non-agricultural employment, 36.84 per cent of all working women are employed in the informal sector, some **1.3 million as domestic workers**. It is also well documented that informal workers have been hardest hit by the Covid-19 pandemic due to their loss of incomes and jobs, and lack of access to social protection.

In a country with one of the highest levels of unemployment in the world, an **official unemployment rate of 34.4 per cent in 2021**,

formalising the informal sector is a vital but formidable task. The progressive labour laws that organised labour helped to negotiate at the end of apartheid only covers those in full-time employment, leaving the vast majority of workers to fall outside of the scope of labour protections. As a result, the implementation of the International Labour Organization (ILO)'s [Recommendation 204 \(R204\) on formalizing the informal economy](#) provides a crucial framework to help governments, employers and workers' organisations tackle decent work deficits in South Africa.

*Equal Times* spoke to Sizwe Pamla, the national spokesperson of COSATU about what the implementation of R204 looks like in South Africa as the world struggles to emerge from the ever-deepening inequality and socio-economic instability caused by the Covid-19 pandemic.

## CAN YOU GIVE US A BRIEF OVERVIEW OF THE INFORMAL ECONOMY IN SOUTH AFRICA?

The informal economy in South Africa includes food outlets, street vendors, barber shops and saloons, furniture shops, tuck shops, [domestic workers](#) and [mine workers](#), as well as other examples. It is, however, worrisome to note that despite efforts by trade unions to organise the sector, it remains largely disorderly, with limited state protection. Gender discrimination is also high as the country's labour market is more favourable to men than it is to women.

## R204 WAS ADOPTED BY THE ILO IN 2015. HOW HAS COSATU GONE ABOUT IMPLEMENTING IT?

COSATU understands the important role that policymakers play in [implementing R204](#). So we had to ensure that the government intervened, which gave us the confidence to lobby for policies in support of the programme. But it was not smooth sailing: some of these policymakers had no idea what R204 was about while others could not see its importance. That's why COSATU has been campaigning so strongly for a new developmental growth path to take us out of the economy we inherited from colonialism and apartheid, and to build one based on manufacturing and the development of a skilled, well-paid labour force.

There have been some successes. Some informal workers across a number of sectors have already become more organised, with structures and representatives in place. These include the South Africa Informal Traders Alliance (SAITA), the South African Waste Pickers Association (SAWPA) and the South African Domestic Service and Allied Workers Union (SADSAWU), to mention but a few. The formation of these organisations has helped to ensure improved coordination and collaboration. However, the vast majority of informal workers are not organised in unions and this makes them vulnerable to many different kinds of exploitation and oppression. Getting informal sector workers organised is the crucial first step in the successful implementation of R204. It is, however, a challenge for COSATU to start organising workers who often have no fixed employer or workplace, including those

who are nominally 'self-employed' but who are often just as poor and exploited [*Editor's note: more information about the work COSATU is doing to defend the rights of vulnerable workers can be found [here](#)*]. It is a task that we have been working on closely with civil society organisations.

## WHAT ROLE HAS SOCIAL DIALOGUE PLAYED?

As a labour movement, COSATU ensured that there was a preeminent forum for social dialogue (via NEDLAC, the National Economic Development and Labour Council) between the government, labour, business and the community, and we included all of these voices during the R204 consultative forums. We tried to find each other as we engaged, compared and reconciled notes. This gave us direction and helped us understand the issue from everyone's perspective. Thereafter, we were able to try and implement the programme from a collective point of view. As a labour union, we at COSATU emphasise the importance of decent work, as a scenario where everyone – including workers, businesses and the economy – can emerge as winners. We have always lobbied to make the government understand that decent work is the only sustainable way to accelerate the growth of production and employment, to increase the pace of poverty reduction, and to build genuine democracy and social cohesion in South Africa.

## WHAT OTHER ORGANISATIONS DID YOU WORK WITH AND WHAT VALUE DID THAT ADD?

Nothing for the people without the people! There are civic organisations that are involved with some of these informal traders as well as local council leaders, so we also included them in the conversation, to find out the real struggles and needs of informal workers. This made it easier for us when we approached policymakers because we were talking from a deeply informed point of view. I can say that in all provinces, we engaged local councils and civic society organisations as well as other community leaders.

## WHAT CONCRETE CHANGES HAS R204 BROUGHT ABOUT FOR VULNERABLE, INFORMAL WORKERS?

The implementation of R204 in South Africa is a slow and long-term process, but when it comes to the legal framework that we have developed, we are getting results. For example, we are campaigning to have a National Minimum Wage Act that protects all workers – irrespective of their sectors or categories – from exploitation. Also, the Basic Conditions of Employment Act is supposed to cover all employees whether they are working in the formal or informal economies. Unfortunately there is little capacity within the Department of Labour to monitor compliance. But we have always said to the government that it has no moral legitimacy to demand that informal workers abide by the country's laws while it continues to disregard them.

One of the other notable achievements so far is that we lobbied the Department of Mines to formalise artisan mining and the department has started supporting these projects, ensuring that old mines do not end up in the hands of criminal gangs. We believe that a steady wage in formal employment would mark a significant improvement in the quality of life of these miners. COSATU also looks forward to Parliament's passing the [Compensation of Injury on Duty Amendment Bill](#) which will extend cover to over 800,000 domestic workers as well as include cover for occupational diseases and post-traumatic

stress. This will also benefit mine workers, security personnel and women workers in particular. This is a huge step in providing social protection to informal and vulnerable workers.

## WHAT ARE YOU DOING TO ENSURE THAT WOMEN AND YOUNG GIRLS ARE NOT LEFT BEHIND?

Compliance is still a problem when it comes to gender inclusivity. COSATU challenges the status quo which has left most women employed in or occupying the most vulnerable and the lowest-paid jobs. Even in the formal sector we struggle to make sure that women and young girls are represented. Much more needs to be done though, considering that there are more women than men in the country's informal sector. It is also important to note that women are more likely than men to be involved in unpaid work.



Members of the Congress of South African Trade Unions (COSATU) dance and sing slogans during a march in New Town, Johannesburg, on October 7, 2021. COSATU issued a call to all workers and South Africans to join a national strike to urge authorities to “fix the economic mess” in the country.

## WHAT IMPACT HAS THE COVID-19 PANDEMIC HAD ON THE IMPLEMENTATION OF R204 IN SOUTH AFRICA?

The pandemic has been a huge setback in general. In particular, the crisis has highlighted the vulnerability of millions of workers in the informal sector and the lack of social protection that covers them. Women and informal economy workers have been more adversely exposed to the harsh socio-economic effects that this global health crisis has thrown up. In Africa as a continent, before the outbreak, almost half of the population lived below the poverty line and more than 140 million people were low-income workers who did not have the means to sustainably meet the needs of their families. This situation has only worsened and the hardship of workers and their families continues. Consequently,

the Covid-19 crisis has uncovered the huge decent work deficits that still prevail in 2021. The R204 programme in South Africa was also impacted in the wake of difficulties that were faced by informal traders. Vendors at taxi ranks and train stations lost the majority of their customers as fewer people were commuting to work. Hair stylists who were no longer allowed to work were left without an income for months. Business owners who could only make a fraction of their pre-Covid-19 pandemic revenues saw a drop in customers and an increase in their costs. All of this resulted in a distressed informal sector and has made things difficult for us.

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