



Plenary Speech by Employers' Spokesperson: Mr Alex Frimpong (Ghana)

"Facilitating Transition from the Informal to the Formal Economy".

11 June 2015

Thank you Madam President

The President of the Conference

Distinguished Vice- Presidents

The Secretary General of the Conference, Mr. Guy Ryder

The Chairman of our Committee, Mr. Virgil Seafield

The Spokesperson of the Workers' Group, Mr. Plamen Dimitrov

The Rapporteur, Mr. Lucas Sversut

The Representative of the Secretary General, Mrs. Azita Berar Awad

Members of the Committee on Transition from the informal to the formal economy

Distinguished delegates, Ladies and Gentlemen

On behalf of the Employers' Group, it is a great pleasure and privilege to take the floor during the formal presentation of the Report of our Committee on Transition from the Informal to the formal economy and above all of the Recommendation. Madam President, let me take this opportunity to congratulate you on your unanimous election as President of the Conference. My congratulations also go to your Vice-Presidents. You have done a tremendous job in steering the first, new format, two-week conference.

I also wish to take this opportunity to congratulate all members of our committee and especially the officers for a job well done. Special thanks to the Chairman of our Committee Mr. Virgil Seafield who, with his characteristic humour, ably led the Committee to a resounding success.

I say this Madam President because our Committee has come from far. When I stood before you last year during the formal presentation of our work, I did express a lot of reservations on the outcome of last year's discussions. A number of important issues were left unresolved and were square bracketed awaiting further consultations.

In its wisdom, the Committee recommended that further informal consultations should be held particularly by the social partners on the difficult issues. The Office was also requested to

study the conclusions again and propose a coherent and logical format before sending them to member states for further comments.

I am pleased to report Madam President that if we have been successful in completing our work ahead of schedule, it is thanks to those informal consultations particularly between the leadership of the IOE and the ITUC. I wish here Madam President to pay special tribute to former IOE Secretary-General Mr. Brent Wilton and Mrs. Sharan Burrow, General Secretary of the ITUC, who saw the need to bridge the gap between the Worker and Employer groups. Our special thanks go to the Office, led by Azita Berard Awad, for organizing the tripartite informal consultations that took place in April 2015 which made an immense contribution to greater understanding of the issues we were grappling with.

Ladies and gentlemen, you will recall that the Employers' Group suggested the topic of the transition from the informal economy to the formal economy for the agenda of the Conference. As the Office indicated in its report, the informal economy absorbs about half of the workforce worldwide, in wage and self-employment and across all economic sectors. It accounts for 65% of the economies of Sub-Saharan Africa, 82% of non-agricultural employment in South Asia and 47% in Latin America. Above all 91% of SMEs worldwide are informal. In suggesting this topic, the Employers' Group was looking for a Recommendation that would provide key policy measures to guide member states on how to facilitate the transition from the informal to the formal economy.

The most important questions were: how can we help the many SMEs in the informal economy to formalize, how can we grow the size of the formal economy and above all promote formal employment?

As the Office recalled, the ILO coined the term "informal sector" in the 1970s following a mission to Kenya. In Kenya and the wider East Africa, they use the term Jua Kali, a Swahili expression to refer to those who conduct their business in the hot sun.

In helping these people transition from the formal to the formal economy, the Employers' Group had in mind a number of practical measures.

- The need to establish an inclusive growth strategy that would promote the expansion of the formal economy and promote the creation of decent and productive employment
- The promotion of a conducive business and investment environment
- The need to promote access to land and property rights
- The need to harness and develop the entrepreneurial spirit of informal economy operators
- The need to reduce barriers to the transition to the formal economy, such as those related to registration, taxation and compliance with laws and regulations
- The need to promote micro-small and medium sized enterprises and provide them with incentives to grow
- The need to promote access to education, lifelong learning and skills development
- The need to provide access to financial services
- The need to provide access to business development services
- The need to provide access to markets
- The need to provide access to infrastructure and technology among others.

Mr. President, my Group is pleased that the Recommendation addresses these issues in Section 3 on Legal frameworks, section 4 on Employment Policies and section 6 on Incentives, Compliance and Enforcement. We believe that these are practical measures that each country can take in order to facilitate the transition.

Mr. President, the taste of the pudding is in the eating and we are looking forward to working with Governments and the Workers' group to implement the Recommendation. We are of the view that because of the regional and national differences in informality, it is important to work together at national level in order to take into account national contexts and regional specificities.

The Committee adopted a Resolution to guide the work of the Office. Director General, Mr. Guy Ryder we are giving you more work over and above your existing activities under the Areas of critical importance (ACI) on informal economy. We have asked the Office to consider mobilizing extra budgetary resources in order to support Member States, Workers' and Employers' Organizations to implement this important instrument.

We have called on the ILO to build strategic partnerships with Multi-lateral agencies such as the World Bank and UNDP towards the implementation of the Recommendation. There are a number of opportunities for cooperation with the wider UN under the post-2015 Development agenda particularly under goal number 8 which calls for the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work.

Madam President, the benefits of transition to the formal economy would be enormous for governments, Employers' and Workers' organizations, and the global community as a whole. It can lead to phenomenal growth in job creation, availability of cheap capital, acknowledgement of property rights, provision of cheaper goods and services, social inclusiveness, sustainable development, as well as social stability.

Above all, transitioning from the informal to the formal economy is essentially about development. There must be no quick fix solutions. The transition must be gradual, progressive, with the objective of a long term transformation taking into account our heterogenous national circumstances.

Madam President, there are many examples in the history of standard setting in the ILO where the social partners struggled to negotiate and adopt instruments. The way this instrument has been negotiated demonstrates that it is possible to find common ground even under difficult circumstances and bring all partners on board. I urge all delegates to vote overwhelmingly for this Recommendation.

Madam President, I would like to end my remarks by expressing my thanks to the Employers' Group for their confidence in me. I also wish to thank the Secretary of the Employers' Group in the Committee Mr. Frederick Muia, for his support and guidance. My special thanks to the ACT/EMP team composed of Adam Greene, Jorge Illingworth and Francis Sanzouango.

I would also like to thank the Workers' Spokesperson Mr. Plamen Dimitrov for his willingness to give and take during the tough negotiations we had. Plamen, we have come from far and I have come to appreciate your commitment to finding common ground. I would also like to thank the many Government regional spokespersons who actively participated in the

negotiations and made sure that the views of Governments were well reflected in the document

I also wish to express my gratitude to Azita Berar Awad and all the members of her team for their efforts.

Thank you, Madam President.