



# SOCIAL DIALOGUE IN THE SDG ERA

## *THEMATIC DISCUSSION ON:*

# FORMALISING INFORMAL WORK

19<sup>TH</sup> MARCH 2018

## SUMMARY REPORT

### SESSION 1: PRESENTING THE EVIDENCE AND ANALYSING THE CHALLENGES

The first session of the seminar consisted in a moderated debate on social dialogue experiences towards the formalisation of informal work in Argentina, Costa Rica and the Philippines.

In the case of Argentina, different policies put forward through social dialogue, between 2003 and 2016, reduced informality from 48% to 33%. Some of these policies included the establishment of laws to promote registered work and labour inspection, a social salary for social economy workers and specific measures to facilitate and encourage social security contributions for informal workers and units. The increase in minimum wages through the tripartite (government, trade unions and employers) minimum wage council and the establishment of a minimum wage council for informal workers in 2016 also constituted important steps towards formalisation. However, many challenges were found over the last few years as the government has broken dialogue in many areas and is changing the rules unilaterally, for example with respect to the setting of minimum wages and the social protection and social security systems.

In the case of Costa Rica, after 10 years without social dialogue, employers, trade unions and the government started negotiations around the formalisation of the economy. A strategy to tackle informality was developed through social dialogue during 2017, which culminated in the signing of a tripartite agreement for the implementation of this strategy in February 2018. The agreement calls for the improvement of incentives for workers to be incorporated to the formal economy. This was not an easy task; it required building knowledge on the challenges of the informal economy and trust amongst the different stakeholders. The understanding that this is a country issue that requires all actors to work together helped building this trust.

In the case of the Philippines, the focus was on the formalisation of domestic work. As early as 2009, a Technical Working Group on Domestic Work was established. This tripartite group contributed to the ratification of ILO Convention 189 on Domestic Work and the elaboration of a Domestic Workers Law. The Domestic Workers Law ensures domestic workers have written contracts and contains dispute settlement mechanisms. It establishes minimum wages for domestic workers and guarantees that these are paid in cash. It ensures rest of at least eight hours and one day a week. Mandatory social protection, with contributions from employers, is also taken up in the law. There are, however, still some challenges with respect to the implementation of the law, mainly because labour inspectors



cannot enter private homes to ensure compliance, minimum wages for domestic workers remain low, and there is a different application for in-house and stay out domestic workers.

## SESSION 2: CONTRIBUTIONS ON HOW TO FOSTER COLLABORATION WITH SOCIAL PARTNERS

The second session looked into how different development stakeholders can contribute to foster collaboration with social partners.

The Director of the OECD Development Centre highlighted the fundamental role that trade unions play as collective actors that know the labour market and can bring together different local actors. This is especially relevant in the case of fragmented economies, where informal artisans or small producers, which are usually part of a broader supply chain, constitute the economic basis of certain localities. There is therefore a need for unions and employers' organisations to push for the demands of these small informal producers. Trade unions engage in the OECD's work on standard setting and policy dialogue through TUAC, and are involved in the Development Centre's multidimensional country reviews.

The Diplomatic Adviser to the French Ministry of Labour elaborated on the French Government's recent subscription to the Global Deal initiative. The Global Deal is a multi-stakeholder partnership which builds on the diversity of practices of social dialogue and which is complementary to the existing normative process. It is an interesting space to make the link with Global Framework Agreements. France has joined this initiative as it considers that social dialogue is a crucial element for the implementation of the SDGs. There is a need to regulate globalisation and the focus on social dialogue at the international level can contribute to this. There are currently 4 trade union centres and 16 Multinational Enterprises from France that are part of the Global Deal.

The Chilean Ambassador to the OECD further elaborated on the importance of social dialogue for the achievement of the SDGs, emphasising that it contributes to certain Goals, such as Goal 8 (decent work and economic growth), that can influence others. Social dialogue should go into broader policy issues, beyond wages. It should therefore be about the type of society we want. However, it is not always easy and it takes time. In order to be meaningful, it requires trust, having a broad approach to the discussion and technical experts that can support it with data and knowledge. One of the major achievements of the 2017 labour reform in Chile was the creation of a tripartite labour council.

The Head of the Employment and Migration Unit in the European Commission's Development Cooperation Directorate-General emphasised that social dialogue has gained momentum in the European Union and the European Commission. He highlighted that the Decent Work Agenda and social dialogue are very powerful tools to address the SDGs and the shortcomings of globalisation. The main ways of supporting social dialogue and the formalisation of the informal economy are to promote freedom of association; support the organising of informal workers so they can have a voice and be recognised as a social interlocutor; and to build the capacity of the actors to go beyond ad hoc consultations. Each of the actors of social dialogue has a role to play in this. The European Commission indirectly supports social dialogue through some of its programmes.



## CONCLUSIONS AND WAY FORWARD

The meeting was concluded underlining that there is still a lot to do to mainstream social dialogue and that there is a need to build a meaningful dialogue. This requires a strong level of engagement of social partners and effective tripartite institutions. Donors can play a crucial role in enhancing the involvement of workers' and employers' organizations and the relevant ministries of national governments, and supporting the establishment of free and independent social partners, helping to build their capacities through training and technical assistance.

A greater push is needed for social dialogue in the context of the SDGs, these efforts will require a greater involvement of donor and partner governments. The Global Deal opens many opportunities for social dialogue at the international level and more countries should join this initiative.

The work on social dialogue's contribution to the SDGs will continue in the upcoming years with:

- The elaboration and publication of a synthesis study on social dialogue's contribution to formalisation (related to SDGs 1, 5, 8 and 10).
- The elaboration of country-case studies on social dialogue's contribution to a just transition to a carbon free economy (related to SDG 13).
- The promotion of the role of social dialogue for the implementation of the SDGs in the 2019 High Level Political Forum.

This work will also feed into the Global Partnership Initiative of the GPEDC (Global Partnership for Effective Development Cooperation) on Social Dialogue and Development.

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