

Let's organize!

A SYNDICOOP handbook for trade unions and cooperatives
about organizing workers in the informal economy

by Stirling Smith

A joint publication of the International Labour Organisation (ILO), the International
Co-operative Alliance (ICA) and the International Confederation of Free Trade Unions.



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Stirling Smith

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Foreword

A joint message for trade unions and cooperatives

The majority of workers in the world today earn less than \$2 per day, and many are engaged in informal work. They have little choice; they lack opportunities for training; they are unprotected and they often have to take whatever work they can find. Their income barely meets subsistence needs and too often their children end up working instead of going to school. Their work may be hazardous yet they rarely benefit from labour inspectorates. They are not covered by social security safety nets. And because they are unorganized, they lack representation and have little influence on decisions that affect their lives.

The SYNDICOOP approach tackles the challenge of organizing workers in order to contribute to the goal of formalizing their employment and ensuring their rights. This unique ILO programme is a joint initiative designed and implemented in partnership with the International Confederation of Free Trade Unions (ICFTU) and the International Cooperative Alliance (ICA). Within the ILO, the Programme is led by the Cooperative Branch of the Employment Sector and the Bureau for Workers' activities.

The Programme aims to strengthen the capacity of national trade unions and cooperatives to work together to organize workers out of the informal economy and improve their working conditions: freedom of association and collective bargaining are founding pillars of this shared approach. The programme was launched with funding from the ILO/Netherlands Partnership Programme in 2002 in three East African countries: Rwanda, Tanzania and Uganda and expanded to cover a fourth country, Kenya, in 2004. It was replicated in South Africa with Flemish Regional Government funding in 2005.

The SYNDICOOP approach emerged as a response to the conclusions of the International Symposium on Trade Unions and the Informal Sector organized by the ILO in 1999, which called on trade unions to establish or expand links with cooperative economic activities. It also responds to the outcome of the International Labour Conference discussion on the informal economy in 2002.

The experience in East Africa is proving that trade unions and cooperatives have much to offer each other and are natural partners to provide the services and support needed by workers in informal and unprotected situations. It has shown the tremendous potential for informal economy workers to organize and advance their interests.

Participating trade union and cooperative organizations are also benefiting from this strategic alliance as reflected in strengthened structures and enhanced services for existing members. Their collaboration is also laying the foundation for joint contributions to important national social dialogue processes.

The ICFTU and ICA strongly support and are committed to the SYNDICOOP approach and will strive to develop similar activities in other regions. Consequently, the aim is to build on the experience and to launch a Global SYNDICOOP programme.

This SYNDICOOP Handbook "Let's Organize" is designed to help replicate the approach by serving as a resource for trade union and cooperative organizers and trainers. It was finalized by members of the International Steering Committee of the SYNDICOOP Programme, mainly comprising representatives from the ICFTU, ICA and ILO together with National Steering Committee members from all four programme countries as well as project staff. Mr. Stirling Smith of the Co-operative College, UK, facilitated and coordinated the exercise.

We hope that this Handbook will be a useful tool for all those who are taking up the challenge of organising workers in an informal employment situation. Organization is key to the realization of decent work for all, an objective shared by the ICA, the ICFTU and the ILO. We are pleased to offer this Handbook as one tool in pursuing that goal.

Ivano Barberini
President, ICA

Juan Somavia
Director-General, ILO

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General Secretary, ICFTU

Abbreviations

ACTRAV	Bureau for Workers' Activities of the ILO
CESTRAR	Centrale des Syndicats des Travailleurs du Rwanda
COOP	Cooperative Branch of ILO
COTU	Central Organization of Trade Unions (Kenya)
FAO	Food and Agricultural Organization of the United Nations
GUF	Global Union Federation
ICA	International Cooperative Alliance
ICFTU	International Confederation of Free Trade Unions
KUSCCO	Kenya Union of Savings and Credit Cooperatives Ltd
KUSASA	KUSCCO SACCO Savings Account
MDGs	Millennium Development Goals
NGO	non-governmental organization
NOTU	National Organization of Trade Unions (Uganda)
OMOV	One member one vote
PRSP	Poverty Reduction Strategy Paper
SACCO	Savings and Credit Cooperative. In Tanzania, they are called Savings and Credit Cooperative Society, or SACCOS. Also known as Credit Unions in some countries.
SYNDICOOP	A joint ILO-ICFTU-ICA approach to the informal economy. Derived from <i>syndicat</i> , the French word for trade unions, and cooperatives.
TUCTA	Trade Union Congress of Tanzania

Introduction: about this handbook

A voice for workers in the informal economy

The majority of workers in the world today do not have a 'voice'. They are in the informal economy. Because they do not have an organization, they have no representation in the decisions that impact on their lives.

Trade unions and cooperatives are membership based organizations for workers. They can speak for workers in the informal economy. They can become a way for workers in the informal economy to realize their rights. And because they are membership organizations, they can be accountable.

Workers must organize themselves. But they often need help. That is the role, and responsibility of the existing cooperative and trade union movements. SYNDICOOP is based on the idea that these two movements, by working together, will help workers in the informal economy to organize. Once organized, workers will be able to access social protection and fight for better working conditions.

This handbook has therefore been prepared to help trade unionists and cooperators understand the SYNDICOOP approach to organizing workers in the informal economy, and *to work together in giving a voice to workers in the informal economy*.

The promotion of decent work for all workers, women and men, irrespective of where they work, requires a broad strategy: realizing fundamental principles and rights at work; creating greater and better employment and income opportunities; extending social protection; and promoting social dialogue. These dimensions of decent work reinforce each other and comprise an integrated poverty reduction strategy. The challenge of reducing decent work deficits is greatest where work is performed outside the scope or application of the legal and institutional frameworks. In the world today, a majority of people work in the informal economy – because most of them are unable to find other jobs or start businesses in the formal economy.

Conclusions concerning Decent Work and the Informal Economy, International Labour Conference 2002

The SYNDICOOP approach to organizing workers in the informal economy

SYNDICOOP has been developed as a joint cooperative and trade union initiative to help workers in the informal economy.

The SYNDICOOP approach is that for workers in the informal economy, the most important step is to organize. The precise legal form which that organization may take will depend on what services the organization can

provide. It may be a trade union, or cooperative, or self help group. It may have elements of all of these. What cooperatives and trade unions have in common is that they are member based organizations for working men and women. They are established and run by members themselves. They share a common belief that the world should be ordered in the interests of workers, not for shareholders of remote banks and multinational companies.

It is this common philosophy that is more important than the label 'cooperative' or 'trade union'. It is the basis of the SYNDICOOP programme.

Who is the handbook for?

The handbook is for *organizers from the trade union and cooperative movements who will be helping groups of informal economy workers*. It can also be used by facilitators providing training for organizers. *The handbook is not intended for the workers in the informal economy. It is for organizers, who will work with them*. Some other tools for use with workers have been prepared by SYNDICOOP.

Aims of the handbook

The handbook will:

- Provide an orientation for those trying to organize in the informal economy.
- Introduce the SYNDICOOP approach, and some lessons learned from SYNDICOOP's experience so far.
- Provide some simple tools for organizers.

While the handbook can be used for reference and you can read it on your own, you can also use it in a workshop or informal meeting to help discussion. **Learning exercises** are inserted at various points in the handbook. You can do these on your own, but just as trade unions and cooperatives are strongest when people work together, so it is best if you can work as a group.

Structure of the handbook

Module 1: The informal economy

This module asks the question: what is it like to work in the informal economy?

After reading it, you will:

- Understand why the ILO uses the term *informal economy* not *informal sector*.
- Understand some of the key debates about informal economy workers.

Module 2: Organizing out of poverty

The solution to the problems described in module 1 is to organize. This module introduces SYNDICOOP and some organizing issues.

Module 3: Working together: trade unions and cooperatives

This module explains about the trade union and cooperative movements for those unfamiliar with them. It discusses what they have in common, and how they can **and should** work together for workers in the informal economy.

Module 4: Choosing an organization

This module helps you to think about what kind of organization is best for your target group of informal economy workers. After reading it, you will understand the basics of cooperatives, and trade unions.

Module 5: National action for informal economy workers

This module is about co-ordinating your activities at national level. You are not going to be alone! Make sure there is help and support.

Module 6: A policy framework for informal economy workers

While it is up to us and workers to get organized, there is much that governments can do, at different levels, to make the policy framework better for workers. We will look at some of these policy issues.

Module 7: The SYNDICOOP approach – a tool for organizing

This module introduces SYNDICOOP and the organizations involved.

Future Plans

At the end of every module, there is a checklist of **Action Points**. These are a reminder of what you have done or need to do. You can review all these when you come to the Future Plans part of the handbook. That is where we invite you to think about what you and your organizations are going to do about organizing workers in the informal economy.

Good luck!

The International Labour Conference and the Informal Economy

In 2002, the International Labour Conference (ILC) held a discussion on Decent Work and the Informal Economy. The report prepared for the meeting and its conclusions are quoted a number of times in this handbook.

On *working together*, the report said that:

Both the trade union and cooperative movements recognize that they each bring to the informal economy a set of strengths that are wide ranging and complementary and that there is therefore considerable potential for collaboration.

Decent work and the informal economy 2002, page 94

And on the role of trade unions, the tripartite committee at the conference concluded:

Trade unions can sensitize workers in the informal economy to the importance of having collective representation through education and outreach programmes. They can also make efforts to include workers in the informal economy in collective agreements. With women accounting for a majority in the informal economy, trade unions should create or adapt internal structures to promote the participation and representation of women and also to accommodate their specific needs. Trade unions can provide special services to workers in the informal economy, including information on their legal rights, educational and advocacy projects, legal aid, provision of medical insurance, credit and loan schemes and the establishment of cooperatives. These services should not, however, be regarded as a substitute for collective bargaining or as a way to absolve governments from their responsibilities. There is also a need to develop and promote positive strategies to combat discrimination of all forms, to which workers in the informal economy are particularly vulnerable.

Conclusions concerning Decent work and the informal economy, Paragraph 34, Geneva 2002

And on the role of cooperatives, the report said:

Where there are major constraints to informal operators or workers joining existing employers organizations or trade unions or establishing their own organizations the most effective membership based organizational structure may be that of a cooperative ... The formal cooperative movement has not developed specific strategies for dealing with the informal economy – mainly because “the boundaries between formal and informal are not as important to organizations that are used to dealing in the market economy as a whole”.

Decent work and the informal economy 2002: page 93



Delegates at the International Labour Conference © ILO

Module 1: The informal economy

If you are already working in the informal economy or trying to organize workers, you already have a good idea about it. You know about the exploitation and the poor working conditions. You know about the discrimination against women workers, migrant workers, indigenous and tribal peoples and minority groups. You know that it is in the informal economy that child labour and forced labour will be found. Workers in the informal economy are not normally covered by social security schemes.

The informal economy is not usually a question of choice by workers who want 'flexibility' and to become an entrepreneur. The vast majority of workers are in the informal economy because there is no place for them in the formal economy. Working in the informal economy is the only way to survive. They are poor and their only asset is their labour.

Definitions

Defining the informal economy is difficult and complex. The term *informal sector* is more familiar to many. It was originally used by the ILO in the 1970s. The term 'informal economy' is now preferred to show that informal activities are not separate and limited to a specific sector, but span all types of work from commerce and services to industry and agriculture.

Increasingly, 'informal sector' has been found to be an inadequate, if not misleading term, to reflect these dynamic, heterogeneous and complex aspects of a phenomenon, which is not, in fact, a 'sector' in the sense of a specific industry group or economic activity. The term 'informal economy' has come to be widely used instead to encompass the expanding and increasingly diverse group of workers and enterprises in both rural and urban areas operating informally.

From the report on *Decent Work and the Informal Economy*, ILO 2002

Formal and informal work are not separate. For example, surgical instruments made by children in several Asian countries in the 'informal economy' are used in major hospitals in Europe and North America – the 'formal economy'.

The most fundamental factor is that most labour laws are based on the premise of a stable employer-employee relationship in a factory or office situation, the employment relationships in the informal economy are very diverse. Formal contracts do not exist. In a study of ten manufacturing clusters in northern India, the ILO found that 98 per cent of workers did not have a legally binding contract.¹

¹ *The other India at work, Job Quality in Micro and Small Enterprise Clusters*, Gopal Joshi et al, ILO, New Delhi, 2005

Employed or self-employed?

Informal employment is usually categorized in this way:

- Small scale entrepreneurs and employers who employ workers.
- Employed workers.
- Self employed or 'own account' workers.

Employed?

The traditional definition of a worker was a man or woman working for somebody else, their employer, with a wage, which might be paid by time worked or by pieces made – so many items of clothing stitched, or so many *beedis* produced (hand rolled cigarettes made in South Asia). There are many workers in the informal economy in this position. Though they have an employer, they have no security, no protection against hazards at work, no social benefits, no pension, no contract, and no chance to join a union. No labour inspector ever calls. Their workplace may be their home. They might work at home, and their employer leaves materials for processing into finished products, or they may have to live on site – such as many construction workers in India.

Self-employed?

There are also many 'self employed workers', or 'own account workers'. Unable to get a job in the formal part of the economy, they try to gain a livelihood through a micro-enterprise. An example would be somebody selling vegetables or cheap consumer items on the street, or workers running a transport service – such as a



Living and working conditions in the informal economy are poor. An open drain at Gikomba market, Nairobi, Kenya © Stirling Smith

motorbike, bicycle, handcart, rickshaw or taxi. They too, have no security, no protection against hazards at work, no social benefits, no pension, no contract and unions have in the past neglected them. The street is often their workplace, so harassment is a constant danger – from police or criminal gangs.

Workers in the informal economy include both wage workers and own account workers. Most own account workers are as insecure and vulnerable as wage workers and move from one situation to the other. Because they lack protection, rights and representation, these workers often remain trapped in poverty.

Conclusions concerning Decent work and the informal economy, Paragraph 4, Geneva 2002

What is the workplace?

For many workers in the informal economy, their workplace is not a conventional factory or office. They work at home, or on the street.

Home-based workers are the subject of a specific ILO Convention.² Typically they may be dependant on an employer who delivers raw materials or parts and collects the finished articles. Workers' homes may not be suitable for their work, their children may be at home and endangered by the work processes. As workers do not meet each other, they are hard to organize and easy to exploit. Home based work is very common for women, who may have family responsibilities that keep them at home, or cultural traditions that do not favour women working outside the home.

In some instances, the workplace can be the street. In India, the National Policy for Urban Street Vendors/Hawkers notes that street vendors constitute approximately two per cent of the population of a large city. The total number of street vendors in the country is estimated at around 10 million.³

For many transport workers, the street is where they live and work. In Dhaka rickshaw pullers increased from 40,000 in 1978 to 500,000 in 1988.

How to tell if work is informal

If workers experience some of these factors, then they are probably in the 'informal economy':

- Workers are not recognized under legal and regulatory frameworks.
- Their employment relationships and incomes are generally insecure and irregular.
- They are seldom organized and therefore have few means to make their voices heard.
- They are outside social protection mechanisms and systems; access to social security is very limited – workers have no 'safety net'.
- They cannot access public benefits and services, eg credit, business information, training schemes.
- They are vulnerable to interference by public authorities, as they are sometimes perceived as 'outside the law'. As a result they may experience police harassment.

² The Home Work Convention, No 177, 1996

³ Sharit Bhowmik, *Street Vendors in Asia: A Review*, Economic & Political Weekly, Mumbai 28 May to 4 June, 2005

- Their turnover is not counted in official statistics even though they do sometimes pay taxes; their contribution to the economy may be greater than that of formal enterprises.
- Activities are informal either because the costs of formalizing them are too high or the procedures for doing so are too complicated, intimidating and time-consuming.

The invisible workers

So informal work is a form of labour relations which is not recognized (or protected) by law. It is work without a formal employment contract, with no social benefits and no social protection. Workers in the formal economy may hold the status of self-employed, employee, neither or both. The informal economy relates to the world of microcompanies, self-employed persons and home workers.

The degree of women's involvement in the informal economy has definitely been underestimated. Women often work in small units where their contribution is invisible and therefore not taken into account for instance, production for personal consumption, domestic work carried out in private homes, home working and so on. Indeed women who are self-employed are often working for themselves, whereas when they are employed in the informal economy, their employers are usually men.

ICFTU Briefing: *The informal economy: women on the front line* March 2004

Migrant workers in the informal economy

A 2004 ILO report estimated that in 2000 there were 86 million migrant workers. A widening income gap between the rich and poor parts of the world has led people to seek economic opportunities elsewhere. Combined with aging populations in many developed countries, this means migration is likely to continue to increase. The report points out that "a growing number of migrants are in vulnerable situations, mainly because of their irregular status or the kind of work they do, and many face discrimination ... The increase in clandestine migration, including trafficking, threatens human rights and creates new challenges for governments and the international community."

While there are many international standards aimed at protecting the rights of migrants, these are not adequately applied.⁴

Migrant workers are particularly vulnerable to being pushed into the informal economy. In the United Kingdom, workers from Eastern Europe have been seeking work in the agricultural sector, especially harvesting and packing produce for large supermarket chains. They are recruited by 'gangmasters' who take their passports and identity papers, provide very poor and crowded accommodation and pay very little. Those who protest are threatened with losing their work and that they will be reported to the immigration authorities.

Drowned while working in the informal economy

In February 2004, twenty three workers were drowned in Morecambe Bay, in North West England while searching for shellfish in dangerous tidal waters. They were all originally from China and were working without any legal registration and protection. The 'gangmaster' provided no advice on avoiding the incoming tides.

⁴ International Labour Office, *Towards a Fair Deal for Migrant Workers in the Global Economy*

The UK government, following pressure from trade unions and public outrage over the deaths, finally passed a law controlling 'gangmasters'. *The Gangmasters (Licensing) Act 2004* created two new offences, supplying labour without a licence and using an unlicensed labour provider. Offenders can face up to ten years in prison.



Migrant workers are particularly vulnerable to being pushed into the informal economy.

© ILO/J Mohr

Informal does not mean illegal

The term 'informal sector' or informal economy does not include the 'hidden' or 'underground' economy. Many enterprises operate outside the law deliberately, often very profitably, for example criminal and socially undesirable activities such as drug trafficking or prostitution.

Workers in the informal economy often find themselves branded as criminals and suffer harassment as a result.

Of course, informal workers in urban areas are essential to maintain many businesses. Labour is necessarily mobile, coming and going according to the demands of production; it is, therefore, often ignored altogether or, at best, treated as a temporary factor. While the working poor are included in the labour process, they are excluded from their rightful place as citizens in mainstream society. In some countries, they may not even be registered as voters and are excluded from citizenship rights. In other countries, they are registered, because politicians want to use them as 'vote banks'.

The size of the informal economy

In many countries the informal sector is the main source of employment and its importance is growing. The ILO has noted that:

... the informal economy has been growing rapidly in almost every corner of the globe, including industrialized countries – it can no longer be considered a temporary or residual phenomenon.⁵

Informal employment comprises one half to three quarters of non-agricultural employment in developing countries. If we include agricultural employment, the percentage can rise much higher. In India, for example, 93 per cent of all employment is informal; 62 per cent in Mexico and 34 per cent in South Africa.

⁵ *Decent work and the Informal Economy*, a report to the 2002 International Labour Conference

In Africa, informal work is estimated to account for over 90 per cent of new jobs, almost 80 per cent of non-agricultural employment, and over 60 per cent of urban employment.

ILO data shows that urban informal employment as a percentage of urban employment grew from 50 per cent in 1990 to 58 per cent in 1997 in Latin American countries.⁶

Women and men in the informal economy

Informal employment is generally a larger source of employment for women than for men. In general, 60 per cent or more of women workers in the developing world are in non-agricultural informal employment.⁷

In Africa south of the Sahara, 84 per cent of women working outside of agriculture are in the informal economy – compared to 63 per cent of men. Almost 95 per cent of these jobs are performed as self employed or own account workers and only 5 per cent as paid employees.⁸ A similar situation prevails in many parts of Asia. For example, 90 per cent of women workers in India are in the informal economy.

Downsizing – workers thrown into the informal economy

In the face of the debt crisis and structural adjustment – causing a massive loss of formal jobs in the public sector, the informal economy has offered the possibility of survival for many.

In the private sector, the response to globalization has often resulted in cost-cutting measures. In their efforts to enhance competitiveness, firms are increasingly operating with a small core of wage employees with regular terms and conditions of employment and a growing periphery of ‘non-standard’ or ‘atypical’ workers in different types of workplaces scattered over different locations and sometimes different countries.

Some of these workers, such as part time workers, or workers on fixed term contracts may still have a clear employment relationship. In industrialized countries, they may be included in the scope of employment legislation and social security schemes.

At the other end of the spectrum, production or service work has been contracted out to a chain of sub-contractors, down to the level of the home based worker, agency worker, or contract worker, who has no form of social security or legal protection. Their position is almost entirely dependent on the whim of the employer – not the ultimate employer, but the sub-contractor.

Plunged into the informal economy ... plunged into poverty

A study of mill workers in Ahmedabad, India, who had been made redundant and forced into the informal economy, found that ...

“In some of the households of former mill workers, the shortage of income has sometimes become so acute that impoverishment has given way to outright pauperization. The household members can no longer afford to buy the basic necessities to survive.

⁶ 6 Panorama Laboral, ILO, 1998

⁷ ILO, Women and men in the informal economy: A Statistical picture, 2002

⁸ Decent work and the Informal Economy, a report to the 2002 International Labour Conference

A greater threat to the well-being of the former mill workers and their families than the deterioration in their food intake is the loss of their right to free or cheap medical care.”

A further consequence of the loss of formal employment was that bonds of solidarity between workers of different religious background had been broken. Attacks on Muslims have increased as the city has de-industrialized and workers have been living in ghettos without contact with each other through work.

Working in the mill no more, Jan Breman and Parthiv Shah, Oxford University Press, New Delhi, 2004

Contract labour

Contract workers are one category of workers in the informal economy that usually do have a regular employer and regular work. They work for a contractor who has a contract with a large factory or workplace, to supply a certain number of workers per day or carry out certain tasks.

In India, for example, about half the workforce in Mahanadi Coalfields Ltd (MCL) are contract workers. The law states very clearly that this is illegal. The Contract Labour (Abolition and Regulation) Act, 1970, rules that contract labour should only be permitted for work **not** of a regular nature.

The contractor agrees to supply the mine with a number of workers, and receives a payment calculated on the basis of a daily fixed wage for each worker, depending on their skill.

But the contractor pays all the workers the same low amount, below the rate set by MCL, however skilled they are, or however many hours they work. Contract workers suffer the highest accident rate.

So although these workers are used by the formal economy – a large mine – their daily reality is very informal and does not meet the ILO's 'Decent Work' criteria and they are exploited.

The union for the permanent miners, Orissa Colliery Mazdoor Sangha (Orissa Collieries Workers Union), an affiliate of the Indian National Trade Union Congress, has been campaigning against the use of contract labour, but has met stiff resistance from contractors and the management.

Indigenous and Tribal Peoples in the Informal Economy

The vast majority of the world's 350 million indigenous and tribal peoples earn their living through customary and often subsistence-oriented livelihoods which are, by their very nature, generally considered part of the informal economy. Many also take part in mainstream "cash economies" as a way out of the poverty and exclusion often caused by the deprivation of their rights and dispossession of their lands and territories. They therefore often end up under very poor working conditions in the informal economy. Trade unions and cooperatives are in a good position to extend their services and reach out to this group of informal economy workers.

Informal economy workers and family work

Those in the informal economy frequently involve their other family members in working with them. This frequently means that children of workers in the informal economy do not attend school. Most child labour in fact, occurs in the informal economy. It is estimated that there are one million children globally working in mining – all in the informal economy.⁹



Benin 2001 – Perma gold mine. After a day of work digging for gold, a child rests, exhausted. © ILO/E Gianotti

Access to services

Workers in the informal economy have less access to a range of services and practical assistance. They are not connected to the networks which can offer help and advice. Distribution networks are much less likely to reach the informal economy. The lack of access to social protection is a key defining characteristic of the informal economy. The daily struggle for survival makes it hard to plan ahead, or invest for what **might** happen. This is why the extension of social protection is so important.

⁹ "The burden of gold - child labour in small scale mines and quarries", *World of Work*, No 54, August 2005

Credit and banking

Workers who have no assets cannot borrow money, as banks will want some security for their loan. This means informal economy workers can only borrow money from moneylenders, who can charge very high interest rates. They cannot even open bank accounts, as the minimum amount required is too high.

Sources of small capital can be important for workers – the money to buy a rickshaw or build a small stall to sell vegetables.

One solution has been **microfinance**. 2005 was actually declared by the United Nations as the International Year of Microfinance. However, microfinance only reaches about 10 per cent of the world's poor.¹⁰

To be effective, microfinance needs to be linked to organization. One form is the Savings and Credit Cooperatives (SACCOs) that SYNDICOOP helped in Africa.

These are also known as credit unions in some countries. Governments need to adopt a national policy to promote SACCOs, including loans to them from the government; and a regulatory regime which is not difficult. More information on microfinance and the ILO policy on microfinance can be found in Module 4.

A village bank in Kenya

Conventional banks require a minimum deposit of 5,000 Kenyan shillings (KSH). The KUSASA (short for KUSCCO SACCO Savings Account) accepts new deposits of just 200 Kenyan shillings (about \$US6). This enables very small self help groups to start saving – and individuals of course. At the moment, an individual or group with any cash is vulnerable to theft – often violent. The village bank does much more. It has an extension officer, who helps the groups, provides training, negotiates with the authorities and stops them being cheated when they purchase supplies.

Transient work

Many informal workers are traders, whose livelihood depends upon having a regular 'pitch' a place by the road, near a sportsground, by a rubbish dump. When they are absent through illness, they can lose this special spot. They may also trade in perishable goods and depend on a rapid turnover of stock. If they are ill, their stock may spoil.

Cooperatives – formalizing the informal economy?

Paragraph 9 of Recommendation 193 recognizes the role that cooperatives can play:

Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the 'informal economy') into legally protected work, fully integrated into mainstream economic life.

¹⁰ Juan Somavia, ILO Director-General, *World of Work*, August 2005

Why it has been difficult to organize workers in the informal economy –

- Any attempt to organize them can (and often does) pose risk of denial of work and threat to livelihoods;
- The traditional form of organizing against a well-defined employer does not work since in the informal sector the employers keep changing as does the work place and often the nature of work;
- The identity of the workers and the employers is hard to establish as per the existing requirements of the labour law;
- The law often does not cover home based workers (a major form of employment in the informal economy) who are often thought of as self employed workers;
- Trade unions have shortage of resources (cadres and finances);
- Trade unions, being male dominated, have little access to the women workers (who constitute a sizeable part of the informal economy workers);
- In the informal sector, often it is more a case of providing social protection services (such as micro-insurance, health care, access to markets, schemes for training and welfare) rather than negotiating against any one particular employer (though in many cases this too can be done). Currently, the trade unions in India do not play these roles or provide such services (although the unions are beginning to recognize the necessity for these new functions);
- The reluctance of the Central and State Governments to extend effective legislative protection to the workers in the unorganized sectors and inadequacy of the labour law administration have also hindered the efforts of the trade unions to improve the situation in the unorganized sectors.

From a paper prepared by Arun Kumar, Economic Policy and Research Dept, Hind Mazdoor Sabha (a central trade union organization in India) for an HMS-ILO Strategic Planning Meeting on Organizing Workers in the Informal Economy, March 2005

Learning Exercise

Organising informal economy workers 1

Aim To help you to think about problems in organizing informal economy workers.

Task This is a role play. Some of you will be trade union or cooperative organizers, applying the SYNDICOOP approach. You are going to approach some workers to persuade them to have a meeting to discuss setting up a group.

Some of you must act the role of workers in the informal economy. You have no idea who these people are, and what they are talking about. You never heard about “unions” or “coptives” before. You have a lot to do just to earn the little amount of money you can take home each day. Your husband will be angry if you are late home to cook his meal and very angry if you cannot give him any money to go to the bar. You are suspicious of these outsiders. If you listen to them, the police will be around asking what you told them.

The task is to convince the worker of the benefits of joining a group.

Learning Exercise

Organising informal economy workers 2

Aim To help you to understand the situation of informal economy workers and how they might be helped by SYNDICOOP approach.

Task In a group of about six, prepare a short play. There will be two scenes – BEFORE and AFTER.

BEFORE must show the reality and difficulties of work and life for workers in the informal economy. (Remember that the majority of workers in the informal economy are women.)

AFTER can show how organizing could have helped the workers with at least some of the problems shown in the BEFORE part of the play.

You have 30 minutes to prepare your play. Before it starts, you can explain some of the background to the audience – but no more than a minute.

Mama Safi

Scene 1

Mama Safi was initially selling her goods at the unauthorized area in the city, with a very low capital. Apart from the disturbance she got from the city police, her husband, Baba Safi, was also pick pocketing the rest of her hidden capital within her own bedroom. Mama Safi did not initially know what to do, then one of her friends from the cooperative society came and advised her on how to save and receive loans from the SACCO that was around.

Scene 2

Mama Safi joined the SACCO and had a fast improvement in her business and realized a big amount of capital in her bank account. Mama Safi no longer kept her money in her bedroom. She also managed to convince Baba Safi to join and save his money with the same SACCO. Baba Safi used to save his money with a barmaid.

Written and performed by participants at a SYNDICOOP handbook testing workshop in Kigali, November 2005

Action Points for Module 1

- What do you know about the informal economy in your country?
- How are men and women affected differently?
- What previous efforts have been made to organize in the informal economy?
- What has worked and what has not worked in previous attempts to organize workers in the informal economy?
- What is the extent of child labour, trafficking and migration in your industry or country? You will find the informal economy is present.

Module 2: Organising out of poverty

We have just been looking in the previous module at the plight of workers in the informal economy. What can be done to help them?

The SYNDICOOP answer is: organize!

This module of the handbook:

- Introduces the idea of Decent Work.
- Discusses some key points about organizing.
- Introduces the SYNDICOOP approach to organizing.

Workers in the informal economy need to be organized to achieve what the ILO calls 'Decent Work'. This is not something that workers can achieve on their own, it requires organization.

This is not as simple as it sounds. You cannot simply go up to workers and tell them they should join a trade union or cooperative. Workers need to see some benefit in joining an organization. What can we offer to them? And in many situations, when workers try to organize, they will meet with repression.

The role of trade unions in the global economy and the fight against poverty

Trade unions are intrinsically poverty-reducing. The fight against poverty and for social justice has always been the cornerstone of the trade union's mandate and work. When poor workers organize themselves into trade unions they become actors in development: they have collective strength, their rights are defended, their interests protected and avenues for social dialogue open up for them to improve their living and working conditions. Organizing is therefore a route out of poverty, and trade unions, an instrument to fight poverty.

From the background paper for an International Workers Symposium, Geneva, October 2005

Decent work – the heart of social progress

"The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity."

ILO Director-General Juan Somavia

Decent Work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.



ILO Director-General Juan Somavia
© ILO/M Crozet

There is clearly a decent work deficit in the informal economy. We can only start to tackle this deficit through organizing.

Decent work should be at the heart of global, national and local strategies for economic and social progress. It is central to efforts to reduce poverty, and a means for achieving equitable, inclusive and sustainable development.

"Decent work is a powerful tool in selecting the path to the attainment of the interrelated goals and human development outcomes of the Millennium Declaration. The ILO's four strategic objectives are a contemporary formulation of its mandate and a development strategy that corresponds to the most urgent demands of families today. Decent work unites the international drive to wipe out poverty with the fundamental right to work in freedom."

ILO Director-General Juan Somavia

Decent Work Country Programmes

ILO's Decent Work Country Programmes, based on priorities of constituents and national development objectives, detail the policies, strategies and results required to realize progress, in each country, towards the goal of decent work for all.

Decent Work Country Programmes promote decent work as a key component of development policies. This should lead to decent work becoming a national policy objective of governments and social partners as well as of other local actors and cooperating agencies. It is only with the active involvement of constituents that the goal of decent work for all can be realized.

In order to be effective, Decent Work Country Programmes need to be based on all four of the ILO's strategic objectives:

- Promote and realize standards and fundamental rights at work.
- Greater opportunities for women and men to secure decent employment and income.
- Enhance the coverage and effectiveness of social protection for all.
- Strengthen tripartism and social dialogue.

Decent work country programmes put ILO's knowledge, instruments and advocacy at the service of our tripartite constituents to advance the decent work agenda within the fields of competence of the Organization.

Central to the development of Decent Work Country Programmes are the fundamental principles and tools of tripartism and social dialogue. With the participation of the ILO's constituents – governments, employers and workers – priority areas of cooperation are identified and outcomes agreed. These outcomes are the basis for activities.

Decent work country programmes are formulated in gender sensitive terms, specifying how intended outcomes will affect women and men.

Starting to get organized

The first key step in helping workers to get organized is to have a really detailed picture of where the workers are, their situation, their problems and how this would affect efforts to organize them.

Learning Exercise

Who needs organizing? Why?

Aim To help you think about the workers you want to organize.

Task This is better if you work in a group or pair.

Think about the workers you want to help to organize.

Draw a picture on a large flip chart. This should show how one of the workers will look.

Please map onto your drawing some comments/ideas (represented graphically!) on:

- Who your worker might be (male/female etc).
 - What problems they have.
 - What skills they have.
 - How they feel about those problems (for example, discrimination, poor working conditions, lack of social security).
 - Why they might have difficulties in getting organized (what may have happened in the past).
 - Whether their working patterns make it difficult to organize (for example home based women workers whose families will resist them going outside).
 - What level of knowledge they have, including literacy, numeracy.
 - Whether there are any potential leaders amongst them.
 - How they might be feeling about you coming from outside.
-

The story of Karubandika

Karubandika is a small scale miner working in Tanzania. These are also known as artisan miners.

Small scale miners are male. There are no social services in the mining areas. Because it is an all male culture, and there are no families, there is a high prevalence of HIV infection. Outsiders regard them with suspicion, and they are discriminated against.

Their working conditions are poor. They have long working hours and face constant danger of accidents, with no protective equipment or clothing. There is no proper housing.

The small scale miner who extracts minerals has to sell them to big mine or a middleman. He has no direct access to the market. He lacks capital, the network and the entrepreneurial vision to change.

Feelings

The miners feel insecure and desperate. They labour with the false hope that 'one day' they will 'strike it big' and make a lot of money. Actually some do, but rarely escape from their lot. The money is quickly spent. One miner who got lucky just gave away all his wealth and went back to mining. Miners know they have been abandoned, marginalized and exploited. This makes them self centred and resentful. They believe in 'survival of the fittest'.

Difficulties in organizing the miners

- Under control of big mines.
- Strong individualism.
- Illiterate and not educated.
- They come from a mixture of backgrounds and cultures which divides them.
- They are young – older men cannot work in the mines.
- The daily routine of life leaves little free time – which they use for pastimes like drinking.

There are potential leaders, but they have an impaired vision; they cannot see beyond the status quo.

How will they view outsiders?

They will consider all newcomers as potentially disturbing.

Written by a group of participants from Tanzania at the handbook testing workshop, Kigali, Rwanda, November 2005.



Rock quarrying is a tough job, but for this man it is the only chance to escape poverty.

© ILO/K Cassidy

Learning Exercise

Mapping the informal workplace

Aim To develop a good picture of the informal economy in a particular area

Task Select an informal workplace. It might be a large market, or a busy traffic junction. Using a large piece of paper, and thick coloured pens draw the workplace/locality. Show where different activities take place – for example selling shoes, selling food. Mark the main entry and exit points by arrows.

If any workers travel because of their work, eg drivers of carts/vans delivering products, mark their movements. Where do they congregate?

Use BLUE pens to mark informal economy workers who are 'own account' and RED for those who have an employer.

Finally decide which groups might be the best to approach first about organizing.

Basics of a constitution

Whatever kind of organization you establish, it will need officers and a set of rules. This is sometimes called a 'constitution', or 'bye-laws'.

The basic principles are simple:

- Leadership should rotate; it is not correct for the same people to remain in the leadership indefinitely.
- There should be a balance of women and men amongst the officers.
- There should be free elections, at regular intervals.
- 'OMOV' - one member, one vote in elections.

What kind of leaders do we need?

Although we have talked about officers of an organization, we also need to think about leaders - those people who can inspire others, have a vision and may have skills that are useful to the organization. Your officers may be the leaders.

But leaders can also stifle an organization. They can take too much power and stop others from being involved. They can remain in office for ever, preventing new and younger leaders from emerging.

Being aware of the kind of leaders we need is therefore important.

Learning Exercise

Leaders

Aim To help us think about what sort of leaders we need in the informal economy organizations.

Task Think about the leaders your new organizations will need. If they were a tree, what kind would they be?

Decide what kind of tree your ideal leader would be.

Draw the tree!

Do not add any writing. The tree should tell the story!



A leader of an informal economy workers' group, Gikomba Market, Nairobi, Kenya

© Stirling Smith

Checklist: ten stages in organizing a new group of informal economy workers

You will need to do several of the things in this checklist, but these steps are not in a rigid order.

1. Getting an organizing group together

There must be a small team of committed people who can work together to set up the group.

2. Deciding on a common bond

You need to be clear on the potential membership, the target group of your organization. What do they have in common?

3. Gaining support

Before you start, you need to be clear about the benefits that the organization will offer to workers. If they ask: "what is in this for me?" - you must have an answer. You must know if people in your proposed group really do want to organize, and you need to know what services they would expect from it. Doing this research early on will confirm whether your efforts are likely to succeed.

4. Developing a plan

The organizing group, and the potential members, need to draw up a plan. This may be a business plan, if you are setting up a cooperative, or it may be a plan about what your members need from local authority or other state agencies. It is very important to have a plan, when you ask workers to join.

5. Obtaining support

A new group will need some support or protection. Who? An existing trade union, or a strong cooperative?

6. Training and support

Get as much training and technical advice as you can, especially if you are setting up an enterprise.

7. Write some rules

You will need a structure and a set of rules. There are many examples. Find one that suits you and adapt it.

8. Choosing your leaders

Have a meeting to formally elect your leaders - the officers and committee.

9. Getting registered

Your group may need to be registered with some government organization, depending on the legal form you have adopted.

10. Launching your organization

Now you can start recruiting, getting members to join.

Good luck!

Learning Exercise

Leaders

Aim To clarify how to establish a new organization.

Task Look at the story of CHAKU SACCO and see how many of the steps in the checklist you can identify in their history of becoming established.



Democracy at work: CHAKU members control their own destiny. © Stirling Smith

The story of CHAKU Savings and Credit Cooperative Society

CHAKU is an acronym for CHAma cha Kondoza Umasikini, Kiswahili for "Association for Poverty Eradication"

The origins of CHAKU go back to the year 2002, to a group of four youths who had formed a Group called SIMAYE to contract with a municipality for waste collection in the Sisi kwa Sisi neighbourhood in the Manzese area of Dar es Salaam.

They were surprised to find that many of their clients could not pay the small weekly fee of Tshs 100 (less than 10 US cents) for the waste collection service, citing poverty as the reason.

After talking about this problem to one of his friends, who happened to be a member of a neighbourhood SACCOS in another area of Dar es Salaam, the SIMAYE group leader John Ndomba resolved to promote the formation of a similar SACCOS in his neighbourhood, since it could help the SIMAYE business.

The formalities of establishing a SACCOS, starting with getting advice from the Municipal Cooperative Officer, took several months to complete. The first founders meeting was held in April 2003, with the cooperative officer presiding a meeting with a quorum of 35 out of the 60 registered founder members of CHAKU SACCOS.

In this meeting, the founder members were introduced to the principles and practice of cooperatives, and oriented to the requirements for establishing a SACCOS.

With assistance from a University graduate, the organizing group prepared a constitution, budget and work plan. A second meeting of founder members was held in June 2003 (again with the with the cooperative officer presiding), to read and approve the documents.

The process of registration as a full SACCOS took another two months, after which the Registration Certificate for CHAKU SACCOS was presented to the group. At that time, the SACCOS had 260 members (73 per cent women), and was 'informally' already providing savings and credit services to these members.

Following the launch, the leadership started recruitment of new members, and sought help from SYNDICOOP, and also from the Savings and Credit Cooperative League of Tanzania, SCCULT. SYNDICOOP provided training for 20 group members in 2003 and later loans amounting to 3.8 million shillings.

Based on SYNDICOOP reports, interviews, and a country Evaluation Report by Gideon Richard R Mandara.

Some tips on organizing in the informal economy

(From a SYNDICOOP workshop, Nairobi, 19-22 October 2004)

- Lobby for informal workers to be covered by labour laws, economic, statistics, minimum wage and social programmes (health, education and social security).
- Include informal workers in the scope of collective agreements.
- Differentiate between groups of workers and target resources and organizing strategies.
- Lobby for change in constitutions which do not allow membership for temporary workers.
- Develop 'Know your rights' materials which are accessible and clear.
- Develop and implement community based action programmes.
- Seek strong alliances/networks.
- Information sharing at all levels.
- Unions must ensure that basic workers' rights are respected in the informal economy.
- Campaign for them to gain recognition by the authorities, provide services like micro-credit, savings, insurance, child care facilities etc.



The municipal authorities do not keep the market clean. Gikomba Market, Nairobi, Kenya © Stirling Smith

SYNDICOOP – a new strategy

SYNDICOOP is a unique collaboration between the ILO and the trade union and cooperative movements. The aim is to organize informal economy workers and reduce the decent work deficit.

Of course, no one organization can do this on its own. So SYNDICOOP brings together several partners, including the ICFTU and ICA.

In the countries where SYNDICOOP has been operating, these partners come together, with appropriate ministries, to develop new ways to organize workers in the informal economy.

SYNDICOOP began working in East Africa, Rwanda, Tanzania and Uganda in 2002 for a period of two years. It was extended for a second two-year period with the inclusion of a fourth programme country, Kenya. It has since been extended to South Africa. The experience in Africa has shown that:

- Trade unions and cooperatives have much to offer each other and are natural partners to provide much needed services and support strategies to informal economy workers.
- Through joint action, informal economy workers have been organized and are securing representation and a voice.
- Participating trade union and cooperative organizations are also benefiting from this strategic alliance with strengthened organizations, enhanced services for existing members and a unified voice in important social dialogue processes such as the development of Poverty Reduction Strategies.
- Capacity building for trade unions and cooperatives should be the starting point to organize the informal economy workers and improve their conditions effectively.
- Gender equality and the elimination of discrimination in employment in the informal economy are essential; trade unions and cooperatives should establish gender focal points.

At the global level, the ICFTU and ICA participate in the SYNDICOOP project steering committee. At national level, the trade union and cooperative apex level organizations are represented along with representatives of ministries of labour, cooperatives and the ministry responsible for poverty reduction.

SYNDICOOP has worked. There are examples in this handbook and in a collection of Case Studies, *Organizing out of Poverty*.

We have put a lot more information about SYNDICOOP in Module 7 of this handbook.

Action Points for Module 2

- Have you selected a group of workers to try to organize? Why have you chosen this group?
- Do they have some natural leaders?
- Who will try to stop them getting organized?
- Are you quite clear what their problems and issues are?
- Can these be solved by an organization?
- Are there some potential leaders?



Collecting garbage is an unpleasant job. Organizing through a cooperative can improve working conditions.

© ILO/M Crozet

Module 3: Working together: trade unions and cooperatives

In the previous module, we said that it is essential for workers in the informal economy to organize.

But what type of organizations should they establish and join?

Workers have developed two kinds of organization: trade unions and cooperatives.

Both share key characteristics demonstrated in the cooperative values of self help, self responsibility, democracy, equality, equity and solidarity.

This module will help you to understand both types of organization. It is for:

- Cooperators who may not know very much about trade unions.
- Trade unionists who may not know very much about cooperatives.
- Officials in ministries who may not know much about either movement.

Movements to change the world

Both trade unions and cooperatives are **movements**. A movement is something different from an NGO, a product or a business. A movement is comprised of individuals, groups and organizations united by a common purpose or goal. It is difficult to imagine a soft drinks movement, or a washing powder movement or even a computer movement or a mobile phone movement – although these have led to a huge transformation of our world.

Both the trade union and cooperative movements involve people with shared values coming together in **practical** solidarity – improving living standards, improving services, improving wages, improving working conditions. They are a conscious effort to improve the world, taking the future into their own hands to bring about social change. The trade union and cooperative movements both work for a vision of a better future for working people. That is why they can work together.

Both the cooperative movement and trade union movement are around 200 years old. They both have their origins in the same impulse – the protection of working people.

Wherever working people come together in some kind of group, they have created or joined trade unions and cooperatives. They have been doing this for 200 years. In the early years of the industrial revolution, in Britain, France and Germany, workers experienced conditions which any worker in the informal economy today would recognize. Workers responded by organizing a vast range of associations.

By the end of the nineteenth century, these had formalized into two movements, trade unions and cooperatives, which had a different focus. Today, they are coming together to fight for workers in the informal economy. The two movements have a combined world membership of more than one billion.

The 'father' of cooperation and trade unionism

Robert Owen (1771-1858), was a successful cotton manufacturer and entrepreneur. His factory at New Lanark, near Glasgow, Scotland, was famous for its modern methods and his efforts at workers' welfare – he was an early campaigner against child labour.

In fact, Owen was an early advocate of what is now called 'corporate social responsibility'. He tried to influence politicians and leaders to improve the conditions of workers, and one result of his efforts was an Act of Parliament limiting child labour.

But he soon realized the limitations of charity and philanthropy, and the reluctance of factory owners and British rulers to adopt his ideas. He decided to appeal directly to working people and became a pioneer of both the cooperative and trade union movements in Britain.

Owen set up self-contained agricultural communities where the unemployed could find productive employment. These settlements were called *Villages of Cooperation*. They were set up in Scotland, Ireland, England and the USA.

His followers continued to promote his views, despite the failures of these settlements. They became involved in early cooperatives and trade unions.

In 1833, Owen convened a conference which set up a *Grand National Consolidated Trades Union*. The British government and employers reacted with a wave of repression and the union did not survive.

Although his initiatives were unsuccessful, Robert Owen still inspires. He wrote, in 1816, that

society may be formed so as to exist without crime, without poverty, with health greatly improved, with little, if any misery, and with intelligence and happiness increased a hundredfold

Robert Owen was also an inspiration to many of those who, towards the end of the nineteenth century, began to propose international regulation of workers' conditions. These proposals eventually led to the formation of the ILO.

Owen personifies the common roots of trade unions and cooperatives; both movements admire him as a founding father.

There is but one mode by which man can possess in perpetuity all the happiness which his nature is capable of enjoying – that is by the union and cooperation of all for the benefit of each – Robert Owen



Robert Owen

© National cooperative Archive

The trade union movement

Like cooperatives, trade unions have a very long history. Trade unionism is a natural and a world wide phenomenon. Wherever and whenever workers come together - in mines, factories, offices, markets, on ships or nearly all kinds of workplaces, they have formed trade unions to protect their interests.

In a classic book, Beatrice and Sidney Webb gave their definition of a trade union. It was: “a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their working lives”.¹¹

Workers come together into trade unions because alone, they cannot negotiate on a basis of equality with an employer. But what about many workers in the informal economy who do not have a regular employer?

Many unions have and still do include workers in the informal economy, without regular employment, because unions can negotiate with the government or local authorities, or the police or other agencies.

Trade union structures

Over their history, and across the world, trade unions vary enormously. Some unions have millions of members. Some have less than one hundred.

Branch and workplace organization

The basic building block of union organization is a branch or workplace unit. Branches are based on an area where members live or work. A branch or workplace unit will run its own affairs, and have its own leaders; it may negotiate with an employer. It can deal with problems like health and safety in the workplace, or transport for the workers to get to and from work.

In some countries, for example South Asia, a trade union may be based on the workplace or the employer. In other countries, the union is a national organization, and has branches based on a geographical area, or a workplace.

Unions in the workplace or local branch are run by workers themselves. Members take up positions that have many different names such as ‘shop steward’, ‘union representative’, ‘works council member’, ‘branch secretary’. The key point is that they are elected by the union members and represent those members in meetings with employers and various agencies.

¹¹ The History of Trade Unionism (1894)

Why do workers join trade unions?

Ten reasons to join a trade union.

1. You can earn more. Average earnings are higher in unionized workplaces.
2. You are more likely to get equal pay. Trade unions campaign to bring women's pay into line with men's. Workplaces with union recognition are 20 per cent more likely to have an equal opportunities policy.
3. You are more likely to get social security benefits in a unionized workplace.
4. You can take part in union training. Unions also negotiate better vocational training for their members.
5. You get more maternity leave or parental leave if you belong to a trade union. Unionized workers get more holidays as well.
6. You are less likely to be injured at work. Workers in unions have 50 per cent the accident rate of non-unionized workers.
7. If you do get injured at work, you will get better compensation if you are in a trade union.
8. You are less likely to be discriminated against. Trade unions run campaigns for equality.
9. Trade unions campaign for a better deal for workers in wider social and economic policies - for example pensions, health services.
10. Trade union members are only half as likely to be sacked as non members.

National trade unions

A national trade union may cover an industry or several industries, for example a mining trade union would cover all miners. A transport union might cover transport workers in different forms of transport, or there might be separate unions for dock workers, railway workers and road transport workers.

In some cases, there is a national agreement between the trade union and the employer, or a group of employers for an industry.

An individual union will usually belong to a national union centre in its country, which will then affiliate to a world body such as the International Confederation of Free Trade Unions (ICFTU). The same individual union can also affiliate to a Global Union Federation relevant to the industry where it has members.

National confederation

Unions come together to form a 'national centre' body, or confederation. In some cases, there is only one per country. In others, there can be several national centres. National centres are important for putting the case to government on behalf of all workers, unionized and non-unionized, in the formal and informal economy, on a full range of economic and social policy issues.

International organizations

There are two types of international trade union organizations. Those that bring together national centres, and those that bring together industry based unions.

The International Confederation of Free Trade Unions (ICFTU), was set up in 1949. Its members are national centres. It has 233 affiliated organizations in 154 countries and territories on all five continents, with a membership of 145 million – 40 per cent are women.

A new global organization

In 2006, the ICFTU will merge with another global trade union organization, the World Confederation of Labour. The name of the new organization had not yet been decided when this handbook was sent to the printers.

Global Union Federations

There are ten Global Union Federations, which link together national unions from a particular trade or industry at international level. Often, unions with members in many different industries will belong to more than one GUF. Currently these are:

- Education International (EI)
- International Federation of Building and Wood Workers (IFBWW)
- International Federation of Chemical, Energy, Mine and General Workers' Union (ICEM)
- International Federation of Journalists (IFJ)
- International Metalworkers' Federation (IMF)
- International Textile, Garment and Leather Workers' Federation (ITGLWF)
- International Transport Workers' Federation (ITF)
- International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF)
- Public Services International (PSI)
- Union Network International (UNI)

Trade union means of action

Collective agreements

Where there is an employer, paying wages to a worker, then negotiation on behalf of workers with that employer is one of the main tasks of the trade union. This is called 'collective bargaining' and results in a 'collective agreement', so called because it is between a collective group – the union members – and the employer. Collective agreements can be signed at the level of the individual employer, or a group of employers, at an industry wide level.

Collective agreements can cover a wide range of issues, including wages; hours of work; holidays; leave for sickness, maternity and other reasons; pensions; HIV/AIDS; discrimination in recruitment, promotion and training; health and safety; vocational training – and others.

A lot of time is spent by trade unions on ensuring that workers do receive the benefits that they are supposed to get according to the collective agreements.

Collective agreements can also be made dealing with procedures for representing workers.

Representing workers

An important function of a union is representing members if they are disciplined by their employer. Unions say that all workers should be treated fairly. If they have made a mistake or been absent without authorization, there may be a good reason, and they should have a fair hearing before being disciplined. Unions often sign a collective agreement with employers, setting out the 'stages' of a disciplinary procedure, and the punishment that can be given to workers.

If a worker feels that she is not being fairly treated – say she is not promoted or offered training when a male worker is given these advantages, then the union can take up her case. This is also a form of representation and a collective agreement can be made, often called a 'grievance procedure' setting out the 'stages' of how a grievance can be dealt with.

Collective agreements and the law

In some countries, collective agreements are registered with government, and are supposed to be legally binding. In other countries, the system is different, and collective agreements are not enforceable in courts.

Generally, trade unions prefer to persuade employers of the benefits of having sound industrial relations and a productive workforce that feels valued – not only by having good conditions, but by being listened to – through their union.

Non bargaining activities

Many unions provide education for their members, as a way of getting more active in the union, or they provide basic education, such as literacy, or vocational education.

Unions providing education in Bangladesh

Bangladesh Agricultural Farm Labour Federation organizes adult education classes in basic literacy and numeracy for women members. This union organizes rural workers in the informal economy. Apart from standard literacy, the education teaches concepts like landlord, land reform, and exploitation.

Unions can also help members with a range of non-bargaining activities, including welfare projects to support income generation.

Unions often set up financial services for members, on their own, in conjunction with friendly organizations.

Making insurance available to workers

Trade unions in Ghana have come together to form an insurance company which specializes in offering inexpensive policies to union members and more broadly other workers. Trade unions provided the initial capital and help with marketing.

The Unique Insurance Company has a majority of trade union board members, and is run on cooperative lines. It is one of the most successful insurance companies in Ghana. It offers products specially designed for workers.

Unions also conduct campaigns on a very wide range of national and local issues that effect members and their families.

Trade unions and human rights

Trade unions are human rights organizations. Unions depend upon some of the most fundamental rights - such as the right to freedom of association. Trade unionists also must have freedom of speech. Workers need to be able to speak up and have the right to strike, for higher pay or benefits.

Unions have therefore been concerned with human rights throughout their existence. The trade union movement regards as particularly important the human rights conventions of the ILO – the core labour standards.



Organized workers in France © ILO/M Crozet

These core standards are regarded as the essential minimum necessary to underpin decent work. They cover:

- a) Freedom of association and the effective recognition of the right to collective bargaining.
- b) The elimination of all forms of forced or compulsory labour.
- c) The effective abolition of child labour.
- d) The elimination of discrimination in respect of employment and occupation.

Unions are also concerned with a range of rights that goes beyond simply the right to organize and other core labour standards. The right to social security, to fair wages, the right to decent working conditions and working hours, these are all workers rights, set out in the basic human rights documents.

Unions have also taken up the rights of many vulnerable groups. In South Africa, it is trade unions that have led the campaign for all people infected with the HIV virus to be given free medical treatment, including anti-viral drugs.

In Nepal, the transport workers' union, Nepal Yatayat Mazdoor Sangh, has set up stalls in bus parks to stop human trafficking and asked its members to take action if they see any instance of this terrible crime.

Trade unions have a common interest with others – including cooperatives – in the promotion of the rule of law and human rights. Rights guaranteed in the international conventions of the UN underpin activities in many of the areas where unions work.

Unions against dowry; unions for humanity

Western Railway Employees Union (WREU) in India, organizes regular blood donation camps where members donate blood. Members also pledge to donate their eyes after death.

WREU also campaigns against dowry, organizing exhibitions in railway stations and elsewhere. In the dowry system, which is traditional in some parts of South Asia, the bride's family has to give presents and cash to the groom's family. Sometimes after the marriage the groom's family demands more, and harasses the bride; in some cases this takes the form of physical harassment, leading to suicide of the bride. In some cases the bride has even been murdered. Despite legislation against dowry, the tradition has survived and even become worse in some parts of India, leading to the deaths of hundreds of women every year.

The cooperative movement

The cooperative movement began as a response to unfairness, the social divisions and inequality of the industrializing countries of Western Europe. The Rochdale Pioneers, in North West England, in the 1840s, had tried many ways to improve their conditions: including trade unionism (the first general strike took place in 1842 in the North of England), and campaigning for the vote. Some followed Robert Owen's vision of socialism and some campaigned for the People's Charter – a manifesto for a democratic Britain. Attempts to change the world by these methods had not succeeded. So they formed a new society, and its main activity was a store, where cheap and wholesome goods were sold.

This was not the first cooperative enterprise, but the first one to be successful based on a set of principles, sometimes called the 'Rochdale principles'. These, amended and modernized, are the basis for the cooperative statement of identity, which forms part of ILO Recommendation 193.

ILO Promotion of Cooperatives Recommendation, 2002 (No 193)

Key points

- Cooperatives operate in all sectors and all countries.
- Cooperatives are based on principles and values.
- The ICA statement of cooperative identity which states those values and principles is accepted as the basic definition of a cooperative.
- Cooperatives should enjoy equal treatment with other types of enterprise.
- Governments should create an enabling environment and facilitate access to support services.
- Cooperatives should not be used as a way of avoiding labour legislation.
- Employers' and workers' organizations should promote cooperatives.
- Cooperatives should cooperate internationally.
- The promotion of cooperatives should be considered as one of the pillars of national and international economic and social development.

But setting up a shop was just one step to a better world, to a cooperative commonwealth, a future free of exploitation for all human beings.

In Germany and the Netherlands, cooperatives were founded from the 1860s onwards, growing rapidly in rural areas using a model of self help agricultural credit developed by Friedrich Raiffeisen. Urban cooperative banks were founded by Schulze-Delitzsch.

These movements quickly spread to other countries.

Cooperatives were originally established as a practical means whereby working people could meet their everyday needs, as a route to building a better society. Their vision was not simply about credit or retailing, but about how, through self-help, they could improve their working and living conditions, and their communities. The 'Rochdale Principles', modernized and adapted over the years, still define the purpose of cooperatives. These are the values and principles, as defined by the International Cooperative Alliance and codified in the *Statement of Cooperative Identity* adopted by the ICA's centenary Congress held in Manchester in 1995, and accepted today by cooperatives all over the world.

Cooperative structures

As the cooperative movement has spread all over the world, over the last 150 years, it has developed different structures. Sometimes, these have had to adapt to different national legislation governing cooperatives. Nevertheless, certain common features remain.

The foundation of cooperatives are their members – just like trade unions. Members come together into ‘primary cooperative societies’.

Primary societies can then unite into ‘unions’. Yes, this is confusing! Primary cooperative societies are the members of secondary cooperative societies, or cooperative unions.

Kagera Cooperative Union (KCU) links together 90,000 coffee farmers in 124 primary societies in Bukoba district on the eastern shores of Lake Victoria in Tanzania. It is a secondary cooperative society. Its members are primary societies, whose own members are the coffee farmers.

Kagera Cooperative Union supplies ‘Fair Trade’ instant coffee to more than 4,000 British consumer cooperative stores. The extra payment means that most years KCU is able to give each society two million Tanzanian shillings (\$2,000) of Fair Trade social premium. Each primary society is free to decide how to spend the premium and typically many choose to invest in schools, upgrading collection centres or improving dispensaries.

Local cooperative unions can combine into a national apex organization for their sector; and in some cases, the union is the national apex organization.

The apex organizations can combine into national cooperative federations, representing all sectors and industries in which cooperatives operate.

The global organization for cooperatives is the International Cooperative Alliance (ICA). There is more information about the ICA later in the handbook.



Members of an informal economy group near Nairobi. © Stirling Smith

Types of cooperatives

There are different ways of classifying cooperatives. Perhaps the simplest is by looking at the key question – who owns the cooperative – who are the members?

Consumer Cooperatives

The consumers of the services or products own the business. There are several types of consumer cooperatives: Retail cooperatives serve local residents through stores, joint purchase and catalogue mail-order sales.

- Institutional cooperatives serve employees at their work places through stores and canteens.
- Medical cooperatives serve members by operating hospitals and clinics, dental care and pharmacies, where preventive health care is emphasized, and friendly, convenient services are provided. Sometimes called Mutual Health Organizations (MHOs).
- Insurance cooperatives provide many kinds of life and other insurance products for members.

Producer Cooperatives

Producers of products and services own the cooperative for the purpose of joint marketing, processing the products and services and/or joint purchase of inputs - such as raw materials. Each member is still an independent business or trader. One obvious form is agricultural or farmers' cooperatives, where farmers buy fertilizers or seeds through the cooperative, or process and sell products - such as milk or cheese.

Employee or worker cooperatives

The employees of the business own the cooperative.



The Balsa Co-op, Brazil, provides transport for cars and their passengers across a fast flowing river.

© David Rogers

Some facts about cooperatives

There are 750,000 primary cooperative societies worldwide.

There are 800,000,000 cooperative members; about 3 billion people are estimated to benefit directly or indirectly from cooperatives.

Cooperatives employ 100 million workers. The total number of workers employed by multinational companies worldwide is less than this – around 85 million.

More than 50 per cent of the global agricultural output is marketed through cooperatives.

The assets of financial cooperatives have reached 5.6 trillion US-\$ in 1998; this represented 18 per cent of assets of the world's largest 1,000 banks in that year.

Some Examples

- Three quarters of the cotton produced in Burkina Faso is being marketed through cooperatives.
- SALUDCOOP is Colombia's largest health insurer, and one of Colombia's largest private enterprises; this cooperative now provides health insurance to a quarter of the population.
- In Argentina, 10,000 jobs have been saved by the transformation of 160 bankrupt enterprises into worker-owned enterprises after the collapse of the national economy.
- Thirteen million Indian workers have found gainful employment thanks to labour contracting cooperatives.
- The Italian social cooperatives have created 60,000 decent jobs for marginalized and excluded people who were previously confined to closed institutions.
- 12 per cent of the US population, mostly people living in remote rural areas, are served by rural electric cooperatives (which, in many cases, also provide telephone and Internet access).
- The 1,995 fishery cooperatives in Japan catch 70 per cent of the country fish production, and provide employment to 350,000 people.

The cooperative sector is large and diverse. A cooperative is both an enterprise and, as a membership based and membership driven organization, part of 'civil society'. The prime purpose of all cooperatives is to meet the needs of their members, not to make a profit for shareholders. Much of the surplus earned by cooperative enterprises is used for social purposes. Traditionally, in cooperatives, members receive a dividend, which depends on the amount of their trade with the society, not the size of their shareholding.

Cooperatives exist in all sectors of the economy

- Agricultural
- Banking and finance
- Consumer
- Energy
- Fisheries
- Insurance
- Housing
- Tourism
- Industrial
- Health
- Mining
- Food processing
- Transport
- Handicrafts
- Savings and credit
- and many more

Cooperative values and principles

Cooperatives globally are united by a shared set of values:

- **Self help** – Collective effort can be more powerful than an individual acting alone. Together we can help each other to succeed to mutual benefit.
- **Self responsibility** – Recognizes that it is no use waiting for Government or other agencies to resolve issues – and the need to get on and tackle the issues. We do it to the best of our ability rather than expect others to do it for us.
- **Democracy** – Recognizes the right to participate, to be informed, consulted and involved in making decisions.
- **Equality** – If people are to participate fully in, they must have equal rights, responsibilities and opportunities.
- **Equity** – within a cooperative the financial contributions and rewards for active membership are distributed fairly.
- **Solidarity** – there is strength through joint action – working to create a successful, united cooperative movement.

Cooperatives also share key ethical values:

- **Honesty** – Honest dealings with customers and suppliers, reliable quality and fair prices build a reputation as a trustworthy organization.
- **Openness** – Striving to be truthful requires cooperatives to be open, to disclose information about their products, their service and the way they are organized.
- **Social responsibility** – Cooperatives have a responsibility to their communities.
- **Caring for others** – About how we relate to each other and to our communities.

In 1995, the International cooperative alliance, the global co-ordinating body for the cooperative movement, met and agreed a **Statement on the Cooperative Identity**.

This is a very important document, as it unites the 800 million members of cooperatives.

Statement on the Cooperative Identity

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Cooperative Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.



1st Principle: Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle: Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

6th Principle: Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Why are cooperatives special?

A cooperative is a democratic organization engaged in the market place, providing goods and services. It is based on people, not capital or government direction. Like a trade union, it is a member based organization.

Cooperatives today

As a source of credit, food, social protection, shelter and employment, cooperatives play an important role. The United Nations estimated (in 1994) that the livelihood of three billion people was made more secure by cooperatives. At least 800 million are members of cooperatives and 100 million are employed by them.

ILO Recommendation 193 states: "The promotion of cooperatives should be considered as one of the pillars of national and international economic and social development."

Cooperatives ...

Create jobs ...

More than 100 million, according to the UN. In Argentina, they have saved more than 15,000 jobs of workers whose employers went bankrupt.

Provide security ...

Cooperatives are effective mechanisms for providing micro-insurance to the poor against disease, theft, violence and natural disasters. La Equidad, an insurance cooperative in Colombia, serves more than 3.3 million people as members and customers.

Provide services to the poor ...

The Cooperativa de Servicios Públicos "Santa Cruz" (Saguapac) in Bolivia is a water cooperative with 100,000 members based in a remote city of a million people. This consumer cooperative offers low water charges that are within the reach of unskilled workers. In a study by Birmingham University economists, Saguapac was found to be one of the best run water companies in Latin America.



Women from an ILO Supported cooperative in Orissa, Eastern India market their produce.

© ILO

Common values – Freedom of Association

Both cooperatives and trade unions share a crucial characteristic: **free association**.

The crucial point about both trade unions and cooperatives is that their aims can only be realized through association – joining together with other people. This comes down to the biggest difference between cooperatives and trade unions and other kinds of organizations.

“Full individual development can take place only in association with others. As an individual, one is limited in what one can try to do, what one can achieve. Through joint action and mutual responsibility, one can achieve more, especially by increasing one’s collective influence in the market and before governments.”¹²

That is why the right to join together with other people – freedom of association – is recognized as a fundamental human right. Trade unionists face repression and even murder in many countries for exercising this right.

Every year, the ICFTU prepares a report on violation of trade union rights. And being a trade unionist is becoming **more** dangerous with a total of 145 people worldwide killed due to their trade union activities in 2004, 16 more than the previous year. The report also documents over 700 violent attacks on trade unionists, and nearly 500 death threats. (ICFTU, *Annual Survey of Trade Union Rights Violations*, 2005)

Cooperators do not face such risks. But many governments still interfere too much in the internal affairs of cooperatives and restrict their rights to organize.

The ILO has adopted two core international conventions on freedom of association and the right to collective bargaining – conventions 87 and 98. There is more information about these conventions in the section of the handbook about the ILO and international labour standards.

Association – the idea that we achieve more through working together with others – is the opposite of individualism – the idea that we can achieve everything on our own and others who are not successful can only blame themselves.

Association is a core value shared by cooperatives and trade unions.

Association happens through organization. That is why organization is central to the SYNDICOOP approach to the informal economy.

¹² Ian MacPherson, *Background Paper on the Statement on the Cooperative Identity*, on the ICA website, www.ica.coop

Learning Exercise

Trade unions and cooperatives

Aim To discuss and understand what trade unions and cooperatives have in common.

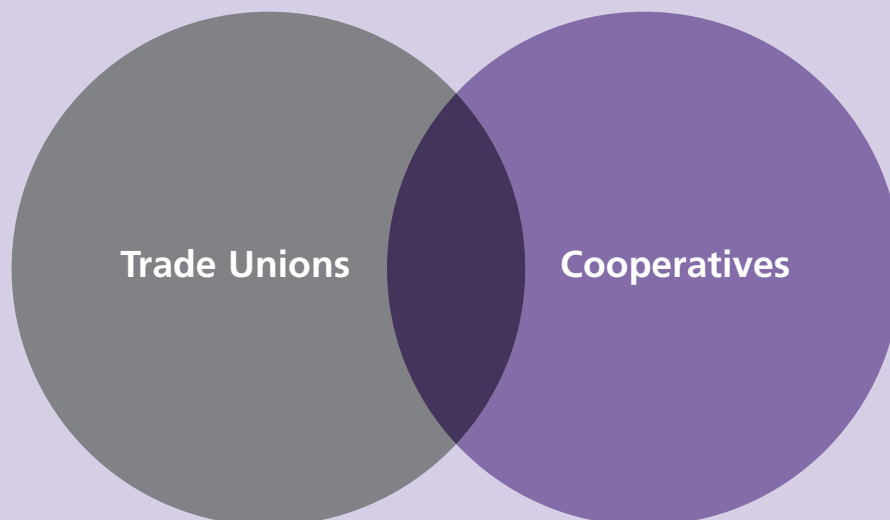
Task Work together in a small group, preferably this should be a mixture of participants with a background in cooperatives and trade unions. Based on what you know and the material in this handbook.

Make a list of key words and concepts about the characteristics – values, ideals, methods of work of trade unions.

Make another list about cooperatives.

Which words and concepts appear on both lists?

What do trade unions and cooperatives have in common?



Learning Exercise

Working together

Aim To discuss ways and means of working together.

Task In your group, think about these statements and agree a common response.

- “Trade unions and cooperatives do have some things in common, but the differences mean that working together is difficult.”
 - “I don’t see why we should put time and effort into helping people in cooperatives, when what we need is for people to join trade unions.” (Statement by trade unionist.)
 - “We don’t want to be associated with the trade union movement. It is rather controversial and political, and has too much conflict with the government.” (Statement by cooperator.)
-

Action Points for Module 3

- Is there any mechanism for co-ordinating trade union and cooperative movements in your country or region?
- Has ILO Recommendation 193 been accepted as the basis for cooperative law?
- Can trade unions organize without restrictions?



Women speak as much as men in village level meetings - Kuapa Kokoo cocoa farmers cooperative, Ghana.

© Stirling Smith

Module 4: Choosing an organisation

SYNDICOOP is all about organizing. Without an organization, workers in the informal economy have nobody to represent them, and so they have no voice.

We have considered so far some basic principles of organizing in general: but workers will need to set up a particular kind of organization which can meet their particular needs.

This is a different question from legal registration. Such registration may be necessary, but is a step taken *after* the group has decided what means of action and services the new organization will provide.

In this section of the handbook, we are going to describe different types of organizations that *could* be established to help workers in the informal economy.

Then you can decide which might be best for your target group and their problems.

First steps

It is often possible and practical to set up smaller organizations with easier registration procedures. In some countries, the restrictions on registering cooperatives or trade unions may mean that it is easier to register another kind of group. In particular, registering a trade union may attract repressive actions by government or employers, so using a different form may give a group more time to get established.

In all these cases, it is important to investigate the degree of control or supervision that the group may be subject to, and how easy it will be to convert the organization into a full cooperative or trade union at a later stage.

Self-Help Groups (SHGs)

These have been promoted especially in South Asia and have been linked to microfinance. It is estimated that there are 700,000 in India. They have a six month maturing process, during which they learn to handle small sums of money, complete with proper book-keeping. The majority of SHGs feature women entrepreneurs. These SHGs are being encouraged by state governments and banks.

Welfare societies

Legislation may provide for welfare societies that can carry out a range of functions.

Pre-cooperatives

In some countries, for example Tanzania, a special form of 'pre-cooperative' is recognized. This provides for group registration and support while members gain experience and draw up the constitution/bye-laws etc.



Members of the Amizero Woman's Association in Kigali, Rwanda, are making their living out of recycling household waste.

© Stirling Smith

Cooperatives

There are many types of cooperatives. The type set up for the group of workers you want to help get organized will depend on their particular circumstances.

Remember the definition of a cooperative:

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

So it must meet the needs of potential members. It is very important to ensure that workers themselves have expressed their needs and understand the benefit that a cooperative may bring them.

Cooperative structures

As the cooperative movement has spread all over the world, over the last 150 years, it has developed different structures. Sometimes, these have had to adapt to different national legislation governing cooperatives. Nevertheless, certain common features remain: democracy, one member, one vote.

We now look at the different types of cooperatives and the benefits they could offer to workers.

Savings and Credit Cooperatives

Savings and Credit Cooperatives, or SACCOs, are also known in some countries as Credit Unions. These have been very successful in the SYNDICOOP project.

The big problem for informal workers is usually capital. If you are running a micro-enterprise, like selling vegetables, or shining shoes, you may need a small amount of money to get going, or improve your business. In Uganda, for example, there is a shoe shiners' organization, believed to be the only one in the world: Kampala Shoe Shiners and Repairers Association. The government has decided that the shoe shining boxes were too shabby to be allowed on the main streets. There is a big clean-up going on in Uganda, as a big meeting of Commonwealth leaders will take place there in 2007. So the shoe shiners have to borrow 100,000 shillings each (about \$75) to buy an approved kit. One of the activities of the association is a SACCO. Without this cooperative, it is hard to think how a shoe shiner could raise that kind of money.

If you want to build a small stall to sell your vegetables, instead of doing it on the street, you will need maybe \$100 to pay for it.



Members of the Kampala Shoe Shiners' Cooperative, Uganda © Stirling Smith

But you don't have \$100. You have no savings. Where can you borrow \$100? Everybody you know is in the same position. You go to a bank. They want to know how they will get their \$100 back if you don't repay the loan. Do you have any assets to pledge as security? No you don't, that is why you need \$100.

In one study in the Philippines 87 per cent of informal sector workers identified credit as their main problem.



A market in Dar-es-Salaam. Loans from a SACCO help women to develop a viable business. © Stirling Smith



Woman vegetable seller in Dar-es-Salaam © Stirling Smith

Microfinance

Microfinance has become very popular as a way to solve the problem of providing small amounts of credit for own account workers. It is being promoted by many governments and agencies. SACCOs are one way to provide microfinance, but with an important difference – *they are owned and controlled by members*.

What is Microfinance?

Microfinance is the provision of financial services to the poor on a sustainable basis. Financial services that the working poor need and demand include different types of credit, savings, guarantees, insurance, transfer payments, remittance and other transactions.

Microfinance translates fundamental ILO values into action: it opens up opportunities for participation in the economy, it fosters solidarity and it empowers the working poor.

Financial services for the poor have proved to be a powerful instrument for poverty reduction that enables the poor to build assets, increase incomes, and reduce their vulnerability to economic stress. The experience of microfinance has shown that the poor repay their loans and are willing and able to pay interest rates that cover the costs of providing the loans.

However, with nearly one billion people still lacking access to basic financial services, especially the very poor, the challenge of providing financial services to them remains. Convenient, safe, and secure deposit services are a particularly crucial need.

From ILO Policy Statement on *Microfinance for decent work*, Governing Body, November 2005 (GB 294/ESP/3) and <http://www.cgap.org>

Each SACCO has a "common bond" which determines who can join. The common bond may be people living or working in the same area, people working for the same employer or people who belong to the same association, such as a church or trade union. SACCOs are for service rather than profits. The interest charged on loans pays for the running costs. They are a form of solidarity.

How do SACCOs work?

The members of a SACCO pool their savings together; these savings then provide a pool of funds from which loans can be made. A SACCO borrows money from its savers and may pay them a return on their money (dividend). The money borrowed from members is lent out to other members, who pay interest on the money loaned to them.

The SACCO must be successful in attracting a large enough number of savers to provide a sufficient liquidity level to meet members' demands for loans, savings withdrawals and to pay operating expenses. It should therefore aim to give its savers a good return on their savings. The dividend payment to savers as well as the SACCO's other operating costs should be budgeted for throughout the year.

SACCOs often also provide members with forms of insurance. One of these is life assurance based on their savings. Another benefit is loan protection insurance. In case a problem – such as illness – means the member cannot repay the loan, the loan protection insurance provides for repayment of the loan instead.

Who runs the SACCO?

The SACCO is mutually owned and democratically controlled. Remember OMOV!

The operation of the SACCO is managed and controlled by an elected Board of Directors. All officers of the SACCO are members of the SACCO. The board of directors are all volunteers.

Sponsorship

To start a new SACCO, training and sponsorship will be necessary, especially in its early stages. Sponsorship can provide the resources necessary to start a financially sustainable SACCO and sponsorship can also provide credibility.

This is where workers who are already well organized can help through their trade union. If workers in a unionized workplace have set up a SACCO, and it has surplus funds, these could be loaned, via a national organization, to help new SACCOs.

This is what has happened in, for example, Rwanda, one of the SYNDICOOP countries. CESTRAR (Centrale des Syndicats des Travailleurs du Rwanda), the national trade union confederation, set up a workers' SACCO movement. In Kenya, KUSCCO (Kenya Union of Savings and Credit Cooperatives Ltd) has also done this, revolving funds between successful SACCOs and new ones. KUSCCO has also started an insurance agency, helps members with housing and has launched a village bank to mobilize lower levels of savings.



Kigali, Rwanda: Assetamorwa is a cooperative of motor-cycle taxi drivers. It is also affiliated to CESTRAR, the trade union national centre. © Stirling Smith

Mobilizing savings

A real advantage of SACCOs is that they mobilize very small savings. Conventional banks often require a large minimum deposit of \$50 or \$100 - too much for many workers. In Kenya, KUSASA (short for KUSCCO SACCO Savings Account) accepts new deposits of just 200 shillings (about \$3). This enables very small self help groups to start saving – and individuals of course. At the moment, an individual or group with any cash is vulnerable to theft – often violent.

Creating jobs, providing services

In Uganda, small SACCOs are trying to provide jobs and at the same time provide vital rural services. In Todoro, there are very few houses with an electricity supply, so people use car batteries to power lights and fridges. But how to charge the batteries? A SACCO has given a loan to a young man, an orphan, to run a business re-charging batteries. This creates a job for him - and the alternative was probably going to the nearest big city and insecure work - and a service for the community. So the SACCO has helped to slow the movement from rural areas to slums in cities.

Learning Exercise

Choosing the SACCO option

Aim To think how a savings and credit cooperative could benefit your group of workers.

Task Remember to keep your flipchart showing your workers' profile on display in front of you.

Think about your group of workers. If they were organized in a SACCO ...

- How would it help the workers?
 - Who would be the members?
 - What would be the common bond?
 - Do they have a person in the group with the skills to manage the SACCO?
 - Where can start up capital and training come from?
-

Worker cooperatives

A worker cooperative is a business owned and controlled by the workers. They may be unemployed or threatened with redundancy and want to create jobs for themselves.



Wamumo Enterprises & Commercial Services worker cooperative, near Nairobi, Kenya.

© Stirling Smith

Wamumo Enterprises & Commercial Services is a workers' cooperative near Nairobi. The cooperative has ten members and provides garbage and cleaning services on an estate. Their secretary, Moses M Wanyama says:

“the purpose of the cooperative is creating more employment for people like us ... instead of being informal, we become formal ... as a human being, you have your own ambitions, our ambition is to make a good environment for Kenyan citizens, we are not going to be narrowly based in this estate, this is just a beginning. We are striving to make our daily bread.”

People wanting to set up a cooperative business will need:

- A product or service that people will want to buy.
- The members – the workers who will do the work.
- The resources to start up – finance, premises, equipment, etc.
- The commitment to make the cooperative succeed.

Different origins of worker cooperatives

No two worker cooperatives are the same, but amongst the great variety of organizations, the following can be distinguished:

New start

Most cooperatives are brand new enterprises which are set up to cater for a 'gap in the market'. The motivation comes from the members' commitment to cooperative principles, and their desire for mutual self-help.

Conversion

Some well-established traditional companies have been converted into cooperatives because the proprietors wish to pass over or sell ownership to the workforce. This is often a far better solution for the owner and workers than liquidation or sale to a competitor.

Rescue

Workers are frequently driven to attempt to defend their jobs by forming a cooperative to continue a business that has failed for some reason. To have a good chance of success a rescue cooperative must be able to identify the reason for failure and be sure that it has the solution.

In Argentina, many workers have had to take over enterprises abandoned by their employers.

A successful workers' cooperative was formed by miners in South Wales, who were told their mine was unprofitable and would have to close. Their trade union, the National Union of Mineworkers, organized a miners' cooperative. Members used their redundancy payments to take over the mine, Tower Colliery.

Workers' rights in cooperatives

Trade unions are concerned that bogus cooperatives might be set up, in order to try to avoid implementation of workers' rights. This danger is clearly discussed in ILO Recommendation 193.

Recommendation 193 and promoting workers' rights

8. (1) National policies should notably: (a) promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever; (b) ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises.

This has happened in Colombia, where workers trying to organize in order to improve their conditions have been denied on the grounds that they are in a cooperative. There has been a complaint to the ILO's Committee on Freedom of Association.

Apex cooperative bodies should be vigorous in ensuring that cooperatives do respect workers' rights. Bogus cooperatives should not be allowed to become members of apex level cooperative bodies.

Women lead workers' cooperatives

Women are playing a major role in the Argentine workers' initiative of taking over factories that have been abandoned by their owners, and in so doing, rescuing jobs and salaries that seemed to have been lost forever.

The National Movement of Factories Recovered by Workers, is a collective of roughly 80 companies formed in the late 1990s to group together bankrupted businesses that had been abandoned by their owners, but not by their employees.

As well as factories producing everything from textiles, ceramics, glass and rubber to food and refrigerators, the network also includes transportation companies, educational facilities and even hospitals.

The 'recovered' factories are organized as cooperatives, with statutes and licences to operate. Legal permission to take over their operation was obtained by presenting viability studies to the courts handling the corresponding bankruptcy proceedings, or by applying to provincial legislatures to request their expropriation.

The salaries drawn by the workers are called 'returns'. Everyone earns the same wages, which are divided up in accordance with the income taken in that month. Decisions are adopted by majority vote in regularly scheduled assemblies.

Cooperatives and Decent Work in Mercosur

A recent meeting of cooperatives in Mercosur countries (a group of countries in South America) issued a declaration on Cooperatives and Decent Work that noted their special role in reviving private enterprises that had failed.

In the last period, especially from 2000 to 2004, and as a consequence of the deepening of the economic crisis, numerous private capital enterprises closed and some even abandoned, especially in the industrial and service sectors. Work cooperatives recovered by their workers extended into these areas, and acted to salvage businesses, in many cases without legal certainty or appropriate public policies.

The Declaration reaffirms that:

Cooperatives are, then, essentially organizations which provide roots for their people and act as a means for the maintenance of the productive culture and sources of work that are respectful of the environment and the community. We reaffirm their role as businesses which bring together national capital and, therefore, their strong ties to the local territorial development.

The Specialized Meeting of Mercosur Cooperatives, August 23, 2005, Montevideo.

The first pan-Latin meeting of 'recovered companies' took place in Caracas in October 2005, with representatives from 263 companies in eight countries.

Balsa Coop (Brazil)

The Balsa Coop, a workers' cooperative in the Rio Grande Province of Brazil, uses Balsa wood rafts to ferry cars across a shallow river running through a sandy coastal plain. It is not economic to build a bridge locally and the drive to the nearest bridge adds forty miles to the journey. Rather than competing with each other, the villagers have formed a cooperative to maximize the economic benefit of running a fleet of rafts across the fast flowing river. They keep the price they charge about the same or a little below what it would cost the driver in fuel to drive the extra 40 miles but the driver saves in time. The boats are owned and maintained by the cooperative which reduces the capital investment and maintenance costs required to run the service.

Learning Exercise

Choosing the workers' cooperative option

Aim To think how a **workers' cooperative** could benefit your group of workers.

Task Remember to keep your flipchart showing your workers profile on display in front of you.

Think about your group of workers. If they were organized in a workers' cooperative ...

- How would it help the workers?
 - Who would be the members?
 - Would it also be open to non-members?
 - Where are they employed now?
 - What product or service do they plan to sell?
 - Who would be the customers? Where do these customers go now?
 - If they are taking over an existing business, why did it fail?
 - What skills do they have? Do they need more?
 - If there is capital needed, where can it come from?
-

Labour cooperatives

Labour cooperatives can be considered as a type of worker's cooperative, but without any assets other than the skills of the members. The labour cooperative does not own any assets such as premises or equipment. They have been organized to carry out, for example, building works, dock work, portering work at railway stations.

They may have particular potential in situations where contract labour is used. Contract labour has become a serious problem. Contract labour, employed by a contractor, who undertakes work for a local government authority or company, is very frequently exploited. The main or substantive employer may want the flexibility and savings that using a contractor may bring, but the result is often that the contractor's workers are denied basic rights and protection. Tax and other deductions may be made, and not passed on to the authorities. Or the worker does not receive the rate set for the work, as the contractor skims off money from the wage.

Trade unions have tried to get the International Labour Conference to adopt a standard on the issue, but so far without success.

The Trade Union Congress of Tanzania (TUCTA) has described the problem in one workplace:

In Kilombero Sugar Works the number of permanent workers was reduced from 4,600 to 600 only – the rest were distributed into several sub-contractors who are hostile to unionism.¹³

Health and Safety is often a problem. The Health and Safety Commission (HSC) of Britain, which is the apex safety body, has collected evidence that the accident rate for contract labour can be twice that of regular workers.¹⁴

It is usually difficult for contract workers to organize or join a trade union. The contractor will often respond by sacking the active workers. But if the same group of workers could form a cooperative and bid for the contract, they could ensure that at least the money paid by the original employer was properly accounted for and paid to the workers in full. They could stop cheating by contractors. Members could pay themselves a regular wage, as the value of the contract is usually known in advance.

In some countries, this idea, of giving a cooperative a contract for labour has received official sanction and support. It could work where local government has been given more powers to award contracts, and where pressure can be organized to bring to bear on the authorities.

If the regular workers at a company or government entity are themselves in a trade union, they can make this an issue for collective bargaining - that if contract labour is used, a labour cooperative should be given every encouragement to bid for a job.

As with workers' cooperatives, there is a danger that bogus labour cooperatives might be set up, in order to try to avoid implementation of workers' rights.

Apex cooperative bodies should be vigorous in ensuring that cooperatives do respect workers' rights. Bogus labour cooperatives should not be allowed to become members of apex level cooperative bodies or bid for contracts.

¹³ TUCTA, *Trade union membership profile in Tanzania*, June 2004

¹⁴ "Working together to manage health and safety in the Contracting and Supply Chain", a background paper produced by the Health and Safety Commission, UK, May 1999)

Learning Exercise

Choosing the labour cooperative option

Aim To think how a labour cooperative could benefit your group of workers.

Task Remember to keep your flipchart showing your workers profile on display in front of you.

Think about your group of workers. If they were organized in a labour cooperative ...

- How would it help the workers?
 - Who would be the members?
 - Would it also be open to non-members?
 - Where are they employed now?
 - Do they have the skills to manage the work?
 - Is there any political or trade union support for them to take over the contract? If not, how could it be organized?
-

Service cooperatives

A service cooperative exists to provide a service to its members.

Members of the cooperative pay for the services that they receive. It is not the function of a service cooperative, however, to make trading profits out of its members but to provide the best possible services at the lowest possible cost.

Examples of services cooperatives can provide are wide ranging, reflecting the different needs of the members which they serve. They include:

- Joint marketing; this can be very helpful to workers in the informal economy who are carrying on small scale manufacturing and trading.
- Collective purchasing of raw materials to ensure supply and benefit from discounts.
- Taking on the lease of premises for joint occupancy (eg craft centres).
- Running training schemes.
- Office and Communications Services.

Service cooperatives in East Africa

A good example of a service cooperative is the garage and spare parts of Assetamorwa, the motor cycle taxi drivers organization in Kigali, capital of Rwanda. With their distinctive yellow tunics, Assetamorwa members are everywhere in Kigali. With more than 1,500 members, the association trains drivers, and also runs a training school depot and negotiates with the traffic police. It is registered as a trade union and affiliated to CESTRAR.

Gikomba market, in Nairobi, Kenya, is one of the largest in East Africa. A traders' self help group (SHG) provides a vital service – toilets and showers. The charge is only 2 Kenyan Shillings (there are around 70 shillings in a dollar) to use the toilet or have a shower. This employs four people. More importantly, it allows women the freedom to use and trade in the market. Without a toilet, they cannot sit all day by their stall. Using the cash flow, the group have opened a café, which provides cheap food for market users and has created another 12 jobs.

Learning Exercise

Choosing the service cooperative option

Aim To think how a service cooperative could benefit your group of workers.

Task Remember to keep your flipchart showing your workers profile on display in front of you.

Think about your group of workers. If they were organized in a service cooperative ...

- How would it help the workers?
 - Who would be the members?
 - What services would it offer?
 - Would these also be open to non-members?
 - What sort of premises would they need? Are these available?
 - If there is capital needed, where can it come from?
-



The informal economy includes all trades and activities.

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Organizing in a trade union

Before choosing a trade union as the best organization for your group of workers, consider carefully if they are at risk of being sacked and how they can be protected.

Is there somebody they can negotiate with – maybe not an employer, but a government agency which has a lot of influence over how they work?

Could a trade union deliver a service, such as a social security scheme for workers in the informal economy?

Would you start a new trade union for the workers, or organize a branch of an existing trade union?

Examples of trade unions at work

Colombia

The Colombian union UBAC (National Agro-Food Union) represents various sectors in the food and agriculture chain, associations of small producers and organizations involved in environmental protection training and agro-ecological production. It was set up in 2000 with the help of the Global Union Federation IUF. Within two years it had established 756 organizations and had 74,000 members. Its role is not only to negotiate and defend collective agreements but to intervene nationally with the state in meeting the needs of the rural population.

It organizes study circles, involving the whole family, where they discuss ecological, sustainable agricultural production, the management and community control of reserved land (that is the protection of forests, water and woods) and training in environmental matters. It also organizes independent workers and their families cooperatively to produce and export plantains and bananas. UBAC is seeking support from the government and the international community to consolidate the organization and work of these networks.

Brazil

In Brazil, CONTAG (National Confederation of Agricultural Workers) has 2,700 trade unions and 10 million members who have campaigned for 40 years for land reform, funding policies, marketing, employment rights including gender and youth policies, different agricultural policies for family farmers and social benefits (including pensions) for rural workers. To ensure trade unions are involved in the process they have found it necessary to involve the community in a decentralized decision-making process. CONTAG has 400 elected Prefects (councillors) and 10,014 members of rural councils.

Trade union strategies

ACTRAV, the Bureau for Worker's Activities of the ILO, has been examining the issue of the informal economy for several years. At an International Symposium on Trade Unions and the Informal Sector in 1999, some ideas were proposed for trade unions to consider:

- Review and where necessary revise internal regulations and statutes to remove any limitations on their ability to admit informal sector workers as members.

- Establish and/or strengthen special structures within their existing centres with responsibility for mobilizing and organizing informal sector workers.
- Promote gender equality in the workplace and in union structures. This should include establishing or expanding specialist units devoted to gender issues within trade union centres and mainstreaming these activities.
- Ensure greater gender equality in trade union leadership positions.
- Ensure that structures are representative of young people and take youth issues seriously and that young people are part of union decision-making and are trained in leadership.
- Introduce measures that will assist women who wish to attend trade union meetings and activities.
- Implement special projects to promote trade unions and their objectives with young people.
- Ensure that women are involved to recruit and organize women in the informal sector, and that young people are similarly involved.
- Consider developing a 'community-based' approach to organizing in conjunction with other proven 'shop-floor' organizing methods. This dual organizing strategy might be more effective in reaching workers in informal activities, particularly when access to the workplace is denied or the workplace is unknown, as is often the case with home workers or domestic workers.
- More fully utilize the potential for building 'bridges' between the trade union movement and informal sector workers. For example, links with previous union members who have been forced out of the formal sector and connections between union members who are employed in the formal sector but have relatives working in the informal sector should be used to publicize union policies and activities. The union 'experience' of members and activists who have been pushed into the informal sector should be capitalized upon.
- Make access to information about the location of workers and details about the 'contracting-out' process a top priority. Trade unions should establish mechanisms to systematically collect information that tracks the contracting-out process and the flow of work down the production chain from the point of sale of the final product or service down to the most basic unit of production. This information can be used by unions trying to identify potential members and also for media campaigns about the exploitation of contract workers and home workers.
- Promote the 'organizing model' of trade union organization in order to empower workers to find solutions to their problems. This approach devotes particular attention to empowering rank-and-file activists to do the work of organizing their co-workers and it emphasizes a distinct methodology for achieving trade union objectives.

Organizing rural workers in Bangladesh

Millions of landless rural workers in Bangladesh have to depend on occasional work from landlords and small scale trading.

Bangladesh Agricultural Farm Labour Federation (BAFLF) is a national federation of 155 unions, representing 31,500 permanent workers and 45,000 seasonal workers. The unions organize workers on state owned farms that typically provide quality seeds. Their daily pay is not large – not much more than a few dollars a day, but their position is much better since they became organized. They are islands of organization in a sea of informality and exploitation.

Workers in these farms saw the poor conditions endured by the workers outside the farms – workers in the informal rural economy.

In 2000, BAFLF established the Bangladesh Shromojibi Kendra (BSK – Bangladesh Working Peoples' Centre) to organize rural workers in the informal economy. The BSK now has more than 80,000 members, the majority of these are women. It has committees at village level, which are mainly led by women. To ensure women members have a voice, it has also established a women's arm of the organization.

The organization links local issues and the struggle against problems like dowry with larger questions such as land reform and access to government services.



Women members of Bangladesh Shromojibi Kendra discussing dowry at a workshop in Gaibanda, northern Bangladesh, June 2005

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Learning Exercise

Choosing the trade union option

Aim To think how a trade union could benefit your group of workers.

Task Remember to keep your flipchart showing your workers profile on display in front of you.

Think about your group of workers. If they were organized in a trade union ...

- Who would they negotiate with? (Who is their employer, or if they do not have an employer, who do they need to talk to?)
- What sort of demands would they make?
- Is there an existing trade union they could join, or would they have to start a new one?
- If they had to start a new union, what are the registration procedures? Is it easy or difficult to register a new union?
- Where can they get the training and support they need? Can the national centre or an existing union provide this?



The informal economy includes all trades and activities.

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Action Points for Module 4

- Have you selected the best form of organization for the group of workers you are trying to help?
- What are the legal procedures for registering it (if it is new)?
- If you are trying to get workers to join an organization that is already set up (for example a trade union) is it ready to accept them and organize them into a new branch, or absorb them into an existing branch?



The informal economy includes all trades and activities.

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Module 5: National action for informal economy workers

In this handbook, we have focused so far on organizing small groups of workers in the informal economy. We have been discussing action at the 'grass roots'.

Activity at the national level will also be necessary, to link up all the local level efforts.

This section of the handbook covers:

- Co-ordinating trade union and cooperative efforts at national level.
- Assuring gender equality in efforts to organize workers in the informal economy.
- Making trade union and cooperative structures open to workers in the informal economy.

Co-ordinating trade union and cooperative efforts at national level

The experience of SYNDICOOP can help trade unions and cooperatives in their efforts to organize the informal economy workers. In every country where SYNDICOOP operated, a steering committee was established with representation from:

- National trade union organizations.
- Apex cooperative organizations.
- Ministry of Labour.
- Ministry for Cooperatives.
- Ministry with responsibility for poverty alleviation.

It will enormously help to develop a SYNDICOOP approach, and organize workers, if trade unions and cooperatives follow a similar approach, and establish a national co-ordinating structure. The tasks for such a committee could include:

- Selecting a lead organization that will chair meetings and provide a focal point.
- Fostering good relationships between and amongst trade unions, cooperative organizations and informal economy stakeholders.
- Developing and maintaining links with government agencies likely to influence policies on informal economy, poverty reduction, cooperative development, labour legislation, etc; this becomes particularly important when we look at the next section of this handbook on national policy - the voice of informal economy workers needs to be as united and as loud as possible.
- Mobilizing resources.

Formal agreements

ILO Recommendation 193 has a section dealing with trade union-cooperative collaboration. It may be useful to have a formal agreement that covers the following points:

- Trade unions will encourage their members to join cooperatives, for example a credit Union/SACCO or a consumer cooperative at work.
- Cooperatives will positively encourage their employees to join trade unions; they will respect ILO core conventions; and they will recognize trade unions and carry out collective bargaining with them.
- Cooperatives will not be used to avoid respecting workers' rights and labour laws.

ILO Recommendation 193 on trade unions

16. Workers' organizations should be encouraged to: (a) advise and assist workers in cooperatives to join workers' organizations; (b) assist their members to establish cooperatives, including with the aim of facilitating access to basic goods and services; (c) participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives; (d) assist and participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises; (e) assist and participate in programmes for cooperatives aimed at improving their productivity; (f) promote equality of opportunity in cooperatives; (g) promote the exercise of the rights of worker-members of cooperatives; and (h) undertake any other activities for the promotion of cooperatives, including education and training.

Assuring gender equality

Many trade unions and cooperatives are committed to gender equality in their activities. As the majority of workers in the informal economy are women, it is important to make sure that efforts to organize workers considers this fact. Different strategies may be necessary to organize women and men.

One step is for organizations collaborating through a national structure, to appoint a gender focal point. In the SYNDICOOOP projects in east Africa, this helped to ensure a successful outcome in supporting women workers. A gender focal point can:

- Liaise with gender equality specialists within participating trade unions and cooperatives and within other agencies at the country level.
- Ensure gender items are included in the meetings of the stakeholders.
- Ensure gender specific objectives, indicators, targets and activities are included in the plans.
- Take the lead to facilitate consultation with departments involved with PRSPs to lobby for inclusion of gender perspectives in the PRSPs.
- Organize capacity building (training) activities on gender equality concepts and gender mainstreaming for participating organizations.

Opening our structures

Trade unions and cooperatives often have very formal rules, dating back a long time. These rules can mean that the structures in our movements are not well adapted to welcoming new workers from the informal economy. This was one of the recommendations of an ACTRAV meeting for trade union leaders on organizing in the informal economy in 1999:

Review and where necessary revise internal regulations and statutes to remove any limitations on their ability to admit informal sector workers as members.

Learning Exercise

Are we informal economy friendly?

Aim To help you reflect on the rules of your own organization.

Task Examine the constitution/rules of your trade union or cooperative society, or your apex level organization.

How easy is it for a worker in the informal economy to join? What obstacles exist?

Can we change these rules easily?

Human Rights for workers in the informal economy

An important area for collaboration between trade unions and cooperatives is the issue of human rights. Workers in the informal economy are often treated as second class citizens without human rights. Harassment by authorities is one aspect of the problem, but more generally, government policy should accept that workers in the informal economy have the same rights as all other workers.

But what are human rights?

Human rights are those rights which every person possesses and should be able to enjoy, simply because they are a human being. They are the birthright of all people. They are universal - all humans possess all these rights, regardless of race, colour, creed, sex, age, class, language, national origin, political belief. All human beings should enjoy all human rights.

Workers' Rights are Human Rights

The French Revolution in the 1790s produced a Declaration of the Rights of Man, the US Declaration of Independence, also declared certain rights. But in the modern sense of the word it is a twentieth century idea. The Charter of the United Nations was one step.

The most important step forward was the Universal Declaration of Human Rights (UDHR) adopted in 1947 by the UN General Assembly. It is still an inspiring document, and it proclaimed rights which workers, as human beings, are entitled to enjoy.

Just look at some of these rights - with the number of the relevant article from the declaration:

- Everyone has the right not to be discriminated against. (Article 2)
- Everyone who works has the right to just and favourable remuneration. (Article 23)
- Everyone has the right to a fair trial or public hearing. (Article 10)
- Everyone has the right to form and to join trade unions for the protection of his interests. (Article 23)
- Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay. (Article 24)
- Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family. (Article 25)
- Everyone, as a member of society, has the right to social security. (Article 22)
- Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. (Article 23)

Since the Universal Declaration of Human Rights was first adopted by the United Nations, nearly 60 treaties and charters have developed human rights. Not all of these have been developed by the United Nations. The ILO's conventions are part of this system of human rights.

Human rights cannot be given or taken away by laws, treaties or governments. They belong to all of us.

Learning Exercise

Human rights for the workers of the informal economy

Aim To help you understand the link between human rights and informal economy workers.

Task Identify the main human rights from the list above which are of most importance to those workers in the informal economy you are concentrating on helping.

Check your country's constitution to see where it mentions those rights.

Finally, consider the legal mechanisms for enforcement of those rights and decide if it might be useful to use those procedures for your group of workers in the informal economy.

Action Points for Module 5

- Convene a meeting of trade unions and cooperatives?
- Who should take responsibility?
- Joint agreement between trade unions and cooperatives?
- Gender – a focal point?
- Examining our rules books – how can we improve them?

Module 6: A policy framework for informal economy workers

Organizing has been the main emphasis of this handbook so far. Workers in the informal economy have to help themselves, and that means organizing.

But the policy decisions made, or not made, by governments, local authorities, and other bodies, can have a huge impact on the livelihoods of workers. In the past, many of these decisions have been wrong.

Informality is principally a governance issue. The growth of the informal economy can often be traced to inappropriate, ineffective, misguided or badly implemented macroeconomic and social policies, often developed without tripartite consultation; the lack of conducive legal and institutional frameworks; and the lack of good governance for proper and effective implementation of policies and laws.

Macroeconomic policies, including structural adjustment, economic restructuring and privatization policies, where not sufficiently employment-focused, have reduced jobs or not created adequate new jobs in the formal economy. A lack of high and sustainable economic growth inhibits the capacity of governments to facilitate the transition from the informal to the formal economy, through the creation of more jobs in the mainstream economy. Many countries do not have explicit employment creation and business development policies; they treat job quantity and quality as a residual rather than as a necessary factor of economic development.

Conclusions concerning decent work and the informal economy, Geneva 2002

We cannot deal in detail with all the policy issues that effect workers in the informal economy. In this module, we are just signposting a few questions:

- What can be done to remove burdens on workers in the informal economy and their organizations?
- Why should the informal economy be formalized?
- Why do not governments put the interests of workers in the informal economy at the heart of poverty alleviation policy frameworks?
- What are some of the key policy initiatives of the ILO, ICFTU and ICA?

Burdens on workers in the informal economy

Many institutions and donors, such as the World Bank or International Monetary Fund, make much of the obstacles and burdens that prevent businesses from investing in a country. However, there has not been enough attention on the:

- Burdens on the informal economy.

- Burdens on cooperatives.
- Burdens on trade unions.

Burdens on workers in the informal economy are burdens on the poor.

Governments should examine the ways in which they make it more difficult for workers to operate. This does **not** mean removing important protection, such as health and safety legislation. It **does** mean governments carefully examining the difficulties experienced by informal economy workers – and their organizations – and removing them wherever possible.

This could mean benefits for governments in the long term – more taxes and job creation.

Burdens on the informal economy

Harassment by police and municipal authorities. Those workers who get their living by selling on the streets and other open places face many problems.

In Mauritania, “we are constantly being forced to move on by the local authorities because we don’t have any fixed premises. Thanks to the CGTM’s help we have been able to find a stable workplace. It not quite so hard. We have formed a group of 87 women” – the Chair of the Nouakachott dyers’ committee Bneine, Mauritania (the CGTM is the national trade union organization).

Tidying up the streets

We referred earlier to the Kampala Shoe Shiners and Repairers Association. The government has said that their shoe shining boxes were too shabby to be allowed on the main streets. There is a big clean-up going on, as the Commonwealth Heads of Government Meeting in 2007 will be in Uganda. The government wants them to use new, bigger, brightly painted boxes.

The ICFTU has strongly criticized the Uganda government, for being “at the service of employers” and being more interested in attracting foreign investors at the expense of respecting the rights of poor people.¹⁵

Criminal elements

Rather than harass workers, the police should be protecting them from criminals. In Bangladesh, weekly *hats*, or markets are a place where workers from the informal economy meet to trade. Local criminal gangs, called *maastans*, operate in these markets and extort money from workers.

Vendors in the New Market area of Dhaka pay 200 taka a month to a gang that shares the collection with the law-enforcement agency (One US\$ = 66 taka). Each vendor has to pay this to run their business. In other areas vendors pay the police five taka a day to avoid harassment.¹⁶

¹⁵ ICFTU Briefing, *A Government at the service of employers*, 2005, available on <http://www.icftu.org>

¹⁶ Sharit Bhowmik, *Street Vendors in Asia: A Review*, Economic & Political Weekly, Mumbai 28 May to 4 June, 2005

Taxes

Uganda – the poor pay more

A study in Uganda found that rural taxes fell very heavily on workers in the informal economy. Business licences and market dues were a much larger burden for “small enterprises” than for large ones. Large quantities or sizes of all products attracted a lower tax rate than smaller quantities. The effective tax rate on a chicken was ten times the rate on a head of cattle. Poor people with small quantities to sell pay relatively much higher dues.¹⁷

Mali – cooperatives organize to stop bribes

When Malian livestock producers attempted to export cattle from Mali to nearby markets in neighbouring countries they were forced to pay high illegal ‘taxes’ (bribes) to officials and middlemen at the border and along the shipping routes. With the assistance of the US National Cooperative Business Association (NCBA) several livestock cooperatives representing 7,000 livestock farmers joined together in a cross-border marketing cooperative – Société de Gestion du Marché Frontalier (SOGEMAF). The cooperative successfully petitioned the government to address the problems and provide security for the export transactions. As a result, the cooperatives have expanded exports considerably. In 2001, exports by the cooperatives amounted to 71 per cent of the country’s livestock exports.¹⁸

Burdens on cooperatives

The legal framework for cooperatives in many countries is still too restrictive. Too much power is placed in the hands of government officials who register and control cooperatives. For example in Ghana, the Registrar of Cooperatives can take over a cooperative, control its bank account, and dismiss directors.

Burdens on trade unions

In Uganda, in order to register a trade union, the workforce represented must have at least 1,000 employees and more than 51 per cent of the workers must be members. This means it is impossible for informal sector workers to form a trade union.

In Bangladesh and Pakistan a trade union must be workplace-based, and members must be ‘workmen’. The effect is that workers in the informal economy cannot register unions under the legislation.

Governments need to examine the burdens they place on trade unions and cooperatives if they are serious in helping the poor.

¹⁷ G Bahigwa et al, *Rural taxes in Uganda*, Economic Policy Research Centre, Uganda, January 2004

¹⁸ USAID, *PVC-ASHA Cooperative Development Program* <http://www.usaid.gov>

Learning Exercise

Burdens on the informal economy

Task Make a list of the 'burdens' on some of the groups of workers that you are trying to organize. Try to include in your list:

- Taxes – official and 'unofficial'.
- Harassment.
- Policies by the municipal authorities and other parts of local government that make it more difficult for workers to make a living.

For each of these, identify the agency or authority responsible and plan how you might go about campaigning for improvements.

Why the informal economy should be formalized

According to the World Bank, more than 30 per cent of developing world economic activity is informal, and more than 70 per cent of workers in the developing world are informal.

Many economists now accept that informality carries high social and economic costs, and traps workers and firms in low productivity operations with little access to finance.

One writer says:

The overall social and economic costs of informality are very large and underestimated. Informality traps most workers and firms in low productivity operations, while it distorts the playing field in favor of well connected companies.¹⁹

Lack of tax payments revenue from employers in the informal economy is a problem because unequal tax payments take away the productivity advantage of the large formal firms. This means there is less funding available for social services, health, and social security.

Most of the solutions suggested by these economists involves the abolition or drastic reduction of regulations. Trade unions might disagree on some parts of this 'solution', but the point is that there is a debate about the need to formalize the informal economy. In this regard, when an enterprise or sector become more 'formal' the possibilities of organizing workers may increase.

Poverty Alleviation and the informal economy

Nearly all governments are committed – at least on paper – to reducing poverty. This commitment has been made at United Nations Millennium General Assembly in 2000. The Millennium Development Goals are now accepted as the most important measures for development.

Most workers in the informal economy are amongst the 2.7 billion people in the world who have to live on less than two US dollars a day. Thus, any serious government plan to reduce poverty **must** include the informal economy.

¹⁹ Vincent Palmade, *Why Worry About Rising Informality?* Foreign Investment Advisory Service (FIAS) Washington, DC May 2005

The Millennium Development Goals

The Millennium Development Goals (MDGs) provide a set of internationally agreed objectives for development. The individual goals are derived from a series of United Nations conferences held during the 1990s. These were brought together as the MDGs in the Millennium Declaration, signed by 189 nations in September 2000. The MDGs are:

- 1: Eradicate extreme poverty and hunger
- 2: Achieve universal primary education
- 3: Promote gender equality and empower women
- 4: Reduce child mortality
- 5: Improve maternal health
- 6: Combat HIV/AIDS, malaria and other diseases
- 7: Ensure environmental sustainability
- 8: Develop a global partnership for development

Detailed targets and indicators exist for each of the eight goals.

Poverty alleviation strategies

For many developing countries, the framework for setting anti poverty policies or poverty alleviation policies is called the Poverty Reduction Strategy (PRS) process. While many other countries are not in this process, they still have some kind of anti-poverty policy framework.

SYNDICOOP national steering committees have therefore tried to include a representative of the nodal ministry with responsibility for the Poverty Reduction Strategy or for poverty alleviation.

What are Poverty Reduction Strategies?

In September 1999 the World Bank and the International Monetary Fund (IMF) announced a new framework to govern their lending and debt relief activities. They jointly declared that Poverty Reduction Strategy Papers (PRSPs) would become the basis for all of their lending programmes to the approximately 80 poorest countries in the world. PRSPs are to be drawn up by country governments, and with guidance from the Bank and the Fund.

There is supposed to be a close link between PRSPs and the Millennium Development Goals, the global commitment to reduce world poverty by 2015.

A voice for workers in the informal economy

A key aspect of the PRSP is that it requires that 'civil society' be allowed to participate in the design of national development strategies. This means that cooperatives and workers' organizations should be able to help shape the PRSPs.

For nearly all people, work will be the route out of poverty. The organizations that represent people at work – whether it is formal or informal work – are trade unions and cooperatives.

The ILO is working to ensure that rights at work, employment, social protection and social dialogue feature as part of PRS processes – that Decent Work is recognized as central to poverty reduction and the MDGs.

Trade unions are left out of the anti poverty debate

The ICFTU has carried out research that shows that trade union involvement in the Poverty Reduction Strategy process has been very limited. In a study of 23 countries, not a single union was involved in implementing, monitoring or evaluating the PRSP programme or in the final drafting of the PRSP. Governments have frequently failed to invite trade unions to meeting to discuss the PRS process; even when directly requested to do so failed to include trade unions.²⁰

The picture is similar for cooperatives. While cooperatives have been mentioned in the texts of many PRSPs, reports of concrete input by cooperative organizations are very rare.

A trade unionist from Bangladesh speaks

“In Bangladesh representative from the poor people, especially trade unions, were never invited to pre-budget discussion or in preparing PRSP. The IMF and World Bank Dhaka office did not discuss with the trade unions. PRSP must include the suggestions of organizations of poor people and who are the worst victim of new liberalization and privatization.

In pre-budget discussion, many groups were invited but not trade unions whereas because of rise in prices of essential commodities the workers who have fixed income are the worst sufferers.

With whom does the government consult? With ex-finance ministers, civil servants, planners, and economists who could not do any economic development of the country. What appropriate suggestions they can give? They have no practical idea and experience. They live on theory.”

Md Mojibur Rahman Bhuiyan

General Secretary, Bangladesh Mukto Sramik Federation (BMSF)

Some important policy initiatives

The Global Employment Agenda

Employment has been neglected as a core element of economic policies and as a vital contribution to poverty alleviation.

For the ILO, and SYNDICOOP partners the ICFTU and ICA, creating good quality jobs is an essential part of fighting poverty.

In March 2002, the ILO introduced the Global Employment Agenda (GEA), as a conceptual framework towards making employment central to all economic and social policies, in line with the Employment Policy Convention, 1964 (No 122). The core elements of the Global Employment Agenda are:

1. Trade and investment for productive employment and market access for developing countries.
2. Technological change for higher productivity, job creation and improved standards of living.

²⁰ *Trade Unions and PRSP Process*, ICFTU, October 2003

3. Sustainable development for sustainable livelihoods.
4. Macroeconomic policy for growth and employment.
5. Decent employment through entrepreneurship.
6. Employability by improving knowledge and skills.
7. Active labour market policies for employment, security in change, equity and poverty reduction.
8. Social protection as a productive factor.
9. Occupational safety and health.
10. Productive employment for poverty reduction and development.

The Global Employment Agenda also recognizes that the participation of social partners in developing employment policy through social dialogue is an 'overarching value'.²¹

Cooperating out of poverty

The Cooperative Branch of the ILO and the International Cooperative Alliance (ICA) have launched a joint campaign Cooperating out of poverty: COOP.



Objectives of the Cooperating out of poverty campaign

Overall the Campaign will highlight the role and contribution of cooperatives in poverty reduction by creating awareness as well as drawing attention to successful initiatives on the ground.

It aims specifically to:

- Create a conducive environment for cooperative development by informing and sensitizing policy makers in governments and international institutions.
- Deal with the needs of the poor through an approach that focuses on their opportunities, and by stimulating equitable growth and empowerment through self-help and mutual assistance based upon cooperative principles.
- Promote the cooperative form of enterprise to communities where self-help initiatives can be effective means for rebuilding their communities after natural disasters, conflict situations of all types.
- Support peace and conflict resolution through cooperative enterprise.
- Enlist the support of other organizations with a view to strengthening existing and forging new partnerships for joint action.

²¹ *Global Employment Agenda*, 2003, page 6

Changing trade rules to help workers

It is sometimes thought that workers in the informal economy are far removed from global trade, that they produce goods and services for a local market. In fact, they are just as likely as workers in the formal economy to be effected by globalization. And of course, it is globalization that sometimes pushes workers into in formalization, as their jobs move to another country.

World trade negotiations

Current trade rules are unbalanced and favour wealthier more industrialized countries. Developing countries have great difficulty in exporting their agricultural produce to the developed world, while agricultural subsidies means that some products are dumped in their own markets, wiping out farmers – who would end up working in the urban informal economy. There are pressures – from some large multinational corporations – to force the privatization of public services – leading to the dismissal of regular workers, and more reliance on contract and casual labour. Countries are allowed to compete unfairly by choosing to deny workers basic rights – which encourages the informal economy.

In this context, the results of the 6th World Trade Organization Ministerial Conference held in Hong Kong in December 2005 were very disappointing.

The position of the global trade union movement on the WTO trade negotiations can be found at <http://www.icftu.org/displaydocument.asp?Index=991221675&Language=EN>.

A job for rural households

One interesting anti poverty initiative has just been agreed in India, where the United Progressive Alliance (the ruling coalition) has passed the *National Rural Employment Guarantee Scheme Act 2004*. Such a scheme has been a long standing demand of trade unions. One member in every rural household will be guaranteed 100 days work. They will be set to work on public infrastructure – especially irrigation projects, roads and small bridges for example. Workers must be paid at the rate of the minimum wage for the state, but in no case should the wage be less than 60 rupees (one US\$ = 44 Indian rupees).

To begin with the 200 poorest districts in the country will be covered under the scheme and it will be extended to all the 600 districts in the country within five years. The Scheme also provides for unemployment allowances if the job, under the scheme, is not provided to the rural households.

Such a scheme has been in operation in the state of Maharashtra since 1979 and has been successful there.

Learning Exercise

Anti poverty policies and the informal economy

Aim To review what your national poverty alleviation strategy says about the informal economy.

Task Try to get hold of your national poverty alleviation strategy (this may be a PRSP or similar document). See what it says about informal economy and protecting workers in the informal economy.

- How far does this reflect the views of trade unions and cooperatives?
- Did the preparation process include inputs from ministries of labour, cooperative and workers' organizations?
- Working in a group if you can, draw up some points for inclusion in the strategy document that would reflect the concerns of workers in the informal economy.

Note: It might be helpful to divide up different parts of the strategy document between different people, as they can be quite lengthy documents.

The policy framework – your ideas

Policy packages for the informal economy usually include some of these ideas:

- Easier access to credit.
- Training in skills and management and accounting for small entrepreneurs and workers.
- A welfare package to meet the basic needs (ie nutrition, health, housing, etc) of the poorest segments of the informal sector. These are individuals.
- Legal and institutional measures – simpler taxation for example.
- Compliance with labour legislation by small and medium enterprises through incentives.

Learning Exercise

Your policy ideas

Aim To help you think about the policy framework for the informal economy.

Task Think about the overall policy package for the informal economy that has been developed in your country.

- What do you think about these?
 - Which would be appropriate, and what are the problems with them?
 - Which policy measures would you add?
-

Action Points for Module 6

- What are the burdens on workers in the informal economy? Draw up a manifesto on removing them. Remember that the majority of workers in the informal economy are women.
- What about the burdens on trade unions and cooperatives. What laws need changing?
- What human rights provisions can you use to argue for workers in the informal economy?
- Getting workers in the informal economy a voice in anti-poverty strategies - how are you going to do it?
- What coordinating structure for advocacy and networking could be set up between trade unions and cooperatives?
- What specific policies do you suggest?

Module 7: The SYNDICOOP approach – a tool for organizing

This module provides some more information about SYNDICOOP and its partner organizations.

Who is involved in SYNDICOOP?

The ILO

The International Labour Organization (ILO) is a specialized agency of the United Nations (UN) which deals with the world of work. It was founded in 1919 and became the first UN specialized agency in 1946.

Each part of the UN system is responsible for a particular area – its 'mandate', in UN terminology. The ILO's mandate is social justice and the protection of labour, especially the world of work and employment. So industrial relations, child labour, vocational training, policy on employment creation, health and safety at work and, of course, cooperatives are some of the issues with which the ILO deals.

Like all UN agencies, the ILO is financed by member states. Countries have to join the ILO separately. Not all countries which are members of the United Nations are members of the ILO. Currently, the ILO has 175 member states. Some governments also give the ILO extra money for projects. SYNDICOOP has been one such project, funded by the governments of the Netherlands and Flanders.

The ILO is actually older than the United Nations. It was set up by the Treaty of Versailles, which marked the end of the First World War, at the same time as the League of Nations, which was a weaker, earlier version of the UN.

The politicians who assembled in 1919 to draw up the new post war dispensation met in the shadow of a huge wave of strikes, revolutions and uprisings all over the world. The Russian Revolution was only two years old. Workers were demanding that one outcome of the suffering caused by the war should be social justice. So the ILO's constitution states:

universal and lasting peace can only be established if it is based upon social justice.

Tripartism

What makes the ILO unique among international organizations is its tripartite nature. All the other international organizations – the UN itself, the World Bank, World Trade Organization etc, are run exclusively by governments. But in the ILO, governments, trade unions and employers are all represented at the International Labour Conference and on the ILO Governing Body.

The concepts of tripartism and social dialogue are at the very heart of the ILO. The ILO is based on the belief that trade unions, employers and governments should work together and try to seek consensus on issues which affect them, and adopt universal standards. These can then be used – in the enterprise, at industry level and at national level.

Structure of the ILO

The International Labour Organization is composed of three bodies.

International Labour Conference

The International Labour Conference (ILC) is a forum for debate and discussion on social and labour issues. It usually takes place in June, in Geneva and is the highest body of the ILO. It adopts standards – conventions and recommendations.

Each member state sends four delegates to the International Labour Conference (ILC), Two of them represent the government; one the employers and one the trade unions. These form three groups: government, employers and workers. These groups are autonomous.

Governing Body

The ILO's budget and work programme are set by the Governing Body of the ILO, which is elected for a period of three years. It is composed in the same tripartite way as the ILC. There are 56 full members, 28 are from governments, and 14 each are elected by the delegations of workers and employers. Ten government seats are permanently filled by "states of chief industrial importance" (Brazil, China, France Germany, India, Italy, Japan, Russia, United Kingdom, United States). The others are elected by government delegations. The workers and employers members form their own groups, that are quite independent of the government group, and elect their own officers.

The Governing Body elects the Director General of the ILO.

International Labour Office

The office carries out the activities of the organization and has headquarters in Geneva with field offices throughout the world.

Activities of the ILO

The main activities of the ILO are:

- Standard setting – the adoption of international conventions and recommendations – like Conventions 87 and 98 on Freedom of Association and the Right to Collective Bargaining, and Recommendation 193 on Cooperatives.
- Research, publications and meetings – for example research on the informal economy and any issue related to the world of work.

- Training and technical cooperation – projects like SYNDICOOP; some of this happens in countries, and some in the ILO's Turin Center.

Two sections of the ILO are involved in SYNDICOOP – ACTRAV, the Bureau for Workers' Activities and COOP, the Cooperatives Branch.

International Cooperative Alliance

The International Cooperative Alliance (ICA), established in 1895, represents over 221 member organizations from 88 countries and an estimated total of 800 million members. As the ICA points out, this makes it the largest NGO in the world.

It was the ICA that developed the Statement of Cooperative identity referred to elsewhere. The ICA has several areas of work:

- Promoting the case for cooperatives as a major force in the global efforts to achieve the Millennium Development Goals (see the Policy module of this handbook for more information on the MDGs).
- Promoting and defending the Cooperative Identity, ensuring that cooperative enterprise is a recognized form of enterprise that is able to compete in the marketplace.
- Raising awareness about cooperatives. It helps individuals, government authorities and regional and international institutions understand the cooperative model of enterprise. ICA is the voice of the cooperative movement.
- Ensuring the right policy environment exists to enable cooperatives to grow and prosper. It helps its members in their lobbying for new legislation and more appropriate administrative procedures that respect the cooperative model, its principles and values. It provides political support as well as technical expertise to enable cooperatives to compete on a level playing field.
- Providing member organizations with key information, best practice and contacts. Through publications, meetings and workshops. ICA facilitates contacts between cooperatives for trading purposes and intelligence sharing in a wide range of areas.
- Technical assistance to cooperatives through its development programme.

The ICA has offices in the major regions – Africa; Americas; Asia and Pacific; and Europe. The ICA and ILO work together closely on the Cooperating Out Of Poverty Campaign (COOP) See <http://www.ica.coop>

International Confederation of Free Trade Unions

As already mentioned, the ICFTU is a global organization of trade union national centres.

It has three major regional organizations, APRO for Asia and the Pacific, AFRO for Africa, and ORIT for the Americas. It also maintains close links with the European Trade Union Confederation (ETUC) (which includes all ICFTU European affiliates) and Global Union Federations, which link together national unions from a particular trade or industry at international level.

The ICFTU cooperates closely with the International Labour Organization; it coordinates the Workers Group of the Governing Body through its secretariat. The ICFTU has consultative status with the United Nations'

Economic and Social Council and with specialized agencies such as UNESCO and the FAO. It maintains contacts with the International Monetary Fund, the World Bank and the World Trade Organization and has offices in Geneva, New York and Washington.

The ICFTU organizes and directs campaigns on issues such as:

- The respect and defence of trade union and workers' rights.
- The eradication of forced and child labour.
- The promotion of equal rights for working women.
- The environment.
- Education programmes for trade unionists all over the world.
- Encouraging the organization of young workers and migrant workers.
- Sends missions to investigate the trade union situation in many countries.

Priorities for Action

The five main ICFTU priorities are:

- Employment and international labour standards.
- Tackling the multinationals.
- Trade union rights.
- Equality, women, race and migrants.
- Trade union organization and recruitment – including workers in the informal economy and in Export Processing Zones.

See <http://www.icftu.org>

Global SYNDICOOP

From a pilot project to a global framework

SYNDICOOP began as an experiment. It is now preparing to go global, by offering a framework within which trade unions and cooperatives can use the strategies and tools developed in the pilot countries.

The *Global SYNDICOOP* programme has been designed jointly by ILO, ICFTU and ICA to achieve the goal of organizing informal economy workers and reducing the decent work deficit through strengthening the SYNDICOOP approach and extending it to other regions.

Global SYNDICOOP will not be a project itself, but provide a framework of support for trade unions and cooperatives.

The idea is to selectively repeat what has been done in Africa, depending on national and local circumstances. While there are useful lessons learned in Africa, trade union and cooperative partners will no doubt develop other strategies to suit conditions in the informal economy in their respective countries.

How Global SYNDICOOP will work

At the global level

- It will promote a trade union-cooperative alliance to organize informal economy workers through a joint commitment signed between ICA, ICFTU and ILO.
- There will be a joint strategy paper endorsed by ICFTU and ICA general assemblies.
- It will develop global level guides, training materials and resources in three languages - like this handbook; information about the informal economy will be shared through a knowledge sharing network.
- Global SYNDICOOP will promote partnerships between cooperatives and trade unions in the North and South. Part of this will include a global 'address book'.
- ILO field staff will be trained on organization building in the informal economy.
- Courses on organizing in the informal economy at the ILO's International Training Center in Turin.

At the national level

- National SYNDICOOP projects will be facilitated.
- A guide to support dialogue with governments to improve policies and legal frameworks for informal economy workers will be prepared.

Action Points for Module 7

- Are you aware of where you can get help from the ILO in your country?
- Is there a formal commitment to using a SYNDICOOP strategy to organize workers in the informal economy?

Future plans

Now you have worked through this handbook, you need to start thinking about what happens next.

If you are using the handbook in a workshop or meeting, you can spend some time reviewing the **Action Points** at the end of each module.

You can also sit down in your organization and carry out a comprehensive planning exercise.

Drawing up a plan

Prepare to plan

A team needs to be given the mandate to draw up a plan for organizing workers in the informal economy. This could be the whole national committee of your organization, or a sub-committee, or a special task force given the job. Set aside the time, choose a place where a team can work undisturbed.

Analyze the external environment

Use some of the tools in Module 1 to map the informal economy, and in Module 7 to look at the burdens and problem in organizing workers.

Analyze the internal environment

Use the tools in Module 5 to review how habitable your own organization is for workers in the informal economy? What changes do you need to make?

Define your strategic aims

Strategic aims are not what you are going to do next week, next month or next year. Your strategic aims are where you want your organization to be in relation to workers in the informal economy.

Define strategies to address each strategic aim

A General has a strategy to win a campaign. You need strategies to achieve your aims. A strategy is not a list of things you are going to do, meetings you are going to hold, and posters you will put up. It is much more.

Identify the resources required to achieve the strategic aims

Resources are not necessarily money. They include human resources – people, with the right skills and knowledge.

Draw up an internal capacity building plan

You may not have all the resources and capacity you need. Think about a training programme to develop them.

Cost the plan

Your plan may need some funds. But try to think about what you can do without funding. If you wait for the extra funds, you may not do anything. And workers in the informal economy cannot wait.

If you are reading this handbook as an individual, there are a number of checklists and other tools that you can look at again.

You need to:

- Think about the group of workers you are going to help to organize.
- Consider how to work with that group – are there existing informal structures and leaders?
- What structure is the best for them? Consider what sort of organization they need and steps necessary to set one up.

Draw up an action plan, using this format:

Personal Action Plan for Organizing

What am I going to do?

.....

What group am I going to try to organize?

.....

What are the first steps?

.....

What is the timetable?

.....

Who else do I need to involve?

.....

What help can I ask for?

.....

Where to go for more information

On the internet, you could consult these websites:

The website of the International Labour Organization is <http://www.ilo.org>

You will find details of workers activities in the Social Dialogue part, and details of the activities of the Cooperatives Branch in the Employment Section. The Global Employment Agenda home page is at <http://www.ilo.org/public/english/employment/empframe/practice/index.htm>

The report of the World Commission on the Social Dimension of Globalization is at <http://www.ilo.org/public/english/faithglobalization/report/highlight.htm>

The website of the International Confederation of Free Trade Unions is <http://www.icftu.org>

The website of the International Cooperative Alliance is <http://www.ica.coop>

The website of the cooperative College is <http://www.co-op.ac.uk>

Some ILO publications

The other India at work, Job Quality in Micro and Small Enterprise Clusters, Gopal Joshi et al, ILO, New Delhi, 2005

Decent work and the informal economy, Report for the International Labour Conference, 2002

Promoting cooperatives: A Guide to ILO Recommendation 193, Published by the cooperative College, International Cooperative Alliance and ILO Cooperative Branch, Manchester 2004

Some other publications

Working in the mill no more, Jan Breman and Parthiv Shah, Oxford University Press, New Delhi, 2004. A moving account of the plight of the mill workers in Ahmedabad who have been made redundant and now survive in the informal economy; with many photographs.

Reference materials

ILO Recommendation 193 Promotion of Cooperatives

Key points of the Recommendation

1. It is recognized that cooperatives operate in all sectors of the economy. The Recommendation applies to all types and forms of cooperatives.
2. The term "cooperative" means *an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.*
3. The promotion and strengthening of the identity of cooperatives should be based on the cooperative values and principles developed by the international cooperative movement.
4. The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion.
5. Governments should provide a supportive policy and legal framework. Registration of cooperatives should be as rapid, simple, affordable and efficient as possible.
6. The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the pillars of national and international economic and social development.
7. Cooperatives should be treated on terms no less favourable than those accorded to other forms of enterprise and social organization.
8. Special consideration should be given to increasing women's participation in the cooperative movement at all levels, particularly at management and leadership levels.
9. National policies should notably: (a) promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever; (b) ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises; (c) promote gender equality in cooperatives and in their work.
10. Employers' and workers' organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperative organizations, ways and means of cooperative promotion.
11. Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.
12. Cooperatives and organizations representing them should be encouraged to establish an active relationship with employers' and workers' organizations.

International Labour Standards

The system of international labour standards takes the form of Conventions and Recommendations. They are adopted by the International Labour Conference, which meets every year in Geneva during the month of June. A tripartite committee will discuss the text line by line, normally over two years. When the committee agrees a text, it is sent to the entire conference for adoption.

International Labour Conventions are drawn up under international law. When a text is finally agreed or adopted, countries can then choose to ratify. Just because a country voted for the text of the convention, does not mean it is bound by it. Ratification of the convention is a separate and voluntary process. No country can be forced to ratify or sign a convention. When a country signs a convention, this is similar to signing a treaty with another country.

Two member states must ratify an ILO convention before it comes into force. 'Coming into force' is a legal term which means that the convention is now a part of international law.

International Labour Conventions are only open to ratification by member states of the ILO. They are international treaties which are binding on the countries which ratify them.

When a country ratifies a convention, which is a voluntary process, they undertake to apply the provisions, to adapt their national law and practice to their requirements, and to accept international supervision.

Complaints about alleged non-compliance may be made by the governments of other ratifying States or by employers or workers organizations and procedures exist for investigation and action upon such complaints.

By the end of June 2005, the International Labour Conference had adopted 185 Conventions and 195 Recommendations.

The Conventions have received a total of 7,253 ratifications (on 31.12.2004). It is sometimes said that the standards are 'too difficult' for developing countries to adopt. It is therefore important to note that around two-thirds of these ratifications have been made by the governments of developing countries.

International Labour Recommendations are not international treaties. They set non-binding guidelines which may orient national policy and practice. Governments do not ratify a recommendation. Sometimes a recommendation is adopted by the International Labour Conference at the same time as a convention, to give more detailed guidance on how the provisions in the convention can be applied. Other recommendations - like Recommendation 193 - are not linked to a convention at all.

Although conventions are not open for ratification, member states have certain important procedural obligations in respect of Recommendations

- To submit the texts to their legislative bodies.
- To report on the action resulting.
- To report occasionally at the request of the Governing Body of ILO on the measures taken or envisaged to give effect to the provisions.

ILO's core labour standards

They are the ILO conventions which are regarded as basic human rights. **A Declaration of Fundamental Rights** was adopted at the International Labour Conference in 1998. This said that all states, by the very fact of their membership of the ILO, should abide by the rights and principles contained in the core conventions.

The International Labour Conference,

1. Recalls:
 - (a) that in freely joining the ILO, all Members have endorsed the principles and rights set out in its Constitution and in the Declaration of Philadelphia, and have undertaken to work towards attaining the overall objectives of the Organization to the best of their resources and fully in line with their specific circumstances;
 - (b) that these principles and rights have been expressed and developed in the form of specific rights and obligations in Conventions recognized as fundamental both inside and outside the Organization.
2. Declares that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization, to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:
 - a) freedom of association and the effective recognition of the right to collective bargaining;
 - b) the elimination of all forms of forced or compulsory labour;
 - c) the effective abolition of child labour; and
 - d) the elimination of discrimination in respect of employment and occupation.

Key points of the ILO's core conventions

The key points of the core conventions are:

Forced Labour Convention 1930 (No 29)

Aims at the immediate suppression of all forms of forced or compulsory labour, with exceptions such a military service, convict labour, and during emergencies such as war, fires and earthquakes. Ratified by 168 countries – the most widely ratified convention.

Abolition of Forced Labour Convention, 1957 (No 105)

Provides for the abolition of all forms of forced or compulsory labour as a means of political coercion or education; as sanctions against the free expressions of political and ideological opinions; as workforce mobilization; as labour discipline; as a punishment for taking part in strikes; and as measure of discrimination. 165 ratifications.

Freedom of Association and Protection of the Right to Organize, 1948 (No 87)

Guarantees the removal of acts of discrimination against Trade unions; the protection of employers' and workers' organizations against mutual interference; and calls for measures to promote collective bargaining. 145 ratifications.

Right to Organize and Collective bargaining, 1949 (No 98)

Protects workers who are exercising the right to organize; upholds the principle of non-interference between workers and employers organizations; and promotes voluntary collective bargaining. 154 ratifications.

Equal Remuneration Convention, 1951 (No 100)

Underscores the principle of equal pay between men and women for work of equal value. 162 ratifications.

Discrimination (Employment and Occupation) Convention 1958 (No 111)

Provides for a national policy designed to eliminate, in respect of employment and occupation, all discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin. 164 ratifications.

Minimum Age Convention 1973 (No 138)

Applies to all sectors of economic activity; states must declare a national minimum age for admission to employment; all children are covered whether or not they are employed for wages; states must pursue a national policy to ensure the effective abolition of child labour; the minimum age for entry into work shall not less than the completion of compulsory schooling, although a lower age than 14 years may be adopted for light work, for countries which are less developed; an age level of 18 is set for hazardous work. 143 ratifications.

Prohibition and Immediate Elimination of the Worst Forms of Child Labour Convention 1999 (No 182)

States to draw up a time bound programme for the elimination of the worst forms of child labour; while the convention itself gives a list, states shall also draw up their own list of the worst forms. 158 ratifications.

(Number of ratifications as at 14.03.2006)

