



# ▶ Record of Proceedings

# 7A

**International Labour Conference – 113th Session, Geneva, 2025**

Date: 12 June 2025

---

## **Outcome of the General Discussion on Addressing Informality and Promoting the Transition to Formality for Decent Work**

**Proposed resolution and conclusions submitted to the Conference for adoption**

This Record of Proceedings contains the text of the proposed resolution and conclusions submitted by the Committee to the Conference for adoption.

The Report of the Committee on its proceedings will be published in Record of Proceedings No. 7B after the closure of the session.

## ► Resolution concerning the General Discussion on Addressing Informality and Promoting the Transition to Formality for Decent Work

---

The General Conference of the International Labour Organization, meeting in Geneva at its 113th Session, 2025,

Having undertaken a general discussion on innovative approaches to addressing informality and promoting the transition to formality for decent work based on the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), and duly taking into account the Declaration of Philadelphia (1944) and the ILO Centenary Declaration for the Future of Work (2019):

1. adopts the following conclusions;
2. invites the Governing Body of the International Labour Office to give due consideration to the conclusions and to guide the International Labour Office in giving effect to them;
3. requests the Director-General to:
  - (a) prepare a plan of action on innovative approaches to addressing informality and promoting the transition to formality for decent work to give effect to the conclusions, for the consideration of the Governing Body at its 355th Session (November 2025);
  - (b) communicate the conclusions to relevant international and regional organizations;
  - (c) take into account the conclusions when preparing future programme and budget proposals and mobilizing extrabudgetary resources;
  - (d) keep the Governing Body informed of their implementation.

## ► Conclusions concerning the General Discussion on Addressing Informality and Promoting the Transition to Formality for Decent Work

---

### I. Addressing informality leaving no one behind: An urgent need for action

1. The Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), remains the global reference for addressing informality and promoting the transition to formality. It provides comprehensive policy guidelines for addressing the root causes of informality, recognizes the diversity of the informal economy across and within countries and calls for integrated approaches tailored to national circumstances and based on social dialogue.
2. Informality is one of the structural barriers to advancing decent work, social justice and sustainable development. It hinders progress in reducing poverty and inequality and presents significant challenges for the realization of workers' rights, including the fundamental principles and rights at work, effective labour protection, and universal access to

comprehensive, sustainable, effective and adequate social protection. It also undermines the rule of law, hinders productivity and has a negative impact on the development of sustainable enterprises, public revenues, governments' scope of action, the soundness of institutions and fair competition in national and international markets.

3. Ten years on from its adoption, Recommendation No. 204 has yet to be fully implemented. Informality remains high and persistent, and is increasing in some countries, which is unacceptable. The informal economy accounts for close to six out of ten workers and eight out of ten enterprises in the world. While more prevalent in low- and middle-income countries, the informal economy exists in all parts of the world, including in high-income countries. Although the share of workers in the informal economy is declining globally, the numbers of informal economy workers continue to grow in absolute terms. For most workers and economic units, entering the informal economy is not a choice but a consequence of a lack of opportunities in the formal economy and the absence of other means of livelihood.
4. Informality is a complex, structural and evolving challenge that affects diverse forms of work arrangements across informal economic units, formal enterprises and households.
5. Own-account workers, those in non-standard forms of work, micro and small economic units and certain sectors, might be disproportionately at risk of informality.
6. Women as well as groups in situations of vulnerability, including young people, older people, migrants, refugees, Indigenous and Tribal Peoples, persons with disabilities, care and support workers, domestic workers, home-based workers, street vendors, recycling workers and waste pickers, construction and mine workers, and rural and agricultural workers, are often at higher risk of informality and face specific barriers to formalization.
7. Drivers of informality are multifaceted and interrelated. Their relative importance differs considerably between countries, workers and economic units as well as sectors. Drivers of informality are cross-cutting and specific to particular groups of workers or categories of economic units. The main drivers of informality include, but are not limited to:
  - (a) low income, high levels of poverty and inequality;
  - (b) a lack of an enabling environment for formalization and a lack of compliance with laws and regulations, including the declaration of employment, correct classification of employees and self-employed workers, including recognition of the employment relationship for employees, and payment of social security contributions;
  - (c) weak public institutions and inadequate, ineffective or non-existent regulatory frameworks, including legal coverage gaps, weak or inefficient compliance and enforcement systems, lack of rule of law, including a lack of access to justice and public services, complex and costly regulatory and tax requirements and burdensome registration procedures;
  - (d) a lack of policy coherence and coordination across different institutions, ministries and levels of government, corruption and a lack of accountability, which further erodes trust in formal systems;
  - (e) in some contexts, organized crime, trafficking and exploitation can create an environment that impacts the transition to formality;
  - (f) the stigmatization and harassment of certain informal economy activities, hindering formalization efforts;

- (g) a lack of or limited social protection coverage and accessibility, and inadequacy of social protection, which disincentivizes formalization in the long term;
  - (h) a lack of high-quality, affordable, adequate and accessible care services, which prevents people with care responsibilities from accessing formal labour market opportunities;
  - (i) the inability of the economy to generate sufficient formal jobs and formal business opportunities;
  - (j) the lack of or slow shift in production towards higher value-added and higher productivity activities, both across and within sectors;
  - (k) a low level of productivity in informal economic units, often compounded by a lack of access to essential resources such as land, finance, technology and market opportunities and to property rights, which limits their economic viability and ability to grow, innovate, formalize and provide decent work;
  - (l) discrimination and gender inequality, disproportionately affecting groups in situations of vulnerability;
  - (m) challenges facing migrant workers due to their migration status, nationality, duration of stay or work permit, recruitment process, sector of employment, or the lack of recognition of their skills or qualifications, which prevent or hinder them from accessing formal employment;
  - (n) threats and restrictions to the respect for, and the promotion and realization of, freedom of association and effective recognition of the right to collective bargaining, as enabling rights, and the related lack of representation and of effective access to social dialogue, including tripartite cooperation;
  - (o) a low level of, and limited access to, relevant education, training and skills, which restricts upward mobility and hinders informal economy workers' ability to access formal employment opportunities;
  - (p) prevailing crises and external shocks, such as the COVID-19 pandemic, geopolitical crises, armed conflicts and forced displacement;
  - (q) adverse effects of climate change and of environmental degradation, which intensify existing vulnerabilities, especially for workers in the informal economy, who are often the first and hardest hit by these shocks, exacerbated by limited or no access to adequate social protection and healthcare;
  - (r) perceived and misunderstood advantages of operating informally, which can lead some to deliberately avoid formalization;
  - (s) repercussions of significant transformations in the world of work driven by a lack of proper adaptation to rapid technological changes, demographic shifts, climate change and environmental degradation, and globalization, which could lead to the growth of new forms of employment and categories of enterprises. In this sense, some of these new forms of employment and categories of enterprises could be associated with a relatively high risk of informality, while public institutions often struggle to adapt in a timely manner to these changes.
- 8.** At the same time, new opportunities to support the transition to formality are emerging. When implemented in meaningful consultation with social partners, new digital technologies can provide effective tools to facilitate the transition to formality, prevent informalization and strengthen compliance systems against labour law violations, while respecting applicable data

protection laws. Similarly, increased access to domestic and global markets through supply chains may, when accompanied by effective regulation and an enabling environment for transition to formality, help to integrate informal economy workers and economic units into the formal economy. Responsible business conduct, including due diligence, can further contribute to formalizing work in supply chains.

## II. Accelerating the implementation of Recommendation No. 204: Main lessons learned

9. Formalization should be pursued through three complementary channels, which are the objectives of Recommendation No. 204, notably:
  - (a) facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers' fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship;
  - (b) promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and
  - (c) prevent the informalization of formal economy jobs.
10. Integrated comprehensive, coordinated strategies combining national, local and sectoral approaches – as set out in Recommendation No. 204 – are the most effective in tackling the multiple drivers of informality and promoting the transition to formality, while achieving desired outcomes.
11. Lessons learned since the adoption of Recommendation No. 204 in 2015 have shown that the following four pillars can be considered to be prerequisites for the transition to formality:
  - (a) Good governance and an adequate, fit-for-purpose regulatory framework, combined with political will and commitment.
    - (i) The transition to the formal economy requires political will and commitment to adopt appropriate policies and legal and institutional reforms, while fostering the rule of law, accountability and policy coherence through effective institutional coordination.
    - (ii) Reliable, quality and timely disaggregated data, diagnostics and rapid assessments are crucial for informing evidence-based policies and interventions.
    - (iii) Ensuring the sustainability of formalization efforts requires the dedication of adequate financial and human resources, including the establishment and maintenance of effective implementation, compliance and enforcement mechanisms, capable of supporting long and complex formalization processes.
    - (iv) Effective social dialogue and inclusive consultation mechanisms for policymaking are essential for the success and sustainability of formalization policies.
  - (b) Organization, voice and representation of workers and economic units in the informal economy and inclusive social dialogue.
    - (i) When decisions that concern them are taken, it is important that workers and economic units in the informal economy have the possibility to express their views and defend their interests through freedom of association and the effective recognition of the right to collective bargaining. This includes the right to establish

and, subject to the rules of the organization concerned, to join organizations, federations and confederations of their own choosing in law and in practice. Social dialogue, which may include tripartite cooperation, is also essential to this end.

- (ii) Representative employers' and workers' organizations can play a critical role in representing those in the informal economy in social dialogue processes and institutions. Where feasible and with appropriate capacity-building, representative organizations of employers and workers should extend membership to those in the informal economy, provide services and, where appropriate, form alliances and partnerships to achieve common goals.
  - (iii) The social and solidarity economy can complement other formalization pathways by providing workers and economic units in the informal economy with complementary structures that promote solidarity, mutual support and shared decision-making.
- (c) An enabling environment to accelerate the transition to formality.
- (i) In some contexts, sustained economic growth, structural transformation and steady gains in productivity – when combined with determined action to reduce poverty, advance decent work, extend social protection and improve education and skills – can progressively remove many of the underlying conditions that give rise to informality.
  - (ii) Targeted action to move workers and economic units out of low-productivity, highly informal sectors – and to enhance productivity within existing sectors through investment, skills development and lifelong learning, innovation and social dialogue, and respect for fundamental principles and rights at work – is critical to reducing informality.
  - (iii) Creating a conducive environment for sustainable enterprises, including micro, small and medium-sized enterprises and social and solidarity economy entities can support the transition to formality by promoting a level playing field and fair competition, and by improving access to land, finance, markets and services. Formalization efforts also benefit from regulatory simplification, transparent and predictable compliance systems and fiscal incentives that support business development.
  - (iv) Gender-responsive measures are essential components of formalization strategies, as women are over-represented in the informal economy and often have limited access to resources and disproportionate care responsibilities.
  - (v) Complementary gender-responsive and inclusive measures are necessary to produce an enabling environment for increasing productivity and to ensure that workers are able to take advantage of new opportunities in the formal economy.
- (d) Better working and living conditions through the transition to formality and leaving no one behind.
- (i) The transition to the formal economy is a key condition for decent work. However, for many informal economy workers and economic units, entering the formal economy is a gradual process.
  - (ii) Leaving no one behind means tackling the most critical decent work deficits and vulnerabilities, including improving incomes, working and living conditions and extending social protection in the informal economy. Importantly, the realization of the fundamental principles and rights at work in practice cannot and should not

depend on the transition to formality but should instead support and facilitate this transition, including through strengthened access to skills development and lifelong learning.

12. In addition, based on a wide range of country-level innovations, a number of new approaches have gained prominence, with new developments offering opportunities to promote formalization.
  - (a) Harnessing new technologies, while addressing the potential risks and the digital divide, can, among others, improve incomes, simplify the registration of enterprises and employment, facilitate access to social security, skills, finance, markets and other productivity-enhancing services, when accompanied by adequate infrastructure, interoperability and digital capabilities to overcome some of the barriers to entering the formal economy. Digital technologies can prevent informalization and strengthen compliance with laws and regulations, including through more effective enforcement systems, awareness-raising, information-sharing and capacity-building and expansion of efficient and effective labour inspection systems.
  - (b) Sectoral or targeted integrated approaches are effective at tackling the heterogeneity and specific drivers of informality within sectors or specific groups.
  - (c) Access to supply chains, particularly through multinational enterprises, can connect workers and economic units, including micro, small and medium-sized enterprises, with domestic and export markets, provide services, such as capacity-building, and support skills transfers, formalization and improvements in job quality. However, decent work deficits in supply chains persist. In order to ensure the respect of labour standards, the promotion of decent work, productivity, sustainable enterprises and formalization within supply chains, effective regulation and policies are essential.

### III. Advancing decent work through the transition to formality, leaving no one behind

13. As we move forward, the priority must be to strengthen action for the effective implementation of Recommendation No. 204.
14. Innovative approaches and good practices show that, to address the root causes of informality and promote the transition to formality, governments and employers' and workers' organizations, with the support of the Office and taking account of national circumstances, should promote measures, such as:

#### Good governance and integrated strategies

- (a) ensuring evidence-based policymaking and policy coherence with economic, employment, social and migration policies and stronger monitoring mechanisms to assess progress in addressing informality;
- (b) designing and implementing adequately funded integrated national and sectoral strategies for promoting the transition to formality and preventing informalization, based on engagement through a whole-of-government approach, efficient labour market institutions and inclusive social dialogue;
- (c) implementing gender-responsive policies and regulations to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;

- (d) strongly encouraging that national and international public financing promotes decent work, enabling decent livelihoods and fully formalized employment, including, but not limited to, in the care and support sector, with access to universal, comprehensive, sustainable, effective and adequate social protection;

#### Enabling environment for transition to formality

- (e) scaling up business development services, sustainable finance and support for the formalization of economic units and sustainable and productive development;
- (f) streamlining registration and compliance mechanisms, including through digital tools and e-services, to reduce complexity and costs associated with registration, balancing incentives, compliance and enforcement;
- (g) offering fiscal and other incentives, such as tax breaks, subsidies, credit lines and including provisions in public procurement linked to facilitating the effective and timely transition from the informal to the formal economy;
- (h) promoting education and skills development, especially for women and young people, including technical and vocational education and training, skills recognition, internships, lifelong learning, apprenticeships, reskilling and upskilling, with a view to promoting sustained, inclusive and sustainable economic growth, full, formal and productive employment and decent work for all;
- (i) strengthening public services and public employment services and private employment agencies;
- (j) supporting and coordinating just transition and formalization strategies to increase the climate resilience of workers and economic units in the informal economy, to promote the creation of decent and productive work in environmentally sustainable economies and to ensure shared prosperity through transition to formality, while improving environmental outcomes;
- (k) recognizing and supporting the social and solidarity economy workers and economic entities in the design, implementation and monitoring of strategies and measures for the transition from the informal to the formal economy;
- (l) addressing legal, policy and implementation gaps to ensure adequate, inclusive and effective labour protection, sustainable formal enterprises, wage policies, including living wages, in line with the conclusions of the ILO meeting of experts on wage policies, including living wages, held in February 2024, as well as adequate and comprehensive social protection for all workers and the realization of the fundamental principles and rights at work;
- (m) strengthening efforts to advance due diligence alongside the promotion of responsible business conduct, in line with the Tripartite declaration of principles concerning multinational enterprises and social policy and the United Nations Guiding Principles on Business and Human Rights, together with mechanisms that support economic units in adapting to the implied requirements, to contribute to the formalization of work in supply chains;
- (n) strengthening policies and regulations for the correct classification of employment relationships;

- (o) addressing legal, financial and administrative barriers to the extension of social protection to all, while enhancing awareness of social security benefits, governance and service quality tailored to uncovered groups;
- (p) progressively extending labour administration functions to cover workers in the informal economy and promote compliance and enforcement systems, including effective labour inspection and uphold labour rights;
- (q) promoting, with the support of employers' and workers' organizations, awareness-raising campaigns making clear to economic units and workers how formalization helps improve business operations and realize decent work;
- (r) implementing targeted approaches for groups disproportionately affected by, and at risk of, informal work as well as for workers in certain sectors, such as rural and agricultural workers, miners, construction workers, migrant workers, care and support workers, domestic workers, home-based workers, street vendors, recycling workers and waste-pickers, and types of economic units, such as micro and small enterprises and own-account workers, where informality remains widespread, in line with relevant international labour standards;
- (s) considering the role that public-private partnerships may play in addressing informality when they reflect ILO principles and international labour standards;
- (t) assessing informalization risks and developing specific measures to prevent and reduce them;
- (u) respecting, promoting and realizing the fundamental and enabling rights of freedom of association and the effective recognition of the right to collective bargaining for all workers;
- (v) strengthening occupational safety and health systems to ensure a safe and healthy working environment, as a core component of decent work, and address violence and harassment in the world of work, in accordance with ILO Violence and Harassment Convention, 2019 (No. 190);
- (w) ensuring, through social dialogue, that workers and economic units in the informal economy have a voice in the policies and programmes intended to address informality and support the transition to formality;
- (x) strengthening the capacity of employers' and workers' organizations to reach, organize and represent informal economy workers and economic units, including through targeted outreach strategies, training programmes, tailored service offerings, partnerships with local associations and support to access financial and technical resources;
- (y) providing advisory services and practical guidance that address the concrete challenges of workers and economic units in the informal economy, particularly in sectors where informality is most entrenched;
- (z) supporting, where appropriate, efforts by employers' and workers' organizations to develop partnerships and alliances with member-based representative organizations of workers and employers in the informal economy to achieve common goals and increase their voice and representation;
- (aa) facilitating benchmarking and experience-sharing between and among Member States on formalization good practices.

15. To support ILO constituents in accelerating the transition to formality, the ILO should:

#### Policy coherence and strategic guidance

- (a) provide technical assistance to develop national and sectoral formalization strategies that encompass an integrated and coherent approach that includes creating decent work, extending universal, effective, sustainable and adequate social protection systems, supporting inclusive education and skills systems, reforming legal frameworks to extend rights to workers in the informal economy and strengthening labour inspection systems and enforcement mechanisms;
- (b) enhance assistance to countries to realize the right of all workers to a safe and healthy working environment, following its recent recognition as a fundamental principle and right at work;
- (c) provide targeted and sustained assistance to extend freedom of association and the effective recognition of the right to collective bargaining, including at national and sectoral levels;
- (d) ensure that employers' and workers' organizations are equipped and supported in their efforts to reach, organize and represent informal economy workers and economic units, and develop inclusive organizing models that reflect the realities of informal work;
- (e) support legal reforms that recognize and uphold the rights of workers in the informal economy to form and join organizations of their own choosing, bargain collectively and participate fully in social dialogue mechanisms at all levels;
- (f) support the ratification and effective application of clear, robust and up-to-date international labour standards to support a transition to formality;

#### Research and data

- (g) cooperate closely with national statistical offices to develop or, where relevant, strengthen the regular production, analysis and dissemination of reliable, timely and internationally comparable sex-disaggregated statistics on workers and economic units in the informal economy, in line with the 21st International Conference of Labour Statisticians resolution concerning statistics on the informal economy;
- (h) develop tools and methodologies to accurately capture data on informal economic units, their production and contribution to the economy, as well as to assess peoples' perceptions and motivations in transitioning to formality;
- (i) develop and strengthen the research and analytical capacities of the ILO to deepen the understanding of the informal economy and the wide range of interrelated topics, and facilitate evidence-based policymaking, to inform the design, implementation, monitoring and evaluation of formalization policies that are responsive to the diversity of contexts and circumstances and that leave no one behind;
- (j) share best practices and promote peer-to-peer learning and knowledge-sharing;

#### Capacity-building

- (k) provide technical assistance, upon request, to develop and improve national and sectoral formalization strategies;

- (l) support the establishment or enhancement of tripartite structures that are responsible for oversight, coordination and coherence of formalization efforts across different levels of government and cooperation between the relevant bodies and authorities;
- (m) provide technical assistance to constituents on wage policies, including living wages, for the estimation and operationalization of living wages, in line with the conclusions of the ILO meeting of experts on wage policies, including living wages, held in February 2024, and within the scope of the ILO programme on living wages;
- (n) strengthen support for enabling business environments and productivity ecosystems that foster sustainable enterprises and competitiveness that can translate into more and better jobs, enabling informal economic units to become viable and transition to the formal economy;
- (o) support constituents in assessing informalization risks and developing measures to prevent and address them;

#### Leadership and strategic partnerships

- (p) develop a global and time-bound road map, in consultation with the tripartite constituents, towards effective formalization that can be tailored to national circumstances and legal frameworks and that includes short, mid- and long-term objectives, as well as a clear monitoring framework;
- (q) propose a dedicated programme and budget outcome focused on preventing informalization and supporting the transition of informal economy workers and economic units to formality;
- (r) support efforts for decent work and formalization in supply chains, and ensure follow-up of the ILO strategy on decent work in supply chains;
- (s) strengthen collaboration and promote policy coherence within the UN and multilateral system, including with international financial institutions and public development banks, and assert the ILO's leadership by harnessing its tripartite mandate to advocate for the transition to formality;
- (t) ensure employers' and workers' organizations are included in relevant discussions and frameworks;
- (u) support efforts by Member States to mobilize and strengthen their domestic resources towards fostering formalization, including through integration with ILO programming instruments, such as ILO Decent Work Country Programmes and United Nations Sustainable Development Cooperation Frameworks;
- (v) explore the possibility of introducing a specific day to give visibility to the challenges faced by all workers in the informal economy;
- (w) build on the momentum generated by the Global Coalition for Social Justice, the Global Accelerator on Jobs and Social Protection for Just Transitions and the World Social Summit under the title "Second World Summit for Social Development" to further foster joint commitments towards effective formalization and strengthen domestic and international financing to support a transition to the formal economy.