

Nearly two-thirds of global workforce in the 'informal' economy – UN study

More than 61 per cent of the world's employed population – two billion people – earn their livelihoods in the informal sector, the United Nations labour agency said on Monday, stressing that a transition to the formal economy is critical to ensure rights' protection and decent working conditions.

[“The high incidence of informality in all its forms has multiple adverse consequences for workers](#), enterprises and societies and is a major challenge for the realization of decent work for all,” said Rafael Diez de Medina, the Director of Department of Statistics at the UN International Labour Organization (ILO).

The findings are revealed in ILO's latest report, [Women and men in the informal economy: A statistical picture](#). The study also provides comparable estimates on the size of the informal economy and a statistical profile of the sector, using criteria from more than 100 countries.

“Having managed to measure this important dimension, now included in the Sustainable Development Goals (SDGs) indicators framework, this can be seen as an excellent step towards acting on it, particularly thanks to more available comparable data from countries,” added Mr. Diez de Medina.

The geographic distribution of employment in the informal sector presents a striking picture.

For hundreds of millions of workers, informality means a lack of social protection, rights at work and decent working conditions –
report author Florence Bonnet

In Africa, 85.8 per cent of employment is informal. The proportion is 68.2 per cent in Asia and the Pacific, 68.6 per cent in the Arab States, 40 per cent in the Americas, and just over 25 per cent in Europe and Central Asia.

In all, 93 per cent of the world's informal employment is in emerging and developing countries.

The report also found that informal employment is a greater source of employment for men (63 per cent) than for women (58.1 per cent).

“Out of the two billion workers in informal employment worldwide, just over 740 million are women,” said ILO, noting that they are mostly in informal employment in most low- and lower-middle income countries and are more often found to be the most vulnerable.

Factors affecting level of informality

Education is a major factor affecting the level of informality, the study has shown, noting that as the level of education increases, the level of informality decreases.

“People who have completed secondary and tertiary education are less likely to be in informal employment compared to workers who have either no education or completed primary education,” said ILO.

In addition, people living in rural areas are almost twice as likely to be in informal employment as those in urban areas, it added.

According to Florence Bonnet, one of the authors of the report, data on these issues are crucial to design effective policies.

“For hundreds of millions of workers, informality means a lack of social protection, rights at work and decent working conditions, and for enterprises it means low productivity and lack of access to finance,” she said.