

ICA & CICOPA JOINT STATEMENT ON INNOVATIVE APPROACHES TO ADDRESSING INFORMALITY AND PROMOTING THE TRANSITION TO FORMALITY FOR DECENT WORK

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The ILO's 113th International Labour Conference calls for a forward-looking discussion on innovative approaches to combat informality and promote formalisation to advance decent work. In this context, it is essential for the cooperative model to be recognised for its proven capacity to deliver human-centric, democratic, and community-tailored solutions that formalise employment and respect workers' rights. They are active in diverse sectors — such as waste collection, domestic work, agriculture, and services — where informal work is prevalent, enabling broad-based formalization. Worker cooperatives play an important role in transitioning from the informal to the formal economy by offering a structured, legally protected, and socially inclusive framework for workers, by encouraging collective entrepreneurship and facilitating access to training and education.

This is further substantiated by the fact that ILO Recommendation 204, which for its purposes, acknowledges the role of cooperatives as economic units, also requires that policy frameworks address the promotion of cooperatives in the transition from the informal to the formal economy. Furthermore, the ILO Promotion of Cooperatives Recommendation 193 explicitly requires Governments to promote the important role of cooperatives in transforming informal economy into legally protected work, fully integrated into mainstream economic life.

Cooperatives are not a theoretical concept but a real-world solution prevalent in majority of the member states, and often impacting alike the stakeholders of workers and employers organisations. They have a long-standing track record of transforming precarious, informal work into secure and dignified employment and meet the international standards of Decent Work and Full Employment. Unlike profit-driven enterprises, cooperatives are built on a human-centred approach: they place workers and producers at the heart of the economic activity as owners and decision-makers. This model naturally promotes income security, decent working conditions and social protection.

The informal economy disproportionately affects women, who often face precarious working conditions, lack of social protection, and limited access to resources. Cooperatives have emerged as vital instruments in addressing these challenges, facilitating the transition from informal to formal employment for women. Cooperatives provide women in the informal economy with improved access

to credit, education, training, care and affordable services. This support enables them to meet basic needs and attain a level of social protection grounded in solidarity and mutual aid.

Why cooperatives should be recognised as innovative actors of formalisation:

- They provide a legal and democratic framework for employment: cooperatives comply with legal requirements for business, including on governance, transparency and contracts, facilitating the creation and maintenance of Decent Work and Full Employment. Through worker-ownership, they create pathways to formalisation enabling workers, especially those transitioning from informal sectors, to secure legal recognition, rights, and protection, ability to sustain jobs and income during economic downturns, which is vital for informal workers vulnerable to shocks.
- They reach workers often left behind: cooperatives frequently emerge where formal job opportunities are lacking. They offer an accessible pathway to formality, particularly for women and marginalised groups, by creating their own jobs through collective self-help. By providing access to resources, improving working conditions, and promoting leadership opportunities, cooperatives play a crucial role in empowering workers within the informal economy thanks to their inclusive and democratic structures.
- They prevent new forms of exploitation: in today's evolving world of work, informal and precarious employment is often disguised in the platform economy, through gig work or bogus self-employment. Cooperatives offer an alternative that combines autonomy with rights and representation. However, this potential can only be fully realised through clear legal recognition and safeguards against misuse.

These experiences are not isolated. They represent a scalable, replicable model that can be integrated into national strategies for decent work.

To fully address the challenge of informal employment, the ILO must support the actors that are addressing the issue. Recognising cooperatives as a powerful and innovative model for formalisation and promoters of decent work would encourage national legal frameworks that empower cooperatives to thrive and contribute to provide workers with meaningful alternatives that ensure autonomy, participation, and protection.

The 113th General Discussion must explicitly recognise cooperatives as a key part of the solution to informality and providers of decent working conditions, particularly in this UN International Year of Cooperatives, perhaps the only business model recognised in this way, which evidences the commitment of the international community to promote and advance specific type of cooperative-enterprise. Cooperatives are not only a means of transitioning to formality, but they are also a model for how decent work can be reimagined in a rapidly changing world. Their ability to offer both economic opportunity and social justice makes them indispensable allies in the global effort to promote formalisation and decent work for all.

Thus, through partnerships with the cooperative movement, we call governments to recognize and support cooperatives as key actors in transitioning workers from the informal to the formal economy.

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This includes integrating cooperatives into policy frameworks, enabling legal recognition and facilitating enabling conditions for cooperatives to develop and grow, simplifying registration procedures, and supporting cooperative development through financial, educational, and technical resources. Governments are also urged to include cooperatives in social dialogue and labor policy formulation processes.