



# Decent work for all: Reaching workers in informal employment

## Lessons from the SMEP Programme

# Summary

Informal work is the dominant form of employment globally, but it rarely provides decent work. Formalising employment can be vital in improving work conditions but it must be done in ways that are sensitive to local context and workers' own priorities, rather than for its own sake.

Understanding where and how informality operates within supply chains is a critical first step towards improving working conditions. Gender and vulnerability need to be considered as women, migrant workers and workers with low literacy are disproportionately represented in informal employment, often in its most precarious forms. Interventions should prioritise the most harmful and exploitative forms of informal employment. They should also carefully consider potential trade-offs for workers.

In the short term, low-cost, high-impact actions can bring immediate improvements and gain buy-in. And helping workers access social protection schemes can reduce their exposure to illness, injury or income shocks.

Trade union membership can be challenging for workers in informal employment. But interventions can focus more broadly on worker voice, agency and representation to provide an accessible pathway to unionisation.

Effective interventions support continuous improvement, in ways that are manageable and affordable for businesses, rather than expecting full alignment with formal standards from the outset.

## Key recommendations

- 1 Work with the realities of informal employment.** Understand workers' needs – including income and flexibility – and their constraints. Design solutions accordingly.
- 2 Support continuous, risk-informed and gender-responsive improvements in working conditions.** Some level of formalisation will be required, but it must be carefully designed to ensure the existing workforce is not excluded, particularly women and other at-risk groups.
- 3 Address high-risk and exploitative forms of informality.** Work collaboratively with local organisations led by and for at-risk workers and communities, recognising that not all informal work requires the same type of intervention.
- 4 Strengthen worker voice, agency, representation and access to social protection.** Create simple mechanisms for dialogue and support workers to access existing schemes where possible.



# About the SMEP Programme

The Sustainable Manufacturing and Environmental Pollution (SMEP) Programme aims to address the environmental and human health impacts of the manufacturing sector and plastics pollution in sub-Saharan Africa and South Asia.

SMEP works with businesses, NGOs and universities active in supply chains of plastics, organic waste, textiles and apparel, tanneries and leather, and used lead acid batteries.

This series of three briefings explains key lessons learnt by SMEP on supporting decent work. The briefings aim to provide practice-orientated recommendations to other actors working in these sectors and beyond.

The briefings focus on the following topics.

**Enabling and supporting decent work in MSMEs**

**Decent work for all: Reaching workers in informal employment**

**Decent work in emerging circular supply chains and green industries**

Photo by: Lorraine Dimairho, [SouthSouthNorth](#)

# Lessons from the SMEP Programme

## Introduction

Work does not always fall neatly into ‘formal’ and ‘informal’ categories. In practice, it exists along a continuum, shaped by how work is organised, contracted and regulated. The International Labour Organisation (ILO) defines informal employment as work that is not covered or is insufficiently protected by legal and regulatory frameworks, whether this takes place in informal enterprises or within formal businesses ([ILO 2015](#)).

Informal work is the dominant form of employment globally, engaging around 2 billion workers – close to 60% of the global workforce ([ILO 2018](#)). This rises to 80–90% in many low- and middle-income countries ([ILOSTAT 2026](#)). Informal work is not a marginal issue, but a central feature of labour markets in much of the majority world.

### Key terms and context

- ▶ The ILO defines the **informal sector** as unincorporated, typically small and unregistered enterprises owned by households.
- ▶ **Informal employment** refers to work that is not registered, regulated or protected by legal frameworks, meaning workers often lack secure contracts, social protection and access to representation ([ILO 2015](#)).
- ▶ The **informal economy** brings these together, covering all economic activity that is not, in law or practice, adequately covered by formal arrangements. The ILO recognises the need to improve conditions for workers in the informal economy and support pathways towards formalisation ([ILOSTAT 2026](#)).
- ▶ Informal employment is often associated with significant decent work deficits. In response, the ILO adopted [Recommendation No. 204](#) in 2015, which emphasises improving working conditions and extending protections for informal workers, supporting transitions to formality and preventing the informalisation of formal jobs.

## Decent work

“The ILO defines decent work as productive work for women and men in conditions of freedom, equity, security and human dignity. Decent work is about more than just having a job. It is about having a job that is fair, safe and respects workers’ rights. It means earning a living in conditions of dignity, stability and with opportunities for growth.” ([ILO 2025](#))

Decent work has four pillars:

Rights at work

Social protection

Job creation

Social dialogue

Decent work is reflected in [Sustainable Development Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all](#).

“Decent work” is a widely recognised framework for understanding what good work looks like. It is grounded in the [ILO’s Fundamental Principles and Rights at Work](#): freedom of association and collective bargaining, the elimination of forced labour, the abolition of child labour, the elimination of discrimination in employment, and a safe and healthy working environment.

While these principles form the basis of all labour codes, in practice they often assume standard, formal employment relationships. Workers in informal employment frequently fall outside the scope of labour law protections and voluntary codes of good practice, creating a gap between principle and reality.

Closing that gap is not always straightforward. As emphasised in [ILO Recommendation 204](#), formalising employment relations – making informal work visible in workplaces and supply chains, and introducing written contracts and clear terms and conditions – is an important step. But formalisation must be sensitive to local context and workers’ own priorities, and designed to protect rather than disrupt their livelihoods. It is a pathway towards decent work, and not the destination itself.

As the world seeks to implement a [just transition](#) towards a viable, sustainable future for the planet, the vital role played by workers in informal employment in many of the green supply chains and industries of the future must not be overlooked. The experience of SMEP provides valuable lessons on how to progress decent work in informal employment.



Worker at a textile-to-textiles recycling facility in Pakistan.  
Photo by: Elzette Henshilwood, [SouthSouthNorth](#)

# Getting started

## 1. Understand how informality operates in practice

Understanding where and how informality operates within supply chains is a critical first step towards improving working conditions and advancing decent work outcomes. It is not workers themselves who are 'informal', but the arrangements governing their work. Informal work is not confined to small or unregistered enterprises and is in fact widespread within seemingly formal supply chains, including through subcontracting, temporary and home-based work. Informal work frequently plays a hidden but essential role in supporting production by absorbing risk, reducing costs and providing flexibility.

At-risk groups including women and migrant workers are disproportionately represented in informal work, and often concentrated in lower-paid, less secure and more hazardous roles ([ILO 2018](#)). This has important implications for how risks and impacts are distributed, and for how interventions need to be designed.

## 2. Recognise the continuum of work – from formal to informal

Across many countries and sectors, work does not fall neatly into formal or informal categories. Many enterprises and supply chains rely on a mixed workforce, including workers in both formal and informal employment arrangements. For example, plastics recycling businesses often employ workers at sorting or processing sites; some may be permanent employees with written contracts, others may be seasonal workers, or even daily wage workers employed based on verbal agreements. Meanwhile material supply may depend on waste pickers who are working with no standardised terms of employment.

Efforts to improve traceability and working conditions must reach across supply chains, recognising and engaging workers in the diverse variety of both formal and informal roles that exist.

## 3. Understand trade-offs and workers' perceptions

Formalisation is often assumed to be uniformly beneficial. However, it is essential to understand how informal employment may meet workers' needs and to recognise both real and perceived trade-offs.

Some workers may be concerned that formalisation will reduce their take-home income, particularly where it introduces tax obligations without clear or immediate benefits. And some may distrust contracts and formal systems because of concerns about government institutions and previous negative experiences. Migrant workers in particular may fear becoming more visible to authorities.

Some workers value the flexibility of informal work – it may enable them to balance income-generating activities with other responsibilities. However, this flexibility often comes with significant trade-offs, including lower and less predictable income and limited access to protections. The [case study](#) on RiverRecycle and Ambitious.Africa explains how they addressed these realities effectively in Ghana.

Businesses and other organisations involved in interventions need to engage with workers to build trust and ensure that formalisation delivers tangible and immediate benefits and protections.

# Reaching those most at risk

## 1. Recognise different risks and prioritise the most harmful

Not all informal work carries the same risks. It is important to prioritise the most harmful and exploitative forms. While some informal employment arrangements provide flexibility or livelihoods in contexts where formal employment is limited, others expose workers to severe risks and lack even basic protections.

Workers' own perspectives are essential in this prioritisation. Changes that appear positive from the outside may involve significant trade-offs or hidden risks from a worker perspective. However, they must be considered alongside national laws and international standards. Workers from marginalised communities may be unaware of their rights, and may not realise that their employment conditions should and can be different. [Forced labour](#) and [child labour](#) risks must not be overlooked – prevention and remediation require specialist expertise and high levels of trust and collaboration between all involved.

## 2. Understand gender and vulnerability in informal employment

Informal employment often intersects with gender and other forms of social exclusion. Women, migrant workers and workers with low levels of literacy are disproportionately represented in informal employment, often in lower-paid, less secure and more hazardous work.

For women in particular, the flexibility of informal work can enable them to balance paid work with unpaid care responsibilities. Older workers may engage in informal work if formal sector employers prioritise younger workers.

However, these situations rarely arise from genuine choice. Workers may appear to 'choose' informal work because it offers immediate income or flexibility, but often this reflects a lack of alternatives and comes at the cost of long-term security. In this sense, informality is better understood as a constrained outcome shaped by structural barriers and economic necessity, rather than a freely made decision.

These dynamics can expose workers to heightened risks, including unequal pay, limited awareness of labour rights, and exploitation and abuse, particularly where power imbalances are strong and access to effective reporting mechanisms is limited.

Interventions to address informality must consider inequality and structural constraints, and should expand workers' options and improve protection. In practice, this means identifying specific risks faced by different groups of workers, and working with relevant partners, such as local NGOs or specialist organisations, to design appropriate responses. It may include supporting access to childcare, strengthening protection against exploitation and abuse, or improving awareness of rights and available support mechanisms.

# Making it happen

## 1. Make high-impact low-cost changes

Many businesses operate in resource-constrained environments, with limited capacity, finance or incentives to implement formal labour standards. In some cases, businesses face significant barriers to formalisation, including regulatory costs, market pressures or political dynamics.

Therefore, initiatives to improve conditions for workers in informal employment need to be grounded in business realities. They should focus on what is feasible in the short term to demonstrate impact and gain buy-in from management. This may mean prioritising a small number of lower-cost but high-impact actions, such as:

- ▶ Clarifying roles and responsibilities
- ▶ Introducing basic risk assessments
- ▶ Improving occupational health and safety
- ▶ Providing training and skills development
- ▶ Introducing simple, accessible written terms and conditions
- ▶ Strengthening communication between workers and management.

Effective approaches support continuous improvement in ways that are manageable and affordable for the business, rather than expecting full alignment with formal standards from the outset.

## 2. Strengthen worker voice, agency and representation

Freedom of association and collective bargaining are fundamental rights of all workers, whether in formal or informal employment. However, despite some important examples such as the [Self Employed Women's Association \(SEWA\)](#) in India, trade union membership can be challenging for workers in informal employment. Initiatives focusing more broadly on strengthening worker voice, agency and representation can provide a more accessible entry point and a pathway towards unionisation.

For workers employed informally, structures such as worker groups, associations and co-operatives enable collective voice and representation. If business partners, government agencies and local authorities recognise these structures, it can help workers access government services and even local authority contracts, for example in waste management and recycling.

However, sometimes these structures are largely symbolic, and do not translate into meaningful influence over high priority issues. For example, in some waste management contexts, collective structures have enabled workers to influence operational issues, but not key issues such as pay, conditions or protections.

What makes collective structures effective varies significantly by context. Support is often needed from organisations with expertise in worker organising in informal contexts, such as trade unions or specialist NGOs. Identifying and partnering with these organisations is often a critical step.

### 3. Improve access to social protection

Access to social protection is a significant gap across many contexts. Workers in informal employment often lack access to healthcare, pensions or income security, leaving them highly vulnerable to illness, injury or income shocks.

Many social protection schemes require formal registration or regular contributions from workers, which can be challenging for workers employed informally and with irregular incomes.

Schemes that do not require regular payments are an important safety net. Trade unions, NGOs and employers should help workers access these by providing information, assisting with registration and helping workers navigate administrative requirements.

## Concluding remarks

Informal employment is the dominant form of work globally, and workers in informal employment are often integrated into seemingly formal supply chains and sectors. [Fundamental principles and rights at work](#) apply universally to all workers, and the [ILO's Recommendation 204](#) emphasises the importance of formalising employment to address decent work deficits. However, formalisation must respond to the needs and priorities of the workers, recognising that these may vary between different sections of the workforce.

As the world seeks to implement a [just transition](#) towards a viable, sustainable future for the planet, the critical role played by workers in informal employment in the green industries and supply chains of the future must be recognised and working conditions improved. The transition will only be just and meet the [UN's Agenda 2030](#) promise to [leave no one behind](#) if decent work for those in informal employment is at the heart of strategies to strengthen and scale these industries.



Workers sorting textiles for recycling.  
Photo by: Staci Warrington, SouthSouthNorth

## Case study: RiverRecycle and Ambitious.Africa – improving conditions for informal workers in Ghana’s recycling sector

Collaborative work between [RiverRecycle](#) and [Ambitious.Africa Ghana](#) shows how improving decent work in informal settings requires gradual but practical steps that respond to workers’ priorities and local context. RiverRecycle and Ambitious.Africa Ghana work with waste workers to remove plastic from rivers, lagoons and coastal areas and direct this material to plastic recycling facilities. Many of the workers were initially employed on an informal basis.

When RiverRecycle and Ambitious.Africa Ghana proposed employment changes to move the workforce into more formal arrangements, many workers were hesitant. Workers had limited awareness of labour rights and social protection, but they saw that income tax and social security contributions would reduce their take-home pay by 5.5% and 10% respectively. For workers relying on wages for their daily expenses and with little to no savings, this was a major concern. In addition, the long-term benefits of social security contributions were hard to see: it can take many years of contributions before workers become eligible through the Social Security and National Insurance Trust.

Instead of pushing ahead, RiverRecycle and Ambitious.Africa Ghana engaged workers to co-develop a more acceptable approach. To ease the transition, stipends were provided to maintain income stability, earnings were partially restructured as a monthly salary subject to statutory deductions, and transport allowances were given.

RiverRecycle and Ambitious.Africa Ghana also collaborated with the First National Bank to provide workers with practical skills to manage daily income, control expenses and build savings. Training sessions focused on simple budgeting, saving habits, and separating personal and business money.

The experience of RiverRecycle and Ambitious.Africa Ghana demonstrates how improving decent work in informal settings is not always a quick or simple shift to formalisation. It requires trust building, regular communication with workers to understand concerns, and careful design of changes to ensure they respond to needs.



Workers at Ambitious.Africa recovering plastic waste and debris from a lagoon in Ghana

## Case study: The Flipflopi Project – visibility and dignity for informal waste collectors

The [Flipflopi Foundation Project](#) operates in Lamu, coastal Kenya, where formal waste management systems are limited and plastic recovery depends largely on informal, community-based collection. Waste pickers and small-scale collectors play a key role; however, there is no central coordination and collectors are paid based on the volume or weight of waste they collect. They have unstable incomes, limited protections, and are exposed to health and safety risks. Yet, formalising the sector could exclude these workers as many of them distrust formal systems.

Rather than replacing informal systems, Flipflopi has focused on integrating them into their supply chains and strengthening them. It created a localised circular model that transforms plastic waste into high-value products, including traditional boats. Flipflopi generates demand for collected materials while also keeping ancestral boatbuilding and artisanal craftsmanship alive, adapting these skills to address a modern environmental challenge. The project includes a mix of fully employed staff, partially contracted workers engaged on fixed term or task-based arrangements in skilled roles such as boat building and carpentry, and informal waste collectors paid per kilogram of plastic.

Fully employed staff and contracted workers receive monthly pay – more than double the County statutory minimum wage – and are enrolled in the National Health Insurance and National Pension Scheme. They receive annual certified training and opportunities for additional professional development.

The informal waste collectors receive mobile money payments and are given food coupons, school equipment, personal protective equipment, and training in first aid, plastic processing and manufacturing skills. Flipflopi has established neighbourhood storage facilities and transportation for collected materials. These changes have made the vital work of informal waste collectors more visible, while improving working conditions and contributing to family and community development.

Pilot projects offer small groups of waste collectors business accelerator skills, start-up grants and loans, and continuous mentorship to support alternative livelihoods and enterprise development. Flipflopi has also trained 200 local youth on circular economy principles and technologies. All trainees received meals and stipends to cover travel.

Interventions have improved the dignity of waste work, increased income opportunities, and strengthened basic safety practices, without requiring full formalisation. However, challenges remain, including income variability, limited access to social protection, and ongoing distrust of formal systems. Flipflopi's experience highlights how circular economy initiatives can work with informality, using incremental, context-sensitive approaches to improve conditions while maintaining livelihoods.



Workers at The Flipflopi Project building boats using recycled plastic

# Recommendations

## Recommendations for **businesses and employers**:

- ▶ **Focus on improving working conditions.** The aim is decent work, rather than formalisation as an end in itself. Prioritise practical actions that reduce immediate risks for workers in informal employment, particularly around health, safety and ensuring workers receive at least the local minimum wage.
- ▶ **Start small and build over time.** Identify a small number of feasible, high-impact actions that deliver visible improvements to build knowledge, confidence, skills and trust.
- ▶ **Strengthen worker voice, representation and access to social protection.** Create simple mechanisms for dialogue and support workers to access existing schemes where possible.

## Recommendations for **partner organisations**:

- ▶ **Adapt tools to reflect the realities of informal work,** including mixed workforces, irregular incomes and limited access to protection. Help MSMEs and local partners to use these.
- ▶ **Strengthen worker organisation and representation.** Support alternative models of collective organisation for workers in informal employment where appropriate, such as associations and co-operatives.
- ▶ **Help workers access social protection,** including linking them to existing schemes and advocating for models that are accessible and appropriate for workers in informal employment.

## Recommendations for **larger companies and lead firms** sourcing from supply chains involving workers in informal employment:

- ▶ **Look beyond direct employment relationships and integrate informal work into due diligence processes.** Map where and how informal employment occurs across supply chains (including through subcontracting and home-based work).
- ▶ **Help suppliers and partners with continuous improvement,** including through training, knowledge sharing and long-term engagement, rather than expecting full compliance from the outset.
- ▶ **Review commercial practices** (e.g. pricing, lead times and sourcing models) to identify how they contribute to informal or insecure working arrangements.

## Recommendations for **funders and investors**:

- ▶ **Recognise that informal work is the norm in many contexts,** and that the end goal is decent work. Avoid treating formality as a requirement for engagement, particularly in sectors and geographies where informal employment dominates.
- ▶ **Invest in locally embedded partners and systems,** including worker organisations, trade unions, municipalities and civil society actors that are best placed to engage with workers in informal employment.
- ▶ **Integrate decent work into expectations and support on safeguarding,** ensuring that risks to workers are identified and addressed across supply chains, including for workers in informal work.



Sustainable Manufacturing and  
Environmental Pollution Programme

## About the SMEP Programme

The Sustainable Manufacturing and Environmental Pollution (SMEP) Programme is funded by UK International Development and implemented in partnership with UN Trade and Development (UNCTAD), who provide technical support. UK International Development has appointed a Project Management Agent (PMA) to manage programme delivery. The PMA comprises a consortium partnership between Pegasys and SouthSouthNorth.

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## About the Ethical Trading Initiative (ETI)

The Ethical Trading Initiative is the leading alliance of companies, trade unions and NGOs working together to advance human rights in global supply chains. ETI brings together diverse stakeholders to identify and address complex labour rights issues, promoting responsible business practices and respect for internationally recognised labour standards. ETI has been working with SMEP grantees to strengthen safeguarding practices and decent work outcomes. A Resource Pack on Decent work is [available here](#).



Ethical  
Trading  
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SOUTH  
SOUTH  
NORTH



Front cover: Photo by Henrique Pacini, UN Trade and Development