

**COMMITTEE:** ILO - Informal Economy

**ISSUE:** How can we combat the abuse suffered by home-based workers in the informal economy?

**CHAIRS:** Charlotte DAUCHEZ, Jasmine EUGENE, Rital EL ALJ

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## PRESENTATION OF THE CHAIR



Hello, dear delegates! My name is Jasmine Eugene and I am 16 years old. It is a great honour to be your co-chair for Fermun 2026. I am of Guadeloupean and Tunisian origin, but I was born in Geneva and lived there for more than eight years before moving to France. I am also part of the English section of the Ferney Voltaire International School. In my free time, I love reading, travelling and meeting new people! On the sports side, I practise fencing at a high level and have participated in several competitions, including the French national championships.

During Fermun 2026, I will co-chair the committee on informal economy, which will address issues such as access to social protection and the abuses suffered by workers in this sector. In many countries, a significant proportion of the working population works from home, often as part of the informal economy. This type of work, although vital for the economic survival of many families, is marked by high levels of inequality and a glaring lack of protection. I am therefore very much looking forward to seeing the debates and solutions you have to offer in January!

## KEYWORDS

**Informal economy** : The informal economy is the part of the overall economy that operates outside the official regulatory frameworks of the government. The International Labour Organisation (ILO) has defined the informal economy as ‘the economic activities of workers and economic units that are not covered – in law or in practice – or are insufficiently covered by formal arrangements.’

**Home-based work** : According to the ILO, a home-based worker performs paid work for an employer or intermediary at home or in other premises of their choice, without being under their direct supervision.

**Domestic work** : According to Convention No. 189, ‘domestic work’ refers to work performed in or for one or more households, and ‘domestic worker’ refers to any person, female or male, performing domestic work in the context of an employment relationship.

**Street trading** : Street trading is defined as the sale or offering for sale of any item on the street or from a vehicle, kiosk or mobile stall.

**Social protection** : According to the ILO (International Labour Organisation), social protection refers to all policies and programmes designed to reduce and prevent poverty and vulnerability throughout the life cycle.

**Exploitation** : The exploitation of people in their workplace for profit. This abuse can be direct and brutal, or much less obvious. Its impact is devastating for victims, both psychologically, physically, emotionally and financially.

**Trade union** : An association whose purpose is to defend the common interests of people in the same profession.

**Precarious employment** : In relation to a job, precariousness refers to the fact that it is not secure. Precarious workers suffer from inferior working conditions in all aspects of

their work: job security, predictability, health and safety at work, wages and social benefits, and access to social security.

**Economic vulnerability** : Refers to the situation of an individual, household or group that is particularly exposed to economic risks (e.g. unemployment, debt, sudden loss of income) without sufficient means to cope with them.

**Unprotected work** : A form of employment where workers do not benefit from the legal, social and economic protections guaranteed by law or collective agreements. This means that they do not have access to fundamental rights.

**Modern slavery** : Modern slavery refers to situations in which people are exploited and cannot refuse or leave this situation due to threats, violence, coercion, deception or abuse of power.

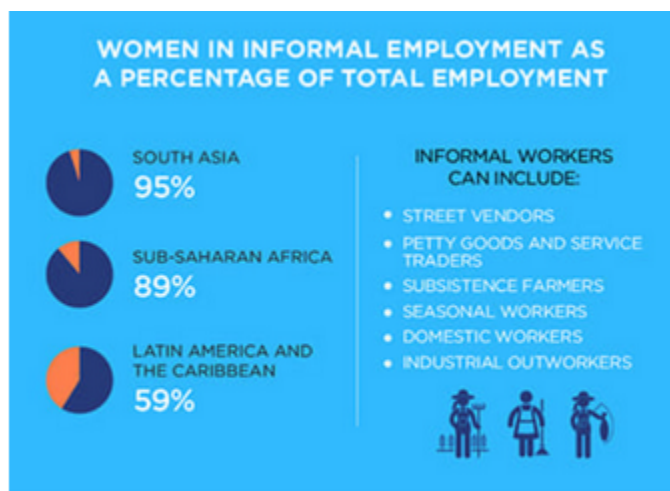
## OVERVIEW

### *1. The various forms of abuse in the informal economy*

The informal economy, which operates outside legal and regulatory frameworks, exposes many workers (according to the ILO, approximately 2 billion workers were employed in the informal sector in 2023) to considerable precariousness. Although it is often an essential source of income, it is accompanied by a high degree of insecurity. Workers may face very low wages, no employment contract, harsh working conditions, and limited or no access to social protection. This situation therefore encourages the emergence of many forms of abuse, such as:

- **Lack of social and legal rights:** According to the International Labour Organisation (ILO), more than 60% of the global workforce is employed in the informal economy, raising significant concerns about social and legal rights. Workers in the informal economy are often excluded from the fundamental protections afforded

to formal workers. They generally do not have written employment contracts, which deprives them of stability, protection against unfair dismissal and recourse in the event of a dispute. They do not have access to social security, such as health insurance, pensions or paid leave, and remain largely excluded from the right to freedom of association and collective bargaining. The International Labour Organisation (ILO) emphasises the importance of extending these protections to all workers. Convention No. 102 on social security and Recommendation No. 202 on social protection floors call on States to guarantee universal access to basic



Source : UN Women

benefits, even for informal workers. In the absence of such protections, informal workers remain particularly vulnerable to poverty, exploitation and social exclusion.

- Violence and discrimination: In the informal economy, women are particularly exposed to multiple forms of violence,

discrimination and exploitation. They represent a disproportionate share of the informal workforce, particularly in domestic work, street vending or home-based work, as highlighted by the International Labour Organisation (ILO, 2018). These workers are often underpaid, deprived of social protection, excluded from complaint mechanisms and frequently subjected to verbal, physical or sexual abuse. According to UN Women (2020), gender norms contribute to this precariousness by relegating their work to a form of ‘economic survival’ that is rarely recognised. In addition, Human Rights Watch (2019) denounces the systemic abuses suffered by domestic workers, including cases of harassment, non-payment and violence without recourse. The COVID-19 pandemic has further exacerbated these vulnerabilities, pushing more women into unregulated forms of work without rights or security. In developed countries, the informal economy also

exists, particularly in the form of undeclared domestic work (such as cleaners, home helpers or nannies without contracts). According to WIEGO, there are approximately 13.4 million domestic workers in developed countries, of whom 79% are women working in the informal sector (without social or legal protection). For example, according to the ILO, 60% of domestic workers in Italy are not officially registered, which means they have no social protection or stable contract. In France and Spain, around 30% of domestic workers are not covered by social security, which places them in a precarious situation. The majority of these domestic workers in developed countries are often migrants from poorer countries (e.g. from Latin America to Spain, from Eastern Europe to Germany and Italy, or from sub-Saharan Africa to France), which increases their vulnerability as their migration status may prevent them from claiming their rights.

- **Structural precariousness:** Structural precariousness in the informal economy refers to a situation of chronic insecurity linked to the absence of rights, protections and prospects for improving living and working conditions. It manifests itself in several interrelated ways. First, incomes are unstable and often insufficient to cover basic needs, making workers vulnerable to economic shocks, illness or crises. Second, there is no formal contract, which means that there is no guarantee of unemployment benefits, pensions, paid leave or protection in the event of dismissal. Health and safety at work are also largely neglected: informal workers are exposed to dangerous environments without access to healthcare or health insurance. This precariousness is described as 'structural' because it is embedded in the very functioning of the economy: these are not exceptional situations, but the normal working conditions for millions of people, particularly in the domestic work, street trading and home-based work sectors. Finally, this precariousness is reinforced by the lack of trade union representation, which deprives these workers of the means to collectively defend their rights or push for reforms.

- Economic abuse: In the informal economy, workers frequently suffer major economic abuse: inadequate wages, unpaid hours, illegal deductions and no pay for overtime. As reported by the OECD (2024), a majority of informal workers (nearly 54%) earn less than half the median disposable income. The ILO (2020/21) estimates that 266 million workers are paid less than the minimum wage due to widespread non-compliance with labour standards in the informal



Source : ILO (street worker)

sector. At the local level, surveys reveal that workers are often forced to work for free or outside their working hours, and suffer illegal deductions (deductions made by the employer from a worker's salary that are not authorised by the employment contract) or even wages that are significantly below the legal minimum. In the United States, for example, construction workers have lost significant wages due to unpaid overtime, with an estimated total loss of \$50 billion per year for all affected employees. These economic abuses are systemic components of informality: the lack of regulation, the absence of contracts and the impossibility of recourse make these practices endemic, requiring urgent measures for formalisation, inspection and minimum wage protection.

## ***2. Legal frameworks and protection mechanisms***



Source : ILO report

Although home-based workers in the informal economy are particularly vulnerable to abuse, there are legal frameworks and international mechanisms that attempt to regulate their situation, even if they remain largely inadequate. Although this convention, adopted by the ILO in 2011, is a major step forward for the rights of domestic workers (contracts, fair wages, social protection), only a minority of

developed countries have ratified it, notably Italy, Spain, Germany, Sweden, Portugal, Belgium, Ireland and Finland. Many other countries of similar economic standing (such as France and the Netherlands) have still not ratified it, which delays the legal recognition of these workers and the practical implementation of their rights. In addition, Recommendation No. 204 (2015) on the transition from the informal to the formal economy encourages States to adopt inclusive measures to gradually integrate informal workers into protection schemes. Several regional instruments, such as the European Social Charter, also address the issue of informal work, but their implementation remains very uneven. In many countries, home-based workers are not recognised by labour law, which deprives them of any legal recourse against abuses (unpaid wages, excessive working hours, harassment, etc.). According to Human Rights Here, the laws of certain countries, such as Lebanon, explicitly exclude domestic workers from the labour code, prohibiting any trade union membership and favouring a precarious contractual regime. In the absence of statutory recognition, they are not subject to labour inspections, do not have access to complaint mechanisms, and do not benefit from any protection in the event of illness, accident or maternity. Thus, while legislation exists, its application remains largely theoretical for domestic workers, especially women, who make up the majority in this sector.

However, these protections are insufficient, and these workers find themselves in extremely vulnerable conditions, which can even lead to situations of modern slavery. In the absence of a clear legal framework, effective institutional oversight and statutory recognition, many suffer serious forms of exploitation. According to the International Labour Organisation (ILO), nearly 28 million people currently live in a situation of forced labour, a significant proportion of which is domestic work in private households, particularly in the Gulf countries, South-East Asia and certain regions of Africa. The United Kingdom is also seeing an increase in cases of forced labour, particularly in the construction, agriculture, cleaning and domestic service sectors. The victims, often migrants, are exploited by their employers. In 2024, this country recorded a record number of 19,125 cases of forced labour, exceeding the 17,000 cases recorded in 2023. This trend is fuelled by poverty, conflict and global migration. These forms of modern slavery take the form of confiscation of identity documents, deprivation of liberty, excessive working hours without compensation, and physical and sexual violence. The 2022 global report by the ILO and the International Organisation for Migration (IOM) highlights that migrant women in domestic work are particularly vulnerable, often isolated in their employers' homes with no recourse. For example, in Saudi Arabia, NGOs such as Anti-Slavery International report cases where domestic workers have been locked up for years, without pay or the possibility of escape. As long as these workers remain excluded from formal complaint mechanisms, labour inspections and social protection, abuses can continue with impunity.

### ***3. Ensuring social justice for those forgotten in the workplace***

Ensuring social justice for those forgotten by the labour market requires a rethinking of social policies on a global scale. In many countries in the Global South, the informal economy accounts for a significant proportion of economic activity: it represents more than 90% of total employment in Burkina Faso, 85% in India, 80% in Benin and more than 60% in Bolivia and Peru, according to data compiled by the World Bank (2020). These informal workers – often working from home – perform essential functions in

sectors such as care, textile production, agriculture and recycling, while being excluded from social security and trade union representation. The ILO's World Social Protection Report (2021-2023) indicates that around 4 billion people still have no social protection coverage. As stated earlier, UN Women points out that the majority of these jobs are held by women, exacerbating structural inequalities.

It is therefore not simply a matter of formalising a few marginal jobs, but rather of recognising the economic and social value of these workers by integrating them into public policy. This requires the establishment of universal social protection floors, but also the adoption of hybrid social security models adapted to the realities of the informal economy (as explored by the Centre for Global Development). Countries such as South Africa and Indonesia have experimented with simplified contributory schemes for informal workers, with some success.

In Indonesia, the authorities have set up a specific social security scheme for informal workers, called **BPJS Ketenagakerjaan BPU**. It allows voluntary membership with very low contributions, covering occupational risks, death and retirement. This scheme has worked well in the digital sectors, thanks to automatic registration via platforms. However, membership remains very low among traditional informal workers, often due to a lack of information, unstable incomes and limited trust in institutions. The scheme's funding remains fragile, with contributions often insufficient. In South Africa, there is no specific contributory scheme for informal workers. However, the SRD Grant (temporary social assistance introduced in South Africa to support people without income or in economic distress, particularly during the Covid-19 pandemic) was set up for people without formal income, affecting a large part of the informal population. The scheme has been praised for its ease of access via mobile phones, but it has remained temporary and non-structural: there is no continuity or sustainable integration into a social protection system.

Ensuring social justice also means strengthening the capacity of states to collect data (i.e. gathering information to better understand reality and act accordingly), to regulate subcontracting chains (when a large company gives work to smaller ones, which often

employ informal workers without contracts or protection), and to offer real representation to these millions of workers, who are often invisible.

## ILO TREATIES AND MAJOR EVENTS

**1952**

**Convention (No. 102) concerning Social Security (ILO):** Defines a common set of social security rights to protect workers — including those in the informal economy — against major social risks.

**2011**

**Convention (No. 189) on Domestic Workers (ILO):** A historic text that officially recognises the fundamental rights of domestic workers, who are often invisible, precarious and excluded from traditional labour law protections.

**2012**

**Recommendation (No. 202) on social protection floors, (ILO):** This recommendation aims to help States guarantee a minimum level of social security for all, including workers in the informal economy such as home-based workers.

**2015**

**Recommendation No. 204 (2015) – Transition from the informal to the formal economy (ILO):** It calls on States to gradually integrate informal workers into social protection systems, create inclusive legal frameworks, and facilitate access to rights, security and public services.

## POSSIBLE SOLUTIONS

In your country, how could the rights of home-based workers be recognised and protected, even when they are not officially registered?

- Some legislation already extends coverage to informal workers by creating simplified registration mechanisms. In your context, what would be realistic or acceptable?

In your country, what means already exist for home-based workers to come together and collectively defend their interests?

- In certain contexts, cooperatives or workers' associations have proven to be effective. What forms of organisation would be most appropriate for your national context?

In your country, what solutions could be implemented to identify and reduce abuse without official inspections in private homes?

- Some countries have set up anonymous reporting systems or mediation platforms. In your case, what mechanisms would be credible and accessible?

In your country, how can abuse be monitored without official inspections in private homes?

- Some countries are exploring alternatives such as anonymous reporting mechanisms, mediation platforms and employer commitment charters. Which solutions could be credible and acceptable in your national context?

## QUESTIONS TO CONSIDER

- In your country, what are the most common abuses suffered by home-based workers in the informal economy (e.g. low wages, excessive working hours, lack of social protection, violence, discrimination)?
- What data or studies exist in your country to better understand the reality of these workers? What information gaps remain?
- What examples of good practices or successful projects in your country could be strengthened or expanded?
- Does legislation in your country recognise home-based workers in the informal economy? If so, is it effectively enforced?
- What obstacles do your institutions face in protecting home-based workers (e.g. limited labour inspections, lack of resources, incomplete legal framework)?
- In your country, what hiring or remuneration practices particularly undermine the position of home-based workers?
- What realistic solutions (simple contracts, transparent remuneration, clear payment terms) could employers put in place to limit abuse?
- In your country, how do home-based workers organise themselves to defend their rights? What obstacles do they face (isolation, fear of losing their jobs, lack of resources)?
- What training or awareness campaigns would be most useful in your country to inform workers about their rights and possible remedies?

- What accessible mechanisms (telephone hotlines, local associations, digital platforms) could help workers in your country to report abuses safely?
- With which other actors (formal trade unions, women's associations, NGOs, cooperatives) could home-based workers in your country join forces to gain more influence?

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