



International  
Labour  
Organization

1

# THEMATIC Labour Overview

Transition to Formality  
in Latin America  
and the Caribbean

Regional Office for Latin America and the Caribbean

1

# THEMATIC Labour Overview

Transition to Formality  
in Latin America  
and the Caribbean

Copyright © International Labour Organization 2014  
First edition 2014  
Second printing 2017

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source be indicated. For rights of reproduction or translation, application should be made to the Publications Bureau (Rights and Permissions), International Labour Office, CH-2111, Geneva 22, Switzerland or via e-mail to [pubdroit@ilo.org](mailto:pubdroit@ilo.org). The ILO welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit [www.ifro.org](http://www.ifro.org) to find the reproduction rights organization in your country.

---

ILO

Thematic Labour Overview 1: Transition to Formality in Latin America and the Caribbean (Revised version)

Lima: ILO, Regional Office for Latin America and the Caribbean, 2014. 76p.

*Informal economy, informal employment, own-account worker, youth employment, productivity, domestic work, public policy, private sector, developing countries, Latin America and the Caribbean.*

ISSN: 2521-7437 (print version)

ISSN: 2414-6021 (web pdf version)

Published also in Spanish: Panorama Laboral Temático 1: Transición a la formalidad en América Latina y el Caribe.

ILO Cataloguing in Publication Data

---

The designations employed, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its borders.

The responsibility for opinions expressed in articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the ILO of the opinions expressed in them. Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Publications of the ILO can be obtained in leading bookstores and local ILO offices or by request from: ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications can also be requested from the aforementioned addresses or by e-mail: [biblioteca\\_regional@ilo.org](mailto:biblioteca_regional@ilo.org)

Visit our website: [www.ilo.org/publ](http://www.ilo.org/publ) (Regional Office).

---

Printed in Peru

1

# THEMATIC Labour Overview

Transition to Formality  
in Latin America  
and the Caribbean



---

International  
Labour  
Organization

Regional Office for Latin America and the Caribbean

## TITLES IN THIS SERIES

THEMATIC Labour  
Overview

1

**Transition to Formality  
in Latin America and  
the Caribbean**

THEMATIC Labour  
Overview

2

**Small Enterprises, Large Gaps**  
Employment and Working  
Conditions in Micro and Small  
Enterprises in Latin America  
and the Caribbean

THEMATIC Labour  
Overview

3

**Working in Rural Areas  
in the 21<sup>st</sup> Century**  
Reality and Prospects of Rural  
Employment in Latin America  
and the Caribbean

## TABLE OF CONTENTS

<b>Foreword</b>	<b>7</b>
<b>Evolution and characteristics of informal employment</b>	<b>9</b>
Informal sector and informal employment	9
Characteristics of informal employment	11
<b>Formalization experiences in Latin America and the Caribbean</b>	<b>18</b>
Integrated approach	18
Improving economic capacity (productivity)	21
Standards	25
Incentives	29
<b>Conclusions</b>	<b>43</b>
Economic growth: a necessary but not sufficient condition	43
The need for an integrated and comprehensive approach	44
Challenges	45
<b>References</b>	<b>47</b>
<b>Statistical annex</b>	<b>51</b>



## Foreword

Following a lengthy period of economic growth and falling unemployment, academic and political interest in labour issues in Latin America and the Caribbean has shifted to working conditions and, in particular, the high degree of informality that characterizes the region's labour markets. While the phenomenon has been moderately reduced in recent years, there are still about 130 million workers with informal jobs in the region.

Informality is a large-scale situation with multiple causes; at the same time it is highly heterogeneous, and is characterized by an acute shortage of decent work. Most people who work in the informal economy are exposed to inadequate and insecure working conditions are unskilled and have few opportunities for training. Their income is more uncertain, more irregular and lower than those earned in the formal economy: workers in this condition work longer hours and do not enjoy the right of collective bargaining. Their situation is highly vulnerable because informal economy work is excluded or in effect beyond social security systems and labour laws.

Given the evidence that growth alone will not solve this problem, a number of the region's countries have been implementing specific measures to facilitate the transition to formality. Some of the measures have been in place for some time and have been systematically analyzed, while others are more recent and their results are yet to be evaluated. Many try to solve a specific problem, and there is a marked emphasis on the simplification of administrative procedures. In most cases, institutional issues are dealt with separately from economic ones. Less often, although with growing frequency, the countries have adopted a comprehensive strategy with multiple coordinated interventions, which would be desirable.

This report looks at recent data to analyze the main characteristics of informal employment in the region, and the most notable public policy initiatives in course in several countries of Latin America and the Caribbean. A systematic analysis of the phenomenon, and the generation of greater knowledge about policies and their outcomes, will enable the region to make a swifter transition from the informal to the formal economy.

The theme is of the highest priority. In 2014, at the International Labour Conference, the ILO constituents began a policy discussion on



Transition to Formality which will culminate at the 2015 Conference. The instrument and conclusions resulting from this discussion will act as a guide for designing and implementing more effective formalization policies worldwide.

Elizabeth Tinoco  
ADG  
ILO Regional Director  
for Latin American and the Caribbean

## Evolution and characteristics of informal employment

Informality is a broad and complex issue which covers a variety of situations and manifests itself in different forms in diverse realities. This at times leads to conceptual confusion and can lead to recommendations for different policies, depending on the aspect emphasized. Its causes are associated with multiple economic and institutional factors *inter alia*<sup>1</sup>. As a recent ILO report states (2013a), there is a growing consensus that it will not be possible to achieve inclusive development if rights and opportunities are not extended to the informal economy workers. The persistence of an extensive informal economy is incompatible with the realization of real progress towards achieving the objectives of decent work and undermines companies' capacity to be more productive<sup>2</sup>. This section will present a brief discussion of the concepts and measurements of informality, and analyze the more significant characteristics of informality in Latin America and the Caribbean.

### Informal sector and informal employment

The conceptualization and measurement of informality have evolved over time<sup>3</sup>. Regarding measurement, the informal sector, a concept disseminated in the 1970s and 1980s, above all through the Regional Employment Programme for Latin America and the Caribbean (PREALC, ILO), was defined on the basis of company size and the occupational category, as a way of approaching the low-productivity sectors.<sup>4</sup> In 1993, the XV International Conference of Labour Statisticians (ICLS) adopted a Resolution on Employment Statistics in the Informal Sector, proposing a new definition of "informal sector" with the emphasis on

---

1 Definitions of informal employment and informal sectors generally refer to a variety of regulations (including labour regulations, social security, tax, business operation regulations, among others).

2 ILO (2013a).

3 The term "informal economy", introduced at the 2002 International Labour Conference, refers to the series of "all activities carried out by workers and economic units that are not –in law or in practice–covered or are insufficiently covered by formal agreements" (ILO 2012).

4 Informal sector measurement, according to PREALC, included those working in small and not modern businesses, self-employed workers, excluding university-educated professional people, and those working in domestic service (PREALC 1976).

the description of the characteristics of the production unit and how these were administered.<sup>5</sup>

Subsequently in 2003, the XVII ICLS adopted a directive on the Statistical Measurement of Informal Employment, which complemented the 1993 Resolution and focused on analyzing the characteristics of the jobs. This produced a broader conceptualization of the phenomenon of informality, as besides considering those working in the informal sector, it incorporated the monitoring of forms of employment excluded from social and labour rights as defined in national legislation, one of them being the non-payment of social security contributions arising from the labour relationship. It specified that the term "informal employment" includes employment in the informal sector (defined by the characteristics of the production units) and informal employment outside the informal sector (defined by the characteristics of the jobs).

Bearing in mind the criteria established in the Resolution of the XV ICLS (1993) and the Directive of the XVII ICLS (2003), informal employment was 46.8 percent in 2013, a lower proportion than that recorded in 2012.<sup>6</sup> There is no doubt that the economic scenario and the application of specific policies –as the sections below will show– have contributed to this falling trend in informality in the region.

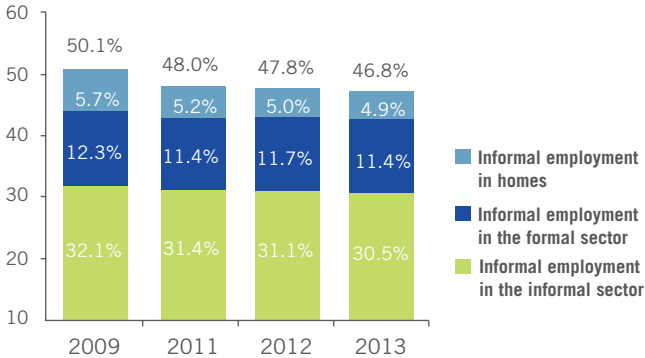
---

5 Following this resolution, the term "informal sector" was associated to the form (organization, administration, technology etc.) in which the production units operate for providing goods and services for the market. These are typically cottage industries, which means that they are not legally established, have no auditable accounts, and are not registered in national law.

This conceptual progress helped include the definition of informal sector business in the System of National Accounts (SNA) passed by the United Nations Economic and Social Council. According to the ILO (2013b), "the inclusion of the SNA was considered essential, because it was a requisite for identifying the informal sector as a separate entity in the national accounts and hence for quantifying the informal sector's contribution to the GDP."

6 The employment data in this publication differ from those previously published by the ILO for 13 countries and for the economically active population, considering the age ranges defined in each country. This publication uses data for the employed population of 15 years or over in 14 countries.

**Graph 1. Latin America and the Caribbean (14 countries):  
rate of non-agricultural informal employment per component**



**Source:** ILO, based on information from the countries' household surveys.

## Characteristics of informal employment

Of the three components that make up informal employment, 30.5 percent corresponds to the *informal employment in the informal sector*, representing almost two thirds of total non-agricultural informal employment.<sup>7</sup> This sector mainly corresponds to own-account employers and workers, as well as wage workers in non-registered informal production units, whose most frequent problems are limited capital stock and small scale operations, which hampers them in reaching an adequate level of productivity and sufficient production volumes.

The second major component is the *informal employment in the formal sector*, which represented 11.4 per cent of the total of non-agricultural workers. In this case, the main cause of informality is the failure to comply with legislation, primarily because of ignorance of the law, lack of economic capacity or institutional weakness. The third component is the *informal employment in homes (mainly domestic service)* which represented 4.9 per cent of total employment in 2013.

Informal employment has fallen in these three components between 2009 and 2013. By recognizing that the different components of informality exist, it is possible to appreciate their heterogeneity, while at

<sup>7</sup> This report concerns non-agricultural informal employment. Informal employment in agriculture has particular aspects which need to be analyzed with specific details. A fuller discussion of the subject can be found in the ILO's informality measurement manual (2013c).

the same time it poses the challenge of designing differentiated and specific policies for each group in order to facilitate the transition to formality.

When disaggregated by occupational category, (Chart 1), the highest informality rates in 2013 correspond to the own-account workers (82.3 per cent) –who own or administer units with no legal identity or which are not registered and therefore fall into the informal sector– followed by domestic workers (77.5 per cent) and wage-workers (employees) of microenterprises with up to ten workers (58.6 per cent).<sup>8</sup> Some 79 per cent of all informal workers in the countries studied fall into these three categories. The informal employment rate in microenterprises is over four times that observed in enterprises with ten or more workers (14.4 per cent), with great differences between countries.

**Chart 1. Latin America (14 countries): rate and composition of non-agricultural informal employment by occupational categories 2013 (percentages)**

Occupational category	Informal employment rate in each category	Composition of informal employment
<b>TOTAL</b>	46.8%	100.0%
Wage workers (including employers)	33.7%	52.7%
In the public sector	15.9%	4.3%
In private companies (*)	32.9%	38.1%
1 to 10 workers	58.6%	27.8%
More than 10 workers	14.4%	9.4%
In homes	77.5%	10.3%
Own-account workers	82.3%	40.9%
Contributing family workers	100.0%	5.3%
Other	96.7	0.0

(\*) The figure does not include workers in businesses of unknown size.

**Source:** ILO, based on household surveys in selected countries.

8 The family business worker category (unpaid) is 100 per cent informal, because, by definition and given the vulnerability involved in not receiving income, all the workers in this category are considered to have informal employment regardless of the sector (formal or informal) in which they work.

The distribution of informal employment affects some groups more than others. Chart 2 shows that the informal employment rates are highest among women (49.7 per cent) in comparison with men (44.5 per cent) although as there are more men in the labour market, they make up more of informal employment. While the informality rate has fallen more among women, there are still large gaps between the informality rates of men and women in several of the region's countries.

There is a negative relationship between educational levels and the informality rate. When workers have better qualifications, they also have better chances of getting better jobs, as registered employees with social benefits. Among workers with no education or only primary education, almost two out of every three had an informal job in 2013. These percentages fall when workers have higher educational levels. Some 46.2 per cent of workers with secondary education had informal employment, compared with only 26.3 per cent of those with technical or university education.

Informal employment has fallen in all occupational categories, particularly among wage-earners in businesses of over ten workers (the "formal sector" of the economy). However, around 80 per cent of all informal employment is still in occupational categories like the self-employed, wage-earners in businesses with up to ten workers and domestic workers.

The economic sectors with the highest rates of informal employment are construction (68.6 per cent) and trade, restaurants and hotels (55.7 per cent). Remarkably, these represent about 50 per cent of the region's informal employment. Other activities with a high rate of informality but a lower contribution to informal employment are transport, warehousing and communications (49.7 per cent) and services (41.2 per cent). These are the four sectors in which the informality rate fell less than the others between 2009 and 2013, whereas the manufacturing sector (38.8 per cent), mining (28.3 per cent), financial establishments (26.2 per cent) and electricity, gas and water (10.0 per cent), have lower rates of informal employment and greater reductions in this period.

As individuals' income rises, informality rates go down. The poorest quintile has an informal employment rate of 72.5 per cent, while the richest quintile has one of 29.8 per cent. The relationship between formalization and inequality is complex (ILO-ECLAC, 2014) although there is some evidence that points to a close correlation between both variables (Maurizio, 2014). Both represent different dimensions of the same phenomenon: exclusion. This shows that formalization is key to

reducing inequality, i.e. the incorporation into modern life of almost half of the work force, people who still take no part in formal types of production, and/or are not recognized or protected by national legislation.

**Chart 2. Latin America (14 countries): rate of non-agricultural informal employment 2009-2013 (percentages)**

	2009	2011	2012	2013
<b>Non agricultural informal employment</b>	50.1%	48.0%	47.8%	46.8%
<b>Sex</b>				
Male	47.2	45.5	45.2	44.5
Female	53.8	51.1	51.1	49.7
<b>Age</b>				
Young (15 to 24)	60.2	56.3	56.9	55.7
Adult (25 and over)	47.7	46.0	45.7	44.9
<b>Educational level</b>				
Primary and no level	66.6	64.8	65.3	64.4
Secondary	47.5	46.7	46.8	46.2
Higher	28.2	27.3	27.0	26.3
<b>Occupational category</b>				
Public sector employee	15.7	15.4	15.4	15.9
Private sector employee (including employers)	36.2	34.0	33.7	32.9
Microenterprises (1 to 10 workers)	61.4	59.7	60.3	58.6
Enterprises with more than 10 workers	17.2	15.1	15.1	14.4
Own-account workers	85.0	83.7	83.2	82.3
Domestic workers	80.1	78.1	79.3	77.5
Contributing family workers	100.0	100.0	100.0	100.0
<b>Activity</b>				
Mining and quarrying	32.4	30.5	28.2	28.3
Manufacturing	43.2	40.6	39.4	38.8

(continues...)

	2009	2011	2012	2013
Electricity, gas and water	11.1	10.0	9.2	10.0
Construction	73.1	71.6	70.1	68.6
Commerce, restaurants and hotels	59.1	56.6	57.1	55.7
Transportation, warehousing and communications	53.6	51.3	50.7	49.7
Financial establishments	33.6	31.7	26.9	26.2
Services	42.4	40.2	42.2	41.2
<b>Income</b>				
1st quintile	77.2	73.8	73.2	72.5
2nd quintile	64.2	61.7	61.2	59.7
3d quintile	55.3	53.2	53.2	51.9
4th quintile	45.0	43.3	42.9	41.9
5th quintile	31.7	30.9	30.8	29.8

**Note:** estimate for 14 countries. Employed population aged 15 years or over.

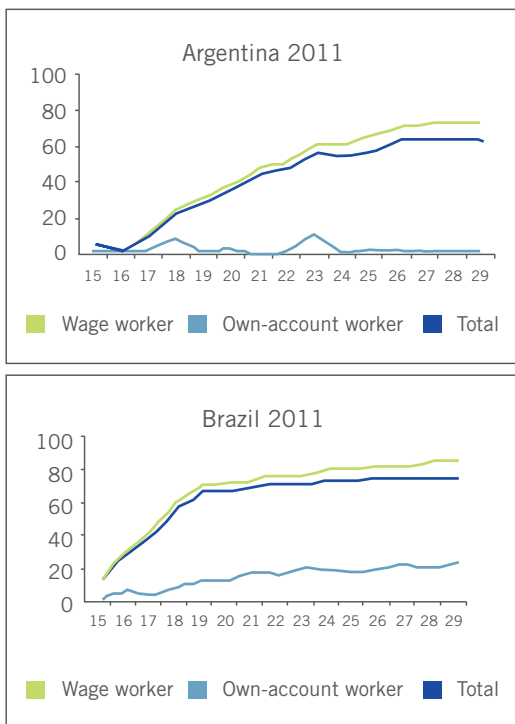
**Source:** ILO on basis of household surveys of selected countries.

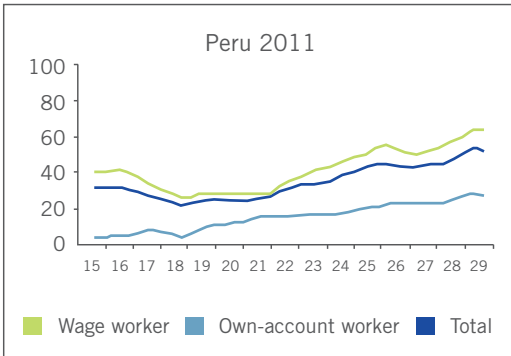
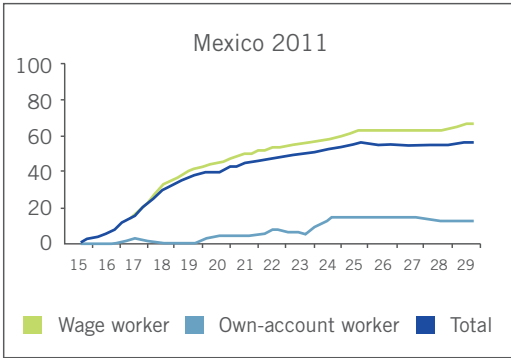
Informality is higher among 15 - 24 year-olds (55.7 per cent) than among adults (44.9 per cent). According to a recent ILO report (2014), informality affects young people from 15 to 19 to a greater extent, which could show that they start their working life in informal jobs, with no social benefits or in unregistered production units. The report also highlights the fact that among the various transitions that young people must make (to parenthood, from school to work, to another educational level, independence, etc.), one of the most important though least studied is the transition to formal employment.

This transition generally depends on the young person's career path. In the countries analyzed, those who choose a career with paid employment are more likely to start in formal jobs from their youth. Those who are self-employed from the start are practically excluded from formality, and particularly from social protection. The way in which wage workers (employees) move into formal employment varies between countries and depends on the different institutional structures (Graph 2).



**Graph 2. Transition of young people to formal employment in selected countries**





**Source:** ILO (2014a).

Young people's formalization is undoubtedly limited by the levels of formality in the labour market as a whole, which reflects the fact that youth formalization policies cannot be proposed separately from formalization policies in general.

All of these characteristics of informal employment have important implications for policies, which must be consistent with the circumstances of each group and consider the different realities. It also implies, as the ILO has suggested (2013a), that there is a need for an integrated approach when defining policies for facilitating the transition towards formality.

## Formalization experiences in Latin America and the Caribbean

A number of countries in the region are making major efforts to tackle the challenge of informality, which could explain the reduction in the rate of informal employment. This is no small accomplishment in a region where for decades informal employment grew and accumulated. In order to analyze the policies implemented by various countries in the region and whether these can be associated with the reductions in informal employment, the ILO's Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC) conducted a series of analyses in several countries.<sup>9</sup>

Informality in the region has received most attention in terms of the threat the problem poses to economic development, the unfair competition it represents to businesses and the opportunity it provides for the violation of fundamental principles and rights at work, leading to child labour, forced labour and discrimination. Informality is also associated with a lesser capacity for the organization and representation of social partners, and hence workers and employers cannot freely exercise their right to freedom of association and collective bargaining.

### Integrated approach

The report on transition from the informal to the formal economy presented at the 2014 ILO International Labour Conference highlighted that where integrated approaches have been adopted, the results for formalization have been more robust.<sup>10</sup> The report also mentions that an integrated approach should give priority to aspects such as sustained economic growth with quality jobs, improved legislation, stronger institutions, social dialogue promotion, organization and representation, encouragement of equality and the fight against discrimination (women workers or migrant workers), support for corporate initiative, development of professional skills, funding, the extension of social protection and local economic development (Graph 3).

---

9 The FORLAC programme has published a series of Notes on formalization experiences in ten countries (see [http://www.ilo.org/americas/sala-de-prensa/WCMS\\_245613/lang-es/index.htm](http://www.ilo.org/americas/sala-de-prensa/WCMS_245613/lang-es/index.htm)) and a Regional Note (ILO 2014b). Other documents have been published on specific issues such as the policies for formalizing micro and small businesses (ILO 2014c) and single tax systems in Latin America (ILO 2014d). Although there are also interesting experiences among the social partners, this document focuses on public policy, i.e. those promoted mainly by the region's governments.

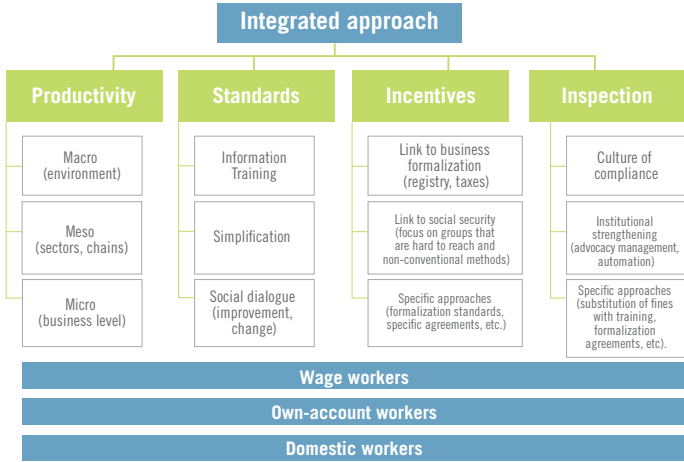
10 ILO (2013a).

**Graph 3. Integrated focus of transition to formal economy**

**Source:** ILO (2013a).

Though this kind of approach is absent in most of the region's countries, the ILO's analysis (2014b) in ten countries which managed to cut their informal employment rate reveals that the countries have used at least four main ways to facilitate the transition towards formality. Graph 4 shows that formalization has been addressed with actions geared to generate in businesses the conditions for growth and ensure that the growth is sustainable, together with actions to raise the economic units' capacity for complying with current standards or norms. They have also adopted initiatives with the main aim of increasing the capacity or institutional strength of the economies to comply with the standards, which include the three remaining ways. The scheme also shows the need for specific approaches for groups such as wage-earners, the self-employed and domestic workers, related to the four main axes of action.

**Graph 4. Public policies for the transition to formality in countries in Latin America and the Caribbean**



**Source:** Formulated by author.

Various countries have recently initiated articulated projects, combining multiple actions, through laws or formalization strategies. In 2014, Argentina passed the Registered Labour Promotion and Labour Fraud Prevention Act (*Ley de Promoción del Trabajo Registrado y Prevención del Fraude Laboural*),<sup>11</sup> supplementing several initiatives the country had already put in place. Also in 2014, Brazil passed the National Plan to Combat Informality.<sup>12</sup> Since 2013, Mexico has been promoting the Employment Formalization Programme and since 2014 the *Crezcamos Juntos* Federal Programme.<sup>13</sup> In 2014, Peru passed the National Production Diversification Plan (PNDP) with the goal of reducing informality

11 Law N° 26940. The proposed actions, which included a social dialogue office, also include strengthening labour inspection and economic incentives for registering with social security and activities for encouraging formalization in sectors which are highly informal (Bertranou and Casanova, 2014).

12 *Plano Nacional de Combate à Informalidade dos Trabalhadores Empregados* (PNCITE). The plan aims to integrate several policies leading to the formalization of 17 million workers who currently have no access to social benefits.

13 For further information, see <http://empleoformal.stps.gob.mx>

by ten percentage points by 2021 and 20 percentage points by 2030.<sup>14</sup> The country also passed the Ministry of Labour's Sector Strategy for Labour Formalization, with the goal of reducing informality by four points by 2016.<sup>15</sup> Other countries are now discussing strategies with a multidimensional focus like the ones already mentioned. This shows a trend towards the use of integrated strategies in the region in the future.

Combined strategies can also be implemented locally. One example is the project "Promoting respect for the labour rights of informal economy workers" in Costa Rica, El Salvador and Honduras, sponsored by the US Department of State and carried out by the ILO Office for Central America, which has concentrated much of its action at municipal level, largely through social dialogue and consensus building. The plans agreed included organization, training and the development of formal businesses, and measures for simplifying administrative procedures, thus removing obstacles to the transition towards formality. The project has also made alliances with support programmes for unemployed young people, initiatives for developing women entrepreneurs and technical assistance for the statistics institutes.<sup>16</sup>

## Improving economic capacity (productivity)

The economic capacity of both businesses and workers is a fundamental determining factor for formality. Productivity is a synthetic indicator of such capacity. Latin America and the Caribbean face considerable challenges, while the product per worker has grown over the last decade, growth has been slower than the world average, to the point that it is estimated that in 2014 the latter will exceed the region's

---

14 The PNPD's objective is "to generate new motors for economic growth, leading to diversification and economic sophistication, the reduction of dependence on commodities' prices, improved productivity, increased formal, quality employment and long-term sustainable economic growth" (Supreme Decree N° 004-2014-PRODUCE).

15 R.M. N° 205-2014-TR.

16 The project has also had an effect at national level, supporting the formulation and debate on Bills for the protection of the own-account workers, including access to social security, in El Salvador and Honduras. It has worked with the union federations of Costa Rica, El Salvador and Honduras to facilitate the organization and training of informal economy workers, by developing a teaching primer and by training union leaders. With employers' organizations, especially the small and medium enterprises Chambers of Commerce, the project has given training, using the ILO "Start and Improve your Business" methodology, awarding certificates to hundreds of entrepreneurs, especially women and young people, in the three countries.

average.<sup>17</sup> A variety of factors contribute to this trend, including lack of investment, out of date technology, infrastructure gaps, educational deficits, etc.

The region is also very heterogeneous and tends to suffer of lack of productive articulation. This means that the highly productive sectors' growth is barely linked to less productive sectors, where most people are employed. This is therefore an important issue if efforts towards formalization are to be sustainable.

The analysis of these experiences has detected that in productivity, the region's countries have operated at three main levels. First, at the macroeconomic level, the experiences studied show that recent reductions in informal employment have occurred during periods of high growth, in comparison with previous decades. Most of the countries learned from past crises and accompanied a favorable international context with prudent economic policies, both monetary and fiscal. In some crises, the control of key variables like inflation and the use of active monetary policies accompanied by a greater public spending with countercyclical criteria have also protected formal sector jobs. Clearly, there is also a link between the level of economic activity and formalization, even when it is a fact that the impact of economic growth on formalization depends on its own characteristics and composition.<sup>18</sup>

---

17 ILO (2013d).

18 Factors which may influence the pace of formalization include the intensity of the use of labour or capital, if the sectors that are promoting growth are directed to the domestic or foreign market, as well as the existence or absence of incentives.

### **Box 1. Microeconomic productivity improvement: the SCORE programme**

The ILO SCORE programme (Sustaining Competitive and Responsible Enterprises) promotes cooperation between workers and management in the workplace to improve the productivity of small businesses, working conditions and job quality. By changing management style and establishing cooperation and dialogue between managers and workers in the workplace, there is a better working environment, fewer accidents, cleaner production and an increase in the businesses' productivity.

The programme is modular and focuses on developing cooperation. It has five training modules and provides technical assistance at the workplace in: (i) cooperation at work (only compulsory module), (ii) quality: continuing improvement management, (iii) human resources management, (iv) cleaner production, and (v) health and safety at work. Workers, union representatives and management take part in the programme, with assistance from local experts who monitor the implementation of business improvement plans, formulated and agreed between workers and managers.

SCORE is being applied in various countries across the region and worldwide. In Bolivia, an innovative experience in tripartite social dialogue uses SCORE to strengthen labour relations in the industrial sector in La Paz and El Alto, which has led to better communication between management and workers, tidiness and cleanliness in the workplace, and to establish special teams composed of unions and management. In Colombia the programme worked in the floriculture and textile sectors, in an alliance with the National Learning Service and the ANDI Foundation, improving the working conditions of over 4,300 workers in 35 businesses. More recently in Peru, in coordination with the National Tripartite Council for Health and Safety at Work, work has begun with nine agro-exporting companies in three regions, to foster better cooperation and health and safety in the workplace.

Second, productivity has also been stimulated in specific sectors, at what could be described as a "meso economic level." Interventions are needed at this level even in a context of strong economic growth and the result in employment will depend on the labour intensity in the sectors which drive it, on the existence of productive chains that activate the labour demand or public policies for developing certain sectors or regions. Some countries have also used specific mechanisms to raise productivity and improve both corporate and labour competencies. Mexico, for example, has the federal programme



"Productivity Support Programme"<sup>19</sup>, and an updated on-line system for measuring labour productivity and salaries. This country also developed a national competencies system (*CONOCER*), in which social actors help build the standards and the competencies are defined to connect with productivity. Brazil has think tanks that monitor the performance of key economic sectors. Feedback at tripartite councils for national level analysis helps to direct the programmes and promotes the use of the tools designed by the social partners. Brazil, Ecuador, Mexico and Peru have linked government procurement to employment formalization among suppliers. In some cases, this has a value chain focus, aimed at linking up the informal segments part of the chains with formality. Local Economic Development, with a territorial focus, also helps to foster growth in local economies and connect them to value chains and to domestic and foreign markets.

Third, action has been taken at the microeconomic level, by strengthening technology, human capital, or ways of production organization, tackling out-of-date technology, above all in smaller businesses, and training deficits in labour and business organization. The fact that only two of every ten smaller economic units survive the second year of operations is proof that something has to change in entrepreneurship training.<sup>20</sup>

For entrepreneurs to develop, they need to acquire a series of competencies to ensure that the business is sustainable and for implementing business plans. At the same time, "soft competencies" such as team work, leadership, effective communication, permanent learning and the capacity for innovation, are also necessary.

For businesses and employment to be formalized, there should be an enabling environment for sustainable enterprises. The ILO has a number of tools for assessing the environment for sustainable enterprises and methodologies for encouraging productive development and improving working conditions (see Box 1) that try to link up productive development with job quality. Other initiatives geared to developing the management and technological capacity of workers and micro and small enterprises (MSEs) are being operated by the National Learning Service in Colombia (SENA); and in Brazil, by the National Industrial Learning Service (SENAI) and the Brazilian Service of Support for Micro

---

19 See <http://www.stps.gob.mx>

20 Most diagnostics conducted into the situation of micro and small businesses in the region have found that the lack of marketing channels for products is a constraint for their growth and sustainability (Zevallos: 2007, Obando et. al: 2008).

and Small Businesses (SEBRAE). In all cases, formalization is not necessarily the direct aim, but will be a result of the enterprise sustained growth.

Employment policies can also be useful for encouraging formalization. In Mexico, there are several programmes offering training for moving into the formal labour market. Some examples are the Days of Specific Labour Approach (*Jornadas de Acercamiento Laboral Específico*) in Nuevo León, which provide free training to job seekers in the State Employment Service labour exchange. Since 2013, the programme has offered 133 sessions and placed 16,300 people in formal jobs. The "Jóvenes al Empleo" programme is for people aged between 16 and 29 who have no work experience, offering up to one month's wages to those who hire them as well as training scholarships. In 2013, four thousand students passed; and of those, 2,885 found formal jobs. Both programmes are temporary.

## Standards

The analysis of experiences in this dimension shows that programmes have been held in various complementary fields. The first aims to improve or increase information and the knowledge of rights and obligations of employers, workers and the general public. Many economic units have been found not to be fully aware of what it means to have a formal business or formal workers, or the registration procedure for setting up a formal enterprise or for registering workers with the social security authorities, for example.

The Formalization Networks strategy (*Redes de Formalización*) in Colombia publishes information about what formality involves among the economic sectors and areas of the country where there is a high level of informality. Argentina has held an awareness-raising campaign about the problems of labour informality and the advantages of formalization; while Ecuador held a campaign called "Dignified Work" (*Trabajo Digno*) in 2010.

There are further initiatives for circulating information about the paperwork needed to register a formal business or workers. In Chile for example, the *Fondo de Educación Previsional* was created with the aim of training and informing micro and small enterprises (MSEs) regarding the importance of social security. In Colombia, the National Business Creation Portal (*Portal Nacional de Creación de Empresas*) offers information about how to start-up a business.

**Chart 3. Experiences of disseminating information regarding formalization**

Country	Experience	Description
Argentina	Awareness-raising campaign (Comprehensive Plan to Address Non-registered Employment)	The “Comprehensive Plan to Address Non-registered Employment” included awareness-raising about the problems of informality, through a systematic media campaign. It focuses on the advantages of complying with labour and tax obligations and the resulting social protection. Through the Business Responsibility Plan, leading companies raise the awareness of their clients and suppliers regarding their need and obligation to comply with labour law.
Colombia	“Colombia goes formal”	Colombia has a series of programmes to encourage business and labour formalization, such as the Formalization Rounds and Formalization Brigades. The project is operated by the Ministry of Trade, Industry and Tourism and has established agreements with the Corporation for the Development of Microenterprises.
	Formalization Networks	Activities in promotion, training, advice, coaching, intervention and affiliation, inspecting and auditing projects, strategies and activities for labour formalization of Colombian workers, including links with the Social Protection System.
Ecuador	Dignified Work	This campaign was launched in 2010 to promote compliance with labour obligations, initially for domestic workers (Domestic Work with Dignity) and since 2011 for all types of work. The programme carries out inspections to raise the awareness of workers and employers about their rights and obligations. It started with media campaigns on television, radio and press, together with brigades, which offered information on the main streets of the big cities.

Source: Bertranou, Casanova and Lukin (2013) and the projects' web pages.

A second area is the adaptation or simplification of regulations or procedures. There are various initiatives of this kind in the region, often combined with other tools, sometimes incentives and sometimes sanctions. Simplifications generally concern taxation, labour procedures, affiliation to social security, creation of enterprises, unification of procedures, etc. Procedures are often optional and for a specific segment, such as microenterprises, therefore not applicable generally.

There are many such experiences. Chile passed Law N° 20494 in 2011 (reducing red-tape for new businesses start-up) to create formal businesses, in line with the government's goal to increase the net rate of business creation. The law reduced red-tape for obtaining a municipal patent and amended the tax code to provide electronic tax documents immediately, without a prior visit from tax officials. Another important initiative was the creation of the platform: "Your business in a day" (*Tu empresa en un día*, created by Law 20659, 2013) which allows registering the start-up or modification of a business electronically and free of charge. A digital form replaces some traditional requirements (public registry, publication in the government gazette, etc.). It is a free service and immediately generates a tax number so the business can start operating at once. In the first five months, over ten thousand businesses were created using the platform.<sup>21</sup>

#### Chart 4. Experiences in administrative simplification

Country	Experience	Description	Results
Brazil	<i>Simples</i> (1996) <i>Super Simples</i> ( <i>Simples Nacional</i> , 2006)	It allow to operate a business immediately. Simplification in tax declaration and payments (see Chart 5 for other characteristics)	See Chart 5
Chile	Law 20494 (2011)	It streamlines procedures for the creation of new companies	Number of forms reduced from eight to seven, from 22 days to 7 at 25 per cent of the cost.
	Your business in a day (2013)	Free, electronic registration to set up business	10 thousand businesses registered in first five months

(continues...)

21 Further initiatives included the "Family-Owned Microenterprise" (*Ley de la microempresa familiar*, Law 19749, 2001) and the PREVIRED Portal, which businesses can use to declare tax and make a single social security payment. For further information, see ILO (2014e).

Country	Experience	Description	Results
Colombia	Anti-Red Tape Decree (2012)	Cut of red tape , reducing cost and time for formalizing a business	
	Business support centers - CAE (2001)	Integrated information and advisory services for setting up businesses in a single day at a single place at low-price	Reduced red tape and points of contact. Cost reduction between 45% and 76%. The cities which have a CAE reported 5 per cent more businesses registered against cities with no CAE.
Panama	<i>Panamá Emprende</i> (2007)	Opens businesses in a single day through electronic registry. The "Operations Notice" replaces all previous red tape and registers	
Guatemala	<i>Ventanilla Ágil</i> (2006) and the Procedures Simplification Program	One single place and a single procedure for registering businesses	Previously, to open a business there were 59 requirements, 10 forms to fill in, 10 required payments, 15 visits to authorities and 17 working days. Now there are only 9 requirements, 1 form, 1 payment, 3 visits and 1 day.

**Source:** formulated by author based on ILO (2014c) and websites of described experiences.

Colombia proposed a "Anti-Red tape decree"(Decree N° 19, 2012) and the creation of the Business Support Centers (*Centros de Atención Empresarial*, CAE), which provide integrated information and advice centers for setting up a business in a single day and a single place at low cost, and the National Business Creation Portal. Further similar initiatives include the "*Panamá Emprende*" project (adopted by Law N° 5, 2007), the "*Ventanilla Ágil*" and the "Procedure Simplification Program" in Guatemala, as well as Law N° 8220 on public protection from excessive paperwork and requirements in Costa Rica.

Brazil also introduced amendments to the procedures for creating businesses. A registry was created in the *Portal del Emprendedor*, for automatically registering a business on the National Register of Legal Entities (which facilitates opening bank accounts) and it provides a

provisional operating certificate (6 months). During this period, the municipal council must give an operating license. In Argentina, in 2003–2013 major programmes have been started for tax simplification, e-government and a one-stop shop at municipal and regional level.

Uruguay leveled employer pension payments to social security by productive sector and made the conditions for accessing traditional benefits more flexible. The health insurance reform (in 2008) gradually integrated pensioners, minors and spouses; the unemployment benefit reform (also in 2008) established benefits for crisis situations and for beneficiaries with secondary employment; a special unemployment subsidy for some economic sectors, the flexibilization of conditions for accessing pensions payments, equal labour rights for domestic workers. Household allocations were extended to include all heads of households benefitted.

Simplification also covers regular labour obligations payments, integrating the settlement of the various contributions in a single form, facilitating electronic payment, as in Colombia (PILA system), Costa Rica (SICERE) and Brazil (eSocial).

In some cases, simplification has been linked to incentives, mainly tax related, as described below. This not only encourages the formalization of economic activities but also indirectly helps improve the inter-institutional coordination between administration departments and technological update.

The ILO (2014c) has stressed the fact that streamlining administrative procedures can improve the registration of economic units but this does not necessarily lead to the formalization of employment, and hence these initiatives need to be supplemented by other specific measures.

A third complementary area identified in this axis is dialogue, negotiation and consultation processes to promote improvements in standards and regulations. The development of social dialogue in all its forms is key for changes in standards and regulations to be legitimate and sustainable. This can be seen in some recent reforms in the region.

## Incentives

A number of the region's governments have designed and implemented incentives for formalization with many variants.

One example is the mechanisms associated with taxation, mainly for smaller economic units, sometimes including own-account workers.

Several countries have specific simplified systems for accounting, tax declarations and payment. According to a recent ILO study (ILO 2014d), at least 15 countries in the region developed a simplified tax system. Peru, for example, has the Single Simplified System (*Régimen Único Simplificado*, RUS) for private individuals and microenterprises –which allows them to pay a fixed sum and exempts them from sales and income tax– and a Special Income Tax System (*Régimen Especial de Impuesto a la Renta*, RER) – that establishes a fixed rate on net monthly income, although it does not exclude the general sales tax.

Chart 5. Tax incentives in Latin America and the Caribbean

Country	Experience	Description	Some Results
Argentina	Single Tax Regime ( <i>monotributo</i> )	An optional and simplified system for tax payers who pay different taxes (profit tax, added value, social security system and health insurance) in one fixed monthly payment. Access requirements are simple and the sum is defined according to an estimate of gross income, area where the activity takes place and energy consumption. There is an incentive for compliance (rebate of one month's integrated tax if the payment is made on time throughout the year). Owners of micro and small enterprises are expected to register on this system since they can access the Compulsory Medical Programme, the unification of contributions with other family members and have the right to pension benefits.	Increase of nearly 800 thousand tax payers between 2007-2013. Gradual concentration of active tax payers in the lowest categories.
	<i>Simples</i> (Law N° 9317, 1996) and <i>Super Simples</i> or <i>Simples Nacional</i> (Law N° 123, 2006)	This mechanism of differentiated taxation for micro and small businesses merged five federal taxes and the social security contribution in a single payment. <i>Super Simples</i> merged eight taxes. There is a single payment that is progressive on the basis of businesses' annual sales. Other incentives are the elimination of the requirement to maintain accounting procedures and the opportunity to submit a single annual tax declaration for federal, state and municipal taxes on a single date (on the basis of gross income accumulated in the previous 12 months and the economic sector).	According to Pochmann (2014), the impact on formalization was low until the creation of <i>Super Simples</i> . Schwengel and Rizza (2013) state that the number of micro and small businesses that adopted <i>Super Simples</i> rose from 2.5 million in 2007 to 4.4 million in 2012.*
Brazil	Individual Microentrepreneur Act - SIMEI (Law N° 128, 2008)	System designed for own-account workers who do not bill over 60 thousand Reals per year (US\$ 27 mil), with up to one employee earning the minimum wage and with no shares in another company. This system permits a fixed monthly payment including social security payments and has exemptions from various taxes. On registering, micro business owners are entitled to the basic pension for old age, disability, a sickness and maternity subsidy, etc. They may access other general system benefits, and may change their status by paying the difference.	Following formalization, 60 per cent of businesses stated that they billed more, 41 per cent that it did not change and only 3 per cent that it fell. Nearly 8 million businesses registered on <i>Simples</i> and SIMEI.

(continues...)



Country	Experience	Description	Some Results
Uruguay	Single Tax Regime ( <i>monotributo</i> )	System designed for workers in simple activities who work on the street, and for the own-account and their spouse/assistant. The 2007 amendment broadened the activities included in this simplified tax regime and lowered the cost, including activities that are held in small premises and private or public property.	By the end of 2012, the number of businesses affiliated to the Social Security Bank for the single tax exceeded 26 thousand: seven times the June 2007 figure.
	Social Single Tax Regime ( <i>Monotributo social</i> , MIDES)	Special system for personal enterprises or partnerships (up to 4-5 partners) for people who live in households under the poverty line or who are economically vulnerable. The annual billing limits are the same as those of the Single Tax System. Gives social security coverage in exchange for a small contribution instead of social security contributions and excluding other national taxes levied on imports. Tax payers enjoy medical coverage through the National Health Fund, with an additional payment.	Amarante and Perazzo (2013) find a slow but steady increase in the percentage of coverage of this system against the potential universe. The main obstacles may be the number of activities included and the low income of potential payers.
	Minimum VAT System for Small Businesses	This system is for small commercial or industrial businesses, whose annual billing is up to an indexed limit. A small monthly payment must be made for value-added tax (VAT) and users are exempt from Income Tax on Economic Activities (IRAE) and the Business Equity Tax. It has a mechanism for applying the VAT and employers' contributions gradually in small amounts in the first financial years in activity.	

**Source:** Cetrángolo, Goldschmit, Gómez Sabaini and Morán (2013).

\* It is important to notice that these reforms have taken place in a decade of sustained economic growth, which has also contributed to the consolidation of economic activity.

Some countries have linked tax incentives to social security contributions, integrating various payments in a single tax. In Uruguay and Argentina, these systems are called "the single tax regime" (*monotributo*) and involve reducing tax obligations for small tax payers and access to special social security systems.

In Brazil, the Simples system integrates several federal taxes with social security payments for micro and small enterprises. There is also a specific mechanism for own-account workers, called the Individual Microentrepreneur System (SIMEI). In this system, with the payment of a small sum (five per cent of the minimum wage) the tax payer has the right to the tax register and certificate in order to access markets and credit; the right to an old age pension, medical care for sickness and maternity leave.

More recently, in 2014, the Mexican government approved the "*Crezcamos Juntos*" federal programme for micro and small enterprises, with the aim of facilitating the transition from informality to formality, offering rewards for doing so, eliminating the requirements for overcoming the obstacles to formalization and holding media activities for the public to provide them information about the programme and appreciate the advantages of formality.<sup>22</sup> The programme has created a new Tax Incorporation System with the option of a Simplified System which has the following benefits:

- ▶ From 2015, businesses registered at the Small Tax Payers' System (REPECO) will move automatically to the new system. For businesses in the Intermediate System this is optional if their income is less than 2 million Pesos per year.
- ▶ Discounts from Income Tax (ISR) of 100 per cent in the first year, 90 per cent in the second year and so on to the tenth year.
- ▶ If the businesses do not issue receipts and have an annual income up to 100 thousand Pesos, they are exempt from paying the special tax on products and services.
- ▶ On registering with the Fiscal Incorporation System, they may become affiliated to the Mexican Institute of Social Security with a 50 per cent subsidy for those workers who have not made contributions over the last 24 months (access to health insur-

---

22 Further information can be found on <http://www.crezcamosjuntos.gob.mx>.

ance, insurance for accidents and disability, retirement pension, widow's and orphan's pension).<sup>23</sup>

Another form of incentives is the extension of social protection, above all for collectives that are hard to cover such as the self-employed, micro-business workers, rural workers, and domestic workers etc.<sup>24</sup>. Some unconventional mechanisms have been used for these cases. One example is the collective insurance schemes such as those in Argentina and Costa Rica (Chart 6).

---

23 Other benefits are:

- Income and expenditure declarations every two months via the web page.
- Simplification of registration red tape as tax payer and of regular declarations.
- Access to credit for housing and consumption.
- Access to finance for the business.

24 A selection of best practice in the affiliation of the self-employed can be found in Duran et al. (2013).

Chart 6. Unconventional insurance schemes

Country	Experience	Description
<b>Costa Rica</b>	Collective insurance agreements	<p>This mechanism was established in the 1970s. It provides the self-employed grouped in organizations, mainly associations and cooperatives, the possibility to sign collective insurance agreements which cover all their members. The organization that signs the agreement pledges to submit a monthly 'pay roll', collect the payments from its members and transfer them to the social security system.</p> <p>To start this process, the interested organization must send an affiliation request. It must provide proof of the legal identity of the organization and the number of members. Once the organization is accredited, the negotiations begin. Wage workers or workers not involved in the organization's activity are not accepted. The affiliates' rights through the agreements are the same as those established for wage workers.</p> <p>The installments are set depending on the activities of the organization. The organization is responsible for placing each member on the scale most appropriate to his or her income. This is subject to regular spot checks by inspectors. The installments can be adjusted every year when the agreement is renegotiated.</p> <p>The agreement may be rescinded with three months' notice by either party, within the one year period in force.</p>
<b>Argentina</b>	Trade association co-responsibility agreements	<p>These are agreements signed between worker associations legally established and business people working in rural activities, whose aim is to provide the coverage of the social security subsystems to the workers and their families. The employer replaces the monthly contributions payments to the social security system with a deferred payment, which falls within the "substitute tariff", made at the best time of production, through a collection agent defined by the parties.</p> <p>This kind of agreement may only be entered into by those involved in rural activities in which, because the labour relations are seasonal and/or because there is a high turnover, collection is difficult, as is the monitoring of compliance with the social security obligations.</p> <p>The agreements are valid while none of the parties declares their intention to withdraw from it. The substitute tariff, which is reviewed every year, is retained by an agent established in the agreement itself. While it is in force, employers must comply with the obligation to generate and present monthly sworn declarations. The parties must submit the agreement to the Social Security Secretariat which, after an inspection by the AFIP and the ANSES, will proceed to give its approval.</p>

Source: Duran (2009) and the Ministry of Labour of Argentina website.

Several countries have created subsidized programmes in order to increase social protection coverage. Some examples are the subsidized medical care plan entitled AUGE in Chile, the non-contributory pension programme for the poor called BONOSOL in Bolivia, or the conditional transfers like Mexico's Opportunities Programme (*Oportunidades*), Families in Action (*Familias en Acción*) in Colombia or *Avance* in Costa Rica.<sup>25</sup> For pensions, some countries have non-contributory programmes that offer small benefits to the poor older adults (Argentina, Peru and Uruguay).

The use of unconventional affiliation methods is more common in groups that are hard to reach, although more evidence is needed to assess the scale of its final impact on formalization levels. In many cases this is due to the fact that the experiences are very recent. The challenge, as ever, is that growing affiliation should be accompanied by improvements in the health services, in pensions or in both. The health benefits may be visible in the short term, but pensions are a long-term benefit. It does not only involve access but quality and coverage, as these people are not on the system and clear and visible incentives must be provided for them to move into formality.

---

25 Evaluations of cash transfer programmes such as "Bolsa Familia" show that, after inclusion in the programme, the activity rate of the household members increases. This could be explained considering that having a job –preferably formal– is still the aspiration of many households, and the lack of monetary resources or relevant information on how to obtain it were the main barriers. These results suggest the need to better articulate different policies. For further information see IPEA (2013).

## Box 2. Formalization and domestic work

In Latin America there are almost 20 million people in domestic work. Depending on the country, this group represents between 7 per cent and 15 per cent of occupied women. This is fundamentally a woman's occupation (83 per cent of people occupied in this sector are women).

Worldwide, only 10 per cent of this kind of employment is adequately covered by legislation, in parity with other workers, while nearly 30 per cent is completely excluded. A domestic worker is less likely to be covered by social security than a worker in a micro-business and the self-employed. As the work is carried out in the home or "behind closed doors", it creates labour relations that are different from those in other occupations, and can involve abuse and exploitation. In several of the region's countries this work is now carried out by migrant workers, which introduces this dimension as another source of labour abuse. Migration often involves close relatives being delegated to look after the family, which remains in the place or country of origin, implying a series of dynamics and transfers between the people in the place of origin and the place of destination.

Besides the details of the hiring and exclusion in legislation, many social security systems are not applicable to workers with multiple employers or who work by the hour, and so sometimes the workers themselves have to cover their insurance, or they have to go to the care centers open to everyone. This is one of the reasons why several countries have implemented unconventional insurance mechanisms. These jobs are still hard for the authorities to monitor (as they are in the home) and hence the "rules of the game" need to be established and documented for the employer and the worker from the start of the labour relationship.

The Latin America region has made progress in the ratification of Convention 189. By August 2014, nine countries had ratified it. The challenge is to generate effective services mechanisms for this group, as follows:

- ▶ Mass dissemination of information about rights. An example of this is the Labour Fairs held in Costa Rica to inform migrants of their rights.
- ▶ Ministries of Labour must design a general form (electronic and physical), available to employers and workers, that clearly establishes labour conditions (duties and rights).

(continues...)

- ▶ A physical and virtual information center about workers' rights. It must be remembered that, in domestic work, days off are also those when public offices are closed, and there must be a virtual alternative to the real office.
- ▶ Transparent labour relations rules in order not to abuse either the workers' rights or the employers' privacy, particularly regarding labour inspection.
- ▶ Real possibilities for defending labour rights, regardless of the person's migratory status (foreigners).

On occasions incentives have been developed for access to social benefits coverage by simplifying or adjusting eligibility conditions, which encourages the formalization of contracts. This is the case, for example, of the reactivation of title loans, unsecured credit and mortgage insurance for those affiliated to the Ecuadorian Social Security Institute in Ecuador and registration to the Mexican Social Security Institute, and those geared to promote the voluntary affiliation of traditionally excluded groups in Mexico.

One of the groups harder to reach for social security is the domestic workers one, due to the nature of the work. A number of initiatives have been tried out. In Argentina and Colombia, for example, employers of a domestic worker can deduct the social security contribution from their personal income tax.

Domestic work is often not covered by labour legislation. There has been progress in the region recently, in line with ILO Convention 189. The challenge remains of implementing these improvements with specific measures, above all in public policy (Box 2).

It is important to emphasize that measures to encourage formalization by assigning benefits to specific groups must consider timing, gradual shift to the general system and the scope of regulation. Discrimination in the law against one group of citizens and weakening labour relations by reducing standards should always be avoided. The timing will ensure that conditions improve until the decision to become formalized is the natural result of the process.

These systems should not be seen primarily as vehicles for raising revenue but as mechanisms for the inclusion or incorporation into formality of a broad sector of workers who carry out their economic activities in the informal –and even the subsistence– economy.

## Inspection

Finally, various governments have implemented actions to increase the State's capacity to ensure that standards are met, either by improving information about the population's duties and labour rights, strengthening the structures, qualities and processes in the institutions that are responsible for labour inspection services and social security, applying sanctions or promoting agreements and alliances between workers and employees. The ability to meet the standards is directly proportional to their simplicity. As a result, all public procedures should adapt to the principle of simplicity as the foundation of the public institutions. Also, while there are groups (such as micro and small enterprises or own-account workers) which require differentiated treatment because of their characteristics, this should not imply that for the remainder it is acceptable that procedures be complicated, slow and expensive.

The above helps reinforce the need to constantly seek administrative simplicity, based on the good faith of entrepreneurs, following the principle of "positive silence" (affirmative default) as in the case of Chile mentioned above. This should be a universal principle of legislation and should not just apply to one group of businesses. Moreover, it is possible to establish a single procedure for the creation of companies through a single window (making the State coordinate with different bodies, as receiver, processor, and promoting institutional strengthening). The business person (or any citizen) need not go to several public offices for their paperwork. Instead of it, the State should have a specialized office responsible for any back office work. This would also improve the level of inter-institutional coordination, a secondary positive result of an integrated policy.

Together with the streamline of administrative procedures, the dissemination of these is fundamental, both in terms of the benefits and the possible sanctions if they are not carried out. In Paraguay, during 2008 the former Ministry of Justice and Labour implemented the Decent Work Operative (*Operativo Trabajo Decente*) along with other institutional sectors, such as public transport, construction, agriculture and tourism. Through its Social Security Institute, this country has developed actions in order to curb tax evasion, comparing information with other public sector agencies that are related to private businesses. In Peru, the "Challenge Plan" (*Plan RETO*) was implemented through inspection brigades during 2008.

In Ecuador information campaigns have also been carried out through communication media and information brigades, as well as actions



related to information, prevention, verification and control at homes, such as the Domestic Work with Dignity Campaign (Campaña Trabajo Doméstico Digno) and its coverage to all types of work in coordination with the Ecuadorian Social Security Institute (including enterprise' inspections).

In other cases, governments have strengthened their inspection capacity by increasing the number of inspectors or modernizing the technology and databases used to operate. In Peru, an inspections plan (*Plan Reto*) was implemented and the information share between the labour and the tax administration through the Electronic Payroll ("Planilla Electrónica") led to an important enterprises registration increase. Also, it empowered the Ministry of Labour regarding fulfillment of employment obligations.<sup>26</sup> Moreover, during 2008 the Labour Inspection Superintendence (*Superintendencia de Inspección Laboral*, SUNAFIL) was created. In Argentina, the labour inspection system was strengthened through a human and technologic resources increase and new institutional arrangements. In this way, the National Employment Regularization Program (PNRT) was implemented and more recently through the Law for Registered Work and Labour Fraud Prevention.<sup>27</sup>

It is worth mentioning that some countries have implemented innovative inspection strategies using new information technologies. In Argentina, labour inspectors carry netbooks to add the information about new registered workers to a central database at the moment of the inspection, replacing paper records ("Inspector digital"). In Chile, it is possible to report labour infractions through the Chilean Labour Direction website (*Dirección del Trabajo*). It is a necessary condition that the complaint does not require a documentation analysis at the enterprise and that it is not related to a contract termination.<sup>28</sup>

---

26 The Electronic Payroll would have contributed to the registry of approximately 535 thousands jobs (Díaz, 2014).

27 The percentage of workers who legalized their status because of the PNRT went from 0.5% of the unregistered workers to 1.2% between 2005 and 2011. See Bertranou and Casanova (2014).

28 It is worth mentioning that the United States of America Department of Labour created a free smartphone application (*Timesheet App*) for workers which allow them to calculate their wage considering the hours worked. In this way, they know if their employers are paying the correct wage.

<http://www.dol.gov/opa/media/press/whd/whd20110686.htm>

**Chart 7. Experiences in strengthening inspections**

Country	Experience	Description
Argentina	National Labour Regularization Program - PNRT (2003)	Monitoring Strategy through the Ministry of Labour, Employment and Social Security and its regional delegations (38), the Federal Inspection Board and administrations from the provinces and City of Buenos Aires.
	Law to promote registered employment and prevent employment fraud (Law 26940 - 2014)	Strengthening interventions to favor the formalization of employment in the formal economy (strengthening labour inspection and economic incentives to be registered in the social security system).
Peru	National Operation to Register Workers (RETO Plan)	Inspections to verify that non-registered private wage workers were incorporated into the payroll and Social Security contributions, expanding to all regional areas.
	Electronic Payroll (August 2007)	Mechanism through which employers of economic units with three or more workers must provide to the Tax Administration Superintendence on a monthly basis information corresponding to the number of workers, service providers, etc.
Chile (2001)	Substitution of fines with training (2001)	Aimed at employers of micro and small enterprises who had infractions related to labour or social security regulations. Rather than pay a fine, they were invited to participate in a course-workshop on labour legislation.
Colombia	Formalization agreements (Resolution 2272, 2012)	Agreements signed between one or several employers and a Territorial Directorate of the Ministry of Labour which contain concrete and measurable commitments related to formalization, through labour contracts intended to be permanent.
Ecuador	Strengthening labour inspectorates and sanction (2008)	Restructuring and strengthening of the Ministry of Labour Relations (MLR) employment inspectorates. A more proactive style was adopted regarding visits at a national level and increase of the number of inspectors. As part of the campaign "Dignified Domestic Work", the MLR inspectors visited homes and interviewed domestic workers about the fulfillment of their employers' labour obligations.

(continues...)

Country	Experience	Description
Brazil	Strengthening labour inspectorates and sanction (2008)	Restructuring and strengthening of the Ministry of Labour Relations (MLR) employment inspectorates. A more proactive style was adopted regarding visits at a national level and increase of the number of inspectors. As part of the campaign “Dignified Domestic Work”, the MLR inspectors visited homes and interviewed domestic workers about the fulfillment of their employers’ labour obligations.
	Lay 11890, 2008	It aims at guaranteeing the compliance of labour legislation. It describes the organization setting of inspectorates, obligations and rights of labour inspectors.
	System of Fiscal Registry of tax, labour and social security obligations – eSocial (2013)	Unification of labour, tax and social security data linked to hiring with an electronic registry.

**Source:** Author’s formulation.

In other cases, specific inspection procedures have been adopted to facilitate the transition to formal employment. In Brazil, the Directive on Labour Inspection –which details the obligations and duties of labour inspectors– and the labour inspectors remuneration system were updated.<sup>29</sup> Additionally, a platform that unifies labour, pension and tax registers was created (eSocial platform), in order to facilitate labour inspection and the payment obligations through a single channel.

In Ecuador, the Ministry of Labour Relations has restructured and strengthened the employment inspectorates by hiring new inspectors and improving their salary conditions. It has also modified the management of the inspectorates for a more active approach with visits in its seven regional areas. The Ecuadorian Institute of Social Security has implemented enforcement actions to collect unpaid contributions. In Mexico, the Secretariat of Employment and Social Welfare encourages formalization actions between employers and workers and has carried out focused inspections in some states. Uruguay has improved the efficiency of revenue agencies such as the Internal Revenue Service and the Social Security Bank. In Chile, there is a mechanism to substitute fines with training for micro and small enterprise and in Colombia it is possible to negotiate Formalization Agreements.

<sup>29</sup> Law 11.890 (2008). It defined a new methodology including a Multiannual Plan with objectives (priorities), strategies and actions at the regional and national level and for each Regional Superintendence (SRTE). More information at ILO (2010).

## Conclusions

During the current decade, formalization is one of the main challenges for Latin America and the Caribbean. Evidence from different countries indicates that in recent years there has been a decrease in the informality rate, although informal employment rates are still very high. The high informality sectors are still the same as in previous years: own-account workers, small enterprises and domestic work. In particular, the available information shows that the own-account workers group, wage workers (employees) in enterprises with up to ten workers and domestic workers represent 79% of total informal employment in the region.

Latin America and the Caribbean countries have responded to this situation and have developed a variety of initiatives with diverse levels of complexity and articulation. The analysis of these experiences leads to some conclusions which contribute to the analysis of the strategies for transition to formality.

### **Economic growth: a necessary but not sufficient condition**

The practices identified in the analyzed countries, in almost all cases, have occurred in a growing economic context. In this way, the period of analysis is a very particular one, as it has facilitated the design and implementation of several measures that need a basis of institutional capacity and financing to ensure the continuity and sustainability of the progress and advances achieved. The relative growth stability observed is also an important factor. Greater productive diversification which would provide sustainability to the high growth rates is, in this sense, important for accelerating or consolidating formalization.

The application of economic policies that favor the creation of formal employment is a necessary condition for strengthening the effect of other specific policies. The efficient management of public finance—in a context of sustained growth—provides the opportunity to streamline administrative procedures, modernize the running of public institutions, design incentives for formalizing enterprises through registration and increasing social security coverage, as has been verified in many of the studied cases.

The challenges faced when tackling the problem of informality, particularly in occupational categories like the own-account workers, wage workers (employees) in microenterprises or domestic work should also be stressed. While incentives (such as streamlined administrative pro-

cedures, tax exemptions, grace periods, among others) can generate better conditions for moving towards formalization, it is the greater dynamism of these economic units and their real sustainability chances that will finally shape their decision to become formal. Finally, stronger institutions existence for ensuring labour inspection and social security obligations compliance, for example, which operate with efficiency and quality standards in service provision, are also an indispensable prior requisite to achieve more progress in the transition towards formality.

### **The need for an integrated and comprehensive approach**

Given the heterogeneous nature of the informal employment problem (because of its determinants, its diverse forms and the variety of groups of worker affected by it) it is clear that a strategy for the transition towards formality will need an integrated approach. However, this is a complex issue because economic policies and social and institutional policies usually diverge in the region and operate separately.

The evidence shows that isolated experiences which address one aspect of the informality problem usually have limited results. By contrary, when a set of policies are implemented, for example, through an integrated approach (the four ways or dimensions of intervention identified in this study), results have been more significant. The latter incorporates a greater degree of complexity when designing a strategy for transition towards formality, but this is an indispensable requirement for guaranteeing its effectiveness and efficiency. An integrated approach requires answers both in economic and institutional terms, and must find the proper balance which finally will depend on national circumstances.

The combination of simplified administrative mechanisms and incentives not only has a significant impact on reducing the costs of formality (such as the single tax payment regimes), it has a positive impact on state efficiency (which often requires multiple agencies to coordinate in order to cross-reference information, or to incorporate technology which facilitates and reduces time and costs). Hence the integrated approach not only impacts positively on formalization, it can be the source of virtuous cycles in public policies for more inter-institutional coordination, less complexity in legislation, more use of technology, reallocation of human resources etc.

## Challenges

Consolidating and furthering the transition towards formality in the region is a formidable challenge, not only in its setting as a strategic development objective, but also in terms of implementing coordinated policies, improving the terms and application of standards, achieving the desired interest with incentives and having the effective management capacity to direct complex processes.

The evidence of this research shows that while informal employment has fallen in many countries during a strong economic growth period, progress in the most affected sectors has been limited. Given that own-account and domestic work represent a large share of total informal employment, there is a clear opportunity to develop comprehensive and inclusive strategies for these groups. Own-account workers and microenterprises operate in very particular circumstances, with some people who are only subsisting and others who can take steps towards a sustained growth of their activities. Moreover, the reality of the own-account workers is diverse and incompletely represented by household surveys. The data measuring and compilation systems must be improved to have a more accurate knowledge of the own-account workers situation, especially for those who remain in informality.

More progress must be made in the analysis of rural informality, where there is abundant unskilled labour, there are no productive assets, which needs specific policies with local economic development aspects, adequate training, technology transfer, etc. To a great extent, formalization processes in practice will be implemented on a territorial and productive sector basis, and it is foreseeable that such experiences will be more frequent in future.

Hence it is necessary, in the first place, to propose a process of formalization as a development strategy, as it involves almost half of the workforce and most of the enterprises, above all the small ones. Second, this strategy will certainly have differentiated time frames depending on the country. It must be clear which changes can be achieved in the short, medium and long term; requiring deeper reforms both in the economy and the institutions. The transition to formality, in some cases, will demand working with informal economy organizations in order to build their capacities, learn about their needs and subsequently build a supply of services to ensure their successful transition towards formality.

A task of this nature requires broad-based consensus, as there are many players involved. Hence a strategy like this needs a permanent

information and objective dissemination policy which tells the results to be achieved. It must also mobilize good will and capacities to achieve agreements on the relevance and convenience of the decisions to be adopted. So, once more, dialogue and the promotion of agreements at the various decision-taking levels become a necessary condition for leading to legitimate, stable and sustainable progress.

It should not be forgotten that the final objective of policies for the transition towards formality is an improvement in the working and living conditions of those in the informal economy. Hence, policies should be fundamentally conducted towards the social and labour inclusion of these groups.

## References

**Berg** (2010). "Laws or luck? Understanding rising formality in Brazil in the 2000s," MPRA Paper 43608, University Library of Munich, Germany.

**Bertranou, Casanova and Lukin** (2013). Employment formalization in Argentina: recent developments and the road ahead. Buenos Aires: International Labour Organization.

**Bertranou and Casanova** (2014). Informalidad laboral en Argentina. Segmentos críticos y políticas para la formalización. Buenos Aires: International Labour Organization.

**Cetrángolo, Goldschmit, Gómez Sabaini and Morán** (2014). Monotributo en América Latina, con especial referencia a los casos de Argentina, Brasil y Uruguay. FORLAC. International Labour Organization document.

**Díaz** (2014). Formalización laboral y empresarial. In: Infante and Chacaltana (2014). Hacia un desarrollo inclusivo. El caso de Perú. Santiago de Chile: Economic Commission for Latin America and the Caribbean and International Labour Organization.

**Duran** (2009). "La cobertura de los trabajadores independientes en la seguridad social de Costa Rica". In Bertranou: Trabajadores Independientes y protección social en América Latina. BPS-Instituto de Seguridad Social, Uruguay; Centro de Estudios, Seguridad Social, Salud y Administración, Uruguay. Geneva: International Labour Organization.

**Duran, Flores, Ortiz, Muñoz, de Lima and Tessier** (2013). Innovaciones en la extensión de la cobertura del seguro social a los trabajadores independientes. Experiencias de Brasil, Cabo Verde, Colombia, Costa Rica, Ecuador, Filipinas, Francia y Uruguay. ESS – Document N° 42. Geneva: International Labour Organization.

**ECLAC** (2013). Social Panorama of Latin America 2013. Santiago de Chile: Economic Commission for Latin America and the Caribbean.

**ECLAC / ILO** (2014): The employment situation in Latin America and the Caribbean. Nr.11, October 2014.

**ILO** (2002). Decent work and the informal economy. International Labour Conference 90th Session. Report VI. Sixth ítem on the agenda. Geneva: International Labour Organization.



**ILO** (2010). Las buenas prácticas de la inspección el trabajo en Brasil. La inspección del trabajo en Brasil: por la promoción del trabajo decente. Brasilia: International Labour Organization.

**ILO** (2013a). Transitioning from the informal to the formal economy. International Labour Conference 103rd Session. Report V (1). Geneva: International Labour Organization.

**ILO** (2013b). The informal economy and decent work: A policy resource guide supporting transitions to formality. Geneva: International Labour Organization.

**ILO** (2013c). Measuring informality: A statistical manual on the informal sector and informal employment. Geneva: International Labour Organization.

**ILO** (2013d). Global Employment Trends. Geneva: International Labour Organization.

**ILO** (2013e) Labour Overview. Latin America and the Caribbean 2013. Lima: International Labour Organization.

**ILO** (2014a). Trabajo Decente y Juventud en América Latina. Políticas para la Acción. Lima: International Labour Organization.

**ILO** (2014b). Recent experiences of formalization in Latin America and the Caribbean. Lima: International Labour Organization.

**ILO** (2014c). Focus Notes on policies for the formalization of micro and small enterprises. Lima: International Labour Organization.

**ILO** (2014d). Focus note 3: Policies for the formalization of small and micro enterprises in Chile. Lima: International Labour Organization.

**IPEA** (2013). Programa Bolsa Família. Uma década de inclusão e cidadania. Brasília: Instituto de Pesquisa Econômica Aplicada.

**Maurizio, R.** (2014). "Labour formalization and declining inequality in Argentina and Brazil in 2000s: a dynamic approach". ILO Research Paper N° 9. International Labour Office. February.

**Montero, Reinecke and Zapata** (2006). Sustitución de multas por capacitación: evaluación de una experiencia innovadora de aplicación de legislación laboral en micro empresas. Santiago de Chile: International Labour Organization.

**Obando, Rojas and Zevallos, E.** (2008). Características de las microempresas y sus necesidades de formación en Centroamérica y República Dominicana. San José de Costa Rica: International Labour Organization and Coordinación Educativa y Cultura Económica.

**Perry, Maloney, Arias, Fajnzylber, Mason and Saavedra** (2007). *Informality: exit and exclusion*. Washington DC: World Bank.

**PREALC** (1976). *El problema del empleo en América Latina: Situación, perspectivas y políticas*. Santiago de Chile: PREALC.

**Zevallos** (2007). *Restricciones del Entorno a la Competitividad Empresarial en América Latina*. San José de Costa Rica: Fundes Internacional.



## Statistical annex

**Chart 1. Latin America: Non-agricultural informal employment rates by sex and year 2009-2013 (15 years or over)**  
(Percentages)

	Total					Men					Women				
	2009	2011	2012	2013		2009	2011	2012	2013		2009	2011	2012	2013	
Country total <sup>a/</sup>	50.1	48.0	47.8	46.8		47.2	45.5	45.2	44.5		53.8	51.1	51.1	49.7	
Argentina <sup>b/</sup>	49.2	47.1	47.2	46.7		48.5	46.2	46.7	47.0		50.1	48.4	47.9	46.6	
Brazil <sup>c/</sup>	41.6	37.9	37.7	36.4		38.4	36.2	36.2	35.3		45.4	40.0	39.5	37.8	
Colombia	57.2	56.3	56.0	54.4		54.2	52.8	51.9	50.8		60.6	60.5	60.7	58.7	
Costa Rica <sup>d/</sup>	43.5	33.7	32.2	30.7		42.0	29.8	29.2	26.8		45.9	38.8	36.3	36.0	
Ecuador <sup>e/</sup>	60.6	52.0	49.8	49.3		58.4	49.4	48.3	48.0		63.4	55.4	52.0	51.2	
El Salvador <sup>f/</sup>	66.2	66.2	66.3	65.6		60.1	60.5	60.3	58.9		72.1	71.9	72.4	72.2	
Guatemala <sup>g/</sup>	75.1	74.6	76.9	73.6		70.4	70.2	72.0	70.1		80.3	79.9	82.2	77.7	
Honduras	73.2	69.9	72.1	72.8		72.3	68.3	69.9	70.6		74.2	72.3	74.7	74.9	
Mexico <sup>h/</sup>	53.6	54.0	54.4	53.7		50.6	50.7	50.9	50.3		57.6	58.7	59.2	58.4	
Panama	43.8	39.0	39.1	40.4		41.8	39.5	39.2	40.1		46.5	38.6	39.0	40.8	
Paraguay	69.9	65.4	66.0	63.8		67.0	62.7	63.8	61.0		73.9	68.7	68.8	67.3	

(continues...)

	Total				Men				Women			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Peru <sup>iv</sup>	69.7	68.6	64.2	64.1	64.8	64.9	58.6	58.7	75.4	72.8	70.8	70.3
Dominican Republic	48.3	49.7	51.3	51.2	46.3	48.2	50.2	49.7	51.2	51.8	52.6	53.2
Uruguay	38.7	35.5	34.1	33.1	39.2	35.0	34.2	33.6	38.2	35.9	33.9	32.5

**Source:** ILO, based on data from country household surveys.

a/ Weighted average. Preliminary data for 2013.

b/ 31 urban agglomerations.

c/ Data under revision for 2013.

d/ 2011 data not comparable with previous years.

e/ Data corresponds to the IV quarter of each year.

f/ Preliminary data under revision for 2013.

g/ 2009 data corresponds to 2010.

h/ Data corresponds to II quarter of each year.

i/ Due to a methodological change, from 2012 data is not comparable with previous years.

**Chart 2. Latin America: Latin America: Non-agricultural informal employment rates by components and year 2009-2013 (15 years or over) (Percentages)**

	Informal employment in the informal sector				Informal employment in the formal sector				Informal employment in domestic work			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Country total a/	32.1	31.4	31.1	30.5	12.3	11.4	11.7	11.4	5.7	5.2	5.0	4.9
Argentina b/	31.1	29.5	29.5	30.2	11.6	11.6	11.5	10.8	6.5	6.0	6.2	5.7
Brazil c/	24.0	22.4	22.0	21.6	10.9	9.7	10.2	9.6	6.7	5.8	5.5	5.2
Colombia	47.2	47.1	46.9	45.3	6.0	5.6	5.5	5.7	4.0	3.6	3.6	3.4
Costa Rica d/	32.4	20.4	20.3	20.0	6.6	6.1	5.3	4.6	4.5	7.2	6.6	6.1
Ecuador e/	36.6	35.5	33.1	32.8	19.9	14.3	14.3	13.7	4.1	2.2	2.4	2.8
El Salvador f/	52.3	51.8	51.7	51.3	8.1	9.3	9.4	9.1	5.8	5.1	5.2	5.2
Guatemala g/	56.6	52.1	59.5	53.0	13.6	17.7	12.3	15.6	4.9	4.8	5.1	5.0
Honduras	56.1	54.4	56.4	58.0	13.6	11.9	12.6	11.1	3.5	3.6	3.1	3.7
Mexico h/	33.4	34.4	34.8	34.5	15.4	14.6	14.6	14.2	4.8	5.0	5.0	5.0
Panama	27.5	25.3	24.8	25.8	11.4	9.7	10.2	10.8	4.9	4.0	4.1	3.8

(continues...)

	Informal employment in the informal sector				Informal employment in the formal sector				Informal employment in domestic work			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Paraguay	37.2	33.9	34.1	32.9	23.4	22.7	23.5	21.8	9.3	8.8	8.4	9.1
Peru <sup>i/</sup>	48.0	48.6	40.8	40.1	17.9	17.0	20.3	20.9	3.8	3.0	3.1	3.1
Dominican Republic	28.9	31.7	33.6	33.0	12.9	11.5	11.1	11.5	6.5	6.5	6.6	6.7
Uruguay	30.0	27.0	27.6	27.4	3.9	3.5	3.0	2.5	4.8	5.0	3.5	3.2

**Source:** ILO, based on data from country household surveys.

a/ Weighted average. Preliminary data for 2013.

b/ 3.1 urban agglomerations.

c/ Data under revision for 2013.

d/ 2011 data not comparable with previous years.

e/ Data corresponds to the IV quarter of each year.

f/ Preliminary data under revision for 2013.

g/ 2009 data corresponds to 2010.

h/ Data corresponds to II quarter of each year.

i/ Due to a methodological change, from 2012 data is not comparable with previous years.

**Chart 3. Latin America: Non-agricultural informal employment rates by educational level and year 2009-2013 (15 years or over) (Percentages)**

	Primary and no level				Secondary				Higher			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Country total <sup>a/</sup>	66.6	64.8	65.3	64.4	47.5	46.7	46.8	46.2	28.2	27.3	27.0	26.3
Argentina <sup>b/</sup>	66.2	65.2	65.3	64.8	52.0	50.3	50.3	50.6	33.7	31.8	31.8	31.7
Brazil <sup>c/</sup>	56.9	53.5	53.9	52.5	35.0	31.2	31.2	30.4	22.4	21.3	20.9	20.6
Colombia	77.7	80.4	80.1	79.6	54.4	61.6	61.3	61.1	23.8	23.3	24.4	23.8
Costa Rica <sup>d/</sup>	60.8	51.5	50.4	47.6	44.2	33.2	32.3	30.7	23.0	12.4	12.0	12.6
Ecuador <sup>e/</sup>	81.2	74.1	73.6	72.4	63.9	53.7	52.6	52.4	29.6	25.9	22.4	18.9
El Salvador <sup>f/</sup>	66.9	79.5	81.0	82.4	83.9	53.2	53.8	53.5	36.2	29.0	31.0	31.8
Guatemala <sup>g/</sup>	88.7	87.8	89.9	89.1	62.8	63.0	67.2	61.7	41.2	45.5	45.4	42.1
Honduras	84.9	84.2	86.3	86.3	65.1	62.2	65.8	67.2	40.0	29.1	34.8	35.5
Mexico <sup>h/</sup>	76.1	77.5	78.0	78.5	54.4	55.0	56.2	55.2	28.3	28.3	29.0	29.2
Panama	68.6	62.6	65.3	64.7	47.4	53.6	42.7	43.9	20.3	29.2	19.9	21.4

(continues...)



	Primary and no level				Secondary				Higher			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Paraguay	85.5	82.6	82.2	83.3	68.6	65.9	64.9	64.0	37.6	35.4	36.6	34.3
Peru <sup>h</sup>	91.6	91.1	87.8	87.7	79.5	78.4	74.5	75.0	48.0	47.6	44.0	42.2
Dominican Republic	62.8	63.9	66.4	60.7	49.6	51.6	54.6	53.4	20.4	21.6	22.6	21.7
Uruguay	41.9	53.0	51.6	51.2	33.2	34.3	33.4	31.9	25.8	22.9	21.3	21.1

**Source:** ILO, based on data from country household surveys.

a/ Weighted average. Preliminary data for 2013.

b/ 31 urban agglomerations.

c/ Data under revision for 2013.

d/ 2011 data not comparable with previous years.

e/ Data corresponds to the IV quarter of each year.

f/ Preliminary data under revision for 2013.

g/ 2009 data corresponds to 2010.

h/ Data corresponds to II quarter of each year.

i/ Due to a methodological change, from 2012 data is not comparable with previous years.

**Chart 4. Latin America: Composition of non-agricultural employment by occupational situation and years 2009-2013 (15 years of age or over) (Percentages)**

	Public sector	Private sector (including employers)	Micro business (1 - 10 workers)	Businesses with over 10 workers	Self-employed	Domestic service	Family worker	Other
Country total <sup>a/</sup>								
2009	4.2	38.2	27.3	10.1	39.8	11.7	6.1	0.0
2011	4.2	38.0	27.7	9.5	41.3	10.7	5.8	0.1
2012	4.2	38.1	27.5	9.8	41.3	10.5	5.9	0.0
2013	4.2	38.6	27.9	9.8	41.1	10.6	5.5	0.0
Argentina <sup>b/</sup>								
2009	3.2	44.8	26.0	12.2	37.4	13.1	1.5	0.0
2011	3.3	45.4	25.7	12.9	36.8	12.8	1.5	0.0
2012	3.2	44.5	27.7	9.4	38.0	13.1	1.1	0.0
2013	2.7	44.1	30.5	6.3	39.8	12.3	1.1	0.0
Brazil <sup>c/</sup>								
2009	6.7	33.6	23.7	9.9	39.2	16.1	4.4	0.0
2011	7.5	32.1	22.9	9.2	41.8	15.3	3.4	0.0

(continues...)

	Public sector	Private sector (including employers)	Micro business (1 - 10 workers)	Businesses with over 10 workers	Self-employed	Domestic service	Family worker	Other
2012	7.4	33.0	22.7	10.4	41.5	14.7	3.5	0.0
2013	7.8	31.6	22.4	9.2	40.7	13.9	2.7	0.0
<b>Colombia</b>								
2009	0.7	28.1	22.5	5.6	58.0	6.9	6.1	0.2
2011	0.4	27.4	22.2	5.2	59.2	6.5	6.2	0.2
2012	0.4	27.8	22.6	5.2	58.6	6.4	6.5	0.2
2013	0.4	28.3	22.8	5.5	58.6	6.3	6.2	0.2
<b>Costa Rica <sup>u</sup></b>								
2009	0.7	45.1	29.8	15.3	0.0	51.3	2.9	0.0
2011	0.6	45.4	25.0	20.3	30.1	21.4	2.6	0.0
2012	0.3	44.8	25.5	19.3	31.2	20.4	3.1	0.0
2013	0.4	44.9	26.9	18.0	32.2	19.9	2.6	0.0
<b>Ecuador <sup>u</sup></b>								
2009	1.9	46.1	34.9	11.0	35.6	6.7	9.7	0.0

(continues...)

	Public sector	Private sector (including employers)	Micro business (1 - 10 workers)	Businesses with over 10 workers	Self-employed	Domestic service	Family worker	Other
2011	1.3	38.5	30.2	8.3	45.4	4.3	10.5	0.0
2012	1.3	38.5	31.1	7.4	44.3	4.9	11.0	0.0
2013	0.6	42.2	34.4	7.8	42.0	5.6	9.6	0.0
<b>El Salvador <sup>v</sup></b>								
2009	1.0	37.2	25.8	11.3	45.4	8.7	7.8	0.0
2011	1.4	38.4	25.7	12.7	44.7	7.7	7.8	0.0
2012	1.6	39.2	26.5	12.6	42.8	7.9	8.6	0.0
2013	1.6	38.3	26.0	12.2	43.3	7.9	8.8	0.0
<b>Guatemala <sup>v</sup></b>								
2009	2.5	42.6	26.6	14.9	38.3	6.5	10.2	0.0
2011	2.4	52.1	32.0	19.3	31.6	6.4	7.6	0.0
2012	1.6	41.1	26.2	14.9	40.1	6.6	10.6	0.0
2013	2.2	46.6	27.4	19.2	36.5	6.8	8.0	0.0
<b>Honduras</b>								

(continues...)

	Public sector	Private sector (including employers)	Micro business (1 - 10 workers)	Businesses with over 10 workers	Self-employed	Domestic service	Family worker	Other
2009	4.3	34.1	18.0	16.1	48.4	4.7	8.0	0.6
2011	3.5	47.7	39.2	8.5	51.3	6.6	11.5	0.9
2012	3.7	33.8	19.0	14.7	48.9	4.3	9.4	0.0
2013	2.5	32.1	19.1	13.0	50.1	5.1	10.3	0.0
Mexico <sup>iv</sup>								
2009	3.1	47.4	36.6	9.4	32.1	8.9	8.5	0.0
2011	3.0	47.3	37.8	8.3	32.0	9.3	8.4	0.0
2012	3.0	47.1	37.4	8.4	32.6	9.1	8.1	0.0
2013	3.3	47.3	37.5	8.3	32.6	9.3	7.5	0.0
Panama								
2009	1.5	32.4	16.6	15.8	51.9	11.1	3.0	0.0
2011	2.5	35.1	16.5	18.6	49.9	10.3	2.2	0.0
2012	1.6	33.5	17.4	16.1	51.6	10.4	2.9	0.0
2013	1.5	35.3	17.1	18.2	50.9	9.5	2.8	0.0

(continues...)

	Public sector	Private sector (including employers)	Micro business (1 - 10 workers)	Businesses with over 10 workers	Self-employed	Domestic service	Family worker	Other
<b>Paraguay</b>								
2009	3.1	47.4	34.4	10.2	30.3	13.3	5.5	0.3
2011	4.3	48.8	34.6	13.2	28.5	13.4	4.7	0.3
2012	4.4	48.5	34.1	12.5	29.4	12.7	5.0	0.0
2013	3.7	48.2	31.7	12.8	28.5	14.3	5.2	0.0
<b>Peru <sup>v</sup></b>								
2009	3.9	37.4	26.6	10.7	45.3	5.5	7.9	0.0
2011	3.6	37.9	26.6	10.9	46.3	4.3	7.9	0.0
2012	4.2	40.1	27.3	12.5	42.7	4.8	8.1	0.0
2013	3.9	41.9	28.9	12.9	42.2	4.8	7.3	0.0
<b>Dominican Republic</b>								
2009	1.5	29.5	12.7	16.8	52.2	13.4	3.3	0.0
2011	1.4	27.2	11.7	15.5	55.0	13.0	3.3	0.0
2012	0.8	28.0	13.5	14.5	55.5	12.8	2.9	0.0

(continues...)

	Public sector	Private sector (including employers)	Micro business (1 - 10 workers)	Businesses with over 10 workers	Self-employed	Domestic service	Family worker	Other
2013	1.5	28.5	13.1	15.5	54.0	13.2	2.7	0.0
Uruguay								
2009	0.1	29.1	19.1	10.1	54.9	12.5	3.4	0.0
2011	0.0	28.8	19.0	9.8	58.0	10.9	2.3	0.0
2012	0.0	26.9	18.2	8.7	60.3	10.3	2.6	0.0
2013	0.0	25.5	21.9	3.6	62.3	9.7	2.5	0.0

**Note:** Private sector workers in businesses that do not report size have been omitted.

**Source:** ILO, based on data from country household surveys.

a/ Weighted average. Preliminary data for 2013.

b/ 31 urban agglomerations.

c/ Data under revision for 2013.

d/ 2011 data not comparable with previous years.

e/ Data corresponds to the IV quarter of each year.

f/ Preliminary data under revision for 2013.

g/ 2009 data corresponds to 2010.

h/ Data corresponds to II quarter of each year.

i/ Due to a methodological change, from 2012 data is not comparable with previous years.

**Chart 5. Latin America: Non-agricultural informal employment rates by branch of activity and years per country 2009-2013**  
(15 years of age and over) (Percentages)

	Mining and quarries	Manufact. Industry.	Electricity, gas and water	Construction	Trade, catering	Transp., warehouse, and communication	Financial establishments	Services
Country total <sup>a/</sup>								
2009	32.4	43.2	11.1	73.1	59.1	53.6	33.6	42.4
2011	30.5	40.6	10.0	71.6	56.6	51.3	31.7	40.2
2012	28.2	39.4	9.2	70.1	57.1	50.7	26.9	42.2
2013	28.3	38.8	10.0	68.6	55.7	49.7	26.2	41.2
Argentina <sup>b/</sup>								
2009	6.8	43.1	11.3	77.3	63.9	48.0	43.5	37.9
2011	5.0	41.8	14.4	77.2	60.8	44.5	38.3	36.8
2012	4.1	43.0	10.7	76.9	60.9	44.3	39.9	36.5
2013	3.0	42.5	10.3	78.7	61.6	43.9	41.0	34.8
Brazil <sup>c/</sup>								
2009	17.3	32.3	9.6	67.4	44.2	38.6	24.9	40.7
2011	17.6	26.8	7.7	65.1	38.9	35.7	20.6	37.2
2012	16.7	26.4	7.0	64.0	39.3	35.1	21.1	40.2
2013	17.6	26.4	6.5	60.9	37.3	34.1	20.0	38.6

(continues...)



	Mining and quarries	Manufact. Industry.	Electricity, gas and water	Construction	Trade, catering	Transp. warehouse, and communication	Financial establishments	Services
<b>Colombia</b>								
2009	59.9	53.0	14.1	76.0	68.4	70.3	37.3	43.0
2011	49.5	52.9	6.8	71.4	69.1	69.3	37.1	40.7
2012	51.7	52.6	7.3	69.7	69.0	69.4	34.1	40.8
2013	50.1	49.1	8.1	68.6	68.4	67.7	33.3	39.2
<b>Costa Rica <sup>iv</sup></b>								
2009	42.0	38.3	4.9	62.2	54.6	48.6	32.0	35.6
2011	32.6	29.5	2.2	52.4	38.0	35.3	18.2	33.9
2012	48.6	29.0	16.3	51.9	32.8	32.6	18.7	34.6
2013	22.5	27.4	5.2	49.2	32.7	35.8	20.2	31.3
<b>Ecuador <sup>iv</sup></b>								
2009	49.5	63.6	10.7	88.4	69.0	65.6	37.9	42.5
2011	31.4	53.5	5.2	83.4	63.8	58.9	28.7	28.5
2012	31.7	51.7	6.1	79.7	62.0	52.8	25.2	28.8
2013	20.0	51.7	11.0	81.8	60.4	51.3	10.1	29.6
<b>El Salvador <sup>iv</sup></b>								
2009	81.0	57.3	24.6	79.6	81.8	70.9	33.8	54.9
2011	53.0	57.7	14.4	80.9	82.1	71.0	36.4	54.5

(continues...)

	Mining and quarries	Manufact. Industry.	Electricity, gas and water	Construction	Trade, catering	Transp., warehouse, and communication	Financial establishments	Services
2012	80.5	58.5	16.8	83.7	82.7	68.4	35.9	52.9
2013	68.4	57.4	28.5	80.5	82.0	70.0	34.9	52.3
Guatemala <sup>v</sup>								
2009	59.4	79.1	46.4	85.9	83.0	77.5	45.6	62.2
2011	51.3	76.4	60.3	88.1	84.9	77.3	55.3	61.2
2012	12.9	71.4	52.1	92.3	88.1	79.6	52.1	62.6
2013	88.4	67.0	61.9	90.0	85.2	75.2	48.1	59.9
Honduras								
2009	84.2	69.7	53.8	93.0	82.6	75.8	45.5	58.8
2011	92.3	68.4	22.3	96.1	83.9	81.3	48.3	59.7
2012	91.0	69.8	15.5	94.2	83.3	73.6	39.9	57.0
2013	94.5	69.2	36.2	93.7	81.8	73.4	46.7	60.1
Mexico <sup>iv</sup>								
2009	19.1	45.0	4.7	77.7	65.0	54.5	28.8	43.8
2011	14.8	43.9	5.0	78.8	65.6	54.8	29.1	44.7
2012	11.9	41.9	4.9	77.5	67.0	57.6	29.0	45.8
2013	16.7	41.5	7.3	77.8	65.5	54.8	28.0	46.3

(continues...)

	Mining and quarries	Manufact. Industry.	Electricity, gas and water	Construction	Trade, catering	Transp, warehouse, and communication	Financial establishments	Services
<b>Panama</b>								
2009	45.9	54.4	8.9	48.4	50.3	53.5	25.4	35.8
2011	26.5	53.3	6.1	46.3	45.4	49.5	24.3	28.2
2012	29.0	50.9	15.5	44.0	43.3	45.7	29.8	31.8
2013	32.9	50.7	12.3	46.6	44.5	47.5	32.4	31.8
<b>Paraguay</b>								
2009	...	72.1	43.9	92.5	77.9	54.7	47.2	61.0
2011	...	61.8	31.3	90.6	71.3	64.4	46.0	57.4
2012	...	65.0	23.8	88.4	72.1	61.0	44.3	60.6
2013	...	64.7	8.0	90.0	71.7	50.1	43.8	56.5
<b>Peru<sup>v</sup></b>								
2009	50.0	68.9	19.0	78.7	85.4	83.3	42.0	49.4
2011	45.6	69.9	31.8	78.7	84.3	83.9	46.0	45.3
2012	40.9	65.0	25.3	73.8	77.1	79.8	37.9	46.3
2013	39.1	65.9	20.4	74.1	75.7	81.3	35.9	46.4
<b>Dominican Republic</b>								
2009	21.7	37.6	7.1	74.9	60.0	44.1	26.1	41.4

(continues...)

	Mining and quarries	Manufact. Industry.	Electricity, gas and water	Construction	Trade, catering	Transp., warehouse, and communication	Financial establishments	Services
<b>2011</b>	42.2	37.6	4.6	80.4	61.7	43.5	29.0	42.3
<b>2012</b>	29.5	40.4	3.0	81.4	62.7	50.0	27.9	44.3
<b>2013</b>	47.9	36.3	4.5	85.3	63.3	51.6	26.7	44.6
<b>Uruguay</b>								
<b>2009</b>	38.6	40.2	2.1	53.5	51.2	29.6	46.1	27.1
<b>2011</b>	23.1	34.7	1.9	46.7	46.4	24.1	40.7	27.0
<b>2012</b>	23.2	32.1	12.4	46.4	43.6	25.5	37.2	26.7
<b>2013</b>	16.7	31.1	11.2	47.4	42.2	26.3	37.2	24.8

**Source:** ILO, based on data from country household surveys.

a/ Weighted average. Preliminary data for 2013.

b/ 31 urban agglomerations.

c/ Data under revision for 2013.

d/ 2011 data not comparable with previous years.

e/ Data corresponds to the IV quarter of each year.

f/ Preliminary data under revision for 2013.

g/ 2009 data corresponds to 2010.

h/ Data corresponds to II quarter of each year.

i/ Due to a methodological change, from 2012 data is not comparable with previous years.

**Chart 6. Latin America: Non-agricultural informal employment rates per quintile and years 2009-2013 (15 years of age and over) (Percentages)**

		Quintiles				
		I	II	III	IV	V
<b>Country total a/</b>						
2009		77.2	64.2	55.3	45.0	31.7
2011		73.8	61.7	53.2	43.3	30.9
2012		73.2	61.2	53.2	42.9	30.8
2013		73.2	60.5	52.6	42.2	30.0
<b>Argentina b/</b>						
2009		77.1	57.7	46.7	38.2	32.1
2011		73.7	54.1	45.1	37.6	29.8
2012		73.7	56.5	44.5	36.4	29.6
2013		73.1	55.9	44.6	36.7	28.3
<b>Brazil c/</b>						
2009		71.7	51.9	42.5	35.1	26.9
2011		66.1	46.8	38.4	32.1	25.1
2012		66.0	46.0	38.1	31.5	25.0
2013		64.6	44.4	36.1	30.8	24.4

(continues...)

Quintiles					
	I	II	III	IV	V
<b>Colombia</b>					
2009	89.5	78.8	65.6	50.2	30.0
2011	88.7	78.3	65.6	50.1	30.3
2012	89.0	78.7	65.7	51.3	31.0
2013	87.9	77.8	64.0	50.1	29.8
<b>Costa Rica t/</b>					
2009	73.2	55.9	45.6	37.8	29.2
2011	...	...	...	...	...
2012	62.8	45.0	37.1	24.9	14.3
2013	58.7	43.2	35.3	23.7	13.8
<b>Ecuador e/</b>					
2009	89.4	80.1	70.5	54.8	26.8
2011	82.8	72.7	57.2	41.1	22.9
2012	86.4	76.8	63.6	43.9	23.4
2013	86.4	73.6	58.5	42.8	19.1
<b>El Salvador f/</b>					
2009	90.8	81.1	73.8	62.2	44.7

(continues...)

Quintiles					
	I	II	III	IV	V
2011	91.2	80.1	71.4	63.1	45.2
2012	92.7	79.1	72.1	62.0	45.9
2013	91.6	81.4	68.9	60.4	45.6
<b>Guatemala g/</b>					
2009	99.1	95.9	88.8	70.1	49.6
2011	98.3	96.2	89.3	68.7	45.5
2012	99.6	98.2	92.9	72.4	46.7
2013	98.7	94.9	86.0	68.8	45.4
<b>Honduras</b>					
2009	97.5	89.2	79.4	71.0	58.1
2011	92.2	86.7	80.7	67.2	47.8
2012	98.7	94.6	84.0	69.5	50.6
2013	97.8	93.1	82.9	70.0	52.5
<b>Mexico iv/</b>					
2009	74.6	79.3	65.0	53.1	35.4
2011	71.6	81.6	65.3	54.6	37.0

(continues...)

Quintiles					
	I	II	III	IV	V
2012	74.2	81.0	66.4	55.2	37.5
2013	...	82.0	67.5	54.4	37.2
<b>Panama</b>					
2009	85.6	59.3	44.8	35.4	25.3
2011	79.4	52.3	40.9	30.4	25.0
2012	85.4	54.8	40.5	28.1	23.1
2013	84.7	57.9	40.0	31.3	23.1
<b>Paraguay</b>					
2009	96.9	91.1	80.1	69.2	48.8
2011	92.7	79.3	70.3	61.6	45.2
2012	93.5	83.8	71.8	61.8	43.0
2013	94.2	81.2	68.4	57.6	39.0
<b>Peru i/</b>					
2009	98.0	88.8	79.5	65.1	43.0
2011	96.8	88.6	77.1	63.0	44.1
2012	95.7	84.4	74.0	57.8	38.9
2013	95.2	84.7	73.1	57.8	36.9

(continues...)



Quintiles					
	I	II	III	IV	V
<b>Dominican Republic</b>					
2009	72.7	63.4	55.5	44.6	24.4
2011	76.9	63.1	54.3	43.6	26.5
2012	49.1	70.2	58.1	52.4	42.6
2013	68.2	62.1	54.7	48.8	33.5
<b>Uruguay</b>					
2009	46.1	38.8	38.4	52.1	24.3
2011	62.5	42.2	31.0	25.0	22.3
2012	60.6	40.0	31.2	23.3	20.8
2013	59.3	39.9	29.6	23.6	19.9

**Source:** ILO, based on data from country household surveys.

a/ Weighted average. Preliminary data for 2013.

b/ 31 urban agglomerations.

c/ Data under revision for 2013.

d/ 2011 data not comparable with previous years.

e/ Data corresponds to the IV quarter of each year.

f/ Preliminary data under revision for 2013.

g/ 2009 data corresponds to 2010.

h/ Data corresponds to II quarter of each year.

i/ Due to a methodological change, from 2012 data is not comparable with previous years.

**Chart 7. Latin America: Non-agricultural youth informal employment rate by sex and age 2009-2013 (15 to 24 years of age)**  
(Percentages)

	Total				Men				Women			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Country total <sup>a/</sup>	60.2	56.3	56.9	55.7	59.0	55.3	56.2	55.0	62.0	57.8	58.0	56.8
Argentina <sup>b/</sup>	61.8	60.5	61.7	61.6	61.5	60.3	62.5	62.0	62.1	60.8	60.6	60.8
Brazil <sup>c/</sup>	49.2	41.5	42.5	40.5	47.0	40.4	41.6	40.0	51.9	42.9	43.5	41.3
Colombia	65.4	65.4	65.3	64.2	65.1	64.7	64.6	63.3	65.7	66.2	66.1	65.2
Costa Rica <sup>d/</sup>	42.6	39.0	36.6	35.8	43.1	36.4	36.9	36.1	41.8	42.9	36.1	35.5
Ecuador <sup>e/</sup>	77.5	65.9	65.3	63.4	78.3	67.3	67.2	65.3	76.5	63.5	62.4	59.8
El Salvador <sup>f/</sup>	72.9	73.5	73.6	73.4	70.2	71.1	71.5	71.5	76.1	76.7	76.2	75.8
Guatemala <sup>g/</sup>	80.7	82.5	84.0	81.1	76.7	79.9	82.5	77.7	85.8	85.4	85.5	85.0
Honduras	75.8	76.4	78.3	78.4	77.2	74.9	79.0	78.1	73.9	78.1	77.4	78.9
Mexico <sup>h/</sup>	66.3	65.4	65.5	64.6	65.9	63.9	64.3	63.4	66.9	67.7	67.5	66.2
Panama	50.7	44.0	45.7	47.0	49.5	43.6	47.8	48.3	52.8	44.8	41.9	45.0
Paraguay	85.3	82.5	80.9	80.4	82.8	80.3	81.2	79.0	88.9	85.4	80.6	82.2

(continues...)

	Total				Men				Women			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Peru <sup>v</sup>	85.7	84.7	82.6	82.4	84.2	84.6	81.5	80.2	87.5	85.0	83.7	84.7
Dominican Republic	61.1	60.3	62.3	63.3	61.7	60.1	63.1	63.7	60.0	60.4	60.8	62.5
Uruguay	44.6	37.7	35.1	33.3	46.0	38.6	36.7	34.2	42.6	36.5	33.0	32.1

**Fuente:** OIT con la base de información de las encuestas de hogares de los países.

a/ Promedio ponderado. Datos preliminares para 2013.

b/ 31 aglomerados urbanos.

c/ Datos preliminares y en revisión para 2013.

d/ Datos de 2011 no comparables con años anteriores.

e/ Los datos corresponden al IV trimestre de cada año.

f/ Datos preliminares y en revisión para 2013.

g/ Datos de 2009 corresponden al año 2010.

h/ Los datos corresponden al II trimestre de cada año.

i/ Por cambio metodológico, a partir de 2012, los datos no son comparables con años anteriores.

**Chart 8. Latin America: Non-agricultural informal youth employment by component and years 2009-2013 (15 to 24 years of age) (Percentages)**

	Informal employment in the informal sector				Informal employment in the formal sector				Informal employment in domestic work			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Country total <sup>w/</sup>	32.4	31.1	31.3	30.8	22.0	20.2	21.0	20.6	5.8	5.0	4.6	4.3
Argentina <sup>v/</sup>	33.0	31.4	32.5	33.1	22.1	23.8	23.5	22.1	6.7	5.3	5.7	6.4
Brazil <sup>v/</sup>	23.4	20.2	20.5	20.3	19.4	16.4	17.5	16.4	6.4	4.9	4.5	3.8
Colombia	50.5	50.8	50.9	50.0	10.3	10.6	10.6	10.9	4.6	4.0	3.8	3.3
Costa Rica <sup>w/</sup>	29.1	22.4	23.0	23.8	10.5	10.9	8.7	8.0	3.0	5.7	4.9	4.0
Ecuador <sup>v/</sup>	36.6	34.2	32.9	32.9	36.4	29.0	30.3	27.9	4.5	2.7	2.1	2.6
El Salvador <sup>v/</sup>	50.9	50.0	52.0	51.9	14.1	17.2	15.0	15.6	7.9	6.3	6.6	5.9
Guatemala <sup>w/</sup>	55.2	52.7	61.1	51.1	20.4	23.1	16.7	23.3	5.1	6.7	6.2	6.7
Honduras	54.1	52.0	54.6	54.8	16.2	17.2	18.6	17.5	5.5	7.2	5.1	6.1
Mexico <sup>v/</sup>	34.6	35.2	35.3	34.8	27.4	25.2	25.8	25.5	4.3	5.0	4.4	4.3
Panama	22.0	20.0	21.0	23.0	22.8	20.2	21.1	20.2	5.9	3.8	3.6	3.8
Paraguay	33.1	30.1	29.6	31.6	38.0	39.2	39.0	35.4	14.2	13.2	12.3	13.4

(continues...)

	Informal employment in the informal sector				Informal employment in the formal sector				Informal employment in domestic work			
	2009	2011	2012	2013	2009	2011	2012	2013	2009	2011	2012	2013
Peru <sup>a/</sup>	47.6	47.8	41.0	39.6	30.8	32.0	36.6	38.7	7.3	4.9	5.0	4.1
Dominican Republic	30.1	32.5	34.8	34.2	27.1	24.1	23.8	25.1	3.9	3.7	3.7	4.0
Uruguay	28.3	23.1	22.7	22.9	10.4	9.1	8.0	6.2	5.9	5.5	4.4	4.2

**Source:** ILO, based on data from country household surveys.

a/ Weighted average. Preliminary data for 2013.

b/ 31 urban agglomerations.

c/ Data under revision for 2013.

d/ 2011 data not comparable with previous years.

e/ Data corresponds to the IV quarter of each year.

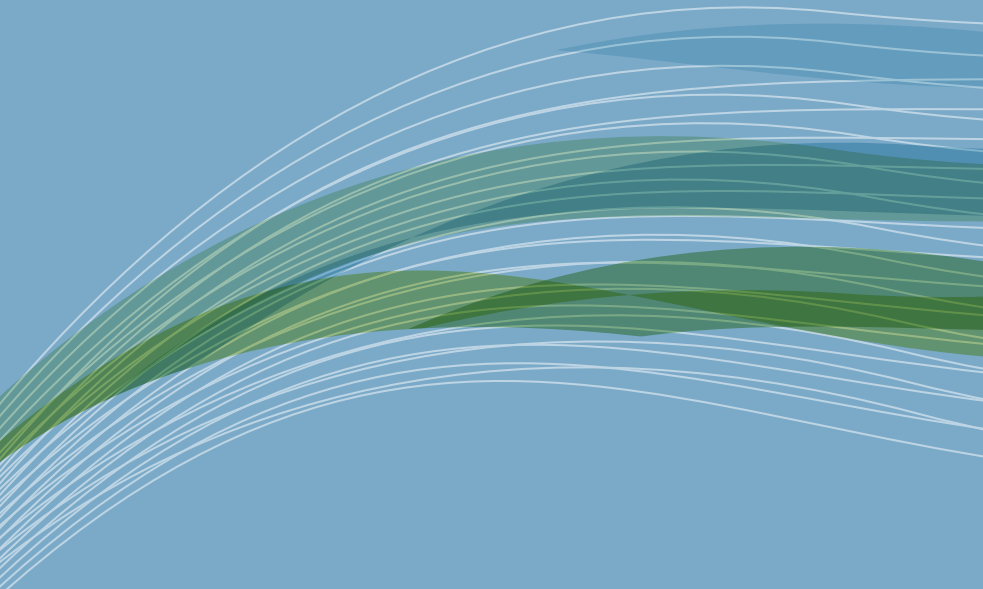
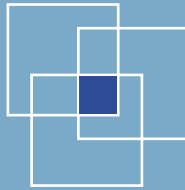
f/ Preliminary data under revision for 2013.

g/ 2009 data corresponds to 2010.

h/ Data corresponds to II quarter of each year.

i/ Due to a methodological change, from 2012 data is not comparable with previous years.





International  
Labour  
Organization



ISSN 2521-7437



2521-7437