

## *Foreword*

Today, two billion people are in informal employment. This comes with risks and vulnerabilities that constitute an important policy challenge, particularly in the Global South, where most people depend, directly or indirectly, on the informal economy.

*Tackling Vulnerability in the Informal Economy* reviews approaches taken so far to protect informal economy workers. It explores new ideas to improve the lives of women and men in the informal economy and facilitate their transition to formality. The report draws on two unique databases on informality recently developed by the International Labour Organization (ILO) and the Development Centre of the Organisation for Economic Co-operation and Development (OECD).

Our analysis enriches the discourse on the vulnerability challenge in the informal economy in several ways. It includes the household dimension in the portraits of informality for the first time, revealing how informality is often more complex than usually captured through traditional indicators based on individual workers or firms. The report also identifies substantial variations in the patterns of informality across and within countries, while finding that long-standing descriptions of informality often hide a more complex reality. It shows how large poverty and occupational risks, combined with lack of access to social protection and risk management instruments, render many informal economy workers – especially women, and their families – particularly vulnerable. The analysis concludes by suggesting priority areas for policy makers to tackle vulnerability in the informal economy.

This body of work is the outcome of a joint effort by the ILO and the OECD Development Centre to help countries find innovative solutions to current social challenges and build more cohesive societies. Particular attention is drawn to supporting the transition from the informal to the formal economy while implementing appropriate social protection measures, including social protection floors. This report was undertaken as part of the EU Social Protection Systems Programme, co-funded by the European Union and implemented by the OECD Development Centre and the Government of Finland to support developing countries.

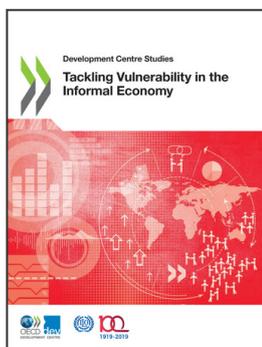
We aim to propose new ways in which social policy, together with other measures to raise productivity and labour income, can address informality at large, reduce the vulnerability of those working in the informal economy and can become pillars of decent work, inclusive development and social justice.

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