



– the Danish Model (and why it doesn't work in developing countries) -

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## Prerequisites:

Well organized social partners, trade unions and employers organizations and a state willing and able to develop the framework conditions for the labour market in tripartite dialogue

## Key Concepts:

Social dialogue

The understanding of productivity as central subject in all negotiations on new technology, education and salaries.



# The informal economy is not a natural extension of the formal economy.



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The trickle-down effect from formal private sector development of “Big Business”, in terms of job creation and economic opportunities, is very limited.

“Big Business” tends to first and foremost consider the informal economy as an in-exhaustible source of unskilled labour,

The informal economy must be treated not only as an adjunct to the formal economy, but as a specific economic field in its own right.

In this game the trade unions and its representatives can function as “change agents”



# The International Labour Organisation 1919



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Tripartite institution: The governing body comprise of 14 workers, 14 employers and 28 government representatives.

The ILO works for social justice with point of departure in the 8 core conventions, which are embodied in the Decent Work Agenda – recognised by the UN and included specifically in Goal 8 (Decent Work & economic growth) of the Sustainable Development Goals (SDG's)

Recommendation No. 71. (2016 -2017) – War to Peace;

The ILO recommendation No. 204 (2014-2015) – Informal Economy.



# The problem!



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50 % to 90 % of the labour force in developing countries are working in the informal economy!

In the coming 10 years an estimated additional influx to the global labour market of 600 million young people!!

It is inconceivable that formal private sector driven development will deliver decent jobs and opportunities enough!!!



# **(part of) The solution!**



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Development of innovative business models and improved local markets – including the improvement of local value chains – (SDG 9 on supporting innovation.)

Design and implementation of a comprehensive tax regime

Design and implementation of a basic but universal social security system

Improvement of affordability and access to education and training, including technical vocational education and training (TVET) and apprenticeships

Development of public services with a view to promote, incentivise and facilitate the formalisation of informal economy operators and enterprises. (SDG 8 and 10 on inclusive growth, decent work and reduction of inequality.)

# **(part of) The solution!**



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Reform of labour market laws and regulations

Improvement of access to capital (Micro finance etc.) and savings mechanisms

Development of basic infrastructure – (SDG 9 on innovation and infrastructure)



# Rwanda

## The role of trade unions in post-conflict Rwanda



# **Informal economy in Rwanda - history in brief**

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- Informal economy exploded after genocide 1994 (800,000 in 3 months);
- Today, 90% of the labour force is in the informal economy;
- Casualised, underpaid, dangerous and often illegal jobs;
- Limited access to labour rights, social security, finance and education;
- Lack of representation in national policy development



# The role of trade unions in the informal economy –

- Participated in the national reconstruction of Rwanda as an influential institutional player in the labour market;
- Contributed to nation-building, peace and reconciliation;
- Trade unions approached informal economy workers to create decent working conditions and stimulate conducive productive environments for informal taxi motor drivers;
- Collective representation of informal economy workers through the trade union movement;
- Influencing regulatory framework for informal economy and cooperatives;
- Promoting social security and vocational skills as preconditions for productive informal economies;



# Practical results:



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- Increased revenues for informal motor-taxi drivers;
- Access to pensions, occupational hazard insurance and maternity benefits for contributing informal economy workers;
- Improved 'climate' between city authorities/traffic officers and cooperatives because of trade union mediations;
- Loan funds from savings/credit cooperatives to motor bikes purchases and expansion of businesses;
- Skills development (drivers licence, business skills, vocational training, occupational safety and health etc.);
- Trade union traffic helmets/wests and assistance after accidents;





**Thank you!**

