Informal workers are government systems, which keeps them in poverty and makes them vulnerable. Their informal status makes them "invisible" to government systems, which keeps them in poverty and makes them highly vulnerable to labor exploitation. The COVID-19 pandemic has slowed economic growth in many countries, including in Cambodia, and has particularly shown the vulnerability of informal workers.

Transitioning from informal to formal employment is, therefore, more important than ever in order to reduce poverty and advance social justice. Until this is achieved, informal workers need social protection and better working conditions.


WHAT IS SOCIAL JUSTICE?

"Social justice is an underlying principle for peaceful and prosperous coexistence within and among nations. We uphold the principles of social justice when we promote gender equality or the rights of indigenous peoples and migrants. We advance social justice when we remove barriers that people face because of gender, age, race, ethnicity, religion, culture or disability." (United Nations)

WHAT IS THE INFORMAL ECONOMY?

In 2020, more than 2 billion workers earned an income in the informal economy worldwide. This represents 61% of the global population.

In Cambodia, it is estimated that the share of informal employment in total employment is as high as 93%.

In Cambodia, the informal economy is mainly fed by:
- Poverty: Almost 18% of Cambodians lived under the poverty line in 2019/2020;
- Lack of economic & social development: Cambodia ranked 144 out of 189 countries in the 2020 Human Development Index (Source: UNDP);
- Limited higher education: people who have completed secondary or tertiary education are less likely to work in the informal economy than those having only completed primary education. In Cambodia, the lower secondary education completion rate was at 58.16 % in 2020 and the tertiary education enrolment rate at only 15% in 2019 (Source: ILO & World Bank);
- Lack of employment opportunities in the formal sector due to inadequate economic growth; and
- Complicated and costly business registration procedures hindering formal business registration.

WHY DO PEOPLE HOLD INFORMAL EMPLOYMENT?

In most cases, workers do not choose to hold informal employment. A variety of factors leads individuals to work in the informal economy.

WHO WORKS IN THE INFORMAL ECONOMY?

Informal workers include all workers who own and operate unregistered small businesses, contributing family workers who work in informal small businesses or formal enterprises, workers holding informal jobs in or for formal enterprises (e.g. supply-chains, subcontracting), and workers in unrecognized or unregulated employment relations (ILO Recommendation 204).

In Cambodia, the most common informal workers include, but are not limited to, market and street sellers, entertainment workers, rubber scavengers, self-operators of tuk-tuks, motor-taxis and cyclos, farmers, construction workers, brick workers, domestic workers, etc.

WHY IS IT IMPORTANT TO FORMALIZE EMPLOYMENT?

Informal workers are not recognized, not socially nor legally protected, and not represented. Their informal status makes them "invisible" to government systems, which keeps them in poverty and makes them highly vulnerable to labor exploitation.

The COVID-19 pandemic has slowed economic growth in many countries, including in Cambodia, and has particularly shown the vulnerability of informal workers.

The informal economy refers to "all economic activities by workers and economic units that are -in law or in practice - not covered or insufficiently covered by formal arrangements and that does not cover illicit activities [...]" (ILO Recommendation 204)

It opposes the formal economy, which refers to the part of an economy of which the government is fully aware and that is regulated by government authorities, particularly in the areas of contract and company law, taxation, and labor law.

WHY IS IT IMPORTANT TO FORMALIZE EMPLOYMENT?

Formal employment offers workers:
- A more stable income;
- Decent working conditions;
- Legal & social protections; and
- Union representation.

In Cambodia, it is estimated that the share of informal employment in total employment is as high as 93%.

Transitioning from informal to formal employment is, therefore, more important than ever in order to reduce poverty and advance social justice. Until this is achieved, informal workers need social protection and better working conditions.

This year’s World Day of Social Justice has been placed under the theme “Achieving social justice through formal employment.”

ACHIEVING SOCIAL JUSTICE THROUGH FORMAL EMPLOYMENT

Since 2007, World Day of Social Justice has been celebrated annually on 20 February.