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## ARAB WATCH ON ECONOMIC AND SOCIAL RIGHTS 2016

### INFORMAL LABOR

#### Informal Labor :Reality and Rights

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#### Executive summary

The present report highlights the factors that have led to the expansion of informal labor in Arab countries outside the agricultural labor. It puts the reasons in the context of "openness" and neo-liberal and income-based policies, which began in the 1970s, coinciding with many phenomena, the most important of which was a "youth wave" that resulted from "baby boom" generations reaching the working age, large waves of emigration to many Arab countries, labor migration or asylum migration. Therefore, the growth rates of the urban labor force were very high, despite the fact that overall population growth rates have declined significantly. In many countries, a "youth tsunami" requires conscious voluntary policies to create "decent" jobs, originally linked to labor rights, but also to development, especially to the urbanization of "random" suburbs and cities, and peripheral areas of the country where informal labor has spread.

First, the report monitors some of the overall data according to United Nations organizations. The population of Arab countries exceeded 380 million in 2015, and demographic growth rates have declined significantly in recent years. However, the population of Gulf countries has doubled, thanks to migrant labor; hence, GCC population represents now 14% of the total population of the Arab countries against 6% in 1950. Also, all Arab countries were not aware of their "youth wave" during the same period. Lebanon reached the peak of the youth wave in 1975 during its civil war, while countries such as Yemen, Syria and Jordan are currently witnessing it. Residents of many countries have also completed their urban relocation in the cities (Gulf States, Lebanon), while rural exodus to the city accelerates in other countries (Tunisia, Algeria, Syria, Yemen and Mauritania) and is accelerating in Egypt and Sudan. In all these latter cases, the urban population is growing at a much higher rate than the demographic growth rate.

In spite of the general weakness of women's participation to the economy, the Arab labor force is increasing annually by 3 million, down from a peak of 4 million in 2010 due to current crises. Most of this increase is not due to higher economic participation. The largest increase is seen in Gulf countries, whose labor force now accounts for 19% of the Arab labor force, compared to only 12% in 1990. Of course, most of this increase is composed of



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migrant labor. In contrast, some countries are experiencing a decline in economic participation, especially for women, as a result of rural exodus to cities. Here, attention must be given to the impact of migrant refugees on reducing the participation rate, especially women, and the impact of migrant labor, as in Gulf countries, on increasing this measure. The report did not rely heavily on unemployment data, but on comparing the number of new annual arrivals to the labor force (3 million Arabs) with the number and quality of created jobs.

Data provided by the International Labor Organization (ILO) showed that the proportion of self-employment out of the total employment is low (less than 15%) in the Gulf countries, as well as in Jordan and Egypt, while it rises in Sudan and Mauritania to about 40%. The general trend seems to be towards a decline in this percentage, especially as agricultural labor is declining in many countries. However, the trend has risen again in Syria and Yemen; both countries plunged into civil war. On the other hand, Morocco, Egypt and Iraq are witnessing significant proportions (35 to 50%) of contributing family labor. In all cases, many Arab countries are experiencing high rates of poverty among workers (e.g. 75% in Yemen and 44% in Egypt). The report therefore relies on the absence of social coverage, particularly health insurance, as a standard for categorizing labor as informal. In addition, international data on this coverage remain fragmented and non-periodic, requiring special effort in this report. Attention is also drawn to child labor, with UNICEF monitoring significant rates in many Arab countries (between 2% and 7% in most of these countries, 15% in Mauritania, 23% in Yemen and 25% in Sudan for population between 5 and 14 years).

Based on national and regional reports, the report examines informal working conditions in 13 Arab countries, showing their individual characteristics as well as their differences, which seemed huge among countries of the same region (Gulf countries, Maghreb, Nile Valley, and the Levant).

The Bahrain case study thus shed the lights on the characteristics of labor and employment in Gulf countries. These countries host about one million newcomers to the labor force annually; most of them are migrant workers. Therefore, it is the size of the labor (and the labor force) that adapts mainly to the labor market, not the other way around, since 87% of the total labor force in Bahrain for example is migrant workers, whose employment is terminated when jobs are no more available. However, 37% of Bahraini workers are also informal, mostly self-employed or employers, with informal Bahraini waged workers, even in the public sector, such as kindergarten female workers whose status is documented in the Bahrain report. Also, 73% of migrant workers remain informal and are paid workers in the formal sector or at home. Therefore, the total percentage of informal labor to the total labor force in Bahrain is 65%, the majority of which is waged. Since Bahraini women work mainly in the government sector, the chances of informality are better than the total for Bahraini females (29%) and worse than the total for the migrant women (84%). Although Bahrain is making efforts to comply with international labor standards, and to cover migrant workers with insurance, more than 60% of migrants arrived less than one year ago and are not



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granted health insurance. In general, concepts of participation to the labor force, especially for women, unemployment and informal labor, have a special meaning in Gulf countries, while the rights are common human and labor rights to all.

For their part, all Arab Maghreb countries have seen the "youth boom" and Mauritania continues to witness it. Urbanization has been completed only in Morocco and Mauritania, which are still seeing accelerated rural exodus to the cities. The waves of labor migration to Europe (except for Libya), which reached 0.5% of the population annually, played a key role in the past to absorb the newcomers into the labor force, but these migrations have almost ceased, except from Morocco. Thus, Maghreb countries receive annually about 500 thousand newcomers to the labor force, most of them are in Algeria (48% of the total Maghreb). The Libyan war will weigh heavily on the working conditions in Tunisia, more than the repercussions of the 2010 revolution itself.

Employment characteristics vary widely among the studied Maghreb countries. Algeria has a government employment rate of more than 40% of the total labor force (including women). Tunisia has a structured employment rate in the formal sector of around 50%, especially for women, while Morocco has high proportions of family contributing workers and Mauritania has high rates of unskilled employers (especially women). With significant variations in the quality of employment, the proportion of informal workers and uninsured workers is 35% in Tunisia, 39% in Algeria, 80% in Morocco and 86% in Mauritania. However, the proportion of informal workers in Algeria rises to 66% if civil servants are excluded (and to 85% for females). It is worth noting that part of the waged workers in the government and the public sector are non-permanent and informal. In Algeria, informal workers are almost equally divided between paid labor and self-employment, as in Tunisia. In Morocco, prevalence is for waged informal labor and contributing family labor which affects women in particular. On the contrary, self-employment and entrepreneurship constitute the majority of informal labor (and labor in general) in Mauritania.

Overall, the situation of women remains more vulnerable. The percentage of informal female workers is 49% in Algeria, 83% in Morocco and 87% in Mauritania. Only in Tunisia, informal female workers are less by 20% than male informal workers, thanks to its social security system, which covers even agricultural workers; so if civil servants are excluded, the percentage of informality only drops to 42% (28% for women).

The countries of the Nile Valley (like Morocco, but with higher percentages) are still predominantly rural, and their "youth wave" lasted for decades. These countries receive some 900,000 newcomers to the labor force each year. The percentage of informal labor in Egypt was estimated at 59% of the total employment, mostly waged work, especially the vulnerable and non-permanent waged labor. This is despite the fact that 30% of employment is in the public sector, although part of it is informal. The proportion of informal labor in Sudan is 77%, with the predominance of self-employment and contributing family labor. It should be noted that in the case of Egypt, the proportion of informal female workers



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drops to 38%, although there is a remarkable proportion (18%) of informal family labor; women exit the labor force with more informality. In Sudan, the proportion of informal female workers (79%) is slightly higher than that of men. In all cases, it seems that informality will be higher in both countries, in Egypt due to the post-revolution economic developments, and in Sudan as a result of the civil war and the heavy migration from Southern Sudan. The situation will be even worse with the accelerated pace of rural exodus to cities.

For their part, Levant countries are living in a state of extreme cruelty due to the invasion of Iraq, the wars in Syria and Yemen, and the massive internal and external migratory waves. This was at a time when most of these countries knew the peak of the "youth boom" and the accelerated rural exodus to cities, and thus the number of newcomers to the labor force is about 800 thousand per year.

In Iraq, the proportion of informal workers is 52% of the total labor (48% for women), the majority of whom are waged workers in the informal sector. With the expansion of employment in the public sector after the war to more than 41% (50% for women), the proportion of informal labor outside the civil service rises to 88% (96% for women). In Jordan, the proportion of informal Jordanians is 50%, the majority of whom are waged workers in the formal sector. With the majority of informal migrant workers, Palestinians and Syrians, most of whom are waged workers, the share of informal labor rises to 57% (27% for women). Outside the civil service (30% overall and 52% for women), the share of informal labor rises to 81% (55% for women).

The overall informality rate in Palestine (60% in total) is not different from that in Jordan. However, the difference between the West Bank (66%) and the Gaza Strip (43%) is particularly significant, with government employment at 37% in the Gaza Strip and only 16% in the West Bank. The percentage of women's informality is similar to that of men, although the share of women in government labor is greater (30%) than that of men (21%), but women suffer more from unpaid family labor, especially in the West Bank.

The most complicated situation is in Lebanon, where the share of Palestinian migrants is 6% of the total employment, Syrian refugees are at 18% and other migrants (mainly domestic workers) are at 13%. The overall informality is 73%, with more than 90% for emigrants and 59% for Lebanese. The share of Lebanese women in terms of informality (44%) is lower than that of men (63%), because they are concentrated in the formal sector, whether governmental or private. The situation in Lebanon stands out as a striking phenomenon for an average income country, with a high rate of self-employment, affecting 36% of Lebanese male workers. Poverty and child labor rates remain significant.

Informal **labor** was monitored in Syria and Yemen prior to their civil wars. In Syria, the proportion of informal workers reached 66% of the total (39% for women), almost evenly distributed between self-employment and waged labor in the informal sector. With 27% for those working in the public sector (56% for women), the percentage of informality outside



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the public sector reaches 89% (94% for women), while the number of newcomers to the labor force was nearly 300,000. The ongoing conflict has resulted in the loss of half of the jobs between 2011 and 2015. In Yemen, the proportion of informal labor reached 81% in 2013-2014, also distributed between self-employment and waged labor, with a significant share of contributing family workers. Informality among women is greater (83%), with a significant proportion for contributing family labor and self-employment. Yemen is also witnessing new arrivals to the labor force between 250,000 and 280,000 per year.

The report also documents various cases of informal labor. In the case of self-employment, the situation of street vendors in several countries (symbolizing the Bouazizi case) highlights complex labor relations, some of which are linked to local administrations (workplace). Small-scale workshops, often used by many to earn a living, are also highlighted, as are some migrants without a residence permit. Some traditional industries highlight the situation of self-employed family labor, including industries that represent an immaterial heritage and activities reflecting a lot of innovation. Cases of waged informal labor were also highlighted in the government sector in Lebanon, Egypt, Bahrain, and other cases in Mauritania in the formal private sector. Issues of domestic female workers (as well as male domestic workers), waged family labor and child labor issues were also highlighted. The report documented the fight of trade unions and civil society organizations to defend the rights of these cases.

The report concludes that the percentages of informal labor in Arab countries under study are higher than those mentioned in the literature. This contradicts one of the stereotypes about informal labor, i.e. that it results from strict laws and bureaucracy. The highest levels of informality are seen in countries that are less strict in their laws and bureaucracy, and vice versa. Moreover, informality has expanded in all the studied Arab countries, while in the past two decades, these countries have seen "economic openness", easing of bureaucracy, engagement in globalization and "structural reform" policies led by the International Monetary Fund (IMF).

Waged labor dominates informal labor in Arab countries, except in rare cases. This also contradicts the idea that informal labor is essentially an option. Many young people have no choice but to engage in any type of labor that provides for living, even if it is vulnerable or temporary. Employers also benefit from this overcrowding in the urban labor market to evade formality. Thus, all reference studies monitor the higher ratios of informal labor among young people. The option theory is also meaningless in countries where migrants, as imported labor, as in Gulf countries, or as refugees, as in Lebanon and Jordan, constitute the core part of informal labor. Waged labor also prevails in the case of females, which sheds a special light on the cultural perspective of women's low participation to the labor force. Will women refrain from such participation for cultural reasons or because their waged labor is unprotected? And because the labor market is full of male workers and is characterized by vulnerable and temporary labor?

Thus, "formality" consists mostly of including the waged labor in social security services, as well as in the collection of their revenues. Regarding government policies, the report asks:



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what prevents the establishment of a balanced system of social redistribution through insurance, which revenues include the informal labor that affects young people in particular and protects their expenses, especially older groups suffering from higher rates of illness or cases of stopping work? Why the opportunity of the "youth wave" today is not leveraged before the community "ages", as in some developed countries, and thus making more difficult the possibility of achieving the financial balance for such a system? Tunisia is a pioneer in this case; the strong trade union federation which strived to expand the horizontal coverage of social security has played a major role.

As for self-employment, the report distinguishes between anti-poverty policies and those stimulating economic activities and entrepreneurship. It asks why these and those are focused on microfinance, as poverty cannot be managed through these loans alone, while subsidies on basic commodities are lifted and indirect taxes are imposed. Incentives' policies go much further, not only through the provision of non-material services, such as legal assistance and technical expertise, including market research and support, and access to incubators, training and qualification, and even partial formality, but also through issues related to urbanization and territory development. The workplace is a fundamental issue in self-employment labor relations. The problems of street vendors depend on the organization of urban space as a public right. Private investment promotion is associated with territory development policies and economic policies that address crises resulting from "economic openness", technical jumps and large economic and social gaps between urban centers and peripheries, including slums.

The report concludes with a set of recommendations for Arab civil society organizations for development in terms of data and surveys on informal labor, social and health insurance, government policies to combat poverty and stimulate entrepreneurship, and struggles for social and economic rights.

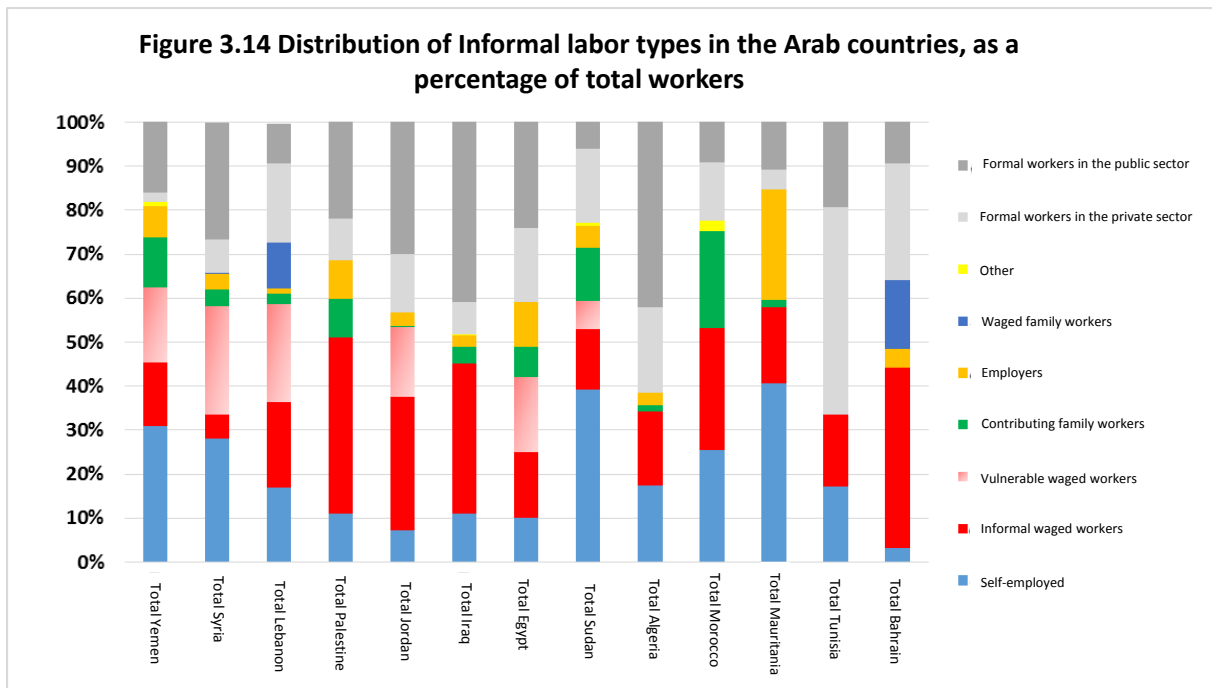
### **1.1 Overview of informal labor in the countries under study**

In most of the studied countries, the proportion of informal labor exceeds 60% of total employment. Only Tunisia has a percentage of 34%, followed by Algeria with 39%. The picture remains medium for Iraq (52%), Jordan (57%), Egypt (59%) and Bahrain (64%). While in all other countries, it rises to more than 68% with a peak of 85% for Mauritania (Figure 3.14).



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But the situation is different if we exclude formal government labor. Tunisia's percentage of informal labor goes up to 42%, while Algeria has 66%. This change results from the fact that the ratio of public sector employment is 19% in Tunisia and 43% in Algeria. With this exception, Iraq reaches 88%, Jordan 81%, Egypt 78% and Bahrain 71%.

Yemen, Syria, Sudan and Mauritania stand out with high rates of self-employment (between 30% and 40% of the total employment). The percentage of this type of informal labor remains very limited (less than 12%) in Bahrain (3%), Jordan 7%, Iraq and Palestine (11%) and Egypt (10%).

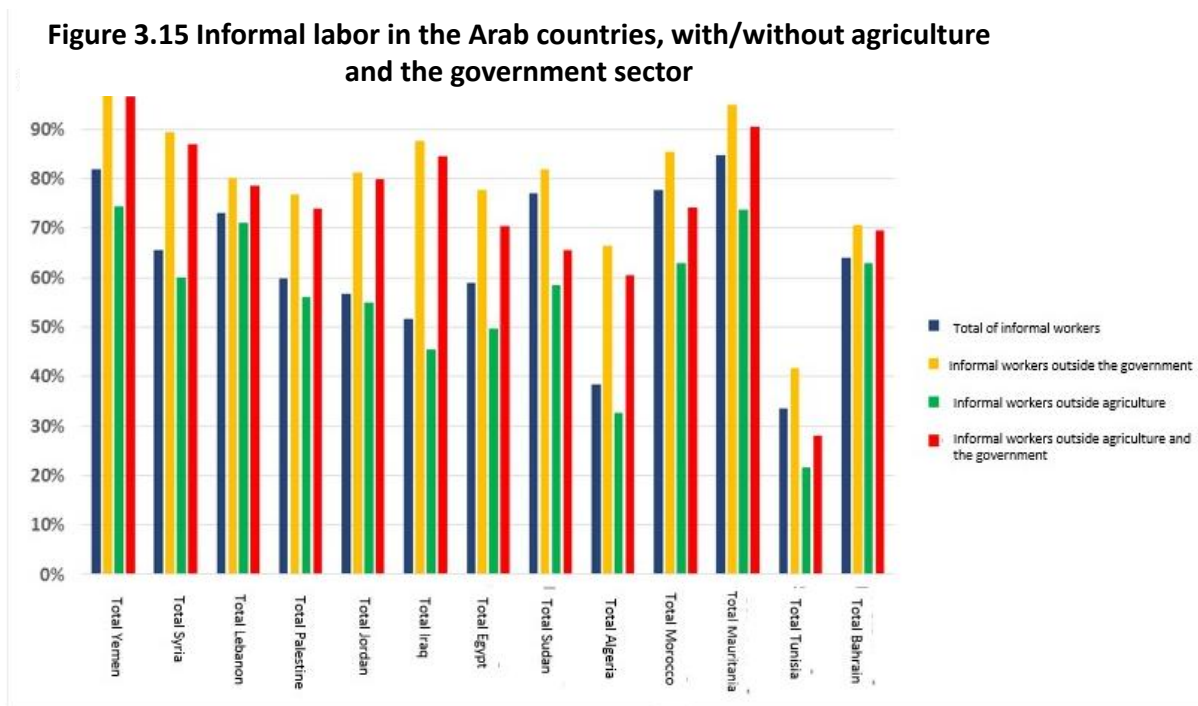
The share of informal labor is the highest in Bahrain (56% of the total employment) and in Lebanon (52%). In both cases, migrant labor is more concerned. Percentages in Tunisia, Algeria and Mauritania are dropping to 17% for many reasons, including the relative quality of the health and social security system in Tunisia, the government employment capacity in Algeria (noting that part of this employment is not as formal as in other countries), and weak waged job opportunities in Mauritania.

According to the survey results, Morocco has a large percentage of unwaged family labor (22%), while the proportion remains significant in Sudan (12%), Yemen (11%), Palestine (9%) and Egypt (7%). Surveys also monitor the proportion of informal employers (25%).



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In all cases, the results of this analysis differ significantly from the known data on informal labor in the MENA countries<sup>1</sup>, which account for 47% for the informal non-agricultural labor. This percentage rises to 74% in Yemen and Mauritania, 71% in Lebanon, 63% in Morocco and Bahrain, 60% in Syria, 59% in Sudan and 56% in Palestine. Only Tunisia has a low proportion (22%) of informal labor outside agriculture. However, these proportions often increase if civil service and agriculture are excluded (Figure 3.15). But this percentage only rises to 28% in Tunisia.

These comparisons mainly concern the men's informal labor with the general weakness of women's economic participation in Arab countries. However, the situation differs when women's informal labor types are compared alone (Figure 3.16).

For females, only Mauritania and Sudan keep high rates of self-employment (44% and 32%). In Yemen, the proportion drops to 26%, followed by Algeria (19%), Tunisia (17%), Morocco (17%) and Syria (12%). In the remaining Arab countries, the percentage of self-employed women remains below 10%, with the lowest percentages in Jordan and Iraq (2%) and Bahrain (3%).

For women's unwaged informal labor, the highest proportions are seen in Bahrain (54%) and Lebanon (58%) due to the importance of female domestic labor for female migrant workers. It is worth noting that these two countries are characterized by a percentage of women's informal waged labor higher than the total (higher than that of males). The share of women's informal waged labor in Jordan also rises to 46% for the same reason. The lowest

<sup>1</sup> Chen 2017.

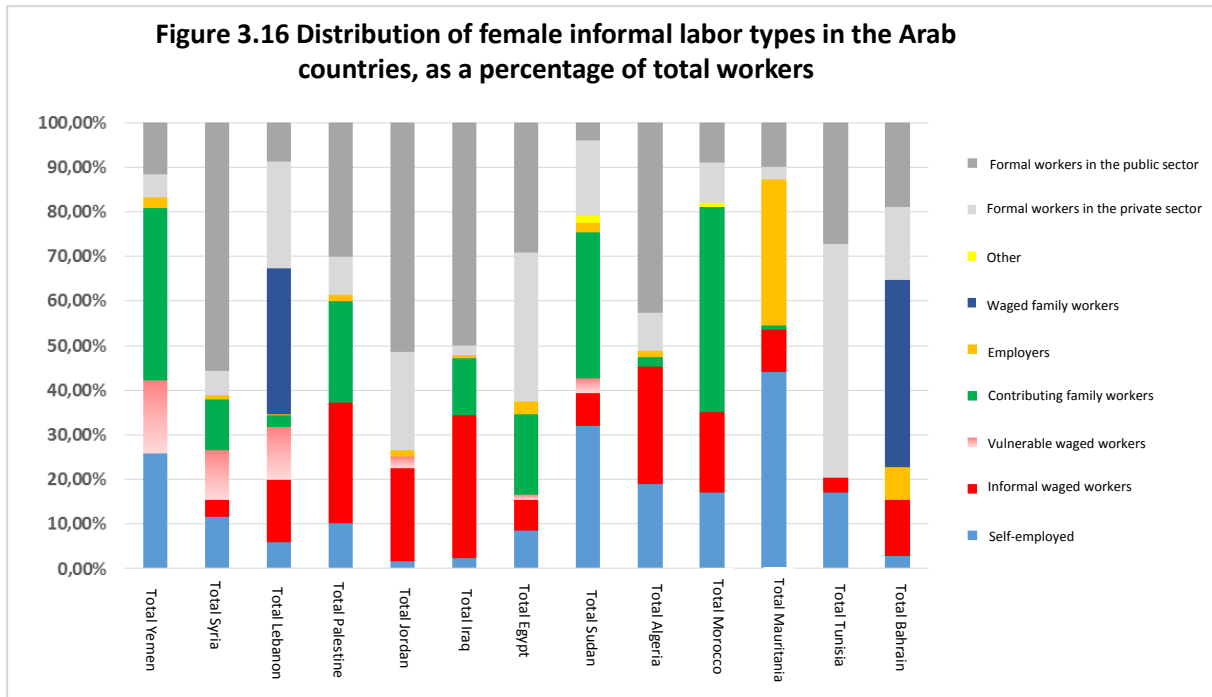




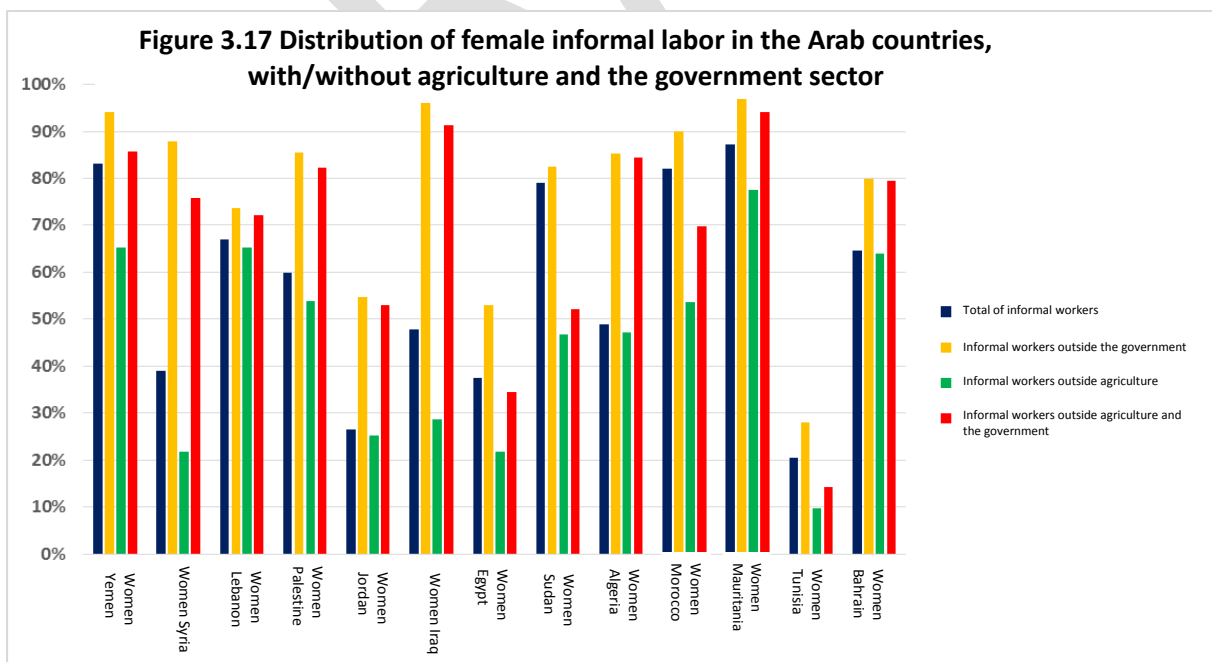
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share is seen in Tunisia (3%) thanks to the social security systems and in Egypt (8%) due to the scarcity of women's waged labor.



The proportion of unwaged family contributing women reaches 46% of all women's labor in Morocco, 39% in Yemen, 33% in Sudan and 23% in Palestine, while Egypt (18%), Iraq (13%) and Syria (12%) see significant percentages. Mauritania also has a high proportion of informal female employers (33%).





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These results are also different from those known on women's informal labor in the MENA countries<sup>2</sup>, which account for 35% of women's informal non-agricultural labor. The proportion in Mauritania is 78%, 65% in Yemen and Lebanon, 64% in Bahrain, 59% in Sudan, 54% in Palestine and Morocco, 50% in Egypt and 47% in Algeria. Here also, Tunisia has a unique low proportion (10%), the same as Syria (22%), Egypt (22%), Jordan (25%) and Iraq (29%). However, in these latter cases, women prefer to work in the government sector (see Figure 3.17).

All this shows that policies and struggles for rights must differ among Arab countries due to different economic and social conditions. The same tools cannot be used to achieve waged informal labor rights, especially in the case of family waged labor, promote and grant rights to self-employment, as well as to unwaged contributing family labor or informal employers. There is also a difference between agricultural and urban labor. Of course, these policies and struggles are supposed to be particularly concerned with women's labor.

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<sup>2</sup> Chen 2017.



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## 2. Description of informal labor in the Arab countries

The previous chapter highlighted the fact that informal labor constitutes the majority of labor relations in the Arab countries, especially outside agriculture and the governmental sector. Watch reports have presented case studies, with the overall scene covering most of informal labor types. This chapter presents these cases and types to illustrate their characteristics and differences, precisely because the mechanisms for defending the rights of their workers and the policies to secure these rights and livelihoods can vary greatly.

### 4.1 Self-employment

#### Street vendors

Morocco watch report<sup>3</sup> focuses on street vendors, a case that dominated labor relations in the Arab countries after Bouazizi's suicide in Tunisia in 2010. In 2016, Morocco witnessed the suicide of "the seller of Baghreer May Fatiha"<sup>4</sup> (Moroccan pancakes consumed during the month of Ramadan) in the same way of self-burning and for the same reasons, which shook the society and authorities. Moroccans use the term "butterfly" to describe those self-employed workers.

The report shows that there are three dimensions of labor relations for this type of informal labor: the workplace and the means of work (i.e. the chariot that displays the goods), the sold goods and the mechanism for obtaining them. The workplace is particularly important because the possibility of selling the product is directly related to it, where the seller must stand in a place frequented by a large audience (e.g. in a public square or near a bus station, a train station or near a mosque) to increase the possibilities of selling the goods and made more money. Thus, the situation shows that the place-related labor relation is essentially a relation with the governmental or local authorities that regulate the presence in these places which are a "public domain". So this street trade constitutes in a way or another an "illegal exploitation of the public domain"<sup>5</sup>, in which the interests of street vendors conflict with the public interest in ensuring that people, vehicles and urbanization are not obstructed. However, street vendors are more concentrated in popular neighborhoods and slums, which are not originally organized and decent. The interests of street vendors also conflict with the interests of the owners of regular shops who pay wages, municipal fees and government taxes.

Morocco's report also shows that engaging in street sales is not an option but a means of guaranteeing the livelihood of the poorest groups and does not require high qualifications (although some university graduates such as Bouazizi have been involved, especially in

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<sup>3</sup> فوزي بوخريص 2017.

<sup>4</sup> <https://youtu.be/kBZOFKXD5cs>

<sup>5</sup> فوزي بوخريص 2017.



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peripheral cities away from capitals), particularly a high constant capital (chariot price) or turnover (the price of daily goods). With the regression of activity in agriculture and industry in the Arab countries, basic job opportunities are concentrated in trade and services. Therefore, street vendors acquire a significant part of jobs. They provide cheap goods for popular categories that are not able to buy from official shops and malls.

However, this conflict of interest was rarely tackled<sup>6</sup>, and surveys were rarely conducted to identify its problems and find solutions to ensure the livelihood of vendors as well as the public interest and other interests. In fact, the main policy towards street vendors is both lenient and overlooking and characterized by repression campaigns resulting in the confiscation of the means of work and goods, which is a disaster for workers. The inclusion of this kind of labor in social security is hindered by obstacles in the texts of laws that restrict social security benefits to waged workers only<sup>7</sup>.

Surveys of this type of informal labor can also highlight the other dimensions of labor relations. There are situations where the means of work is not owned by the street vendor, or even the sold item. Therefore, the street vendor is an informal worker who receives a wage or a share of sales profits.

Sudan's report<sup>8</sup> focuses on another case of self-employment, the case of female tea vendors, who are also street vendors (Box 4.1). Their number in Khartoum alone is 14 thousand<sup>9</sup>. The importance of this situation is underscored by the acceleration of rural exodus to the city, the waves of displacement caused by wars, internal armed conflicts and environmental repercussions (natural drought or agricultural water monopoly<sup>10</sup>). A survey<sup>11</sup> of female tea vendors in Khartoum found that 89% of them were displaced, but not mainly because of conflict or drought (10% of cases), but for economic (47%) and social reasons (37%). Most of them work for more than 8 hours a day. This is their only career, and

#### Box 4.1

"The problem now is getting seed and tools," says Hawaa Issa, the 50-year-old widow and mother of six children. She spends the morning cleaning a piece of land to prepare it for agriculture, and spends her evenings selling tea and coffee. "I collect money so I can buy seeds and I will start farming once I get enough to buy the seeds... It may take a long time. The price of seeds is high compared to the cup of tea that Hawaa sells and its only customer today is the author of this story

CICR, Internal exodus facing military conflicts: facing the challenges, May 2010

<sup>6</sup> Salahdine & al. 1991.

<sup>7</sup> نصّ الظهير (القانون) 1-72-184 لعام 1972 كما ورد في فوزي بوخريص 2017.

<sup>8</sup> حسن أحمد عبد العاطي وأشرف عثمان محمد الحسن 2016.

<sup>9</sup> وزارة التنمية الاجتماعية، السودان 2013.

<sup>10</sup> Aita 2016.

<sup>11</sup> وزارة التنمية الاجتماعية السودان 2013.



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almost half of them are unmarried who are responsible for looking after their families. Here, too, the workplace emerges as an essential element of labor relations, with 57% paying municipal fees for their stay in public places. Nevertheless, they are arbitrarily subjected to campaigns by the police and the authorities (they call it "Qasha" in Sudan), including the confiscation of their means of work and the few quantities of tea. The case of female tea vendors caught the eye after the US Department of State chose in 2016 Ms. Awadiya Mohammed Koko as one of the ten most courageous women in the world, a struggling female tea vendor who founded the Cooperative Association for Tea and Food female Vendors and the Multi-Purpose Women's Cooperative Association.

Yemen's report<sup>12</sup> also referred to similar cases such as bread, henna, vegetable and maize vendors on the sidewalks, showing that children are heavily engaged in this type of work, such as selling napkins and beads on the roads and in public squares.

Palestine's report<sup>13</sup> drew attention to the situation of "female grape vendors"<sup>14</sup> who are not allowed by the municipal authorities in Ramallah and Al-Bireh to sell their grapes that crosses with them the many Israeli checkpoints, while Palestinian markets are filled with Israeli grapes from 1948 territories.

Iraq's report<sup>15</sup> also focused on the situation of street vendors (the official designation is "mobile units"), who were surveyed<sup>16</sup> in 2015, including all of Iraq's provinces except Anbar, Saladin and Nineveh, which were controlled by ISIS. Thus, 772 markets for these vendors and about 38,000 "mobile units" were observed. The survey showed that the mobile means of work (a chariot, a car or a motorcycle) accounts for only a quarter of the cases, while the simple table ("janbar" in Iraqi, accounts for 30%), and the "Basta" (a piece of fabric on the ground where the goods are exposed) accounts for 25%. Only 11% of vendors have a small semi-fixed selling place ("kiosk"). The commodity sold in 44% of cases is food or drink. However, unlike Sudan, the majority of street vendors are males (95%); Maysan governorate has the highest percentage of female street vendors (22%). The survey also shows that about half of the vendors began this work more than ten years ago, drawing attention to the fact that this phenomenon was rare in Iraq before the embargo and the invasion that followed. It also turns out that most street vendors have resorted to this job because they had no other opportunities, although few are illiterate (only 15%) or uneducated, and this was not an option but a need to earn a living. These vendors suffer from various difficulties, the most important of which are financial difficulties, competition, lack of demand and exposure to environmental conditions (rain, dust storms, etc.), prosecution by government authorities and lack of subsidies, as well as the unstable security situation.

<sup>12</sup> علي النصيري 2016.

<sup>13</sup> فراس جابر وإياد الرياحي 2016.

<sup>14</sup> انظر أيضاً فراس طنينة: 'بائعات العنب' بين سندان العوز وملاحقة مفتشي البلديات في رام الله؛

<https://maannews.net/Content.aspx?id=796209>

<sup>15</sup> هناء عبد الجبار صالح 2016.

<sup>16</sup> الجهاز المركزي للإحصاء العراق 2015-ب.



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The survey also showed that not all street vendors are self-employed. Out of the 46,000 in this profession, waged workers accounted for 7%, 22% of whom were children. Working hours varied between 7 to 8 hours a day, seven days a week.

For Bahrain, reference was made<sup>17</sup> to the significant number of migrants without legal residence ("bulk employment" or "free visa") whose term of residence expired and who are engaged in works such as washing cars and selling goods and services on the streets. Most of them are from India and Bengal (Box 4.2). In this case, the problems of labor relations arise first with visa dealers in their country. The worker borrows money to pay the high price of the visa. Secondly, there is a problem with the "guarantor", the owner of the register based on which workers are brought for a typical two-year period, and who shares the price of the visa with the migrant worker, and receives "royalties" for each extension, although the law prohibits this practice. Third, there is a problem with traders who provide them with the goods they sell on the roads. And last but not least, the problem is with government authorities, allowing traders and "sponsors" to exploit the loopholes of law or leniency, while the conditions of these workers are not settled even if they stay for a long time in Bahrain. The problems of these workers transcend the issues of labor relations, as their living conditions are often inhumane<sup>18</sup>. Thus, Bahrain's report recorded 50 cases of suicide among migrant workers in 2012 compared to 22 cases in 2011.

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<sup>18</sup> <http://www.alwasatnews.com/news/726612.html>



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### Family self-employment

Iraq's report sheds light on another aspect of self-employment, which is family self-employment. The difference with the previous situation is that the workplace is not part of the labor relation, because it is home. The report presents the results of a 2012 survey<sup>19</sup> on households as a production unit, covering all rural and urban governorates, except for Kurdistan Region. Thus, 10,402 workers employed within 5,535 households were surveyed, and the percentage of household workers was highest in rural areas and in Qadisiyah and Karbala governorates. The number of family waged workers did not exceed 1%, while housewives looking after this sector accounted for 36% of the total. The most important activities of these families are dairy manufacturing (agricultural sector), followed by sewing clothes and gowns.

But the survey did not include an analysis of the main labor relation for this type of informal labor, which lies in access to raw materials, especially in marketing. The questionnaire only shows that workers complain about competition, low prices and flooding markets with imported products.

Syria's report<sup>20</sup> highlights another aspect through the analysis of the "Al-Aghbany" industry, a traditional embroidery of a special type using silk threads and perforations, with aesthetic drawings. This industry is part of the immaterial Syrian heritage. Here too the workplace is most likely home and means of production is a regular sewing machine. The basic working relation is with "Al-Aghbani" merchant who looks after marketing. Self-employed female workers work by piece or by the embroidered fabric meter most of the time. The trader is the one who supplies with fabric and embroidery threads and controls the production process (accept or reject the product, for example), so that the commodity is sold in the market at a price that is 7 times higher than the value of embroidery, while labor is the main part of the production cost. Six thousand women working in this profession in Damascus countryside were detected, with 64 registered merchants in the Chamber of Commerce.

#### Box 4.2

A young Pakistani man, Assem Ziah, did not expect to be one day sitting on the street and referred to as bulk labor. But four months without salary in his company put him in an unexpected situation. Ziah had an official paper stating that he was asking the company he worked with for his unpaid salary. He therefore stopped working for it and is currently without legal work to provide for his needs and those of his family in Pakistan. So his only way to find work was this way which was imposed on him and that he did not choose. He could only describe his situation by saying the following: "We are poor people who want to work for a good salary. We don't want to be on the streets every day waiting for customers who may or may not come." This indicates the limited number of customers. "Every day, there are 150 workers. But 70 got a job and the rest return home. In Bahrain, there are no jobs", he clarified.

Bahrain watch report, Hassan Al Ali, 2017.

<sup>19</sup> الجهاز المركزي للإحصاء، العراق 2012: مسح الصناعات البيئية.

<sup>20</sup> ربيع نصر وزكي محشي 2016.



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شبكة المنظمات العربية غير الحكومية للتنمية

The profession has been severely affected by the war, and production has dropped for many reasons (the availability of raw materials, market shrinking due to the decline in tourism and the participation in foreign exhibitions, security instability, etc.). However, cooperatives and associations have emerged in spite of the sustainable conflict and started employing part of former female workers and marketing their products directly in foreign markets, developing sometimes product forms.

Jordan's<sup>21</sup> report also referred to two cases of family self-employment. The first is the case of "Maha", a Jordanian who graduated with a political science degree and did not find work. From her home, she launched the activity of selling clothes, perfumes and cosmetics. It refers to how to use the "Women's Fund" loans to help create such businesses and meet the needs. Her involvement in this work was not optional in contrast to the second case of the other Jordanian "Haifa", who began to produce and sell children clothes, and is now making a good income she could not get from a waged labor. She uses modern social media for marketing. But she cannot move to a (formal) shop because real estate costs are high and her family does not want to help her. She also fears that men will not accept this work in case she wants to get married. Remarkably, the report draws attention to other cases of women who cannot start working from their homes ... because they are refugees.

Lebanon's<sup>22</sup> report also draws attention to the situation of Palestinian women in the camps and who work from their homes in selling clothes and embroidery and in simple services such as hairdressing and cosmetology.

#### **4.2 Waged informal labor**

##### **Informal labor in the informal sector**

Lebanon's<sup>23</sup> report is unique in detailing waged informal labor in the public sector. It indicates that the civil and military administration and educational institutions absorb about 10% of the Lebanese workers (131,000), in addition to 27 thousand contracted teachers and 7 thousand vulnerable informal workers (daily workers, porters, etc.). The report shows that if military and security services are excluded (72% of permanent labor), the proportion of informal workers, i.e. those deprived of social protection, reaches 47% in the educational sector and 44% in the civil service. It is true that employment of most of these informal workers begun on a temporary basis, but has become a sustainable reality since several decades with the freeze on government employment. Some of these, especially in service utilities, are employed indirectly through subcontractors who recruit them informally. Thus, the report mentioned water establishments in the various Lebanese regions where 50% of the workers are informal; Electricité du Liban (EDL) where most of the labor is informal and on demand, whether for repairs or billing; Ogero Communications, the Régie Libanaise Des Tabacs et Tombacs, Rafik Hariri University Hospital, and the Ministry of Finance. Most of

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<sup>21</sup> أحمد عوض 2016.

<sup>22</sup> ربيع فخري 2017.

<sup>23</sup> ربيع فخري 2017.





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شبكة المنظمات العربية غير الحكومية للتنمية

those who work for these bodies are waged informal labor, with government services largely based on informal workers.

This creates a real problem in labor relations, where the interests of government permanent workers contradict those of informal workers. This results in confusion and bias in trade union struggles, for example in demanding a wage adjustment equivalent to inflation, because permanent workers constitute the majority of union members.

Lebanon's report also refers to wage earners who are migrant workers, especially Palestinians and Syrians. They work mainly in construction, in farms and factories, as well as gatekeepers to buildings in Beirut and major cities. Most of them were working regularly before the conflict in Syria, but are living today with their families in Lebanon. These are not entitled to work officially but to reside temporarily without work. If they claim anything, their residence may be canceled and they might be deported to the border. This reflects a vulnerable business relationship subject to the wishes of the employer.

Egypt's<sup>24</sup> report also details two cases of waged labor in the formal sector. In the case of municipal bakery workers, workers' wages are determined by the Ministry of Supply and Internal Trade in an informal customary manner. The cost is calculated and subtracted from the price of bread determined by the State. The profit is distributed to the baker, "the kneader", "the kharat" (the cutter) "the salhaji" (the one who separates bread), "the tuwalji" (the one who distributes the bread) and the difference in calculating the costs between one bakery and another. The workers of municipal bakeries are not entitled to social insurance because employment contracts are collective and not individual, and the names of those who are covered are manipulated, and are not paid for official holidays and leaves, including sick leaves. But their relations are supposed to be regulated by Law 12 of 2003 ("Unified Labor Law") and Law 79 of 1975 on social insurance for civil servants, as well as decision 175 of 1981 regulating such insurance. Remarkably, it is the employment office of the Manpower Directorate that "sponsors and operates" bakery workers. This office, the general governmental federation, and the Ministry of Supply and Internal Trade count on a committee that determines in the districts who can work in the bakeries. They also issue the health insurance card. In this case, the problem of labor relations is related to the wage description and the right to wage, holidays and benefits, including the right to social insurance and independent collective bargaining.

Workers in the second case which is detailed in Egypt's report, are miners and quarries' workers who are subject to the Unified Labor Law<sup>25</sup> and to a law of their own, No. 27 of 1981. There is no social security for these workers, especially since the employment of workers is often through subcontractors ("custody" in Egyptian). It highlights the many problems in the labor relations in this case, starting with the issues of transportation to the workplace, working hours and its many risks. These include social security and employment contract with the main employer (public and private sectors), including subjecting them to the "hard labor law" (Decision No. 270 of 2007).

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<sup>24</sup> ريم عبد الحليم وسعود عمر 2017.

<sup>25</sup> القانون 12 لعام 2003.



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Bahrain's<sup>26</sup> report indicates that 2,500 to 3,000 Bahraini female teachers and sitters work in kindergartens as per contracts that are renewed annually. They are not allowed to claim annual leave and social security. The head of the Kindergarten Syndicate points out that, contrary to the law, kindergartens' workers are denied their official leaves. Workers are also forced to pay their share and the employer's share of the social security without benefiting from its services. This inequity includes many female workers and part-time workers.

**Waged formal labor in the informal sector**

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Mauritania's<sup>27</sup> report says that a car repairing workshops in the municipality of Luxor in Nouakchott includes an employer, six paid workers and two trainees who are not paid for their professional experience and expertise. The enterprise is informal and informal waged workers do not receive any social security. While the report points out the pressure on wages and working conditions that come from the large number of migrant foreign workers, it also mentions the case of a migrant worker from Mali who works in conditions similar to those of Mauritians but with less than half the wage.

The report also discusses the situation of Mauritanian female migrant workers who went to work in Saudi Arabia and stayed there for two years, and the problems they faced, such as not being paid salaries and other forms of harassment, including heavy working hours. The report also refers to the situation of a worker in a butchery (meat shop) who receives a fixed wage and another one for the services he provides to clients, knowing that he works for 11 hours a day.

#### Informal labor in the family sector

The phenomenon of domestic workers, whose majority are working, is widely spread in the

#### Box 4.3

Regarding the amendment of the conditions organizing the relation of the employer and domestic workers, the Minister of Labor Jamil Humaidan said: "We have an international problem in this regard; we are under great pressure from countries exporting domestic workers. Those countries negotiate internationally and set a minimum wage that may outweigh the citizen's ability. They want to give domestic workers the same privileges as ordinary labor". And regarding the increasing costs of domestic labor, Humaidan said: "The costs increased in the Gulf, and we conducted a study on the reasons for the high cost, which turned out to be from the exporting countries. After research with the exporting countries, it turned out that the reason are the intermediaries entering the deal and raising the cost. We are working on adopting the governmental offices of the Gulf Cooperation Council in the countries exporting labor, "pointing out that the Asian labor supply offices do not abide by the laws.

Regarding the demands of the deputies to make the contract of domestic workers three-fold, including the worker, the employer and the office or quadruple by adding the embassy, Humaidan responded: "Introducing embassies in the contracting is prohibited internationally, and we ask them not to interfere in the relation between the worker and the employer. A phenomenon has emerged with Filipino domestic workers. Many escape cases were seen. Workers fled the houses of their sponsors taking refuge in their embassy, which calls the sponsor and ask him either to buy a return ticket or to sign papers to waive his sponsorship to another sponsor. The embassy has established a large housing facility attached to the embassy. The Deputy Consul at the Filipino Embassy in Bahrain, Ricky Argon, explains how the embassy deals with these complaints in the first place. If a female domestic worker is registered and has a legal residence, the sponsor is dealt with. If the latter refuses to deal with us, we resort to the office that has recruited the worker. In many cases, if there is ill-treatment, there are other legal procedures that are carried out through the police station and the public prosecutor's office (Al-Wassat Newspaper, issue 4688). To this day, there is no clear government position on the practices of the Filipino Embassy in Bahrain, despite recurrent complaints from citizens about these practices.

Bahrain watch report, Hassan Al Ali, 2017



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Arab NGO Network for Development  
شبكة المنظمات العربية غير الحكومية للتنمية

Arab countries. Bahrain's<sup>28</sup> report mentioned that Bahrain's Labor Market Regulatory Authority (LMRA) reported 1,108 escape cases of migrant domestic female workers between the first and ninth months of 2015 (Box 4.3). This phenomenon is the result of the conditions often experienced by domestic workers, but is also related to human trafficking and exploiting women in nightclubs and prostitution. Here, too, the complexities of labor relations between the worker, the employer, the migrant workers and the sponsor, the governments of the employment country and the country of origin of the migrant are highlighted.

Jordan's<sup>29</sup> report also describes the case of "Hanan," a Syrian refugee whose husband died in the war and is now supporting as single domestic worker her daughter who is obliged to accompany her.

#### 4.3 Working children

Jordan's<sup>30</sup> report refers to the case of "Muhannad", 13, who helps carrying customers' goods at the vegetable market in downtown Amman. Muhannad is the breadwinner for his family, including his four younger brothers, after his father became disabled due to an injury. Despite his hard work, he prefers it more than his previous job where he was subjected to physical and sexual assault. "The market is full of children; the child must be strong and have an interest when he goes to work, otherwise something will happen," he says. Another case is that of a child of the same age, but with special needs, as he moves in a wheelchair. He works as seller of "Mulukhiyah and spinach" or desserts according to the season, because the wage earned by his father, who works as a guard in a company, is not enough to cover the family's living.

In Mauritania, children are also attracted to jobs such as guard work, transporting goods by donkey carts, selling dried dates, napkins, textiles and toys, as well as fish cleaning, especially in the central fish market, construction and selling mobile phones. In the countryside, they are grazing, hunting and selling cattle and coal for food or clothing.

In Sudan, it was pointed out that<sup>31</sup> male children were employed in shoe polishing, car wash, and small craft workshops; whereas female children work as domestic workers and cleaners, all in difficult and sometimes inhuman conditions. The homelessness phenomenon has overstepped the parents because of drought and civil wars.

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<sup>28</sup> حسن العالي 2017.

<sup>29</sup> أحمد عوض 2016.

<sup>30</sup> أحمد عوض 2016.

<sup>31</sup> حسن أحمد عبد العاطي وأشرف عثمان محمد الحسن 2016.



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### 3. Policies regarding informal labor and struggles for their rights

#### 3.1 Informal labor in the Arab countries and relevant theoretical debate

The previous chapters have shown that informal labor is the main reality in the nature of labor in the Arab countries, especially labor outside government departments and the public sector. The various types of this informal labor have also been shown, particularly between waged labor and self-employment, and between nationals and other residents, whether migrant workers, immigrants or refugees. Hence, government policies and social struggles to achieve the rights of its employees cannot be included in a single mechanism, but rather in many mechanisms depending on the multiple types of this informal labor and the working relationships that govern it.

It is useful first to present the results of informal labor data and explain its types within the discussion of schools of thought that revolve around it. The large proportion of informal labor and the scarcity of formal workers in the formal private sector refutes the saying of the dualist school about a non-related duality in the labor market, particularly that there is no real growth in the Arab countries in "modern" industries and facilities<sup>32</sup>. Self-employment is not only a safety valve; it is also the working reality of a large proportion of workers, which is almost equal to the wage-earning part, excluding civil service and agricultural labor. However, the recommendations of this school remain right in the need to protect workers on the social level and secure infrastructure for them.

Labor conditions in Arab countries are more applicable to the structuralist school which considers that the expansion of informality is related to the development of the structure of global capitalism and its production relationship. In fact, the informal labor outside the agricultural sector was more widespread in the Arab countries in the post-1970s when all Arab economies entered into globalization and "economic openness" broadly. However, rent seeking dominates Arab economies, whether from natural resources (oil, gas, phosphate, etc.), or the location (Suez Canal); and productive capitalism is not local but global. It was noted that the proportion of private investments in GDP did not increase with privatization policies the same as the decline in the proportion of public investment<sup>33</sup>. But here, too, the school's recommendations remain right to hold governments accountable for tackling this informal imbalance and regulating labor relations. But it also requires the organization of other labor relations, i.e. for companies and employers, through an "industrial policy" to expand the domestically produced value-added base.

The legalist school blames bureaucracy, the complex laws and regulations, and the complicity of governments with commercial interests for curbing the ambitions of employers and entrepreneurs. It is true that bureaucracy is too heavy and slow in triggering change in some Arab countries such as Egypt and Algeria, but this does not apply to other countries

<sup>32</sup> سمير العيطة: منهجية تقرير الرائد، 2015.

<sup>33</sup> Achcar 2013.



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شبكة المنظمات العربية غير الحكومية للتنمية

such as Bahrain or Lebanon. Indeed, labor laws in all Arab countries need to be developed, as well as legislations on entrepreneurship. But does this change the conditions of productive investments and working conditions substantially, especially in countries that are densely populated and suffer from multiple social problems (such as accelerated rural exodus to the city)? An analysis of similar Arab situations in terms of the prevalence of informal labor, with a large variation in legislation, shows that the problem is deeper. This school recommends facilitating the registration of productive units and the development of property laws to transfer the assets of these units to capital assets. But the question is about the value of these assets, especially the unstructured, if the majority of economic activities lie in trade and services. And also what precedes what? Providing services to citizens, including social security, or collecting taxes, fees and social deductions for the public budget?

Finally, the data of the Arab countries contradict the basic premise of the voluntarist school, which believes that most of the informal activity is optional to avoid taxes and fees, and balance costs and benefits. This is precisely because the majority of informal workers have no other choice, especially young people and women, with the large gap between the numbers of newcomers to the labor force and the number of opportunities created, including informal ones.

Thus, policies cannot be put in place or struggles on informal labor cannot be developed solely based on market orientation and enterprises formality or informality. The waged formal labor in formal enterprises, even governmental ones, is a significant part of the overall employment in many Arab countries. The optimal approach is to start by the issues of social and economic rights for each type of informal labor, especially social and health insurance, and to formulate policies and present all relevant struggles simultaneously. Thus, the issue lies not only in the formality of the enterprises themselves, but in seeing workers granted their rights regardless of the type of their informal labor, whether they are nationals or foreign workers, brought from abroad or refugees.

### **3.2 Governmental policies relevant to informal labor**

Governmental policies towards informal labor are twofold, and the second is often neglected. The first part concerns the frameworks and legislations, i.e. constitutions, laws and decisions, as well as direct or indirect incentive policies, such as granting loans to expand business. The second part concerns labor market institutions in an integrated sense. These institutions are not restricted to employment offices, but include all institutions concerned with control in the workplace (the same as the control of the pharmaceutical or food industry) and the application of legislations. These also include institutions that study the projects of self-employed or small and medium enterprises, granting loans to business expansion, or oversight of these institutions to carry out the required purpose. In addition, there are the institutions which resolve labor disputes through public or arbitration courts. Of course, frameworks and legislations cannot improve the reality if there are no executive



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شبكة المنظمات العربية غير الحكومية للتنمية

institutions based on the implementation of legislations and the introduction of incentive policies and if there are no institutions to resolve disputes.

With regard to these governmental policies, the most striking thing in most Arab countries is that informal labor is not a central issue for governments to develop policies in their two aspects, despite the existence of specialized labor ministries. The first proof is the absence of specialized surveys to show its types, developments and characteristics, except for rare cases and due to pressure by international organizations. The overview of the role of ministries of labor is limited to securing job opportunities and neglecting their supervisory role in securing and maintaining workers' rights.

### **Social and health insurance**

Arab governments' policies often tackle the activation of employment and social welfare, but some of them have strategic visions with the ILO for "decent work"<sup>34</sup>. However, there is seldom talk of the horizontal expansion of social and health insurance, which covers civil servants in all countries since the independence. The ILO Convention No. 102 of 1952 concerning minimum social protection, which includes health, medicine, sickness compensation, maternity care, work accidents, disability, old age and pensions, the death of a family member and unemployment, is seldom spoken of.

Only Tunisia has historically evolved on this level<sup>35</sup>. From the system of securing civil servants inherited from the colonial era, the early 1960s saw the creation of social security funds for private sector workers (formal)<sup>36</sup>. In 1970, laws were amended to include some semi-permanent waged workers in the agricultural sector. In 1974, the social protection of civil servants was extended to non-permanent workers in the public sector. In 1981, the social protection of agricultural workers was expanded to include seasonal and temporary workers (the criterion is working 45 days for the same employer, with the introduction of an old-age insurance system). In 1982, an insurance system for waged workers was created, and was improved in 2002 to take into account the vulnerability of farmers and small fishermen, domestic workers or artisans who work on a piece basis. All these systems are redistribution systems between social and age groups, as well as aid and subsidization systems for basic materials aimed at combating poverty. These systems became effective only through institutions that control the implementation. In Tunisia, the cost of redistribution systems is estimated at 8% of GDP, and aid and subsidization systems are estimated at another 10%.

<sup>34</sup> ILO 2012-b, ILO 2010, Ajluni & Kawar 2015, etc.

<sup>35</sup> CRES 2016.

<sup>36</sup> القوانين 30-60 و 33-60 في 1960/12/14.



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Arab NGO Network for Development  
شبكة المنظمات العربية غير الحكومية للتنمية

Rare are the other Arab countries that embarked on a legislative and institutional process to expand the coverage of social security redistribution systems beyond civil servants. And even the real value of pensions for the civil service eroded due to not linking these pensions to inflation. Most Arab governments are focusing their efforts on aid and subsidization systems or on employment promotion programs. There has been little real analysis of the income and expenditure on the expansion of social security systems, while there are real pressures, especially from the World Bank and IMF, to reduce government subsidies (basic foodstuffs and oil derivatives) and to increase taxes and indirect charges (VAT), in light of the low direct tax revenues and the low taxes on property and wealth. There are risks of succumbing to this pressure, not only in terms of inequity but also in increasing the share of informal labor and diminishing revenues, leading to social explosions and internal wars.

Beyond the questions about the imperatives of whether or not formalizing informal labor, a fundamental question is rarely asked. Since most of Arab countries are characterized by their youth, i.e. the proportion of the young population is high within the working-age population, what prevents the establishment of a balanced social redistribution system which revenues include the informal labor that affects young people in particular and which expenses protect especially the older groups suffering more from sickness or from stopping work? Why not taking advantage of the opportunity of the "youth wave" today before the community "ages", as in some developed countries, and then the possibility of achieving the financial balance for such a system becomes more difficult?

Notably, current policies and discussions with IMF, the World Bank and ILO, do not address this issue, and are confined to analyzing tax systems, revenues and expenditures, without a comprehensive view of the totality of "social contributions". No one finds it difficult to impose a sales tax or a value added tax as "indirect social deductions" covering all with only the public budget as equivalent, rather than the broader contribution of social security as a "social deduction" for which specific and tangible services are available.

### **Incentive policies towards informal labor**

Other policies include the fight against poverty as well as the stimulation and activation of small and medium-sized enterprises (SMEs), particularly through micro-credit. These policies are divided between revitalizing the creation of new enterprises and the activation of existing institutions. Some researchers<sup>37</sup> note the inherent dilemma of policies towards informal labor. Expanding the coverage of social security may frustrate young small entrepreneurs to expand their activities and employ permanent workers, and on the contrary, may push them to keep their facilities small, and to more evasion and informality.

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<sup>37</sup> Charmes 2010.





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On the other hand, one way to support SMEs is to support these enterprises especially in reducing the labor cost.

Morocco<sup>38</sup> has experienced microfinance since the 1990s (through “Moukawalati” program for example), currently providing about 50% of all microcredit in the Middle East and North Africa. These loans are supervised by local associations supported by the government as well as by international organizations. It includes hundreds of thousands of self-employed (66% women), especially in rural and marginal areas. In fact, these policies replace government subsidies for basic materials that prevail in many other countries and are not adopted by Morocco.

There is no detailed assessment of the results of this type of policies. However, the current large share of informal labor in Morocco (78% of the total employment, 82% for females and more than 80% outside the civil service) and of poverty does not indicate that this policy is not as effective as it is expected to be. Morocco's comparison with other countries (pre-crisis Syria, Jordan, Egypt, etc.) has some positive results, especially for the poorest, particularly in the cases of drought disasters or accelerated rural exodus to the city. However, it is confronted by institutional problems (controlling distribution organizations, including by the Central Bank, the lack of correlation between loan distribution associations and labor market institutions, the lack of confidence in the State to provide social services and replacing it sometimes with institutions restricted to some classes, etc.) and also by social problems (inability to pay the loans, inability to expand the business, etc.). In all cases, these policies remain among emergency measures to combat poverty rather than to stimulate the economy and regulate the labor market.

The other type of policy stimulates entrepreneurship, especially for young people. These policies, as well as micro-credit policies, address self-employed and employers. Therefore, these policies are often confused with those of microcredit. However, the policies of stimulating entrepreneurship are already in the process of being partially structured against non-physical services such as providing legal aid and technical expertise, including market research and support, access to incubators, training and qualification. The issue of structuring these policies is a fundamental one. Turkey for example has granted incentives under the form of exemptions from social deductions (taxes, duties, and insurance deductions) for a certain period (five years in the case of Turkey) so that enterprises can reach a natural formality with their establishment in the economic market. Moreover, (as in the case of Turkey) the manipulations of some entrepreneurs and the closure of their enterprises after five years are resolved by allowing them to start new enterprises to continue to benefit from the incentives. There are experiences in some Arab countries relevant to this type of policies, but their results are very limited (a few thousand beneficiaries instead of tens or even hundreds of thousands of them in micro-credit policies).

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<sup>38</sup> فوزي بوخرىص 2017.



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شبكة المنظمات العربية غير الحكومية للتنمية

This requires action by experienced and effective labor market institutions, either directly from the State or through civil institutions.

In fact, in these policies, a fundamental issue in labor relations is absent, i.e. the place. It is not possible to deal the same way with a person who has a permanent enterprise in the public place, a person who works from home, and street vendors. The issue of the location of the enterprise (workplace) is in turn linked to urbanization and territory development. A permanent enterprise requires providing economic activities in the urban space, leasing premises and controlling the quality of the sold goods or services (for example, controlling food hygiene). It is therefore a partially formal enterprise without social and economic rights. This only applies if the entire urban area is composed of informal<sup>39</sup> "slums". The issue is the same in the case of working from home, but there is a problem in the mixing of things between home's sanctity and the economic activity. In the case of street vendors, the partial structuring lies in the management of public space, especially by municipalities. Thus, the Bouazizi incident does not represent a structural problem in the sense of officially registering the enterprise and not including the seller in social security, as it highlighted the problem of public space management, and beyond that, urbanization and territory development, and the gap between the major urban centers and peripheral areas and slums.

It is natural for street vendors to move into busy squares or in high traffic places to expand their customer base. The fundamental contradiction here is within the government policies: should street vendors leave the places to keep passers-by comfortable, or should self-employment be encouraged to earn a living? The main responsibility for resolving this contradiction lies with the governmental and municipal administration in urbanization, by providing "suitable places for sale" facilitating the movement of population on the one hand and the ease of movement of passers-by on the other. It is also possible to ask who is responsible for placing a large shopping center near crowded areas so that, with very few workers and with better productivity, all young vendors are removed from the market. Who is responsible when major companies like Uber come and eliminate the work of the taxi owners? Is it left to the market to control itself or are alternative jobs and livelihood an essential concern for municipal and governmental departments?

This is for normal business activities. But the issue is even broader for territory development. Who is responsible for the quality of economic activities that can be developed in the peripheries, where informal labor is often the largest? Who is making policies that take advantage of the characteristics of these areas, including the rehabilitation of a distinctive craftsmanship, and linking them to infrastructure and transport in the central regions?

It is clear that the policies of stimulating entrepreneurship require far beyond typical "incubators" and even Active Labor Market Policies, which mainly include economic policies that compensate for the fact that private investment is low in the face of declining

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<sup>39</sup> Roy & Alsayyad 2004.



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شبكة المنظمات العربية غير الحكومية للتنمية

government investment since independence and address crises resulting from "economic openness" and technical jumps and large economic and social gaps between urban centers and parties, including slums.

The greatest risk is that in the absence of these integrated policies, the social unrest that has exploded with the Arab Spring will continue without stability. How can it be possible to recover stability if the 3 million newcomers to the labor force in the Arab countries remain without "decent" work and without rights and representation of their interests in slums alleys and places? No, Arab economies were on the right track in 2010<sup>40</sup> and things have aggravated since then due to the economic recession and wars.

### **3.3 Social struggles for the rights of informal workers**

In contrast to government policies, or their absence in most cases, the situation of informal workers cannot improve without collective bargaining and its mechanisms. It is true that the individual reaction, as in the case of suicide, can draw public attention to the issues of informal workers. However, it is soon possible to relive this individual "event" among other events that the media exaggerate every day. Thus, rights cannot be achieved without a mobilization of informal workers and campaigning for collective bargaining with employers and governments.

One of the major problems in the Arab countries is that the unions inherited from previous eras are mostly composed of formal workers, most of whom work in the public sector. However, the interests of those formal workers contradict with other informal people, restricting their issues to wage levels versus inflation and benefits preservation. It is true that the rise in the official wage limit or the stabilization of benefits raises the level of wages for all and creates pressure to improve the conditions of informal labor; however, the fundamental problems in the division of the labor market between the formal and informal labor remain and can deepen.

On the other hand, most national unions are not independent of the government and its bodies, which undermines their ability to defend the workers' causes, especially those who are not properly qualified, and to place their interests and rights as their priority.

### **3.4 Highlights of some Arab countries**

#### **Bahrain**

In Bahrain, as in the rest of the GCC, the issue of the division of the labor market between citizens and foreign workers has emerged as a major issue a long time ago. Hence, issues such as Bahrainization, Saudization, Kuwaitization, and so on emerged. The strategic studies<sup>41</sup> requested by the government have concluded that division and disparity are due to the cheap foreign labor and the lack of necessary skills among Bahrainis. The solution lies in

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<sup>40</sup> Charmes 2010.

<sup>41</sup> دراسة شركة ماكينزي لولبي عهد البحرين بحسب حسن العالي 2017.



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Arab NGO Network for Development  
شبكة المنظمات العربية غير الحكومية للتنمية

economic reform and the expansion of productive economic activities, on the one hand, and the reform of education, including vocational rehabilitation, on the other hand, and on the reform of the labor market on the third, especially by significantly increasing the cost of foreign workers administratively. Based on the third pillar, the Labor Market Regulatory Authority<sup>42</sup> was established in 2006. Part of the revenues of this body, especially on foreign labor, is allocated to an employment fund known as Tamkeen. However, negotiations between the government and the private sector have led to a drastic reduction<sup>43</sup> in foreign labor fees, eroding the main objective of the labor market reform. Bahrain has seen a rapid growth in foreign labor rather than vice versa<sup>44</sup>. While these fees were sufficient to ensure the full structuring of foreign workers, that is, to grant them a full right to their social security, the Arab Spring and its repercussions in Bahrain have led to the beginning of a review of this change in policy objectives and the beginning of a stage where collective bargaining plays an important role<sup>45</sup>. The Supreme Council for Women, which was founded in 2001, also played a role in activating the economic empowerment of women, especially in entrepreneurship and in civil service (the police for instance). Bahrain also acceded to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and started in 2014 amending its laws accordingly. In 2010, Bahrain launched an interim program for decent work in cooperation with ILO. However, it was suspended after the 2011 uprising and the involvement of the General Federation of Bahrain Trade Unions in support of social demands. Furthermore, specialized surveys on labor force are still scarce, which may mean intentional blindness. On the other hand, it is not clear whether the Ministry of Labor or the Labor Market Regulatory Authority has sufficient staff to conduct inspections in the workplace to make sure that standards are applied. In addition, it is not clear who is the one to complain to, individually or collectively, in the event of violation of rights and whether the powers are executive or judicial, or is it independent, and binding on all parties? So why do foreign female workers resort to their embassies in the event of infringement of rights<sup>46</sup> while the issue of rights is local?

Nevertheless, Bahrain remains the best among Gulf countries in its efforts to respect human rights, economic and social rights and international standards, as well as the inclusion of foreign workers in insurance even if this is conditional. In 2003-2004, the "Committee of Informal Economy" was established, a unique initiative in the Arab countries, which included the Ministry of Labor, the Supreme Council for Vocational Training, Bahrain Chamber of Commerce and Industry, the General Federation of Bahrain Trade Unions and other institutions such as Bahrain Development Bank and Bahrain Business Incubator Center. However, the work of this Committee stopped and it was not replaced by a permanent

<sup>42</sup> <http://lmra.bh/portal/ar/home/index>.

<sup>43</sup> De Bel-Air 2015.

<sup>44</sup> Hertog 2014.

<sup>45</sup> Louër 2015.

<sup>46</sup> راجع الفقرة 4.3 أعلاه.



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Arab NGO Network for Development  
شبكة المنظمات العربية غير الحكومية للتنمية

committee. However, its temporary presence highlighted the importance of informal labor issues for the public opinion, especially during a special public symposium organized in 2005.

In terms of trade union struggles, it should be pointed out that the trade unions of Bahrain remained secret and unlicensed from 1970s<sup>47</sup> until 2002. The General Federation of Bahrain Trade Unions was established in 2004 under the project which transformed Bahrain from emirate to kingdom. There are no data on trade union membership, especially for their coverage of foreign workers. It is interesting to note, however, that the problems of the division of the labor market between citizens and foreigners (especially from the Indian subcontinent) date back to the period before independence. Contradiction between the two categories resulted from strikes by Bahraini industry workers (oil, aluminum and airlines). The General Federation has fought several struggles in support of foreign workers, most of whom are informal, i.e. struggles over official terms to replace the term of foreign workers with migrant workers and the term of domestic workers with domestic employment. There are also the struggles to include domestic labor within the Labor Law in 2005, including their right to trade union organization; the struggles in 2009 to implement Article 25 of the Labor Market Regulatory Authority Law, which provides for the free shift of migrant workers from one sponsor to another; struggles between 2012 and 2016 for the rights of workers on board ships left by their bankrupt owners in the territorial waters of Bahrain; struggles to support the rights of domestic workers and Convention 189 adopted by the International Labor Conference; and struggles for the 50,000 informal "Free Visa" workers. Trade union struggles also included the rights of female non-Bahraini workers, such as those working in kindergartens.

However, even within trade unions, debate still exists over the definition of non-Bahraini labor<sup>48</sup>. Is it migrant labor or temporary migrant labor? Of course, the rights of these workers vary according to the definition. Also, there is no clear struggle over the informality of self-employment and entrepreneurship that concerns Bahraini males and females more than the informality of waged labor<sup>49</sup>. It is not clear whether these male or female workers are organized in trade unions to defend their rights.

## **Morocco**

Morocco has a large population with limited natural resources; it is a major source of migrant labor, and also a labor hosting country, albeit less. Among the Arab countries, it

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<sup>47</sup> أنشأ اتحاد العمل البحريني العام 1954 ولكنه تم حله رسمياً منذ الاستقلال.

<sup>48</sup> حسن العالي 2017.

<sup>49</sup> راجع الفقرة 3.1. واللافت أن الحجج المقدمة للتمييز تتعلق بعدم رغبة المهاجرين في الإقامة الطويلة وتعلم اللغة العربية، مع تغييب السجل عن سياسة مقصودة باستبعاد العاملين من بلدان عربية أخرى.



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شبكة المنظمات العربية غير الحكومية للتنمية

established a ministry concerned nominally with informality, i.e. the Ministry of Industry, Trade, Investment and Digital Economy, with a delegated Minister for micro-entrepreneurship and the integration of the informal sector. In addition, there is another ministry for the traditional industry, the social and solidarity economy and the Ministry of Employment and Social Affairs. It is clear from this distribution of powers that the focus is on the integration of informal enterprises into the economy. Indeed, the policies of the Moroccan government since 1998 have focused on SMEs, particularly through Microstart loans with the United Nations Development Program (UNDP)<sup>50</sup>. Microfinance and related civil associations expanded. Morocco now provides more than 50% of the total micro-credit across the MENA region with about 820,000 customers to expand to more than 3 million. However, this expansion has created many cases of excessive indebtedness and default<sup>51</sup>, especially since the majority (66%) of the debtors are women. In addition, support programs have been launched for entrepreneurship initiatives, especially for young people, as well as for Moukawalati initiative. However, achievements after years of work show limited impact (3,400 beneficiaries only). There are also many similar programs and others to modernize trade, outside the nearby trade in neighborhoods.

Despite some successes in entrepreneurship, which have attracted media attention, this focus on small employers and self-employed workers has been a major aspect of informal labor in Morocco. The majority of informal workers are waged workers in the formal sector or family contributing workers. The problem remains the issue of granting social insurance to all informal workers who account for 80% of all workers, 67% of non-agricultural workers, and 58% of waged workers. This lack of social protection affects women working more than men<sup>52</sup>, so that microcredit programs appear to be in the fight against poverty and extreme poverty more than in the context of securing economic and social rights.

Most of the informal workers remained away from Moroccan unions, despite the long history of these unions in the country. Informal sector enterprises (self-employed and informal employers) have long remained out of professional or union organization. Recently, however, some informal trade unions have been established, such as the "National Coordination Body of Street Vendors and Pavement Traders"<sup>53</sup>, and the association of "Southern Women" in Agadir, which supports the organization of female workers in the informal sectors of Souss-Massa-Draa. Struggles achieved some success, for example to secure negotiations between street vendors, local authorities and shopkeepers to provide spaces for street vendors to be concentrated in overcrowded centers and squares. Even these struggles led to the introduction of a "national program for the economy of proximity"

<sup>50</sup> <http://www.cm6-microfinance.ma/> .

<sup>51</sup> فوزي بوخريص 2017.

<sup>52</sup> راجع الفقرة 3.2 أعلاه.

<sup>53</sup> <https://www.facebook.com/tansssikia/>



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شبكة المنظمات العربية غير الحكومية للتنمية

that organizes street vendors into categories and creates markets close to them. However, this proposal and the studies that were set up for it did not result into a policy adopted by the State. The King of Morocco personally rejected the strategy by considering it "unconvincing" and that "the National Coordination Body of Street Vendors and Pavement Traders"<sup>54</sup> was not established.

In any case, the policies in place, such as the trade union struggles, remain without the challenge of 80% of Moroccan workers in informal situations, especially as the main challenge is social security, which is essentially a policy of distribution among the age groups of the population, and does not theoretically constitute a real problem in a country with a majority of young population.

### **Egypt**

The Egyptian experience is similar to Morocco's one in focusing government policies on microcredit to cope with the expansion of informal labor while engaging in globalization. However, another aspect of the policy has been towards waged informal labor which accounts for the vast majority of informal labor<sup>55</sup>. In 2003, the Ministry of Manpower and Migration issued a "Regulation for the employment of informal labor," in particular seasonal agricultural workers, seafarers, miners, quarries and construction workers, followed by a "Financial and administrative rule of informal labor employment and care units"<sup>56</sup> in various governorates and regions, which was amended in 2011 and then in 2014. The main objective of this procedure is to create a social and health care system for workers in vulnerable or temporary conditions, with funding for care and the administrative body directly concerned with wages. But the results of this policy are unclear, especially with the problems and struggles of one of the main target types of labor: quarries' workers<sup>57</sup>. The same applies to other policies, such as subcontracting where article 16 of the Labor Code No. 12 of 2003 prohibits subcontracting. However, the reality remained strongly contrary to the text of the law.

In terms of struggles, independent trade unions remain restricted in Egypt. It is not allowed to contract collectively with employers. This is restricted to the Egyptian Trade Union Federation. Remarkably, some government resolutions explicitly state that unions must be committed without being the result of a negotiated agreement. Despite all this, Egyptian secondary and independent trade unions, as well as some of the civil associations, have had

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<sup>54</sup> فوزي بوخريص 2017.

<sup>55</sup> راجع الفقرة 3.3 أعلاه.

<sup>56</sup> <http://site.eastlaws.com/GeneralSearch/Home/ArticlesTDetails?MasterID=354935>

<sup>57</sup> راجع الفقرة 4.2 أعلاه.



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شبكة المنظمات العربية غير الحكومية للتنمية

many struggles to defend the rights of informal workers, both for waged workers<sup>58</sup> and self-employed workers<sup>59</sup>.

### **Other cases**

In Algeria, informal labor does not seem to be the focus of government policies and trade union struggles, specifically due to public sector inflation, and the overall low proportion of informal labor (39% of total workers). Policies are focused on expanding government employment and financial support to enterprises recruiting young people and to young entrepreneurial initiatives. However, the rate of informal labor, excluding the civil service, is as high as in other Arab countries (66%), which raises questions about the sustainability of current policies.

In the case of Mauritania, there are no distinct policies towards informal labor away from the country's primary effort to combat poverty<sup>60</sup> and to create opportunities for young people to earn a living. Every labor outside the government is rarely formal. Thus, the rights of informal workers are presented only in terms of basic human rights, including first equality, not only between women and men, but also social groups of population categories, with class differences between them: Mauritians versus African migrants, the policies of "Mauritizing" job opportunities, and the "Haratin" (Muslim slaves) compared to "white" and "blue" and so on.

The situation is not so different in Sudan and Yemen where the priority of government policies is to fight poverty and create jobs for young people. So health insurance can only come through health services that the government and civil associations are trying to secure on a large scale. This is despite the fact that the social security law provides for the contribution of employers and workers, even by one worker<sup>61</sup>.

For its part, Jordan recently launched, in April 2015, a "National Framework for the Informal Sector"<sup>62</sup> in cooperation with ILO, "which includes an integrated methodology to formalize the informal sector". This was the result of a consultation between the Ministry of Labor, the Jordan Chamber of Industry, the General Federation of Jordanian Trade Unions, the Department of Statistics, the Ministry of Planning and International Cooperation and the Social Security Corporation.

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<sup>58</sup> راجع حالتي عمال المقالغ والمحاجر وعمال المخابز والأفران في الفقرة 4.2 أعلاه.

<sup>59</sup> راجع حالة جمعية بانعي الأظعمة في محافظة المنيا في تقرير الرائد عن مصر، ريم عبد الحليم وسعود عمر 2017.

<sup>60</sup> وزارة الشؤون الاقتصادية والتنمية، موريتانيا 2013.

<sup>61</sup> قانون التأمينات الاجتماعية رقم 26 لعام 1991 والقرار المعدل العام 2003، راجع علي التصيري 2016.

<sup>62</sup> أحمد عوض 2016 و [http://www.ilo.org/beirut/media-centre/news/WCMS\\_364150/lang--ar/index.htm](http://www.ilo.org/beirut/media-centre/news/WCMS_364150/lang--ar/index.htm)





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شبكة المنظمات العربية غير الحكومية للتنمية

Moreover, the Iraqi Ministry of Labor has prepared a new draft of the labor law so that the social security includes "self-employed and informal workers"<sup>63</sup>, pending its endorsement by the Parliament. A strategic roadmap for social protection 2015-2019, including the inclusion of the "informal sector in social security," has been developed, and unions and civil society organizations have participated in the workshops and efforts that have led to these public policies. In Iraq, like Jordan, there are micro-credit programs and other programs to support young entrepreneurs.

Even this minimal policy effort towards informal labor does not exist in Lebanon which is experiencing a sustained political crisis. Sectarian bodies replace the State to provide minimal social protection, often under the guise of civil organizations. UNRWA plays this role for Palestinian refugees, UNHCR and other UN organizations for Syrians. This policy effort is also absent in Palestine. Even the new law amending social security regulations adopted in March 2016 ended the possibility of including informal workers, unless the worker and the employer pay their contribution together<sup>64</sup>. This is in spite of the efforts made by civil organizations and some trade unions, and in spite of a national campaign and extensive community debate. However, this trade union and community effort has led to some partial improvements in the law. The "Palestinian Fund for Employment and Dignity", which was aimed at stopping Palestinian labor in Israeli settlements, was also aborted. The fund appeared in 2003 and suddenly disappeared. Finally, it is necessary to mention the case of the "Anti-Unemployment Authority" established in 2004 in Syria with a capital exceeding one billion US dollars and that quickly expanded in micro-loans after the crisis of large rural exodus to cities in 2003-2004. It was abruptly suspended in 2006 and replaced by the "Syrian Secretariat for Development"<sup>65</sup> run by the wife of the President.

<sup>63</sup> هناء عبد الجبار صالح 2016.

<sup>64</sup> فراس جابر وإياد الرياحي 2016.

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## 4. Conclusions and recommendations

### Conclusions

This regional report, as well as other national and regional social and economic rights watch reports, highlights some of the problems of informal labor in Arab countries.

It confirms that the availability of accurate information on informal labor remains a daunting task in Arab countries, due to the scarcity of periodic surveys of the labor force and not adhering to ILO standards. It is true that these surveys need experience and institutions that work systematically to collect them, but the results of many other surveys on GDP, financial flows, and so forth are periodically issued. This raises questions about the reasons for this weakness in labor force surveys.

The report also highlights that the proportion of informal labor versus total employment is higher than those indicated in other sources, if social and health coverage is taken as a key criterion. In most Arab countries, it ranges between 50% and 85%. The main reason for this difference is the estimation of the formality of migrant workers in the Gulf, the size of migrant workers that remain largely informal in some countries such as Lebanon and Jordan, the formality of civil servants in many countries such as Algeria, Iraq, and many other details that are not clearly reflected in labor force surveys. This is in addition to the fact that the unrest that followed the "Arab Spring" and wars have exacerbated informality in recent years and has not been monitored by the surveys so far.

Of course, the importance of the (largely informal) agricultural labor affects the differences between countries in terms of informal employment, but the proportion of informal labor remains large in all, even in urban labor. Public service has a greater impact. The proportion of informal labor outside agriculture and public sector in most Arab countries exceeds 70%, making informal labor the basic reality of urban labor in the private sector.

The situation is different for females whose economic participation is below the levels of other regions of the world. The proportion of informal labor out of the total female labor is often lower than that of men. This is because women are more involved in civil service and in the public sector, precisely in order to obtain social and economic rights that they do not receive in other types of work. Thus, the effect of the phenomenon of civil service on females is very large. The share of informal labor increases if civil service is excluded (and sometimes multiplied) by a lot more than agricultural work.

These findings contradict one of the stereotypes of informal labor, i.e. that it results from the rigor of laws and bureaucracy. The highest levels of informality occur in the States where a less level of laws and bureaucracy is applied, and vice versa. Informality has expanded in all the studied Arab countries, while in the past two decades, they have witnessed "economic openness", an alleviation of bureaucracy, and an engagement in globalization and in IMF's "structural reform" policies.

With the exception of cases such as Sudan and Mauritania, waged labor, including in temporary or vulnerable working conditions, prevails over the other forms of informal labor



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شبكة المنظمات العربية غير الحكومية للتنمية

in Arab countries. This also negates the idea that informal labor is essentially an option. With the lack of formal job opportunities compared to the number of newcomers, as a result of the "youth tsunami", many young people have no choice but to engage in any kind of work that provides for living, even if it is vulnerable or temporary. Employers also benefit from this overcrowding on the urban labor market to evade formality. Thus, all reference studies monitor the higher ratios of waged informal labor among young people. The option theory is also meaningless in countries where migrants, as imported labor, as in the Gulf countries or as refugees, as in Lebanon and Jordan, constitute the core part of informal employment.

Waged labor also prevails in the case of females, especially if domestic workers and family contributing workers (who follow an employer but do not earn real wages) are included in the paid employment perspective. This sheds special light not only on the issue of informal labor as an option, but also on the cultural perspective of women's low participation to the labor force. Will women refrain from such participation for cultural reasons or because their waged labor is unprotected? And because the labor market is full of male workers and is characterized by vulnerable and temporary labor?

These findings also shed light on the need or not for formalizing the informal labor. The issue is mostly not an issue of entrepreneurship and enterprises formalization, but is about securing the rights of waged workers, and framing labor relations between the worker and the employer through labor force institutions. Of course, waged labor (including vulnerable or unwaged labor) is the work of those who are less qualified, and it is possible to propose policies concerning educational and vocational training and rehabilitation, so that these workers may become entrepreneurs or self-employed. However, the magnitude of the phenomenon requires also struggles and policies to "formalize" these workers at least to ensure their rights to social security, especially that those who are concerned often consist of domestic labor and private formal labor, including the government, and from subcontracting labor to a formal private sector. In some cases, insurance funds receive revenues from workers but do not provide them with social services (see the cases of Bahrain and Lebanon). Thus, the issue of this type of informal labor, i.e. waged labor, lies in the comprehensiveness of social security services, as in the collection of its revenues. There is a pioneering Tunisian experience in this area. A strong trade union federation which is striving to expand the coverage of social insurance horizontally plays a great role.

The other major category of informal labor in Arab countries consists of self-employed and employers, who make up a significant proportion in Mauritania, Sudan, Yemen and Morocco. Female informal labor is less than male labor, with the exception of Mauritania. The issue here is actually that of economic enterprises and revitalization and development of their productivity, in addition to the inclusion of social rights and security for the owners of these enterprises and their employees. This type of employment can be optional, as evidenced by the high incomes of some of its employees compared with the income of waged informal workers. However, this type of labor involves many poor street vendors who earn their living from this activity to a minimum, such as the Bouazizi case in Tunisia. Labor relations also take a special dimension through the role of the workplace, and raise policy issues broader than those used to combat poverty through microcredit loans or to encourage



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شبكة المنظمات العربية غير الحكومية للتنمية

entrepreneurship and incubators in particular. The concept of "formality" takes in this case the dimensions of territory development and urbanization, both in urban and rural areas, to bridge the gap in development between urban centers and rural peripheries, to create opportunities for economic activities in these areas, with agriculture heading towards greater productivity, accelerating rural exodus to the cities, or to address the problems of "slums" in which these migrants are located, and to secure their entire infrastructure and social services. It also takes an additional dimension with the effects of technological jumps and economic crises that cannot be borne by the most vulnerable.

In these circumstances witnessing a great expansion of informal labor in the Arab countries, some struggles by trade unions and the civil society to defend the rights of informal workers are emerging as courageous and necessary initiatives to create a negotiating climate to avoid the successive explosions that began with the "Arab Spring".

### **Recommendations**

These recommendations focus on issues related to Arab civil society organizations, their struggles, campaigns and dialogues with their governments and international organizations.

#### **Struggles**

- Civil society organizations and Arab unions should intensify their awareness campaigns, both internally and externally, on the fact that informal labor is the reality of labor relations prevailing in Arab countries, so that governments and international organizations consider the rights of these male and female workers in their priorities and policies. This awareness includes shedding light on living in slums and on the development gap between urban centers and peripheral areas.
- Awareness must also be intensified based on the fact that economic and social rights are human rights that are binding on all States and include the entire population, both citizens and migrants, migrant workers and refugee migrants. These awareness campaigns include highlighting the situation of informal workers, especially the most vulnerable, and defending their causes. This includes a focus on the concepts of public rights, public services and public space.
- Arab civil society organizations should encourage the establishment of independent trade unions to represent the interests of the informal labor groups, encourage the involvement of their workers, encourage cooperation and exchange of experiences between these unions in all regions, and represent them in independent federations to engage in dialogues with other unions and in negotiations with municipal and regional and governmental authorities. This includes promoting the trade union organization of migrant workers, whether those who came to work or refugees.



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Arab NGO Network for Development  
شبكة المنظمات العربية غير الحكومية للتنمية

- Arab civil society organizations should encourage the creation of women's associations and trade unions to stimulate the economic participation of women and defend their human rights and those relevant to employment. This includes associations and trade unions that represent domestic workers, female citizens or migrant women, as well as those who defend the rights of unwaged contributing female workers.
- Arab civil society organizations and unions should prioritize the inclusion of informal workers, self-employed, and contributing family workers in social security. These include health and medical care, sickness compensation, maternity care, work accidents, disability, old age and pensions, the death of a family member and unemployment.
- In its dialogue with governments and international financial organizations, Arab civil society organizations and unions must place all social deductions at the same negotiating table, in order to tackle subsidization policies, indirect taxes, and social security at the same time.
- Arab civil society organizations and trade unions should adopt policies to combat poverty and stimulate entrepreneurship within a comprehensive development perspective, including development and urbanization of cities and territory development to bridge the gap between centers and peripheries and diversify local economies, so that this comprehensive development perspective becomes the subject of dialogue and negotiation with local, regional and governmental authorities.
- Arab civil society organizations and unions must adopt a position that considers the workplace an essential part of labor relations and that it enters in collective bargaining, both for street vendors and for work from home and within the family.
- Arab civil society organizations and unions should engage in dialogues with chambers of commerce and industry at the local and national trade unions level to negotiate the rights of waged informal workers and synergies to address business issues of self-employment and entrepreneurship.
- Arab civil society organizations and unions should create international cooperation with organizations active in other countries to defend informal workers, exchange experiences, expertise, struggles and advocacy campaigns.
- Arab civil society organizations and unions should press governments to create institutions for the labor market or to modify existing institutions to be key partners, such as employers. These institutions include employment offices and all the institutions concerned with control in the workplace and the implementation of legislations, and the institutions resolving labor disputes through judicial or public courts.



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شبكة المنظمات العربية غير الحكومية للتنمية

### **Surveys on informal labor**

- Arab governments should be pressured to conduct and disseminate periodic surveys on the labor force, including citizens and migrants, with details on informal labor according to ILO standards.
- To stimulate this, Arab unions and civil society organizations can undertake these surveys themselves, covering all parts of the country or particular regions to highlight the problems of informal labor.
- Arab civil society organizations can also create synergies between them to share experiences on these surveys and the ways of conducting them.
- These surveys should focus on problematic issues such as the vulnerability of waged labor, the workplace for self-employed and employers, the business environment and work in slums, the gaps between different regions, and the rights of migrant workers, including social security.

### **Social and health insurance**

- The Tunisian experience should be leveraged in terms of the horizontal expansion of health and social coverage to workers by launching an in-depth study about this experience and its institutions and comparing it with other Arab experiences and with countries similar in the nature of their labor market to Arab countries.
- Socio-economic studies should be conducted in each Arab country on the subject of horizontal expansion of health and social coverage and the balance of its budgets under the "youth wave". Cooperation between Arab civil society organizations for development can be established to exchange experiences on this subject.
- In campaigns and dialogues with governments and international organizations, the concept of "social deductions" should be taken into consideration rather than taxes alone, as recommended by the Organization for Economic Cooperation and Development (OECD), so that social security will integrate its revenues and expenditures within the overall vision and social negotiation which should not be restricted to subsidization policies and indirect taxes.

### **Policies to combat poverty and stimulate business**

- The Moroccan experience in the field of microcredit should be leveraged to launch a comprehensive study on the assessment of its effects and results on informal labor, and compare them with practices in other Arab countries and countries similar in the nature of their labor market to Arab countries.



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- A comprehensive assessment of policies to stimulate business revitalization and entrepreneurship in Arab countries should be conducted, indicating what they offer by region in each country, beyond microcredit or investment funds, and highlighting the relation between these policies and the policies of territory development and urbanization.
- Adequate studies should be conducted on living and working conditions in slums surrounding urban centers and in rural areas, to highlight the situation of the population, including their informal labor, and to indicate the effects of the lack of urbanization and territory development on the increase in informal labor.

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