The ILO’s Recommendation No. 204 (R204) encompasses 12 guiding principles aimed at supporting the formalization of the informal economy, promoting the economic inclusion of workers, recognizing the fundamental rights of workers, and fostering an entrepreneurial spirit as well as contributing to Decent Work, social dialogue and civic participation.

It applies to all workers and economic units - including enterprises, entrepreneurs and households - in the informal economy as informal work may be found in all economic sectors and in both the public and private spheres.

For more information, please visit:
www.ilo.org
www.social-protection.org
www.ilo.org/normlex
Significance of R204:

**Workers:** R204 supports the defence of their rights, the transition to the formal economy, and outlines the policies and regulations required for the creation of decent jobs, while helping to increase incomes and strengthen workers' access to social protection.

**Employers:** R204 promotes a framework of fair competition.

**Governments:** R204 offers the opportunity to regulate the (as yet) unregulated economy, providing a revenue base from tax collection, improving working conditions and the plugging of crucial social security benefits.

**OBJECTIVES OF R204**

- Facilitate the transition of workers and economic units from the informal to the formal economy.
- Promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy.
- Prevent the informalization of formal economy jobs.

**SOCIAL DIALOGUE**

R204 engages the social partners to promote:

- Freedom of association and the right to collective bargaining.
- Extension of membership and services to workers and economic units in the informal economy, through workers' and employers' organizations.

R204 applies to all workers and economic units in the informal economy:

- those in the informal economy who own and operate economic units, including: (i) own-account workers; (ii) employers; and (iii) members of cooperatives and of social and solidarity economy units;
- contributing family workers, irrespective of whether they work in economic units in the formal or informal economy;
- employees holding informal jobs in or for formal enterprises, or in or for economic units in the informal economy and households; and
- workers in unrecognized or unregulated employment relationships.