

Editorial

We are midway to the 2030 deadline for the Sustainable Development Goals (SDGs). When global leaders signed off on the SDGs in 2015, they promised to leave no one behind. This year, when they gather to take stock at the UN SDG Summit, they will find that billions of people worldwide remain marginalised and that much remains to be done on the road to sustainable development.

Nothing describes this challenge as starkly as the plight of informal workers, who make up nearly 60% of the global workforce, and nine in ten workers in low-income countries. Informal workers lack social protection, enjoy fewer rights at work, and have fewer opportunities to upgrade their skills. Too often, their families live in highly precarious situations.

Policy makers have long known that promoting sustainable development means considering the informal economy. Creating more formal jobs, converting informal jobs into formal, and reducing vulnerability of informal workers and their families by affording adequate protection serve important developmental functions. The ability to deliver better public services, such as education and healthcare, to all citizens, including informal workers and their families, not only improves longer-term outcomes of populations, but also makes economies more resistant to shorter-term crises. Yet, progress towards formal employment has been slow since the OECD Development Centre published its seminal *Is Informal Normal?* report in 2009.

The problem, as this study argues, is that informality cuts deep. It cannot be addressed through economic growth alone, or through one-off policy measures in individual sectors or domains. What we really need is a fundamental look at social institutions, underlying norms and cultures. We need to understand how citizens, the state, workers and enterprises agree on shared goals, work together towards them, and distribute power and resources. In other words: we need to discuss the social contract.

This study helps us understand how global trends have affected informal employment and the importance of the social contract in mediating its impact. It shows that some countries have managed to turn international trade, global value chains and new technologies into more formal and better jobs. In other countries, globalisation has undermined working conditions and eroded public trust in institutions.

Our analysis shows that countries with strong social contracts have been better at harnessing the benefits of globalisation and weathering storms such as the COVID-19 crisis. A strong social contract is one where legal frameworks are inclusive, fair and relevant for all citizens. It is where citizens are able to comply with laws that are adapted to their needs, and trust their institutions to deliver good-quality public goods and services. It is where multinational companies conduct their businesses responsibly, and where informal worker associations, civil society organisations, and consumers have a voice.

For policy makers, this vision can be as daunting as it is inspiring. But it is also urgent. The global context will not become easier anytime soon, and the next big challenge for informal workers is looming: dealing with the climate crisis and environmental depletion, and with the transition to green energy.

Helping policy makers address informality and boost social protection will continue to be a high priority for the OECD Development Centre in the years ahead. It is a main pillar of our Programme of Work.

Stronger, more shared and greener: this is development we can do together.

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