**The content for a report about modern form of slavery**

**in the informal economy**

1. **Your understanding of the term “informal economy”**

Internationally, in the context of statistics and other research, the term “informal economy” is used in the ILO's definition of the proposed activity.

The informal sector is the unit whose primary purpose is to provide employment and income to those who produce goods or provide services.

These units usually operate at the lowest level of the organization, with or without a minimal combination of labour and capital. Informal sector employment contracts are often based on simple employment, kinship, personal or social relationships, rather than formal guaranteed contracts. Households engaged in production for final consumption are excluded.

*Source: Measuring the Non-Observed Economy, a Handbook*

In Mongolia, the following definitions indicated in a guideline of a joint order of the NSO and the Minister of Labour and Social Protection are being used .

**The informal sector is** a non-cooperative household enterprise that sells its products and services in the market for the purpose of earning income in the non-agricultural sector. They do not have any complete accounts, do not follow official records or are not included in the form of business organization, and are not fully covered by income tax information (Articles 5, 6, 7, of the resolutions by the15th conference of Labour Statistics).

*Source: “Guideline for estimating employment statistics” Approved on January 17, 2019*

1. **What are some examples of informal employment in your country?**

Informal sector employment is the employment of the above-mentioned informal sector enterprises. Even in the informal sector, it is possible to have a formal job. Similarly, informal employment is possible even in the formal sector. Informal economic workers are a combination of informal workers and informal sector workers. In Mongolia, the above definition defines informal sector and informal employment in accordance with the “Guideline for estimating employment statistics”.

In Mongolia, the total number of informal employment is calculated by the results of the labor force survey, such as aimag, capital city, age group, gender, economic classification, and employment status. The level of informal employment is expressed as the percentage of informal workers in total employment.

**Informal employer is** an employee who works in an informal job. Informal workers are who:

A) A salaried employee whose employment relationship is not fully regulated by law, income tax, sick leave, or annual leave, or other social security issues are not met;

B) Employers of market-oriented household enterprises working in the informal sector and self-employed without paid employees;

C) A salaried employee in a household that produces products for his/her own end use only;

D) Contributing family members.

*Source: “Methodology for compiling employment statistics” Approved on January 17, 2019*

1. **In what sectors (for example) is labor exploitation occurring?**

According to the “Multiple Indicator Cluster Survey”, throughout the country, percentage of working children aged 5-17 is 16.7 and of children in hazardous work, mostly in agriculture (including horse racing), construction, wholesale and the retail and service sector is 7.8

*Source: National Statistics Office and UNICEF Mongolia, Presentation of the results of the first two phases of the “Multiple Indicator Cluster Survey 2020-2021 (MIT +)”*

The Mongolian Labour Law sets the minimum working age at 16. Therefore, a person who has reached the age of 16 has the right to conclude an employment contract. However, for the purpose of providing professional orientation and work experience, an employment contract may be concluded with a person who has reached the age of 15 with the permission of his / her parents, guardians or the state administrative body in charge of labor matters.

The list of occupations that minors are not allowed to occupy is established by the order of the Minister of Health and Social Welfare on the list of occupations prohibited for women and minors (No. A / 204 of 1999). In February 2016, the Ministry of Labor issued an updated list of hazardous work prohibited by minors (Order A / 36 of 2016). This applies to both the formal and informal sectors, and prohibits persons under the age of 18 from working in conditions that endanger their life, health, ethics, safety or physical development. The ordinance also prohibits minors from working with certain materials, such as hazardous chemicals and flammable materials, and from lifting loads over a certain weight (depending on age and sex) and from engaging in certain occupations, such as construction or mining. Recent additions to the list include horse racing and training from November 1 to May 1. This is the most dangerous time of the year due to the extreme weather conditions. However, children under the age of 7 can participate in horse racing during the summer festival.

Under Mongolian criminal law, forcing a child to do hard labor is punishable by up to one year in solitary confinement (house arrest or travel abroad) or up to one year in prison.

[*https://www.unicef.org/mongolia/mn/research-and-reports*](https://www.unicef.org/mongolia/mn/research-and-reports)

[*https://mysalary.mn/labour-law/teghsh-erkh/nasand-khureeghui-khuukhed-zaluuchuud*](https://mysalary.mn/labour-law/teghsh-erkh/nasand-khureeghui-khuukhed-zaluuchuud)

1. **What percentage of the labor force in your country is in the informal sector / economy?**

At the 17th International Conference of Labor Statisticians, it was up to countries to decide whether to include agricultural workers in informal employment calculations. Therefore, in the case of Mongolia, the amount of informal employment is calculated as the amount of agricultural workers included and excluded.

At the national level, 26.8 percent of the total workforce is employed in the informal non-agricultural sector.

The results of the fourth quarter of 2020 are shown in the table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Informal employer | | All | Men | Women |
| Agricultural sector included | | 481409 | 284256 | 197153 |
|  | Formal unit | 82397 | 49346 | 33051 |
| Informal unit | 395197 | 232874 | 162323 |
| Household unit | 3815 | 2036 | 1779 |
| Non-agricultural sector | | 209877 | 133478 | 76399 |
|  | Formal unit | 79833 | 47397 | 32436 |
| Informal unit | 126608 | 84383 | 42226 |
| Household unit | 3436 | 1698 | 1738 |

*Source: NSO report of 4th quarter 2020*

1. **Gender and economic status of workers in the informal sector**

In Mongolia, 63.6 percent of informal workers (non-agricultural sector) are men and 36.4 percent are women. *Source: NSO report of 4th quarter 2020*

According to the April 2021 survey of Mongolia's informal employment situation conducted by the Labor and Social Protection Research Institute (LSDP), 7.3 percent of informal workers are employees, 42.2 percent are self-employed and 50.5 percent are employers. By age group, 70.2 percent of respondents were 36-55 years old and 17.6 percent were under 35 years old.

83.0 percent of the respondents are legally married, 3.0 percent are not married at all, and 5.6 percent are not married but live together. In terms of households, 30.7 percent have 1-3, 28.6 percent have 4 members, 24.7 percent have 5 members, and 16.0 percent have 6 or more family members.

53.7 percent of informal workers work for wholesale and retail trade, motorcycle maintenance, 19.7 percent- for manufacturing, 7.4 percent – for transportation and warehousing, 6.3 percent for other services, and the rest for hotels, catering and other sectors is engaged. The average length of informal employment has been 11.8 years, and 64.8 percent had worked for at least eight years.

*Source: Results of the Informal Employment Status Survey conducted by the Labour and Social Protection Research Institute*

1. **Factors influencing employment in the informal sector**

The April 2021 survey of the Labour and Social Protection Research Institute about Mongolia's informal employment situation revealed the reasons for informal employment. These include:

The main reasons for informal employment are the ease of access to the informal sector and the weak institutional environment.

The informal sector is relatively unregulated, less corrupt, and able to reduce employment costs compared to the formal sector.

According to the experts who participated in the focus group discussion, the reasons of surviving informal employment in Mongolia are as follows:

• Insufficient economic diversification;

• there are few decent jobs in the formal sector;

• requirements for formalization are too high; to

• Insufficient legislation and implementation.

In terms of gender, 45.4 percent of men and 30.8 percent of women surveyed are informally employed due to difficulties in finding employment or not being able to find a job (pictured below). However, 46.5 percent of women and 31.3 percent of men are engaged in informal employment. at their own discretion

Reasons for informal employment by gender

In terms of occupations, the majority of employees, especially hairdressers and beauticians,73.2 percent of them said that they do the work voluntarily. However, for passenger and freight transport workers, it was difficult to find a job (39.1 percent) and there were no other alternatives (33.9 percent). In addition, construction plasterers, painters (34.3 percent), hairdressers and beauticians (30.5 percent) were more likely to respond that their current job meets their occupation. In addition, 43.5 percent of carpenters, 41.5 percent of tailors, craftsmen and blacksmiths, and 40.1 percent of plasterers and painters tend to chose the reason of the jobs that meet their skills.

*Source: Results of the Informal Employment Status Survey conducted by the Labour and Social Protection Research Institute*

1. **Which forms of modern slavery in the informal economy are more prevalent in rural and urban areas? Would you give us more information?**

There is no specific study on forms of slavery in Mongolia. Therefore, it is not possible to provide information on modern forms of slavery in the informal economy.

Information only on informal workers is provided. According to the Mongolian Informal Employment Status Survey conducted in April 2021, 49.7 percent of informal workers are in Ulaanbaatar (Capital city) and 50.3 percent in rural areas.

In terms of services, the majority of construction workers (63.9 percent) work in Ulaanbaatar, while the majority of hotel and catering workers (61.5 percent) work in rural areas. Workers in manufacturing, transportation, warehousing, wholesale and retail trade, and other services are relatively evenly distributed in Ulaanbaatar and rural areas. In Ulaanbaatar, there are many self-employed people in the field of home care, home teaching, personal legal advice, and electronic device services.

Source: Results of the Informal Employment Status Survey conducted by the Labour and Social Protection Research Institute

1. **What legal and other measures is your country taking to address informal employment?**

In the case of Mongolia, the Government's policy on informal employment was approved by Parliament Resolution No. 1 of 2006 and has been implemented in three stages: the first phase in 2006-2008, the second phase in 2009-2011, and the third phase in 2012-2015. In addition, the Government Action Plan (2020-2024), “State Employment Policy 2016-2025”, “Three Pillars Development Policy”, and “Vision-2050” and Mongolia's long-term development policy include the employment of all employees. Although specific goals and measures have been developed and implemented to improve social protection, there are currently no specific policy documents to support informal employment. However, the requirement of Article 5.5 of the revised Law on Promotion of Small and Medium Enterprises and Services, adopted in June 2019, which applies to small and medium enterprises and services mainly engaged in informal employment, can be understood as conditions for informal employment. This means that informal labor or artisanal and small-scale service providers can be eligible for government support under the law if they meet the conditions set out in the law.

1. **What types of grievance mechanisms are in place to address human rights violations by informal workers, including modern forms of slavery?**

The Law on the National Human Rights Commission and the Law on the Legal Status of Human Rights Defenders establish the rights and responsibilities of officials to receive and review complaints and appeals on informal employment violations, restore the violated rights, and protect their legitimate interests as well. The report of the Human Rights Commission is discussed annually by the Parliament and specific decisions are made to monitor its implementation.

1. **Is the Labor Inspectorate obliged to inspect the informal sector and take action in the event of violence / labor exploitation?**

At the national level, all issues related to employment and labor relations are regulated by the Labor Law and the Law on Labor Safety and Hygiene. In case of violation of the law or violation of the provisions of the law, it shall be regulated by the Law on Violations and the Criminal Code.

1. **What types of financial, legal, and other support are available to victims of modern forms of slavery in the informal economy?**

If an employee involved in an employment relationship considers that his / her interests have been affected, he / she shall be provided with employment programs, training, job placement, health and psychological services based on the participation of governmental and non-governmental organizations, public organizations and citizens as well as monetary and physical items and other sources, donations and assistance not prohibited by law in accordance with human rights legislation. Under the auspices of the National Human Rights Commission, the Law on the Protection of Human Rights, and other relevant legislation, it organizes litigation on behalf of those whose rights have been violated and compensates for damages.

1. **What role do civil society organizations and trade unions (if any) play in preventing informal workers from being exposed to modern forms of slavery in your country?**

In Mongolia, workers and employees have the right to join a trade union on a voluntary basis without any discrimination in order to exercise their right to work and to protect their legitimate interests. No member may be forced to join or leave a trade union. Restrictions on the rights and freedoms of citizens or discrimination against them in connection with their membership in a trade union are prohibited by relevant laws.

The Labor Law appoints a tripartite National Council for Labor and Social Consent with an equal number of representatives from the government, employees, and employers. The National Committee shall direct and develop the state policy on labor issues, authorize the development of a tripartite consensus system, resolve collective disputes on the protection of citizens' labor rights, economic and social legitimate interests, monitor the implementation of national social consensus agreements, have the right to consult on common social policy issues.

*Source: §16 of the Constitution of Mongolia (1992). § of the Law on Protection of Trade Union Rights (1991)3*