This Policy Dialogue compares two very different conceptions of the informal economy that are prominent internationally: a market-based approach and a rights-based approach. It reflects upon the policy implications of adopting one perspective or the other, and argues that the terms ‘entrepreneur’ and ‘worker’ are often ideologically charged rather than a reflection of the structural positions of the ‘informals’. The paper is critical of a market-based perspective and of the related notion of informal entrepreneurs, as these may lead to policy recommendations that undermine the already fragile livelihoods of many people. The ideas presented in this paper are part of a work in progress and are intended to promote further debate about sustainable policy-making aimed at enhancing the economic and social standing of vulnerable people in the informal economy.