

CSEND DIALOGUE FORUM

Contributing to the “Post-MDG Development Agenda” Deliberation

10.00-12.30, 17th July, 2014

at Centre for Humanitarian Dialogue, 114 rue de Lausanne, 1202 Geneva. Tel: 022-908-1130



Socio-Economic Dimensions of Formalising Informal Economy: Impediments, needs and gender issues

The majority of economic activities in the least developed countries are in the “informal sector”. The informal economy represents 40 to 60 percent of the GDP in emerging economies (Schneider, 2005; Portes and Schauffler, 1993; de Soto, 1989). A significant percentage of the global work force still continues to work and earn livelihoods in the “informal economy”. This percentage remains highest in developing countries in all regions, ranging from 35 to 90 percent of total employment but it has been increasing in transition countries (ILO, 2014). The majority of the micro entrepreneurs of the informal economy are women.

Workers and micro entrepreneurs alike in the informal economy are often trapped for a whole lifetime in conditions of precarious living and rarely get out of poverty. Governments are concerned with the large size of their informal economy and their own short falls of budgetary resources by attempting to tax and regulate these micro-enterprises. Most often such government interventions have generated resistances in micro-enterprises against such measures - experienced as unwelcome one-sided intrusion into their business and livelihood. Government officials justify their measures by referring to basic labour rights, consumer protection, public health, e.g., sanitation and the need to increase product quality to improve their economies’ competitiveness. Yet prominent researchers have shown that the cost of formalisation tends to reduce the viability of the informal firms resulting in the closing down of such micro-enterprises. Therefore the policy issue needs to address the paradox of formalisation and provide answers to the question whether a “grey area” can be allowed to exist during the transitional phase of economic development. What could be the measures to inform such policy choice?

This seminar aims at exploring the in-between space of formal and informal economy where micro-enterprises operate and what entrepreneurial choices the respective owners have to face in order to ensure survival of their small ventures. Issues such as future growth, working conditions, finance and policy environment surrounding micro-enterprises will be discussed. Additionally, socio-economic challenges risen from formalisation to be faced by microenterprises will be examined

from a gender perspective. For example, the psychological functions of participation in these small enterprises for marginalized women workers will also be considered. Movements between informal and formal economies need to ensure that the positive psychological impacts of participation in work-related groups for materially- impoverished women are maintained.

Debates will be encouraged concerning the current policy recommendations on formalizing the informal economy. Reflection on the potential impact of such proposal on the probability of poor women getting out of deprivation will be explored.

Speakers

Eloi Laourou, Ambassador, Permanent Mission of Benin to the UN

Julio de Castro, Professor and Chair, Department of Entrepreneurship, IE Business School, Madrid, Spain

Virginia Schein, Professor Emerita of Management and Psychology, Gettysburg College, USA

Simel Esim, Head, Cooperatives Unit, Department of Sustainable Enterprises, ILO

Philippe Marcadent, Chief, Conditions of Work and Employment Branch, ILO

Laura Paez, Economic Affairs Officer, Division for Africa, Least Developed Countries and Special Programmes , UNCTAD

Chair and Discussant

Raymond Saner, Professor Em. of International Management and International Relation, Basle University, Director, DiplomacyDialogue, CSEND

This seminar will be chaired by **Lichia Yiu**, President, Centre for Socio-Eco-Nomic Development

Reference Document

“Shades of Grey: How do Informal Firms Navigate between Macro and Meso Institutional Environments?”. de Castro, Khavul, and Bruton, *Strategic Management Society*, 2014.

“The Informal Economy and Decent Work: A policy guide supporting transitions to formality”. Employment Policy Department, ILO, 2013.

-“Promoting Women’s Empowerment: A gender pathway out of informality”, *Chapter 6.1*.

“How Women Fare in East African Cooperatives: The case of Kenya, Tanzania and Uganda”. Majurin, E., Cooperative Facility for Africa, ILO Country Office for Tanzania, Kenya, Rwanda and Uganda, 2012.

Pre-Registration Form

Due to security consideration at the Centre for Humanitarian Dialogue, pre-registration is a **MUST**.

Registration should be sent by e-mail to filadoro@csend.org or by fax: +41-22-738 1737, no later than **14th July 2014**.

For information, please call Mario FILADORO at CSEND, Tel. +41-22-906-17-20.

CSEND Dialogue:

Socio-Economic Dimensions of Formalising Informal Economy: Impediments, needs and gender issues

I would like to join the Dialogue Forum on the 17 July 2014

| |
|---------------------------|
| Name |
| First Name |
| Profession |
| Organisation |
| Phone Nr |
| Fax/E-mail |