

1) OpenSpace Report on

How could BER be tailored to move women from the informal to the formal sector?

2) Person suggesting Topic & Group Participants

Convener: Aimee/Gaia (MERGED TOPIC ON WOMEN ENTREPRENEURS AND WORKING CONDITIONS)

Group Participants: Anna, Eva

3) Summary of Discussion

The first debate was on whether the BER is applicable to move

1. informal entrepreneurs who are “bubbling under the surface”/those who prefer to remain “under the radar”
2. informal micro but *real entrepreneurs* because of lack of opportunities, resources and knowledge, towards the formal economy.

The agreement is that, BER should be kept open and flexible enough to accommodate both types of entrepreneurs and aid them in their decision to formalise.

The second debate was to identify what obstacles to formalisation are really gender specific? Our short discussion showed that the main reason why informality among female entrepreneurs is so prevalent lies in four areas:

1. **Lack of access to information** – women would like to formalise but do not know how to do it, and do not know where to get the information for this.
2. **Lack of access to justice** – similar to (1) but more specific for legal purposes, women would like to know more about the legal business environment, and enlist the help of a lawyer for guidance, but do not know where and how to do it
3. **Lack of access to finance** – women just need additional financing to realise their business plans but do not have access to credit or credit advise
4. **Poor working conditions** – women remain informal so they could merge family responsibilities with work. Both employers and workers fail to realise the importance and benefits of investing in e.g. safety, hygiene, proper working conditions to increase productivity and push the move towards formality

The third debate was the proper approach for BER towards women in the informal economy in the light of traditional behaviours which tend to subordinate women. The agreement is as follows:

1. Approaches towards addressing informality among female entrepreneurs should follow a four tiered method that looks at and addresses problems in each a. Meta- b. Macro- c. Meso-, and d. Micro level. We need to systematically tackle all gender-related obstacles to formalisation in each level, otherwise, approaches will not work.
2. Interventions should use the “household approach” that involves women in the evaluation and decision-making process is important. The family sits down and looks at the “enterprises” that they engage in and puts a cost and income accounting on all of them. In many cases, it will be revealed that female enterprises are more profitable than men’s, and this knowledge will move men to support female-led businesses. The advantage of the household approach is that it does not challenge men’s authority.
3. Women’s economic independence need to be strengthened so that they can independently decide whether to move from informal to formal economy
4. BER that aims to move women from informal to formal sector could not be general and should be sector specific. There are feminised sectors that need specific measures in order to work.

What about Doing Business and Gender? How could we bring the ease of doing business ranking to reflect women’s situation and needs?

4) Conclusions

Women are typically represented as the weak and powerless of society who are disinterested in improving their situation. Our collective experience showed us that women are weak because of lack of access to resources that give them power. Women are also highly interested to improve their dismal situations and contribute productively to society and the economy. The major obstacle they need to overcome is: HOW?

1. Any BER approach needs to be practical tools which are appropriate for women. For example:
 - a. To increase access to information, we need popular methods of information dissemination that are culture-specific and easily understandable. In Africa, theatre and radio have been proven to be effective. In the MENA, TV is a well-accepted medium.
 - b. To increase access to justice, an option could be to bring justice to women because they don't have the means for transport, they have to take care of children, they do not know where to find lawyers and they do not have money to pay for the lawyer's services.
 - c. To increase access to finance,
 - i. experience shows that "grants" are not ideal. Women need to be trained on basic concepts on how to use and invest money, so they could create their own business plans and see for themselves where they are going in their business. For donors the business plan is an important guide that shows when to intervene in case the credit is not being used productively
 - ii. group lending is a good option but does not work all the time. A common experience worldwide is that women should organise themselves and come together as a group (trust with each other should be present) for lending money. Donors could not bring them together arbitrarily.
 - d. To improve working conditions, employers could focus on very small. Low cost but practical investments that will make workers more motivated (e.g. Soap, hand gloves etc), bring workers and employers together, improve productivity and lead them to formalise the enterprise. This has been successful in Tanzania and Mozambique.
 - i. Workers rights should be put into practical (is possible, even monetary terms) so that these are easily understood by employers. Start with the interest of the enterprise so they would listen!

Cape Town, 15 April 2010