

OpenSpace Report on

Ensuring inclusive participation of informal economy actors in BER: what does work in practice?

2) Person suggesting Topic & Group Participants

(Anouk Verheijen)

Per Dans, Christian Fougner, Chrisch Siririka, Mikael Soderback, Claire Zimba, Gaston Gaudence Kikuwi.

3) Summary of Discussion

The discussion started with a brief presentation of a practical example of involving informal business actors in a consultation process, illustrating the difficulties around this process. The case presented pertained a local NGO involving traditional health practitioners in the design and implementation of a medicinal plant cultivation project, aimed at formalizing the traditional medicine trade. Main problems encountered in this project was the fragmented presentation of the healers (different associations representing the same sector but expressing different views on particular issues) and low capacity of associations (lack of internal information dissemination, no clearly defined responsibilities of representatives).

The presented case raised the question of how these issues of fragmentation and capacity can be addressed effectively. The presentation of the traditional health practitioners case was followed by the presentation of two country examples, Namibia and Tanzania, of informal business sector representation.

Within Namibia, the informal sector is represented by the indigenous business forum, which is a member based organisation, also receiving support of the Namibian Government. Members are individual SMEs + informal business organisations.

Within Tanzania, Vibido Society represents the informal economy actors. Vibido has partnered with the Tanzania Private Sector Foundation (TPSF), a government funded private sector organisation, as to effectively address particularly issues to government. Vibido has identified capacity building needs within their organisation in the area of leadership development and strategy planning. Training in these areas is currently provided by GTZ. Questions were raised on Vibido's partnership with TPSF, as this is a government funded body and as such not an independent agent. Can TPSF therefore represent the informal sector appropriately?

A presentation was given of the business environment reforms in Tanzania 1) the BEST programme, 2) the efforts to reform the BEST programme, 3) The government initiated ROADMAP exercise that will form the basis for the BEST phase II. Specific issues were brought forward by the participants:

An important supplementary activity in Tanzania is the BEST-Advocacy Component which is a fund set up to support and fund private sector organisations in preparing evidence based advocacy initiatives.

Representation/ the voice of the informal sector. It was explained that government is consulting with the Tanzania Private Sector Foundation TPSF (the APEX organisation for Tanzanian private sector organisations). It is expected that TPSF coordinates and consults its members = private sector is able to speak with one voice. The discussion showed that informal sector organisations had not been consulted in the road map process (although members of TPSF). In another case of working with the Business Registrations act TPSF had consulted with informal sector representatives.

When discussing if BEST is addressing issues concerning informality, the answer seem to be two fold: on the one hand the informal sector perspective and opinions are said to be taken into account through the TPSF internal consultation process with its members organisations (such as Vibindo), on the other hand BEST only mentions the IS in terms of formalization (and not improved BE) and it is said that there is another program (Mkurabita) that will deal or solve the BE problems of the informal sector.

-Look for possibilities to introduce interesting mechanisms to speed-up implementation: such as regional competition mechanisms, regional CDB (or similar indicators on performance of improved BE), out-put based financing incentives (performance in BER determines size of budget). Examples from Vietnam, Mozambique and Tanzania were discussed.

-Link BEST to other reform processes as Local Government Reform and public sector reforms and others.

-Digitalized formalization process in rural India could be learned from, reducing face to face interactions (anti-corruption)

-Can CSOs be used more strategically in design or consultation for informality dimensions of BER? E.g. legal aid targeted and small businesses (enforcement).

-ILO Vibindo project trying to create incentive for formalization through capacity building efforts and linkages to government contracts.

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