

Women Workers in the Informal Sector

Report of a Strategic Planning Meeting

Rockefeller Study and Conference Centre, Bellagio, Italy

April 15-18th, 1997

1. Introduction:

Globally, the share of the work force employed in the formal sector of the economy is probably declining. In many countries, a majority of workers (particularly women) earn their living in the informal sector. Yet, official statistics and economic plans still fail to adequately count these workers or measure their contribution to national economies. As a result, little attention is paid to how policies affect women in the informal sector or how their situation can be improved.

In mid-April 1997, therefore, a group of practitioners, scholars, statisticians, and policy makers met to plan a collaborative project in support of women workers and entrepreneurs in the informal sector. The need to convene such a meeting grew out of previous collaboration between the Harvard Institute for International Development (HIID); the Self Employed Women's Association (SEWA); and the United Nations Development Fund for Women (UNIFEM) which have all worked on issues concerning the informal sector in general, with a particular focus on women.

SEWA, based in Ahmedabad, India has taken a global lead in increasing the visibility of women workers in the informal economy. SEWA has broad experience of developing policies, programmes and research agenda based on their grassroots experience. Marty Chen (from HIID) has extensive programmatic and research experience with low-income women in South Asia and collaborated with SEWA on an analysis of global statistics on homebased work. Marilyn Carr (from UNIFEM) has worked with programmes on women's economic empowerment in developing countries, with extensive experience in African countries. UNIFEM collaborated with SEWA in organizing a regional workshop in preparation for the International Labour Conference discussions on homebased work. The three organizations have also collaborated on documenting good practice and experience in promoting the economic empowerment of low-income women in South Asian countries.

This collaboration demonstrated the advantages of bringing

together the strengths of each organization: HIID's research and policy analysis skills; SEWA's grassroots base, extensive field experience, policy advocacy skills and international ties; and UNIFEM's access to national and international policy makers through its field office network. The aim of the meeting was to extend this collaboration to a wider group in order to plan a multi-year programme to promote better statistics, programmes and policies for women in the informal sector.

The ten specialists which took part in the four-day meeting brought together a wide variety of in-depth experience of work on the informal sector, including research, grassroots field work, international alliances, statistical work and policy development.

The organizations represented at the meeting were SEWA (Ela Bhatt and Renana Jhabvala); UNIFEM (Marilyn Carr and Maxine Olson); Harvard Institute for International Development (Marty Chen); United Nations Statistical Division (Grace Bediako); L'Institut Francais pour le Developpement en Cooperation (ORSTOM - Jacques Charmes); World Bank - Private Sector Finance (William Steel); HomeNet - the international network for homebased workers (Jane Tate). S.Y.Sethuraman, who recently retired from the International Labor Organization (ILO) after 25 years of experience with the informal sector, also took part. (See appendix for list of names and addresses.)

2. Emerging Issues:

In the introductory sessions of the meeting, participants introduced themselves and outlined their experience and perspectives on the informal sector. In these early sessions, a number of key issues emerged on which there was substantial agreement. These issues could be classified as follows:

The importance of the informal sector in the economy and in the context of globalization

It was agreed that the statistics showed that worldwide the informal sector was growing although there were regional differences. Globalization and structural adjustment, except in the case of the East Asian countries, had led to a decrease in the size of the formal sector and a growing informal workforce in traditional and modern sectors. Homebased work was an example where globalization has led to the growth of piece rate work in both developed and developing countries. Furthermore, the informal workers constitute a substantial share of the workforce in developing countries. In spite of this the informal sector has often been seen as marginal and negative in official analysis.

Definition and measurement of the informal sector

A number of issues emerged from the discussion on definitions and measurement. Discussion on definitions is always difficult as the informal sector has been defined and redefined many times for different purposes and ideological perspectives. However, for collection of statistics, precise definitions are needed. Although the workshop did not go into the definition in any detail, the following points were made:

-- There is often a confusion between informality and illegality. A very small portion of the informal sector may also be illegal, but the majority are informal only because they do not have the protection of laws.

-- An important definitional issue, which effects collection of statistics, is whether the definition is worker based or enterprise based. Most statistical definitions are either enterprise or household based, and in both cases it becomes difficult to enumerate the actual workers, especially if they are women.

-- There are many statistical attempts to measure the informal sector by international agencies including ILO and ORSTOM, as well as by the statistical agencies in individual countries. It often becomes difficult to compare these efforts due to differing definitions and methodologies. There has not however been much effort to measure the economic contribution of the informal sector as a percentage of the National Income or the GNP.

-- The concept and accordingly the definition of the informal sector has been changing over time, with changing emphasis in the types of studies undertaken. Earlier the emphasis was on the urban informal sector whereas in recent times the definition has expanded to include rural areas. The initial definitions of the informal sector were through structural analysis. These gave way to more thematic studies, and in more recent years the emphasis has been less on definitions and more on improving the conditions of the workers.

Improving conditions of the workers and producers in the informal economy

Most studies have exposed the below normal working and living conditions of the informal sector. However, there seemed to be a general agreement that while the employment in the informal sector was increasing national policies did not generally lead towards better conditions of life for these workers.

Participants agreed that the main efforts now needed to be to improve working conditions and opportunities. However, the ultimate goal is not only to target specific policies or

programmes to the informal sector, or to women within the sector, but to integrate the sector into official policy in order to include informal sector workers and entrepreneurs in plans for economic development.

A starting point for this is to look at ongoing or past efforts. There have been effective pilot projects and grassroots experience with the informal sector. The lessons from these need to be integrated into official perceptions in order to remove the policy barriers and biases which discriminate against the informal sector, particularly women.

Targeting opinion in the major international agencies is important to build both national and international public opinion. Most international organizations are concerned about issues of growth and productivity. There is a need to analyze and measure the contributions of the informal sector to the economy as a whole and demonstrate how positive policies can affect its productivity and lead to economic development.

A policy measure which is being actively promoted by the international community is microcredit to the poor. Although this is very important there is a need to go beyond the simple provision of credit as a means to improve the livelihoods of poor women and to address issues of structural change.

Globalization is having an impact on the informal sector: leading to overall growth of the informal sector but with varying impacts in different regions and sectors. In response, international alliances of informal sector workers, specifically homebased workers and vendors, have been formed to address the impact of globalization.

VISIONS FOR THE INFORMAL SECTOR OR PEOPLE'S SECTOR

Ela Bhatt, who has played a leading role internationally in raising the visibility and legitimacy of the informal sector, presented her vision for the informal sector or, as she prefers to call it, the People's Sector, as follows:

The reality is that the majority of people, particularly women, work and survive outside the formal sector of work, which in most countries includes the private corporate sector and the government public sector. The terms on which they work and trade are unequal, with the terms of trade biased against the People's Sector in many direct and indirect ways. Most recently, liberalization has meant liberalization for large companies without similar liberalization for informal sector enterprises: eg. lifting the restrictions on street vendors imposed by many municipal corporations or allowing forest collectors in India to sell their goods on the free market (rather than to the forest corporation of the government).

At present, the majority of workers in the People's Sector are poor because they are excluded from access to mainstream markets, access to many essential services and excluded from economic planning and policies. Our objectives are to enable them to increase their production, incomes and savings and to improve their levels of health and education, by ensuring access to markets, services and positive policies. Experience has shown that a necessary condition to achieve these objectives are the formation of collective organizations which could link the informal producers and workers to both private and public sectors.

Through collective organization women workers can be empowered in a number of ways. They can gain knowledge of their rights and obligations and in turn gain recognition as producers, traders or service providers. They can gain a sense of solidarity leading to collective efforts and stronger bargaining position. They can benefit from better terms of credit and increased assets in the form of a higher cash income, more ownership of property and a higher level of capital formation at household level, through savings and credit. They can have greater work security and access to healthcare and education for themselves and their children.

Support for this process of economic empowerment of the informal sector should be seen not as a social cost but as an investment, leading to growth and economic development of the community as a whole.

Women also need a substantial investment in capacity building so that they can strengthen their organizations as a whole and in particular their capacity to improve their production, through new skills, information, new technology, better tools, good design and better market policies.

A whole range of enabling policies and programmes are needed. Fundamental is the need to create people's organizations to give them power and resources which would, in turn, enable them to influence legislation or policy and to gain direct access to resources. The People's Sector is the missing link in the development of the economy as people are at the centre of the economy.

The importance of channeling resources and giving recognition to people's organizations in the informal sector was also discussed. Recognizing and strengthening people's organizations, such as those of market traders, street vendors or homebased workers, is a powerful way to reach large numbers and to strengthen their capacity for self-governance and regulation.

There was general agreement on the overall goal being to secure sustainable livelihoods for informal sector workers and on the general objective being to channel power and resources to the people through their organizations.

POLICIES AND PROGRAMS : STARTING FROM THE GRASS ROOTS

A key component of the process of this workshop and the resulting follow-up actions is the inclusion of people's organizations within the process, starting from the planning stage. Present at the strategic planning meeting were representatives from the Self-Employed Women's Organization (SEWA), a trade union of self-employed women which was established in 1972; the international alliance of street-vendors organizations which was formed in 1995; and HomeNet, the international alliance of homebased workers which was formed in 1992. In this session, representatives from these three organizations outlined the priorities of their respective organizations, in terms of opportunities and constraints. Marilyn Carr also described other existing alliances of key occupational groups of women which should be included in the coalition. The summary of the presentations can be found in appendix 1.

It was agreed that the project should give priority (at least initially) to the two groups where alliances already existed, homebased workers and street vendors. But that efforts to identify and include other alliances would also be made.

Renana Jhabvala presented an analysis of the different kinds of policies needed by the informal sector. These fell into two general groups: constraining or positive; and direct or indirect. Policies could be directed at a number of different levels, all of which are important: local level (village or slum); wider level (city, zone or district); and state, national and international levels. Policies can also be promotional or protectionist; flexible or inflexible. Resolutions and agreements are examples of flexible policies whereas laws and regulations are relatively inflexible. Policies for the informal sector can usefully be classified under the following headings:

1. social security
2. removal of restrictive regulations
3. recognition of informal sector organizations
4. recognition and promotion of credit mechanisms
5. recognition of informal sector skills and training
6. inclusion in urban plans
7. representation
8. raw materials policy
9. world trade
10. minimum wages
11. policy coordination and dissemination.

At this point in the meeting, an attempt was made to link the specific needs of the organizations of informal women workers with the broad outline and potential of the project. The priority needs and demands of the alliances were listed and, later, discussed in two small groups which developed proposals for, respectively, research and statistics plus policies and programmes. These are presented in Appendix??

The main strategies of the Homenet alliance were determined to be:

1. Nationalizing the International : following up the adoption of the ILO convention at the national level to lobby for employment rights and social security.
2. Building and strengthening grass roots organizations
3. Using Knowledge and Information : through the newsletter, through translation of information, and through generation and dissemination of research and statistics
4. Capacity Building for Grass roots organizers
5. Creating Economic Alternatives : linking homebased workers directly to markets through provision of credit, training, skills, market information etc.

The Street vendors alliance was at a less advanced stage of planning and was able to present the following requirements:

1. Collection of statistics of the numbers of vendors world-wide
2. Building the network and a central focal point for vendors alliances
3. Highlighting of best practices by city governments
4. Research-action on alternative urban governance which include self-governance systems by vendors.
5. To build elements of National policies on street vendors.

RESEARCH AND STATISTICS

Statistics

Grace Bediako presented a paper which outlines different forms of statistics that are commonly gathered as well as attempts by the United Nations Statistical Division and the ILO to respond to growing concern about the under-counting of informal sector work and workers, particularly women's work. It then recommends further action that can be taken to improve the collection of statistics and measurement of informal work.

The recommendations focus on two main types of statistics: labor force statistics (collected through enterprise or household surveys) and national accounts (calculated by multiplying an assumed value added for each worker or enterprise within each of the subsectors of the economy by the number of workers or enterprises in that subsector). Within these two types of statistics, there is a concern that homebased workers and street vendors (among other categories of the informal sector) remain undercounted and undervalued.

In 1993, the International Conference on Labor Statistics proposed a new definition of the informal sector and a new methodology, combining previous methods and adjustments, for collecting labor force statistics. This conference made progress in bringing together earlier attempts to arrive at a definition and proposed carrying out surveys combining both methods of data collection in order to arrive at a more complete picture.

Many problems still remain and work still needs to be done to improve methodology. These include: high mobility of the sector; secondary and multiple activities, including seasonal activities; lack of official records particularly in calculating production; problems of classification of homebased workers, etc.

It was clear during this discussion and from other sessions that a considerable amount of work has already been done or is currently underway in surveying and collecting data on the informal sector. Some examples were:

Work by ORSTOM with governments on collection of data on informal sector, including: survey on street vendors in Niger; household surveys in Mali, Chad, and Niger; biannual survey of households in main urban areas in Benin, including informal sector and women's employment; regular surveys of the informal sector in Mexico, Vietnam, Cameroon and Madagascar; survey of street vendors in 10 cities in Benin; and the 1985 population census in Burkina Faso.

Seminar in India in April 1997 on "Contributions of the Informal Sector to the National Economy", jointly organized by SEWA and the National Council of Applied Economics Research (NCAER). This seminar focused on concepts, methods, and surveys to calculate the contribution of the unorganized sector to the National Account Statistics. It examined existing research and made proposals for the future research.

Practical suggestions were made for overcoming some of the difficulties in calculations of informal employment and activity. For example, rotating samples in order to allow for seasonal variations. SEWA asks women about four types of activities in order to determine their multiple activities (salaried; land-based; animal-based; and/or home-based work) and asks how many months are spent on each of these activities.

It was pointed out that a major difficulty in calculating the size and contribution of informal sector is that the activities clubbed together in the so-called "household sector" - which include housework, subsistence production, and informal market activities - are often not sufficiently distinguished from one another.

There are still a number of conceptual and methodological problems regarding whether and how official statistics count (and account for) homebased workers. According to the System of National Accounts, homebased workers are thought to be either self-employed (own account) or employed in informal firms. The fact that many homebased workers are sub-contracted by formal firms has simply not been recognized.

There were many proposals for further work and research in this area (see below). Much could be gained by, first, synthesizing existing data and research and, then, identifying the gaps in existing research and data. In outlining a research and statistical agenda, the aim should be to develop policies to benefit people in this sector.

Research

S.V.Sethuraman outlined a the development of research on the informal sector carried out through the ILO and other UN agencies. Initially, attempts were made to arrive at a structural analysis of the sector looking at characteristics such as: earnings, capital, status, enterprises, access to credit etc. The link with migration was also explored.

Later, a more thematic approach was adopted and studies were made, for example, on women in the informal sector; access and use of technology; credit; training etc. Also, the links between the informal sector, the formal sector, growth, and structural adjustment were explored.

More recently the emphasis has been on researching means of action to improve the conditions of the informal sector, including direct interventions at the local level as well as influencing the wider environment. Current studies include: the types of organizations of informal sector workers and

entrepreneurs; measures to improve the working conditions of informal sector workers; and mechanisms for social security for the informal sector.

Discussion:

A list of research topics was drawn up following these presentations and incorporating suggestions from earlier sessions, as follows:

1. Dimensions of Informal Sector: informal enterprises and informal workers: size; composition; share of informal sector enterprises/workers.
2. Contributions of Informal Sector: to improve the SNA system: employment; GNP - e.g. calculation of gross value added; taxes; savings and capital formation.
3. Linkages of Informal Sector:
 - with poverty: concentration of poor, contribution to poverty alleviation;
 - with growth: impact of growth, impact on growth;
 - with income distribution and mobility;
 - with formal sector: within subsectors, across subsectors;
 - with markets: factor and product
 - with labor markets: e.g. migration
 - with government investment and budgets
4. Impact on Informal Sector:
 - of globalization;
 - of macro politics (e.g. fiscal - tax and subsidies);
 - of regulations - restrictive and protective and promotional;
 - of urban plans - land use, space allocation.
5. Trends in the Informal Sector:
 - with industrialization and new methods of organizing industries;
 - with globalization: including informal sector in North;
 - with economic reforms and structural adjustment programmes;
 - with urbanization;
 - forecasting: eg. sources of demand.
6. Theories of the Informal Sector: causal theories; economic models - validity of assumptions and relevance of concepts.

7. Operations of the Informal Sector:

economic rates of return: including, limits to return;
 contractual arrangements: e.g. subcontracting chains;
 working conditions and wages;
 transnational operations;
 legal status: including, costs and benefits thereof.

8. Documentation: of best practice and best policies.

9. Resources for the Informal Sector: including returns to investments.

10. Needs assessment: new regions and areas; informal sector women workers.

In addition, the discussion focused on the objectives and guiding principles of the proposed research agenda. The objectives of the research should be to inform one or more of the following statistics, policies, programmes, or paradigms. The operating principles should include:

1. Standardization of micro studies: for comparability
2. Reconciliation of micro studies: to official studies and identification of key questions.
3. Collation of existing data and studies
4. Packaging and dissemination of findings.

8. Project Planning: Brainstorming

Conceptual Framework:

At the beginning of this session, William Steel presented a conceptual framework for the project, including the following diagram:

INSERT: Biff's diagram

As this diagram illustrates, the conceptual framework consists of three components: composition of the workforce; opportunities and constraints in the wider environment; and income distribution.

1. The labor force is segmented into different groups: employees of large-scale enterprises; employees of small and medium-sized enterprises; micro-enterprises (entrepreneur, workers and

apprentices); household enterprises (family); homebased workers

and self-employed persons. Informal sector workers are concentrated in the last four groups.

2. This segmentation is reflected in and reinforced by an:
 - a. unequal distribution of productivity-raising investments, services, and resources, such as: infrastructure; capital; education or training; health and social services (eg. childcare); and property.
 - b. unequal impact of constraints, including: discriminatory laws and regulations; imperfect, poorly integrated markets (labor, financial, product); unequal access to information; restrictive or discriminatory cultural and social norms;
3. The net result is unequal distribution of income, reflected in: concentration of production and income in bigger firms and the formal sector; underutilization of the productive potential of the informal sector; and constraints on the ability of the poor to move up.

The objectives of the project, therefore, are to:

1. Increase the share of productivity-raising investments and services to women in the informal sector.
2. Improve the functioning and integration of markets to provide a level playing field.
3. Remove social and economic constraints to upward mobility.

The expected outcomes are:

1. Expansion of production and incomes at the bottom (and of GDP overall).
2. High return to investment in informal workers and supporting institutions.
3. Greater stability and security of informal workers' incomes.
4. Reduction in poverty.

9. Draft Plan of Action:

The concluding sessions of the strategic planning meeting focused on drafting a work plan and developing an institutional structure for the project.

Proposed Program Components:

The participants split into two groups to develop proposals for future work on (1) research and statistics and (2) policy and programmes. The results of these discussions were incorporated into a work plan which included the following components:

1. promote policies which facilitate the access to resources, markets, and decision-making bodies by women in informal employment;
2. improve the statistical accounting of women's informal employment;
3. undertake research which would promote better statistics, policies, and programmes for women in informal employment, as well as reappraise exiting theory from the perspective of those in the informal economy;
4. promote and strengthen organizations and alliances of women in informal employment: in particular, the alliances of homebased workers (HomeNet) and street vendors.
5. promote and strengthen programmes for women in informal employment.

Proposed Structure:

The project will be implemented by a Coalition of organizations and individuals involved in working with women in the informal sector under the guidance of a Steering Committee, comprised of the participants in the strategic planning meeting plus selected others (including representatives of the homeworkers and street vendors alliances) and chaired by Ela Bhatt. Working Groups on a) statistics, b) research; and c) programmes will be established. These will be chaired by members of the Steering Committee: programs (Marilyn Carr); statistics (Jacques Charmes); and research (S.V. Sethuraman). Renana Jhabvala will serve as Policy Advisor to the project overall. Initially, the Secretariat for the project will be at HIID with Marty Chen as Coordinator.

A list of people to be invited to join the working groups was suggested. A list of immediate tasks, including fund-raising, was drawn up. A proposal detailing the structure, component program activities, and plan of action will be completed by the end of June 1997.

10. Conclusion:

The meeting concluded with some general comments by participants on the value of the discussions that had taken place. Everyone present expressed the view that the meeting had been unique in bringing together a group of specialists with many years of experience working with the informal sector from different institutional and disciplinary perspectives. It was noted that the discussions had led to conceptual and methodological breakthroughs not just to a project proposal. Everyone present made commitments, either individual or institutional, to implement the goals embodied in the proposed project and to relate their on-going work to those goals

Appendix 1 : List of Participants

APPENDIX 2

Summary of Presentations on grass roots alliances

1. Homebased Workers:

At the core of HomeNet are organizations of both own-account and piece-rate homebased workers, allied with researchers, trade unions and others. The basic aim of HomeNet is to improve pay and conditions for homebased workers through encouraging the development of grassroots organization. This has mainly been done through documenting and disseminating information on existing organization and organizing workshops or meetings. In 1995 and 1996, HomeNet played a leading role in disseminating information and lobbying around the ILO discussions leading to the adoption of a Convention on Home Work in June 1996.

HomeNet brings together groups in South and South East Asia, Europe, North America, Australia, Japan, Turkey, South Africa and

has an extensive mailing list for distributing information in 130 countries.

The adoption of the ILO Convention has created new opportunities for raising the visibility of homeworkers in different countries, lobbying for national policies and laws and programmes for homebased workers. These activities in turn call for the strengthening of existing organizations and development of new organizations at the grassroots.

The role of HomeNet is mainly in the field of information collection and dissemination. HomeNet's newsletter and other publications have been widely distributed and translated into different languages for local use. HomeNet hopes to hold an extensive programme of workshops and exchange visits: international, regional and national, while developing training materials for organization, capacity building and development of economic alternatives for grassroots organizations.

One major constraint on developing work with homebased workers is their continued invisibility, particularly in statistics and economic accounting. The links between informal production at home and major companies remain hidden by long subcontracting chains. Another aspect of invisibility is the difficulty for homeworkers' organizations to gain recognition and a formal status because of the complication of registration procedures.

At the level of grassroots organizing, a fear by homebased workers of losing the work that they have is a major constraint. Organizers have to be flexible and consider economic alternatives to increase homebased workers' choices and opportunities to earn a living.

At all levels, the lack of finance is a constraint. It is difficult for homeworkers' organizations to be self-reliant in financial terms, particularly in the early stages of their development, when extensive initial work has to be undertaken.

HomeNet has developed through strong links with organizations in both North and South. This is a positive point of the network which reflects the globalization of the economy. Most development and funding agencies, however, do not allow for such an international perspective.

2. Street Vendors:

The street vendors alliance was formed at a conference, held in

Bellagio, in November 1995 attended by members and organizers of street vendors' organizations from South Africa, Bolivia, Ghana, Kenya, Mexico, the Philippines, Italy, India and the USA.

The conference discussed many common issues including: city planning and investments; the role of vendors and difference licensing/legal arrangements; the role of municipalities; perception of vendors in the media as a nuisance etc.; links with production; access to credit. The meeting also agreed and a declaration of demands as follows: the right to livelihood including ID cards and legal status; right to space; right to representation; right to resources; democratization of the market place; recognition and respect; positive media coverage and international recognition and research.

The requirements of the street vendors' alliance include research worldwide including statistical material analyzed by sex and information on the commodities sold by street vendors. Information is needed on world wide practice with vendors, particularly best practice and a directory of street vendors. An international and national policies are needed and a programme to build an alliance of organizations and organize exchange visits. Dialogues are needed with city governments at international and local levels.

In the discussion a number of examples were given of street vendors' organizations and city governments that had developed a policy on street vendors. Examples were also given of statistical work in order to calculate numbers including a survey of thirteen cities in India and of ten cities in Benin. As with other subjects, the need is sometimes for synthesis and dissemination of existing work as well as original research.

In general, street vendors are concentrated in cities. Hence a whole range of issues in urban planning are of key importance for them including use of land; access to infrastructure such as water and electricity; access and control of market places; recognition of their organizations and legalization of their activities.

3. Other Alliances and Sectors:

Marilyn Carr spoke about other international alliances that existed: for example, the International Coalition of Fishworkers which had links with the Food and Agriculture Organization (FAO).

Other groups were mainly organized around common marketing of craft products. The following subsectors were listed as

important in terms of the numbers of women involved in them and, thereby, the potential for organization:

1. homebased workers, urban and rural, own account and piece-rate
2. vendors
3. fish workers
4. Farming women, including livestock, sericulture and poultry
5. Forest workers
6. Domestic workers
7. Mining and quarrying
8. Construction
9. Waste recyclers

Appendix 3 : Research plan
Statistics Plan
Policy Plan
Program Plan