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**WOMEN AND EMPLOYMENT IN AFRICA:  
A FRAMEWORK FOR ACTION**

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## INTRODUCTION

Africa is known for its high rate of female labour force participation. But there are marked differences within the continent. Sub-Saharan Africa is one of two regions worldwide with the highest rates (around 60%) of women's labour force participation; the other being South East Asia. In both regions, women workers are highly visible, not only numerically (UNRISD 2005: Figure 1.2). Within sub-Saharan Africa, Burundi, Madagascar, Malawi, Mozambique and Tanzania have particularly high rates (over 80%) of women's labour force participation (Heintz and Valodia 2008b). On the other hand, North Africa is the region with the lowest rate (just over 20%) of women's labor force participation (UNRISD 2005: Figure 1.2).

Africa is also known for its high rate of informal employment. But, again, there are marked differences within the continent. Sub-Saharan Africa (excluding South Africa) is one of the two regions of the world with the highest rates of informal employment, particularly among women; the other being South Asia. So much so that under-employment in low-end informal activities is a greater problem in the region than open unemployment (Heintz and Valodia 2008b). This is not to say that unemployment is not a large problem among youth, in many cities, or in particular countries. By contrast, South Africa is known for its high rates of unemployment and formal employment (nearly 60% of total employment); and North Africa is known for a relatively low incidence of informal employment, particularly among women, compared to other regions in the developing world (ILO 2002).

In 2007, the Danish Prime Minister launched the Africa Commission "to breathe new life into the debate concerning how to meet the very great challenges in the African continent, with a specific focus on women and employment". In August 2008, the Africa Commission held a one-day thematic conference on Women and Employment in Maputo, Mozambique. This report, commissioned by the Danish Foreign Ministry, is intended to build on the recommendations coming out of the Maputo conference and serve as a background document for the second conference of the Commission in Addis Ababa in November 2008.

The recommendations coming out of the Maputo conference, as summarized in the conference report, are grouped as follows: women's occupation and workload; women's entrepreneurship; agricultural and rural economies; labour intensive manufacturing; social protection; advancing women's economic empowerment; and policy level. Many of the recommendations are for specific, concrete, targeted interventions. This report takes at its point of departure three of the more general recommendations:

- "Women are overrepresented in the informal sector, which is characterized by poor wages, insecure working conditions... Therefore, improving conditions in the informal sector is crucial..."
- "Support capacity development of non-governmental organizations, employer associations, and trade unions in advocating for women's economic

empowerment and train women in organizing themselves in economic associations (instead of only social organization).

- “Governments should provide an enabling environment for enterprises to grow. An enabling environment includes legal and regulatory framework as well as financial services.”

This report explores what these three recommendations would mean conceptually and in practice. It does so by providing a) an empirical overview of women’s employment in Africa; b) a conceptual framework for understanding the situation of working poor women in the informal economy; and c) an institutional and policy framework, with promising examples, for promoting the economic empowerment of working poor women in Africa.

This report is in five sections. Section 1 outlines the structure of employment in Africa for women and men, noting key differences between North Africa, sub-Saharan Africa, and South Africa. Section 2 presents brief descriptions of four illustrative occupations or sectors with large numbers of women workers, including key constraints, promising responses to these constraints, and future challenges. Section 3 presents a typology of constraints faced by the informal workforce with suggested strategies to address these constraints. Section 4 discusses the need for inter-linked analysis by gender, class, and ethnicity in order to understand and promote women’s employment in Africa. The report concludes with a call for women’s economic empowerment, specifying roles for different stakeholders. Two appendices to the report provide brief write-ups of promising projects or policies in Africa in support of informal wage workers and informal self-employed.

Three major caveats are in order. First and foremost, this report focuses on working poor women in Africa, not all working women. Second, this report is based on a review of readily available literature, not an exhaustive review of the literature. Third, this report does not try to differentiate between countries across Africa or between sub-regions within sub-Saharan Africa as there is too much variation to make meaningful comparisons within the time and space allowed.

## **I. STRUCTURE OF EMPLOYMENT**

In sub-Saharan Africa (excluding South Africa), informal employment accounts for nearly 80 per cent of *non-agricultural* employment and an even higher percentage of *total* employment: as much as 90 per cent in some countries (ILO 2002, Chen et al 2005). “Formal employment accounts for an estimated 13.6 per cent of all employment in Kenya, 8.7 per cent in Ghana, 10.9 per cent in Mali, and 6.8 per cent in Madagascar” (Heintz and Valodia 2008: 8). By contrast, in South Africa, formal employment dominates, accounting for over 60 per cent of all employment (Ibid). Also, across sub-Saharan Africa, the agricultural sector remains a critical source of employment opportunities and cannot be easily disregarded. In sum, informal employment – both agricultural and non-agricultural – provides the largest share of economic opportunities for both men and women.

In terms of differences between women and men, men tend to have greater access to wage employment – both formal and informal – compared to women. The share of women in *non-agricultural wage employment* was 36 percent in sub-Saharan Africa and 22 per cent in North Africa (UN 2005). In fact, Africa is one of three regions, together with South Asia and West Asia, in which the share of women in total *non-agricultural wage employment* is less than 25 per cent in several countries. In Africa, these countries include Burkina Faso, Cote d'Ivoire, Kenya, Malawi, Sudan, and Zimbabwe (UNRISD 2005: Figure 4.1). Women tend to disproportionately work in informal employment, and often in the more precarious forms of informal employment (Heintz and Valodia 2008b).

Most women in Africa are engaged in informal self-employment. Most are own account workers – single person operators or heads of family businesses – or unpaid contributing family workers. In Ghana, own-account workers and unpaid contributing family workers accounted for 38 per cent of men's non-agricultural employment and 77 per cent of women's non-agricultural employment. Similarly, in Kenya, where wage employment is somewhat more prevalent, these categories of employment accounted for 27 per cent of men's non-agricultural employment and 47 per cent of women's. In many African countries, such as Ghana and Kenya, relatively few self-employed women are micro-entrepreneurs who hire others (calculations by Heintz based on 1998/9 Ghana Living Standards Survey and 2005/6 Kenya Integrated Household Budget Survey, cited in Heintz and Valodia 2008a).

Agriculture remains a critical source of employment opportunities in sub-Saharan Africa. But agricultural productivity has stagnated in many countries in the region; and agricultural subsidies in the global North continue to threaten many African farmers. Small-holder agriculture in sub-Saharan Africa is often highly segmented by gender: with women typically engaged in the production, processing, and sale of domestic foodstuffs in domestic markets and men typically engaged in the production of cash crops, often for export. Women and men often have separate plots but, compared to men, women tend to have fewer and smaller plots with more precarious ownership or use rights (Gammage et al 2002).

Manufacturing in Africa has never been as significant, varied, or robust as manufacturing in Asia. However, in some countries in sub-Saharan Africa, the textiles and garment sector has played a significant role in their economic development: notably, in Kenya, Lesotho, Madagascar, Mauritius, and South Africa. In most of these countries, garment manufacturing is more dominant than textile production. As a labour-intensive industry, garment production has provided an important source of employment outside of agriculture, particularly for women. During the 1990s, garment production expanded in North Africa, notably in Tunisia and Morocco.

Outside of agriculture, a large share of the workforce in sub-Saharan Africa – especially the informal self-employed – is engaged in the provision of services, including informal retail trade. Street trade dominates the urban informal economy in Africa and there are new entrants into this sector each year (Skinner 2008). In Kenya, over 80 per cent of informal non-agricultural enterprises are engaged in the provision of services, with 64 per

cent in retail trade. In Madagascar, 87 per cent of informal non-agricultural enterprises are engaged in service provision, with a fifth of all enterprises in trading activities (calculations by Heintz based on 2005/6 Kenya Integrated Household Budget Survey and 2005 Madagascar Enquete Aupres des Menages, cited in Heintz and Valodia 2008a).

Compared to other regions of the world, Africa is known for its large numbers of women street vendors and market traders. Cross-border trade is a significant component of informal trade in the region, for both women and men, particularly in countries where the local economy has been disrupted. In Zimbabwe, it is estimated that one fifth of the women in the informal sector are involved in cross-border trade (Skinner 2008). These women purchase merchandise from Botswana, Zambia, and South Africa, and to a limited extent from Hong Kong and China, for resale back home (Ibid.).

In brief, in most sub-Saharan countries more so for women than men, formal employment represents a small fraction of total employment; and informal self-employment, particularly in services (notably informal trading) and in agriculture, is the dominant form of economy activity.

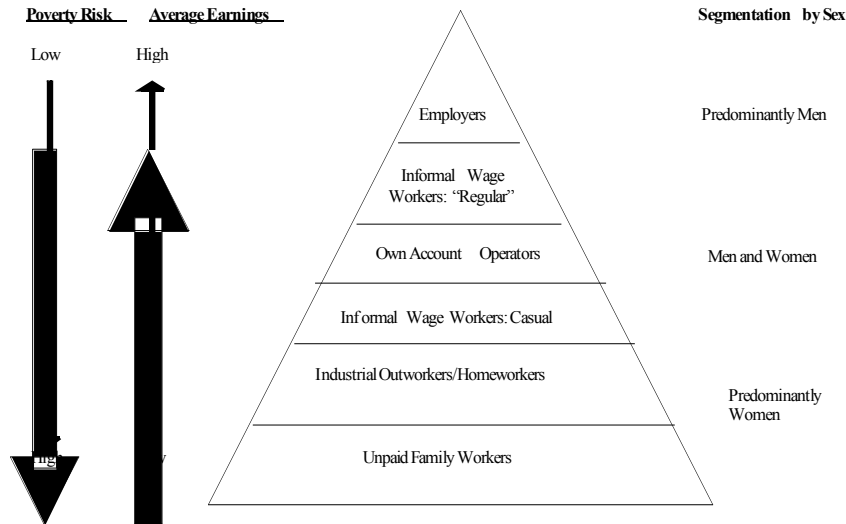
The evidence summarized above highlights the reality for working poor women in Africa: not only are they concentrated in informal employment but they are also concentrated in the more precarious forms of informal employment:

- men are more likely, than women, to be informal wage workers, informal entrepreneurs who hire others, and heads of family businesses
- women are more likely, than men, to be own account operators, industrial outworkers, and unpaid contributing family members

The related fact is that women workers in the informal economy face a significant gender gap in earnings, arguably greater than that faced by women workers in the formal economy. This is due in large part to the gender segmentation noted above whereby women are concentrated in lower-paid employment arrangements within the informal economy. But even when women and men do similar kinds of informal work, they often earn different incomes. In part, this reflects differences in the amount of time that women and men are able to spend in remunerative work. In both developing and developed countries, compared to men, women tend to work fewer hours per day in paid work but longer hours per day in unpaid household or care work. Also, women often work fewer days per year than men. This universal pattern is compounded in Africa by the burden on women's unpaid time caring for those affected by the HIV/AIDS pandemic.

In sum, the overall differences in average earnings between women and men are not based solely on differences in hours or days of paid work but also on the gendered segmentation of work outlined above and the market and institutional constraints discussed in Section 3. These findings are depicted figuratively in Figure 1.

**Figure 2**  
**Segmentation of the Informal Economy:**  
**By Average Earnings, Poverty Risk, and Sex**



## II. ILLUSTRATIVE OCCUPATIONS OR SECTORS

What follows are brief write-ups of four illustrative occupations or sectors in which large numbers of women in Africa are concentrated: small-holder farming; agricultural labour; street vending; and garment making. These write-ups include the key constraints associated with each occupation; promising example/s of what has been – and can be – done to address these constraints; and concerns about the future of the occupation or sector.

### **Agriculture**

As noted earlier, small-holder agriculture in sub-Saharan Africa is often highly segmented by gender. “Typically, but not exclusively, women are engaged in the production of domestic staples, or in processing and sale of domestic foodstuffs in national markets whereas men focus their activities primarily on cash crop production” or export production (Gammage et al, 2002: 33). Also, almost without exception, “women seem to have access to smaller and less numerous plots with more precarious usufruct rights” (ibid: 34). Available evidence suggests that, as the volume of agriculture products that is traded increases, less land is available for domestic and household production, with the result that food security and women’s control over agricultural production is undermined. Furthermore, the likelihood that women can increase their output and gain from trade or price liberalisation is constrained by their lack of access to credit, storage and transport facilities (Baden, 1998). In some countries, women may find alternative job opportunities in agriculture as *labourers* in the production of export cash crops on their

husbands' or relatives' land or as *seasonal or contract workers* in the production of non-traditional agricultural exports (Seguino and Grown, 2002; Carr, Chen and Tate, 2000).

### *Cocoa Farmer – Ghana*

Globally, including in West Africa, plantation and large-scale production of cocoa is common. However, in Ghana, cocoa is typically grown on small farms of three hectares or less. There are an estimated 750,000 small cocoa farmers in Ghana which accounts for 17% of world production. These small farms are worked by the family that owns them or by tenant farmers. Given the patterns of land inheritance and ownership in Ghana, under which women are entitled to inherit land from their husband or his family as a means of protection against destitution especially in old age, some women own cocoa farms. Although a few women have purchased land on their own to cultivate cocoa, most of them initially work together with their spouses to cultivate the cocoa farms, and at maturity they are given their own portions to operate (Barrientos and Asenso-Okyere 2008). There is variation in the share of women cocoa farmers across different cocoa producing regions in the country with 43 per cent being the highest and 33 per cent being the lowest in one survey (Ibid.).

In 1993, the Kuapa Kokoo cocoa cooperative was set up with the assistance of Twin Trading (an alternative trade organization in the UK) and SNV (a non-governmental organization in the Netherlands) to respond to the challenges of a liberalized cocoa sector. A decade later, there are around 45,000 farmers in the cooperative producing between 7-10 per cent of Ghana's total cocoa production; of this, about 3 per cent is separated and tagged for the fair trade market which guarantees a 'floor' price per tonne and a 'premium' of US\$150 per tonne for investment in community projects which help meet the priority everyday needs of the farmer members and their families. Whilst this amount may appear small it actually represents 45 per cent of the total quantity of Fairtrade cocoa in the world market (Barrientos and Asenso-Okyere 2008). One third of the cooperative's National Executive Committee are now women. The Kuapa Kokoo cooperative also owns over 40 per cent of a UK-based chocolate company. Now a decade old, "Divine Chocolate" has gained name-brand recognition in the UK and won fair trade awards.

Cocoa farmers in Ghana face a number of significant challenges to the sustainability of their livelihoods. The average age of cocoa farmers in Ghana is 50 years, 55 for women. The children of cocoa farmers aspire to a different life-style and are leaving the farms in large numbers. At the same time, Ghana has relatively low productivity per hectare which is compounded by ageing trees and disease. However, Ghana's high quality cocoa commands a premium in the world market and is the country's second highest export earner after gold. For many cocoa farmers, the income from cocoa represents their main source of cash income. At the same time the Fairtrade market is growing. A recent study of cocoa production in Ghana found that "(c)rucial factors are the need to raise the productivity of cocoa farming, enhance social provision in cocoa communities, and attract the youth who are essential for future innovation and sustainability of production" (Barrientos and Asenso-Okyere 2008) The government of Ghana is pinning its hopes on cocoa as part of its strategy for poverty alleviation. At the same time the big players in

the chocolate industry are concerned to preserve their source of premium cocoa and are investing heavily in addressing the issues outlined above. Cocoa can still hold hope for a large number of men and women farmers with the right kinds of interventions.

*Horticulture Worker – South Africa*

“Over the last few decades there has been a rapid increase in the trade of fresh products, which can now be sourced from around the world. . . . In sub-Saharan Africa, horticultural exports have doubled since 1980, and in 1996 they exceeded the region’s exports for coffee, cotton and all other individual commodities other than cocoa” (Barrientos and Barrientos in Lund and Nicholson, 2003: 25). Women represent up to 90 per cent of the workforce of this fast-growing sector (UN DAW, 1999). In many ways, these chains replicate the labour-intensive manufacturing chains in Asia and Central America, with large corporations dominating and with women working on large-scale ‘factory’ farms at very low wages, in bad working conditions and without benefits of any sort.

The terms of inclusion of women workers in these horticultural chains are perhaps worse than those of women workers in manufacturing chains for two reasons. First, for all but a small proportion of (mainly male) workers, employment is seasonal or temporary as employers attempt to reduce costs and their contractual commitments to workers – and women comprise the majority of temporary or seasonal workers. Second, the health risks involved in horticulture production (including the use of toxic products without protective clothing) are higher than in the garment and other labour-intensive manufacturing industries (Lund and Nicholson 2003).

In South Africa, fruit production is concentrated in medium-sized commercial farms with very few large-scale plantations or small-holder farms. At the end of Apartheid in 1994, there were just under 300,000 workers in the export fruit sector: of which 65-75 per cent were hired under temporary (rather than permanent) contracts. Women accounted for more than half of the jobs in the fruit industry but represented under 30 per cent (27%) of the permanent workforce and nearly 70 per cent (69%) of the temporary workforce (Barrientos et al 2001, Barrientos and Barrientos 2002 cited in Lund and Nicholson 2003). Women workers are valued for their delicate handling of the fruit while it is being packed due to their “nimble fingers”, but they are treated as a “flexible” workforce to serve as a buffer against risks of variability in production or price (Ibid.).

This flexible workforce, largely female, is hired in a variety of ways usually without written contracts. Laborers, especially migrant workers, are often recruited through third-party labor contractors. The duration of the work agreement includes regular but temporary seasonal work and irregular work for short periods of the season or on a daily basis. Wages may be set on a seasonal, weekly, or daily basis and are often piece-rate. Average earnings for horticulture farm workers tend to be higher than average earnings for regular farm workers; but they vary depending on the duration of work, the nature of the task performed, and the type of work contract.

Labour legislation in South Africa has been amended to cover permanent agricultural workers and, to a lesser extent, seasonal and temporary agricultural workers. Basic



conditions of work now apply to agricultural workers, including seasonal and temporary workers: these include maximum working hours, health benefits, and annual leave. Written contracts and notification of worker rights are now required. Unemployment insurance has been extended to agricultural (and domestic) workers, but seasonal or temporary workers are still excluded. Also, codes of conduct covering employment conditions are being introduced by a growing number of global buyers, particularly supermarkets in Europe and UK (less so in the USA) (Ibid.).

However, the combination of national legislation and increased global competition has prompted many growers to shed on-farm permanent labor – mainly women – who then work as casual laborers without access to a contract. Thus, although labor protection has shifted in a more equitable direction, further pressure and action is needed to ensure all women workers, especially the most vulnerable, are covered (Barrientos et al 2004). Hopefully, consumer pressure in the global North will continue to force supermarkets to buy from growers who take measures to be more socially responsible for their workforce and to be more environmentally sound (Dolan and Tewari, 2001; Barndt, 1999).

### **Urban Informal**

Urbanization in Africa is lower than in Asia or in Latin America and the Caribbean. But there are significant regional differences within Africa: North and Southern Africa are highly urbanized in contrast to East Africa. Further, there are increases over time. In the space of twelve years between 1995 and 2007 – a relatively short period in demographic terms – the percentage of the total population in Africa that is urban increased by 5 per cent (Skinner 2008). Again there are regional differences, with the increased urbanization being particularly pronounced in Middle, East and West Africa. Predictions suggest that urbanization in Africa will now proceed faster than in other continents. Due to low barriers to entry, newcomers to the city often opt for street trading as a way of surviving. With increased urbanization, the current congestion on the streets is likely to intensify (Ibid.).

Cities in Africa are not only growing in size but also changing very rapidly – and a few seek to become modern world class cities. In the process, the urban working poor are being excluded from the plans – with the result that their livelihoods are being undermined: street vendors are evicted from the central business districts; waste pickers are not included in modern waste management schemes; and small home-based producers are not allowed to work in residential areas or do not receive the basic infrastructure and services that would make their workplaces more productive. What is needed is a new model of the city of the future: a model that recognizes and supports a *hybrid* urban economy that allows street vendors to vend alongside large retail malls, that incorporates waste pickers into modern solid waste management, and that provides basic infrastructure and services so that home-based producers can be more productive. This requires a change in the mind set of city officials and the models of urban planners.

### *Street Traders –*

Informal traders in the African countries for which data is available constitute between 85 and 99 per cent of total employment in trade and contribute between 46 and 70 per cent

of total value added in trade (ILO 2002: 53). In most African countries, other than North African countries, women represent at least half, if not more, of the total number of traders (Skinner 2008). In matrilineal societies of West Africa there is a long standing tradition of informal markets largely controlled by women (Charmes 2000, Lyons and Snoxell 2005b, among others).<sup>1</sup> For example, a recent survey of over 1,700 market and street vendors in Cote d'Ivoire found that over 70 per cent of traders were women (Adiko and Anoh Kousassi 2003).. Although there are regional differences there appears to be a tendency for women to sell food products and men to sell non-food products (which is often more lucrative) (Skinner 2008).

The response of local government to street trade ranges from large scale, sustained evictions of street traders to sporadic event-driven evictions to lower level on-going harassment of traders to, in a few cases, the integration of street traders into urban plans. Since the early 1990s in Dar es Salaam, Tanzania, street traders have been issued licenses and allowed to operate in the central business district. The turning point from the earlier approach of repressing street trade was a 1992 collaborative project between the government and the United Nations called "Sustainable Dar es Salaam" (SDP) which identified petty trading as a key issue. By the mid-1990s, a Working Group on Managing Informal Micro-Trade was established. This group identified constraints street traders faced and made numerous recommendations, including development of 24 types of steel shelves for street traders to display their goods that addressed the health concerns of city authorities particularly with food traders, facilitated the cleaning of public space, and provided a general aesthetic look to the markets. In 1997, the City Commission adopted Guidelines for Petty Trade which set out the framework for managing street trade (Skinner 2008).

Although there has been recent harassment of traders in Durban/eThekweni, South Africa, there was a period when the approach of that city was identified as particularly progressive. In 1996, the city council launched an area-based urban renewal initiative in Warwick Junction, the main transport node of the city which, on an average day, accommodates over 450,000 commuters and 5,000 street traders. In careful consultation with the traders, the project piloted an economically informed, sector-by-sector approach to supporting street traders, starting with infrastructure. Nearly 1000 traditional medicine traders were accommodated in a new market and corn-on-the-cob sellers and those cooking and selling the Zulu delicacy, bovine heads, were provided with tailor-made facilities. In parallel with infrastructure development there was a focus on improving management of the area, including such diverse issues as curbside cleaning, ablution facilities, child-care facilities and pavement sleeping. In 2001, the local authority in the city – the eThekweni Municipality – adopted an Informal Economy Policy premised on the understanding that the informal economy is an important component of the city's economy. Drawing on some of the lessons learned from the Warwick Junction Project, the Municipality attempted to standardize a progressive approach, including a number of

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<sup>1</sup> There has been a long history of women's involvement in trade in Africa. Mitullah (1991) points out that the sale of foodstuff by women dates back to traditional African societies, where it was normal for women to sell surplus food crops. She goes on to argue that this pattern was hardly disturbed by colonial interventions. Under Apartheid in South Africa, however, street trade by both men and women was strictly prohibited in central business districts of all towns and cities.

management and support interventions, to the informal economy across the city (Skinner 2008).

The experiences of Dar es Salaam and in Durban/eThekweni suggest that inclusive approaches to design, planning and management of public space for street traders are possible. However, in both cities, there have been inconsistencies in implementation – with some traders included but others (notably women traders in Dar es Salaam) not included, particularly in the more lucrative trading sites in the central business district. Moreover, there is a lack of continuity in implementation as officials within local government or local government itself change. The vendors and city planners involved in the Warwick Junction project are constantly fighting efforts by the city to hand over parts of Warwick Junction precinct for private sector redevelopment (without, presumably, any space for street vendors).

A new challenge facing street food vendors, as well as other food retailers and small food producers, is the spread of supermarkets. In Southern and Eastern Africa, supermarkets have already proliferated beyond middle-class big-city markets into smaller towns and poorer areas, where they have an impact not only on local retailers but also on small food producers who have to make investments and adopt new practices if they are to avoid exclusion from markets that are increasingly dominated by supermarkets (Weatherspoon and Reardon, 2003).

### **Labor-Intensive Manufacturing**

As noted earlier, industrialization has not taken off as expected in most African countries with the result that a relatively small share of the total workforce is in manufacturing. At least one labour-intensive manufacturing sector, textiles and garments, has taken root in several countries of Africa: notably, Kenya, Lesotho, Madagascar, Mauritius, and South Africa. But the fortunes of the industry have gone up and down and remain uncertain.

#### *Garment Makers –*

There is no “proto-typical” garment maker in Africa or elsewhere. Paid garment makers could be core factory workers with full benefits, contract or agency workers in the same factory but without full benefits, or workers in small units without benefits. Many work in Export Processing Zone factories widely known for poor working conditions, lack of overtime pay, and a ban on organizing. A garment maker might also be a self-employed seamstress with her own customers or an industrial outworker (or homeworker) working under a sub-contract from her home. She could be producing garments for the domestic or export markets. If she is stitching garments for the domestic market, she may have seen the demand for her goods drop with the influx of cheap imported garments and second-hand clothes.

Trade liberalization has had varying effects over time and space on garment manufacturing in sub-Saharan and North Africa. During the 1990s, in a number of countries in sub-Saharan Africa, “female employment in manufacturing has declined as a result of import competition from cheap manufactured goods from other developing countries... The decline of textile manufacturing in Zimbabwe and Tanzania, for example,

resulted in employment losses in female-dominated industries, due to the flood of cheaper imports from Asia after tariffs were reduced. Similar trends were evident in Cote d'Ivoire, Nigeria, Kenya, Ghana, and South Africa" (UNRISD 2005: 37). In Zimbabwe, the import of clothing from Asia effectively wiped out the domestic manufacturing of clothing, done mainly by women workers (Carmody, 1998). Since the introduction of the African Growth and Opportunities Act (AGOA) in 2000 and other preferential trade agreements, garment exports (especially of low-priced items) have increased dramatically in Kenya and Lesotho and significantly in Madagascar and Mauritius.<sup>2</sup> In South Africa, however, exports have fallen: in part this is because South Africa is the only country in Africa which does not qualify for European Union preferential treatment and has to meet the three stage (yarn-cloth-clothing) requirement to qualify for AGOA (Morris 2005). Meanwhile, in response to "just-in-time" delivery orders from Europe, there has been a significant relocation of garment manufacturing from Asia to North Africa, notably to Tunisia and Morocco.<sup>3</sup>

In 2005 in Lesotho, concerned about the sustainability of its textile and garment sector, the government developed a plan in collaboration with buyers, the International Labour Organization (ILO), non-governmental organizations (NGOs), and donors to strengthen the industry. A key part of the plan involved reforming labour laws, improving industrial relations, and monitoring working conditions and remediation, so that Lesotho could promote itself as an ethical source of textiles and clothing (ILO 2006). Known as 'Better Work Lesotho', this approach was modelled on the 'Better Factories Cambodia' initiative, with the ILO playing a leading role in the initial phase as it had done in Cambodia (ILO 2007). The plan included particular emphasis on gender equality issues in the training, monitoring and evaluation of employment and working conditions (ILO 2007). By regional standards, working conditions in the Lesotho textile and garment sector have improved significantly since 2005. For instance, monthly wages were increased to US\$ 100 for skilled workers and US\$ 92 for unskilled workers (LTEA 2007). In addition, Lesotho enshrined the core labour standards of the ILO in its labour laws, including: no child or forced labour; non-discrimination; freedom of association; regulated maximum working hours (45 normal and 11 hours over time a week); and minimum leave (Weston et al 2008).

Despite the promising example of Lesotho, pressure continues to mount on garment manufacturers in sub-Saharan Africa and North Africa to lower their selling prices to match those of China. This has led manufacturers to restructure their labour force in an

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<sup>2</sup> "Most SSA countries are now able to export a range of goods including textiles and clothing to key world markets both duty- and quota-free thanks to preferential trade arrangements established by developed countries. These include the Cotonou Agreement (following the Lomé Convention) which allows 78 countries to export duty free to the EU provided that they pass certain rules of origin; the AGOA which applies to 37 African countries in the case of the US market; and the Canadian Market Access Initiative for Least Developed Countries (MAI-LDCs) which applies zero duties on Canadian imports of products from 48 countries, of which 34 are in Africa" (Weston et al 2008: 8).

<sup>3</sup> New technologies – such as the bar code – have facilitated what is called 'lean retailing' and 'just-in-time' production in the textile and garment industry. To meet the demand for 'just-in-time' production, companies have shifted production to the periphery of Europe and the United States, leaving thousands of workers in Asia and elsewhere without jobs or even severance pay.

attempt to remain competitive. Since 2005, in almost all garment-exporting countries in Africa, permanent core jobs have been lost while short-term contracts in factories and sub-contracting to homeworkers have increased.

The future of the garment sector in Africa is quite unclear. Some observers predict that the new Economic Partnership Agreements being negotiated by the European Union with African countries (as well as Caribbean and Pacific countries) will make it harder for these countries to break out of their dependence on commodities and to develop or sustain manufacturing, thus denying women wage employment opportunities. This is because only a small share of imports, mainly agricultural products, are exempted from complete open trade; and countries are being obliged to freeze all tariffs at current rates. This will make it very difficult for countries in Africa to protect their manufacturing and other industries (Oxfam 2008).

### **III. CONSTRAINTS AND RESPONSES**

Drawing on the cases described in Section 2, this section discusses the constraints faced by informal wage workers and informal self-employed in Africa, both women and men, and suggests ways to address these constraints. In analyzing economic development, neo-classical economists tend to focus on demand- and supply-side constraints with relatively little emphasis – or a narrow take - on the institutional environment that mediates between end-markets and firms or workers. For them, only the market and government are really important; other factors are often assumed away in the interest of analytical simplicity (Pedersen and McCormick 1999). Offering a broader approach, the new institutional economists focus on institutions defined as the constraints – *the rules of the game* - that human beings devise to shape human behavior and interaction (North 1990). In so doing, they validate the long-held understanding of many anthropologists and sociologists that markets are “embedded” in social, economic, and political institutions.

In what follows, the constraints faced by informal self-employed and informal wage workers in Africa are grouped into three broad domains: market constraints, institutional constraints, and individual constraints.

#### **Market Constraints**

For enterprises to be productive and workers to earn a living, there must be market demand for the goods they produce or the services they provide. Market demand may be influenced by government policies, corporate practices, and consumer choices operating at the firm, sector, local, national, regional, or global levels. In Africa, where a large percentage of the workforce is self-employed in services including retail trade, market demand typically depends on whether local consumers want to buy their products or services. It also depends on whether small informal enterprises are able to bid for government procurement and service contracts that are usually awarded to larger firms. For small-holder farmers, domestic market demand can be undermined by subsidized imports and export market demand is intermediated by firms and buyers up the global value chain or influenced by trade policies. For garment makers, both wage workers and

self-employed, domestic market demand can also be undermined by subsidized imports and export market demand is also intermediated by firms and buyers up the global value chain or influenced by trade policies. For horticulture export workers, export market demand is intermediated by firms and buyers up the global value chain or influenced by trade policies.

As observed in the classic report of the 1971 World Employment Mission to Kenya, improving the quality of informal employment requires a *shift in the composition of demand growth* from formal activities, products, and services to informal activities, products, and services (Heintz and Valodia 2008). This requires shift in the demand from government (through investment and procurement policies), formal firms (through establishing backward and forward linkages to informal firms), and consumers (through changing taste).

There are a number of targeted interventions that can increase *domestic demand* and access to *domestic markets*: improvement in transport and market infrastructure (including amenities at natural urban markets); establishment of procedures and schemes that allow waste collectors to sort waste and sell recyclables from dumps and landfills; establishment of procedures to help individual informal operators/groups of informal operators bid for government procurement or service contracts. In Durban-eThekweni, as part of the Informal Economy Policy summarized above, the city created buy-back centers to purchase recyclable materials (such as cardboard) from waste collectors (Skinner 2008).

There are also a number of targeted interventions that can increase *export demand* and access to *export markets*: organization of informal producers; coordination of sourcing between transnational buyer and informal producers; provision of business development and marketing services to improve input supply, production processes, and final products.

But in addition to these targeted interventions, there is a critical need to address the impact on market demand associated with trade agreements and trade practices. There needs to be a conscious and concerted effort to ensure that trade agreements and policies protect, rather than undermine, the sectors in which the informal workforce is concentrated and the interests of informal firms and workers. The fair and ethical trade movements are committed to such an effort and have provided critical support to the cocoa farmers of Ghana, the horticulture workers of South Africa, and garment workers in various African countries. Their current concern is that the Economic Partnership Agreements (EPAs) that the European Union is currently negotiating with 79 African, Caribbean, and Pacific (ACP) countries will undermine many years of hard work and struggle, will lock countries in these three regions into continuing dependence on commodities, and, thereby, deny many women opportunities for employment in manufacturing (Oxfam International 2008).

In addition to market demand, the informal workforce needs market access and power. Too often these issues are relegated to the individual domain. In fact, who has market

access and power depends more on relationships and dynamics in the market and institutional domains, than on individual endowments.

### **Institutional Constraints**

The environment in which an enterprise operates or in which a wage worker is engaged comprises a host of institutions – government regulations and policies; the legal system and its enforcement; the formal rules and informal norms governing commercial transactions and employment relations; market structures, infrastructure, and services; business practices; social structures and socialization; educational and training systems; and technological adaptation, capabilities, and choices. As with market demand, these influences can operate at the firm, sector, local, national, regional, or global levels.

In Africa, production and distribution tends to take place in several distinct segments: “a parastatal sector; a formal, large-scale private sector typically dominated by multinational affiliates, and so-called ‘non-indigenous’ enterprises owned by migrant traders or settlers such as Asians in East Africa, whites in Zimbabwe and Lebanese in West Africa; and finally/an ‘informal’ sector which is mostly African and small scale, but often contains an important illegal or semi-legal large-scale component. The various fragments interact with each other, but only in limited ways...” (Pedersen and McCormick 1999: 112-113). The earliest parastatals, dating back to the colonial era in many countries, were in agricultural trade and processing. After independence in the 1960s, new parastatals were created in several sectors: banking, transport, wholesale trade, hotels, mining and key manufacturing sectors such as fertilizer and cement. The formal private sector in many African countries is dominated by enterprises owned by non-indigenous groups and, more recently, multinationals. Outside the formal private sector, and partly outside state regulation, is the informal economy, comprised of small and micro-enterprises and workers without legal or social protection (Ibid.)

The fragmentation of the African business environment reflects the institutional environment in which it has developed. With some notable exceptions, countries in Africa are known for having weak or malfunctioning institutions. In the economic arena, stronger and fairer institutions are needed to govern the organization of work, property rights, contract enforcement, access to information, and collective action: all critical determinants of the quantity and quality of employment opportunities (Ibid.).

While such an assessment glosses over the distinctive features of different countries in Africa, it points to the widespread weakness and fragmentation of the institutional environment. It also underscores the fact that non-indigenous groups and a few African elite dominate the formal private sector (which benefits from state patronage), while Africans dominate the informal economy (which operates outside state regulation).

In sum, the institutional environment in Africa is not only weak but also biased against informal operators and workers, making it hard for them to demand appropriate regulations and supportive institutions. Institutional biases and weaknesses impact the work and lives of the informal workforce in various ways, including lack of legal identity and rights, access to public resources and services, and access to financial services.

### *Lack of Legal Identity and Rights*

There is a widespread belief that those who operate informally choose to do so, in large part to avoid regulations and taxes. The reality is more complex.

Informal Enterprises/Self-Employed – Many informal self-employed may not have the inclination or ability (e.g. enough funds) to establish a formal business organization, although to do so would limit their personal liability, help them acquire space from which to operate, and help them bring others into the business. They may want, however, to get a license to run their business but the norms and procedures for doing so may prove too costly. In running a business, most informal self-employed would welcome predictability in their commercial transactions and insurance against commercial risks. But commercial law, which is designed to protect sellers through various forms of security and protect buyers through enforceable warranties, seldom covers informal enterprises or informal commercial transactions.

Informal Wage Workers – Most informal wage workers would welcome legal and social protection. In this case, it is the employers, not the workers, who are avoiding the law. The tendency of employers to avoid their obligations to workers is reinforced by the tendency of neo-classical economists to call for deregulation of labor markets

### *Lack of Access to Public Assets and Services*

Access to public assets (such as public space and economic infrastructure) and to public services (water, utility, sanitation, and infrastructure services) affects the productivity and earnings of small informal enterprises. It has been well-documented that access to basic electricity and water services can raise productivity levels in sub-Saharan Africa and elsewhere (UNECA 2005, cited in Heintz and Valodia 2008). Yet investment in public infrastructure and other assets often reflect the demands and needs of large enterprises. As a result, infrastructure often remains underdeveloped in areas where informal traders or informal enterprises operate (Heintz and Valodia 2008). In Kenya, about one-third of all informal enterprises operate out of a residence (Ibid.: Table 10). Providing basic infrastructure services to poor households or disadvantaged communities have particular dividends for home-based producers and traders, most of whom are women.

It is also well-documented that access to safe market spaces with urban amenities in central business districts can raise productivity and reduce risks of informal traders (Skinner 2008). “The governance of urban space in general – and public space in particular – is central to the livelihood strategies of many of the informal self-employed” (Heintz and Valodia 2008: 25). Again, in Kenya, nearly half (47%) of the informal self-employed work in locations in which access to urban/public space is critical: local markets, along the roadside, in mobile units, and in kiosks (Ibid.: Table 10). The experience from Dar es Salaam and Durban/eThekweni, summarized above, suggest that cities can plan the use of urban space – particularly public space – in ways that include (rather than exclude) informal operators.

### *Lack of Financial Services*



For any business, informal or formal, it is critical to be able to raise capital. In Africa as elsewhere, raising capital for start-ups typically begins with the family. Recent surveys in Kenya and Madagascar indicate that “private savings – including the savings of family members and relatives – is the single most important source of start-up finance used to establish small-scale enterprises” followed by informal financial institutions (e.g. such as *tontines* in Benin or *tome* in Niger), savings and credit cooperatives, micro-finance institutions and, then for a select few, commercial banks (Heintz and Valodia 2008: Table 9). In most countries in Africa, the very small informal enterprises are effectively cut off from formal financial institutions; and, yet, access to credit can be an important determinant of productivity (Ibid.).

“In Kenya, for instance, the Asian businesses have to a large extent relied on mutual financing, the multinational affiliates on foreign capital, the parastatal and a few large African owned private firms on state capital, and the small African businesses on their own limited savings and informal or NGO credit. Personal savings accounts for the largest share of small enterprise capital, partly because of the scarcity of alternatives, and partly because there is often no other place to invest limited private savings than in a small enterprise (Fafchamps 1994 cited in Pedersen and McCormick 1999:120).

The key features of the structure of the banking sector in Africa that create substantial barriers to credit and financial markets for the very small informal enterprises include: low interest rates on deposits, high interest rates on loans, high risk premiums (e.g. excessively high collateral requirements), concentration of banking in few large banks, inexperience of these banks in lending to small enterprises, and tendency of these banks to hold onto large amounts of excess liquidity (Heintz and Valodia 2008).

The micro-finance sector in Africa is relatively weak in coverage and performance, compared to other regions. While the number of micro-finance institutions (MFIs) has evolved as steadily as other regions, the MFIs in Africa have not reached out to as many people as in Asia or Latin America (Dondo and Oketch 2008). By the end of 2006, MFIs in Africa were reaching around 11 per cent of the poorest households in the region, compared to 68 per cent in Asia and 20 per cent in Latin America (Ibid.).

Finally, it should be noted that not only in Africa, but around the world, there is a fundamental mismatch between the realities of work today and many of the institutions that govern economic life, including economic models and policies. Consider, for example, the mismatch between:

- efforts by cities to modernize and the livelihood needs of the working poor in the urban informal economy (mentioned earlier)
- labour law (premised on a recognizable employer-employee relationship) and the range of informal labour contracts today
- collective bargaining agreements (that cover only formal workers) and the various types of workers today
- dualistic models of labour markets and the multi-segmented reality of labour markets today

- economic models that assume free mobility of labour and the institutional constraints on labour mobility

It should also be noted that sustained conflict in many African states – Sudan, Burundi, Rwanda, Angola, Eritrea, Zimbabwe – has major effects on the economy and on the institutional environment.

### **Individual Constraints**

The inability of firms or workers to respond to the market opportunities or incentives with which they are presented is what neo-classical economists refer to as supply-side constraints. The lack of private assets - financial, physical, and human - represents one of the key constraints facing the informal workforce. But many of these so-called supply-side constraints reflect institutional and market constraints that cannot easily be addressed by individuals. Girls do not choose to be less well educated than boys and women do not choose to own fewer productive resources than men: these individual outcomes reflect social norms and socialization.

In addition to the financial, physical, and human resources needed to respond to market demand, the informal self-employed and informal wage workers need market access and power. Because of the fragmented business system and institutional environment in Africa summarized above, they are not always aware of or able to access new market opportunities and they do not have the power to demand market access on fair terms. Those who run informal enterprises want as much market knowledge, access, and power as their counterparts who run larger formal firms: but the institutional environment tends to be biased in favor of larger formal firms. Informal wage workers would like the same benefits and protections as formal wage workers: but the institutional environment (both neo-liberal policies and corporate practice) favors the “informalization” of employment contracts.

To overcome their individual constraints and negotiate the institutional environment, the informal self-employed can and should form cooperative linkages with other enterprises; and informal wage workers can and should form solidarity linkages with other workers. These linkages may be vertical (with firms or workers at higher or lower levels of the value chain) or horizontal (with other firms or workers at the same level). Whatever form they take, these linkages are critical to the ability of individual firms or workers to negotiate the unfriendly and (even) hostile institutional environment in order to take advantage of new market opportunities or overcome new market constraints.

## **IV. CLASS, ETHNICITY, AND GENDER**

In each of the domains outlined above, some constraints are generic: that is, common to both women and men. Because of social norms, cultural and historical factors, or class dynamics, these constraints might be greater for some sub-groups of the economically active population: not only women *per se* but all those who are from poor households or socially disadvantaged communities or who are engaged in the informal economy.

It is important, therefore, to bear in mind that when women face these constraints it may not be solely because of gender roles and relationships but also because of market and institutional roles and relationships. Within any given set of relationships, it becomes important to understand whether women are at a particular disadvantage because they are women, because they are from a poor household or a socially disadvantaged community, and/or because they work in the informal economy.

In virtually every country and community in the world, women face constraints in the realm of paid work simply because they are women: women's human resources (education and skills) tend to be lower than men's due to discrimination against the girl child; women's access to property is typically less than that of men and often mediated through their relationship to men; women face discrimination and harassment in the workplace by reason of their sex; women face greater social demands on their time than men do (notably to carry out unpaid care work); and women face greater social constraints on their physical mobility than men (due to social norms or the threat of sexual harassment and violence).

Although progress has been made, gender disparities in education are quite stark in sub-Saharan Africa. But so is the overall education picture. The region has the lowest net enrollment ratio in primary education in the world: 71 per cent in 2006 (up from 62% in 2001/2 and 54% in 1991). The primary school enrollment ratio in North Africa is significantly higher: 95 per cent (up from 92% in 2001/2 and 82% in 1991). Together with Oceania, sub-Saharan Africa has the lowest ratio of girls' primary school enrollment in relation to boys': 89 per cent (up from 86 % in 2001/2 and 83% a decade earlier) (UN 2008.). In North Africa, the primary enrollment ratio of girls' is 93 per cent of boys' (Ibid.). At the secondary school level, the ratio of girls' to boys' secondary school enrollment was 86 per cent in sub-Saharan Africa (up from 79% in 2001/2) and 99 in North Africa (up from 96% in 2001/2 (ibid.).

In sub-Saharan Africa, many women farm independently – have their own crops and plots, as noted earlier - but they normally gain access to the land through their husbands. Compared to men, their plots tend to be smaller and their use rights less secure. But the rules of land ownership and inheritance vary across Africa: some communities do not permit widows to inherit, others place conditions or impediments on widows exercising their inheritance rights (Dickerson 2008). Not owning land – or other productive assets – makes it difficult for women to farm independently or raise capital to run a business.

The burden of unpaid care work has become particularly heavy for many women in Africa, compared to women in other regions. This is because more and more people have HIV/AIDS, there are limited health services, and so few people belong to health insurance schemes or can afford private health care. Sub-Saharan Africa has the highest prevalence of people with HIV/ AIDS compared to other regions of the world with exceptionally high rates in Botswana, South Africa, Zambia, and Zimbabwe. Health care services are very limited, and even where extensive as in South Africa, people are turned away from hospitals to die at home.

Governments and non-profit organizations have turned to “home-based care” schemes, using non-household members who care for others, some of whom are paid a modest stipend that scarcely covers costs incurred by the care work but many are unpaid volunteers. A number of studies in different countries are showing that these home-based care schemes provide care to more women, than men, patients. It appears that men who need care at home are still cared for by female household members, whereas women need to call on outside help when they fall ill. The availability of antiretroviral (ARV) treatment will make a difference to the care burden, but in ways that are not clear yet. ARV therapy requires intensive management initially. But it may be that the care load will become ‘lighter’ as the infection rate is brought under control.

Clearly, there are marked gender disparities in Africa placing women at a particular disadvantage when it comes to being economically active. But to fully understand the quantity and quality of women’s employment in Africa, and elsewhere, requires a focus on several inter-linked and mutually-reinforcing biases, not just gender bias. The propositions in Box 1 are an attempt to integrate gender analysis with the analysis of markets and institutions above:

**Box 1**  
**Integrating Gender and Class Analysis**

The following propositions integrate class and gender analysis to provide an understanding of the causes and consequences of different employment outcomes:

- The employment effects of economic growth work their way through markets and institutions (social, economic, and political) in different ways for capital and labour; for large, small and micro-enterprises; for formal and informal workers; and for women and men within each of these categories.
- The poverty and other outcomes of employment are mediated by imbalances in market access and power between capital and labour; between large, small and micro-enterprises; between formal and informal labour; and between women and men within each of these categories.
- Biases against labour, especially informal labour, within financial, product, and labour markets act as barriers that limit the ability of the working poor, notably informal workers and especially women, to take up opportunities afforded by economic growth.
- The poverty and other outcomes of employment are also mediated by biases in the institutional environment that favour capital over labour; large enterprises over small and (more so) micro-enterprises; formal labour over informal labour; and men over women within each of these categories.
- Gender and class divisions in roles, responsibilities and power mean that capital, large enterprises, formal workers and men (within each of these categories) tend to be better-positioned than, respectively, labour, micro-enterprises, informal workers and women to respond to opportunities or to overcome constraints associated with economic growth and reforms
- Gender- and class-differentiated entitlements mean that capital, large enterprises, formal workers and men (within each of these categories) tend to have greater ownership of, control over or access to resources and to have greater bargaining power than, respectively, labour, micro-enterprises, informal workers and women (within each of these categories).

Underlying and reinforcing these class and gender dynamics in Africa is the fragmented nature of the business system and institutional environment that tends to favour non-indigenous groups and an African elite over the majority of Africans. In other words, any analysis of how market, institutional, and individual constraints impact on women and employment in Africa needs to take into account the intersection of ethnicity with gender and class.

In sum, to fully understand the nature and consequences of women's employment in Africa, we need to integrate an analysis of gender with an analysis of other relationships and other sources of disadvantage. After all, most working poor women are poor and disadvantaged not just because of gender roles and relationships. Class, religion, race/ethnicity, and geography all intersect with gender to position many (but not all) women in precarious forms of work. In Africa, as in most regions of the world, certain communities – differentiated largely by religion, race, ethnicity, or geography as well as by class – are over-represented among the poor. In these communities, women are further disadvantaged by reason of their gender. But the fact that they are poor and disadvantaged stems from how gender bias is reflected in and reinforced by their wider social identity, where they live, and what they do to earn a living.

## **V. WOMEN'S ECONOMIC EMPOWERMENT**

As this report suggests, the needs of working poor women in Africa cannot be addressed simply through service delivery or targeted interventions. Fundamental systemic changes in the market system and institutional environment are also required. The current approach to informality, favored by neo-classical economists, calls for formalizing informal enterprises, deregulating labour markets, and providing universal social protection: this approach not only has contradictory outcomes (once-formal workers are being informalized at a far faster rate than informal enterprises are being formalized) but also leaves out any consideration of how market demand and institutional constraints impact informal operators and workers. What are needed are fundamental reforms of markets and institutions to match the reality of work today. There are no “silver bullets” or simple solutions.

What follows are a framework and set of recommendations for advancing the economic empowerment of working poor women in Africa. Box 2 presents a framework for understanding and promoting the economic empowerment of working poor women in Africa:

## Box 2

### Economic Empowerment of Working Poor Women

#### Who are We Concerned About?

Working poor women in Africa are typically concentrated in the following trades or occupations:

##### Urban:

- Street Vendors
- Factory and Home-Based Producers: garment makers, shoe makers, electronic assemblers, artisans, and weavers
- Waste Pickers
- Domestic Workers
- Construction Day Labourers

##### Rural:

- Small Farmers
- Agricultural Day Labourers
- Livestock and Poultry Rearers
- Artisans and weavers
- Fisher-folk and Forest Gatherers

#### What Do They Need?

Like entrepreneurs and workers everywhere, the working poor women of Africa need the following:

- Increased Assets and Skills
- Increased Market Demand, Knowledge, and Access
- Improved and More Secure Workplaces
- Legal Identity and Rights: as workers, as entrepreneurs
- Increased Bargaining Power
- Reduced Economic Risks
- Increased Social Protection
- Better Prices and Terms of Trade (if self-employed)
- Higher Wages and Better Terms of Employment (if wage workers)

#### How Can These Needs be Addressed?

The needs of working poor women in Africa cannot be addressed through service delivery or targeted interventions alone. Fundamental systemic changes in the market system and institutional environment are also required.

The needs of working poor women need to be addressed at four levels:

- *micro* level – they need targeted services of various kinds: micro-finance, business development services, basic infrastructure, health and education
- *meso* level – they need institutional reforms, including:
  - inclusive institutions and participatory policy making processes
  - their own membership-based organizations
  - a “seat at the table” in relevant rule-setting and policy-making processes
- *macro* level – they need fair and appropriate policies: in all areas of economic and social policy, including: trade, fiscal, labour, business, sectoral, and social protection policies
- *meta* level – they need changes in mind-sets and economic models.

#### What are the Essential Enabling Conditions?

To ensure that governments, the private sector, civil society, and the international community are held accountable to the needs of working poor women, three enabling conditions are essential:

- **Voice** – through **Organization** of working poor women into membership-based organizations (such as unions, cooperatives, and other associations) accountable to their members and **Representation** of these organizations in relevant policy-making and rule-setting institutions
- **Visibility** – **Official Recognition** of the economic contribution of working poor women through improved labour force and other economic statistics
- **Validity** – through **Legal Identity and Recognition** of working poor women as economic agents and their membership-based organizations as legitimate representative institutions

What can and should governments, the donor community, the private sector, and civil society do to jointly promote the economic empowerment of working poor women in Africa?

- Governments, the donor community, and the private sector should seek to increase market demand and economic opportunities through increased investments targeted at labour-intensive industries and labour-surplus areas; supportive trade policies that protect these industries; as well as more and better linkages between formal firms, informal firms, and informal workers
- Governments, the donor community, the private sector, and civil society, including notably the organizations of working poor women in the informal economy, should work together to reform the financial and other economic institutions that affect working poor women, including reforms in the:
  - regulatory environment (to include one-stop registration and progressive fee structures)
  - policy environment (to address biases that favor formal firms/workers over informal firms/workers and men over women)
  - financial institutions, both commercial banks and MFIs (to introduce simplified borrowing and collateral requirements and extend savings and insurance products)
  - business environment (to offer government incentive packages to informal enterprises)
  - government procurement/contracting (to enable informal enterprises and workers to bid for government contracts)
  - urban policies and planning (to include informal enterprises and workers in the allocation of urban space, resources, and contracts)
- Organizations of working poor women, with support from civil society, should work to overcome the constraints posed by social norms and institutions
- Governments, the donor community, the private sector, and civil society should seek to increase the financial, human, and physical assets of working poor women
- Most crucially, all the stakeholders should seek to promote the voice, visibility, and validity of working poor women in Africa. This is because voice, visibility, and validity are the essential preconditions of the economic empowerment of working poor women

The donor community is particularly well positioned to play two key additional roles that governments and other stakeholders may not so easily or readily perform:

# 1 – The first important role for the donor community is to engage with and influence those who are developing regional and global trade agreements to ensure that national governments in Africa can protect industries and agriculture in their countries. Oxfam International has proposed a set of ideas for a fair trade deal between Europe and African, Caribbean, and Pacific (ACP) countries that reflects the kind of fresh thinking that is needed and recommends mutual responsibilities for the European Union and ACP countries: many of these recommendations would address the market and institutional constraints outlined in this report: see Box 3



### Box 3 Fresh Thinking: Ideas for a Fair Deal

Oxfam International proposes the following set of ideas as a fresh way of thinking about the Economic Partnership Agreements between the European Union and African, Caribbean, and Pacific countries.

#### Goods

- Europe would fully open its markets to all exports from ACP countries without asking ACP countries to reciprocate and, to ensure predictability for the private sector, opening would be permanent and binding (this could be done in line with WTO rules by modifying existing preferential schemes – see below). Europe would end all trade-distorting subsidies.
- ACP countries would have the freedom to use trade policies strategically to stimulate value addition and economic diversification.

#### Services

- Europe would further open its markets to exports of services from ACP countries, without asking ACP countries to reciprocate. It would help to strengthen government regulatory institutions in ACP countries and facilitate learning from European experience of services regulation.
- ACP countries would use their regulatory capacity to ensure affordable and efficient service provision to all people, particularly rural women, who are most likely to be excluded.

#### Investment

- Europe would support ACP countries to attract quality investment to value-added sectors and ensure that it is strategically linked to the local economy in ways that generate jobs and upgrade skills.
- ACP countries would uphold the rights of foreign and national investors through a just and transparent system of courts that adjudicate on the basis of public interest law. They would use the wealth generated from mineral extraction in the public interest.

#### Technology transfer and innovation

- Europe would provide incentives for its companies to transfer technology, particularly in the ICT sector. It would help education and research establishments in ACP countries to access digital and online materials. Support would be provided to upgrade innovation and research centres in ACP countries, particularly to develop new varieties of drought-resistant crops that would help tackle food security and adaptation to climate change.
- ACP countries would develop and uphold intellectual property rules that are appropriate to their local context.

#### Aid for trade

- Europe would deliver significant additional support for infrastructure and tackling competitiveness constraints to finance nationally owned plans. This aid would be granted independent of the concessions made by ACP countries in trade deals or other economic policy conditionalities. Europe would also dramatically improve the efficiency, predictability, and accountability of aid for trade disbursements.

# 2 - The second important role for the donor community is to engage with and influence the thinking of the international finance institutions and neo-classical economists regarding informality. If working poor women in Africa and elsewhere are to be enabled to work their way out of poverty, then influential policy makers and thinkers need to recognize that:

- **more and better employment opportunities are the key pathway to poverty reduction** and that current patterns of economic growth are not creating sufficient jobs (bad or good) to meet the supply of labour
- **under-employment in low-end activities in the informal economy is a bigger challenge than unemployment in most developing countries** as the poor cannot

afford to remain unemployed in countries with little or no unemployment insurance

- **“informality” *per se* is not the problem:** it is a way of being and working for the vast majority of the working poor, especially women. The real problems (and solutions) lie with the institutions that make it difficult for informal enterprises to register, deny them the benefits of formality if they do, encourage informal wage employment, and, thereby, deny legal protection to millions of workers.
- **informality should not be blamed for low productivity and growth:** informality is mainly a symptom and only partly a cause of low productivity and growth. In fact, the main cause of low productivity and growth – the market and institutional constraints outlined above – are particularly burdensome for informal firms/workers.
- **informality should be seen as an engine of employment generation, poverty reduction, and economic growth:** the informal economy generates more jobs than the formal private sector; the most direct pathway to reducing poverty is to address the constraints faced by the working poor in the informal economy; and the informal economy contributes significantly to GDP, to national savings, and to exports.
- **the informal economy is multi-segmented** with a small entrepreneurial class (informal entrepreneurs who hire others) and a large working class (informal employees of formal and informal firms, own account operators, casual day labourers, industrial outworkers, and unpaid contributing family workers).
- **the causes and consequences of informality differ by segment:** the entrepreneurial class often chooses to operate informally and, in some cases, illegally. Most of the working poor in the informal workforce do not choose to operate informally but have either a) inherited informal occupations from their family or community; or b) entered the informal economy out of necessity (as they could not get a formal job and could not afford to be unemployed).
- **there is gender segmentation and gender gaps in earnings within the informal economy:** Men, compared to women, are more likely to be entrepreneurs who hire others or informal employees. Women, compared to men, are more likely to be in the lowest rungs of informal self-employment (as industrial outworkers and unpaid contributing family workers). Both, in large numbers, are own account operators: either single person operators or heads of family enterprises/farms.
- **there are promising examples from around the world of how to increase the productivity and reduce the risks of the informal workforce**

Unfortunately, many influential neo-classical economists see informality as a problem, even blaming low productivity and growth on informality. Given their influence on development discourse and economic policies, it is critical that they recognize that informality is a fact of life in developing countries and that helping the working poor in the informal economy is a key pathway to reducing poverty and gender inequality.

What is recommended here may seem overwhelming – too big of a challenge. But the African Commission and its partners in government, the private sector, the donor community, and civil society should take hope and seek direction from the market

women of Accra, Durban, Monrovia, and countless other towns and cities of Africa. The market women of Accra are known to hold the key to commerce in Ghana. A former finance minister of Ghana used to consult them every year before he finalized the national budget, asking them what would happen if the draft budget were approved. The market women of Durban/eThekweni are known to have created the demand for a more inclusive approach to the informal economy by the city council. The market women of Monrovia are known to have helped elect the first woman prime minister in Africa.

Moreover, the market women of Africa are part of a growing international movement of organizations of working poor women in the informal economy that includes street vendors, waste pickers, construction workers, domestic workers, and home-based workers. These organizations hold the answers to the future for working poor women in Africa and elsewhere: they have leveraged services and advocated for institutional changes in support of working poor women for many years in many countries. These organizations offer hope and vision for working poor women around the world. The move forward is for the international community, governments, the private sector, and civil society to listen to the experiences of, hear the demands of, and join hands with these organizations.

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APPENDIX I:  
Economic Empowerment of Informal Wage Workers:  
Promising Cases from Africa

***1. Securing rights of informal wage workers***

*Labour standards and codes of conduct, international*

In 1988, the ILO produced the Declaration on the Fundamental Principles and Rights at Work. In the Declaration, the ILO's Member States agreed that, regardless of their level of development, they should all respect, promote and realise:

- freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced or compulsory labour;
- the effective abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

Together, these are known as the core labour standards that should, in principle, apply to all workers. However, with the increasing globalisation and changing employment relations described in Chapter 3, many workers find themselves excluded.

*ILO Convention for Homeworkers, international*

For example, as the number of homeworkers has increased, labour standards and collective bargaining have been bypassed, leading to unacceptable standards of work. The work of a number of activist organisations led to the elaboration of the only ILO Convention specifically targeted to the informal economy – the 1996 ILO Convention on Home Work (Convention No 177) – which sets out minimum standards as to pay and working conditions for homeworkers. A related Recommendation, also passed in 1996, details a full programme to improve the conditions of homeworkers. To date, only Finland and Ireland have ratified the Convention, although several other countries are considering national legislation in line with the Convention and its Recommendation, and the EU has encouraged its member states to consider ratification.

*Voluntary codes of conduct*

Closely associated with core labour standards are voluntary codes of conduct. Over the past three decades, as corporations have grown both in size and in terms of influence over all aspects of economic and social development, there has been an associated shift of power from governments to large corporations. This growth in the size and influence of corporations is now accompanied by calls for companies to act responsibly. One mechanism through which this is achieved is the implementation and monitoring of voluntary codes of conduct. These are voluntary agreements drawn up at a company,

industry or multi-sector level to outline basic social or ethical standards. A popular issue around which codes of conduct have been developed is that of labour standards in global supply chains. Many companies have their own code covering issues such as health, safety and child labour. However, other basic human rights in the workplace, particularly the right to organise and bargain collectively, remain controversial and do not feature in many codes.

Trades unions and campaigners have developed ‘model codes’ as a benchmark for acceptable practice. They concentrate on five key areas within the ILO Conventions:

- forced and bonded labour (No 29 and 105 and recommendation 35);
- freedom of association (No 87);
- the right to collective bargaining (No 98);
- no discrimination (No 111 and No 100).

Health and safety in the workplace is also a key demand. A more recent and controversial addition to the content of codes is that workers should receive a living wage. This recognises that legally set minimum wages, which are included in many company codes, are often not adequate to meet the basic needs of workers. (Source: Burns and Blowfield, 2000)

#### *Ethical Trading Initiative (ETI), UK*

Codes of conduct and ethical trade are closely linked, and an interesting and influential example relating to the development and implementation of codes of conduct between business interests and civil society is that of the Ethical Trading Initiative (ETI) in the UK. This was formed in 1998 to bring together companies, NGOs and trade unions in a joint approach to labour codes of conduct, using the ETI Base Code (which corresponds closely with the ILO core conventions). The ETI works with local stakeholders in developing countries and has a number of working groups to develop learning on the monitoring and verification of codes of conduct for different sectors and groups of workers (including homeworkers). It is also currently running a series of pilot programmes around the world – China, South Africa and Zimbabwe being the first to report – that test different ways of monitoring and verifying codes of conduct. (Source: ILO, 2002a; Redfern and Snedker, 2002)

#### *Application of ETI Base Code, South Africa*

A good example of codes of conduct in practice comes from South Africa. Here, with increased exposure to global pressures following liberalisation, farmers growing deciduous fruits for the UK market have become subject to the implementation of the Base Code of Conduct of ETI to which most UK supermarkets belong. Combined with new national labour legislation, this has led to better conditions for some women workers, especially those with permanent contracts. However, a downside of this initiative is that, under pressures of global competition to keep costs low, some growers

are shedding on-farm labour and rehiring the same women as off-farm workers, making it easier to avoid paying benefits. The lack of unions for rural workers in general and women in particular makes it difficult for women to make their case for retribution. (Source: Barrientos et al, 2004)

*Extending labour legislation to agricultural and domestic workers, South Africa*

Through a combination of union campaigns and negotiations in a statutory tripartite (plus community) forum, workers rights and protections have been extended to large numbers of vulnerable women workers in South Africa. This includes the right to organise, bargain collectively, access the dispute resolution processes and be protected from dismissal. It includes minimum conditions of employment such as leave, sick leave, maternity leave (although unpaid), overtime pay, prevention of discrimination, affirmative action and access to skills development. It applies not only to workers with full time-employment and a single employer, but also to part-time workers and those with multiple employers. Recently, minimum wages were legislated through sectoral determinations for domestic and agricultural workers. Such determinations are made for 'vulnerable' workers, where collective bargaining forums are not in place. (Source: Chris Bonner, personal communication)

*Unemployment insurance for domestic workers, South Africa*

In 2003, after a 15-year struggle, domestic workers in South Africa were finally brought under the Unemployment Insurance Act covering employed workers. This requires employers to register their domestic workers and pay a monthly levy to a Fund. Workers also contribute. The Fund covers unemployment, maternity, sickness and death. Enforcement of the law is a problem, but there is evidence emerging of positive results in some areas. Statistics from the official disputes resolution body, the Commission for Conciliation, Mediation and Arbitration (CCMA), show fairly extensive usage of the disputes resolution machinery by the domestic sector. Latest statistics (April-December 2003) show that 12 per cent of all referrals were from this sector, second only to the retail sector. The majority of cases referred are about dismissals – 85 per cent between 1999 and 2003. (Source: Chris Bonner, personal communication)

*New Labour Act, Ghana*

The Ghana Trade Union Congress (TUC) recently undertook a review of labour laws. It found that these laws were outdated, fragmented and did not fit with either work realities or the Ghana Constitution. The resulting New Labour Act (2003) was negotiated through a tripartite process, involving the government, trade unions and employers. The Act applies to all workers (excluding armed forces, police, etc). A key objective of the TUC was to extend important protective elements secured by formal workers to informal workers. The Act contains special provisions relating to temporary and casual workers that allow them to benefit from the provisions of collective agreements, such as equal pay for work of equal value, access to the same medical provisions available to permanent workers, full minimum wage for all days in attendance (even if the weather prevents work) and public holidays. In addition, a temporary worker employed by the same employer for a continuous period of six months or more must be treated as a permanent worker. (Source: Owusu, 2003; Asemoah, 2004)

*Export company promotes rights of women workers, Kenya*

In Kenya, a company that is involved in exporting and that employs part-time and temporary women workers has set up a Gender Committee specifically to address the concerns of these workers. Representatives from all areas of the workforce are elected onto the committee where they meet with senior management to raise issues and seek solutions. Among other things, they have instituted training on women's rights and private counseling sessions for sufferers of domestic violence. (Source: Sally Smith et al, 2003)

**Company Creates Gender Policy and Gender Committee**

“One cut flower company in Kenya has established a Gender Policy and Gender Committee specifically to address issues of concern to women workers. The gender committee comprises nine female representatives elected from all areas of the workforce, who meet with senior management to raise issues and seek solutions. The following are some of the issues they are currently trying to address:

- **Empowerment** – The committee seeks to achieve empowerment through greater gender equity in representation on various committees. In 2003 there are plans to sensitise women workers on the importance of having female representatives on the various committees throughout the farm.
- **Pregnant Women** – Currently this farm gives three months paid maternity leave, one month in lieu of annual leave. Women workers can take maternity leave as often as they need, but the aim of the gender policy is to encourage women to space their pregnancies for health and economic reasons. Pregnant women are given special treatment in their seventh month of pregnancy such as the provision of light duties and no work in the cold room.
- **Mothers** - Mothers with small babies (less than four months) work for a maximum of 8 hours a day.
- **Health Education** – The Gender Policy commits to providing education on HIV/AIDS, family planning, nutrition and hygiene. The farm has also trained peer counselors for HIV/AIDS.
- **Domestic violence and sexual harassment** – The company has contracted a local NGO – the Coalition on Violence against Women (COVAW) – to provide counseling and training on gender rights.
- **Proposed crèche** – The gender committee is currently working to develop a crèche through the funds from the Max Havelaar social premium”

Source: Dolan, Opondo, and Smith, 2002

**2. Organising informal workers**

*Formal Trade Union Recruits and Organizes Informal Workers*

In 1996, the Ghana Trade Union Congress (GTUC) adopted six policies – one of which was organising – to help the organisation confront challenges of declining membership. Since an estimated 85 per cent of the economically active labour force is in the informal economy, the GTUC policy included a strategy to target these workers for recruitment. The objectives of the informal economy recruitment policy are to:



- create a desk in the Organisation Department of the GTUC and within the national unions for the informal economy;
- develop links with existing informal economy associations;
- design programmes in response to identified problems in the informal economy;
- encourage informal economy operators to form associations; and
- encourage the national unions to review their constitutions and develop policies appropriate for the informal economy.

This was done in different ways. In some unions, workers were recruited into existing structures whilst in others associations of informal workers were affiliated. All unions had to change their own constitutions to make this possible. The following services are provided by the trade unions to the informal economy workers and members:

- negotiate with metropolitan authority on behalf of the informal economy operators in terms of payment of tax and location of their business;
- ensure that informal economy operators apply good health and safety standards, especially operators who may not know the side effects of chemicals that they use;
- provide educational programmes for simple management and bookkeeping skills;
- organise funding and credit to support informal sector activities; and
- make credit available for the purchasing of grains during the harvesting season and marketing during the lean season through a Commodity Inventory Loan Scheme, to eliminate dependency on middle persons and improve income for members. (Source: Boakye, 2004)

*Trade union includes informal economy workers in existing statutory bargaining forum, Uganda*

In 1999, the Uganda Public Employees Union (UPEU) was the second-largest affiliate of the National Organisation of Trade Unions (NOTU) of Uganda with 17,000 members. Prior to this, the membership of UPEA had dropped to a mere 700 in a few years as a result of job losses in the public sector through economic liberalisation and privatisation programmes. UPEA and other affiliates of NOTU were faced with total collapse unless they could adapt to the changes that were taking place around them. The obvious path was to start organising workers in the growing informal economy, and NOTU took a policy decision that each of its affiliates should identify workers in the informal economy in its own sector and make the necessary adjustments to equip them to expand their organisation into the informal economy. UPEU re-defined the meaning of 'public employees' to mean anybody working to serve the public. This was a radical shift from

the previously very constrained definition of public employees as civil servants employed by the government.

UPEU went further and amended their constitution to introduce seven different categories of union membership. The seventh category consists of “self-employed workers and/or informal sector workers rendering service to the public” such as street and market vendors. These workers would be recruited through their associations, who would collect and pay subscriptions to the union at the same flat-rate membership amount per member. There is an Assistant General Secretary in charge of the Informal Sector, who would lead negotiations in the Joint Negotiating Committee (a statutory bargaining forum for all members of UPEU) on matters concerning the informal sector membership, who automatically have the right to be represented in collective bargaining at this forum once they are members of the union. (Source: Horn, 2003)

October 12, 08

APPENDIX II:  
Economic Empowerment of Informal Self-Employed:  
Cases from Africa

***1. Promoting a Supportive Environment***

In at least two countries, Kenya and South Africa, the national or local government has adopted policies in support of the informal economy as a whole or sectors of the economy that are predominantly informal.

*National policy for micro and small enterprises development, Kenya*

Recognising its contribution to economic prosperity, the Government of Kenya has for many years incorporated the informal economy into its national economic planning, initially through a Sessional Paper in 1986 that detailed direct assistance to entrepreneurs and small businesses. This included the provision of credit, training and marketing services as well as government procurement from the informal economy. Since 1986, the Government has continued to address the informal economy through a number of specific policies and its five-year Development Plans. The 1997/2001 Development Plan highlights the promotion of the micro and small enterprises (MSE) sector by addressing:

- developing and reviewing the legal framework and regulatory environment;
- formulating and developing programmes to improve access to credit and finance;
- supporting women and youth involvement in the small/medium scale and informal sector through special programmes;
- encouraging strong backward linkages with the manufacturing sector; and
- reviewing and harmonising licensing procedures for informal sector enterprises

The 2002/2008 Development Plan moves beyond the previous plan and points out that measures will be taken to:

- decentralise registration of business names to district level;
- eliminate trade licensing at central government level and harmonise, rationalise and implement a Single Business Permit system;
- review laws and regulations;
- enact an MSE Act; and

- ensure control and regulation of hawking within the Central Business District (CBD) in urban areas.

Although prior to 2000 many of the national policies on the small and medium-enterprise (SME) sector were not implemented, there has been a concerted effort since 2000 to implement the national SME policy. For example, most of the provisions in the 1997/2001 and 2002/2008 Development Plans are being implemented. The Single Business Permit has been implemented in all local authorities, street vendors have been relocated, laws and regulations are being reviewed and a Draft Sessional Paper on MSE has been prepared through a participatory approach. Other Draft Sessional Papers that have been prepared include: Gender and Development, Micro Financial Institutions, Labour Laws and a Local Government Bill. Kenya is going through a transition where most legal and regulatory provisions, including the Constitution are being reviewed. In sum, the National Rainbow Coalition (NARC) government has renewed the national commitment to small and medium-enterprise development. (Source: Dorothy McCormick and Winnie Mitullah, personal communication).

#### *Local government policy, South Africa*

In recognition of the significant contribution of the informal economy to economic and social life, the Durban (now called eThekweni) Metropolitan Council decided in 2000 to develop a comprehensive policy approach to the informal economy. This is an excellent example of policy-making for the urban informal economy, from elaborating a vision for its role in the long-term economic plans for the city, to turning that vision into policy and moving to set up an implementation strategy with institutional structures.

In 1994, with the advent of democratic government and Nelson Mandela as President, the new South African Constitution mandated local government to promote local economic development and adopt pro-poor urban policies emphasising participation and consultation. In 1999, Durban/eThekweni embarked on a one-year process of policy development to both support and control the informal economy. Early in the process the policy team adopted a shared vision of the role and importance of the informal economy as an important job creator and contributor to the city's economy, organically linked to the formal economy. They saw street traders as workers who were an integral part of the city's life and economy, not survivalists or welfare cases. Research on informal trade sectors – including clothing and accessories, traditional medicine, fruits and vegetables – supported the making of policy. The team consulted with poorer traders and their organisations. In workshops, mass meetings and other settings, workers identified their priority needs and expressed their views on possible mechanisms for integrating the informal economy into local government structures. The policy development process benefited from the existence of a number of pilot projects in urban renewal and in city health, through which officials learned the importance and cost-effectiveness of negotiated change.

Some aspects of the policy and its implementation include:

- simplification of registration costs for vendors and home-based workers, with incentives for registration;
- representation of informal trader organisations on planning and policy committees;
- provision of support to trader organisations (e.g. meeting places, legal advice and secretarial help), using existing municipal assets;
- city officials and traders working together to improve the image of the informal economy. (Source: Durban Metropolitan Council, 2001)

The establishment of an implementation team followed the 18-month policy development process. The South African economy is fragile, and local governments are under pressure to deliver on a number of fronts. Nevertheless, the policy process continues to build, including the strengthening of organisations of informal traders so that government has strong partners with whom to negotiate. Positive aspects of the policy include:

- It is pro-development and dovetails with the economic development policy set by the city government.
- The policy process was widely consultative with all major stakeholders.
- It is pro-poor, targeting the poorest segments of the informal economy (street vendors and homeworkers).
- It combines area-based management with sector-based support to micro and small enterprises.
- It promotes a co-ordinated approach among the various city departments dealing with informal economy issues.
- It seeks to promote complementarity and synergies between the formal and informal parts of the economy – including through dealing with formal and informal economy issues in the same institutional structures and processes.
- It integrates support for enterprise development with a supportive regulatory framework, environmental and occupational safety and health measures, promotion of safety and security through local action and organisation of informal actors. (Source: *ibid*)

Examples of two support programmes offered by the municipality for two quite different categories of the informal workforce – the traditional medicine sector and waste collectors – can be found below.

*Two Support Programmes Offered by the Durban/eThekweni Municipality*

***Traditional medicine support programme:*** A significant component of the informal economy in South Africa is the traditional medicine (or *muthi*) sector. Eighty per cent of black South Africans use traditional medicine, often in parallel with modern medicine. It is estimated that 61 million rand (+- US\$8.7 million) of medicinal plant material is traded in KwaZulu-Natal (KZN) annually, with Durban/eThekweni the primary trading and dispensing node. Over 30,000 people work in this sector, mostly as rural gatherers who are largely women. Collecting and dispensing of traditional medicine occurs almost entirely in the informal economy.

The *muthi* demand and turnover figures cited above convinced the Durban/eThekweni City Council to take this industry seriously. Consequently the Council, in consultation with existing traders, developed a dedicated built market, with shelter, storage, water and toilet facilities, which accommodates 550 stallholders. The market facilities, which also include a product processing plant, have significantly improved the working environment for traders. There are also initiatives aimed to address environmental sustainability issues. These include (a) training gatherers in sustainable harvesting techniques, which has led to the establishment of a sustainable bark harvesters association (the first organisation of its kind in South Africa); and (b) a cultivation drive, including a dedicated medicinal plant nursery that produces seedlings to supply farmers and trains traditional healers in growing methods.

In the next phase of the support programme a black empowerment company, consisting predominantly of existing healers and traders, will be established. The company will procure plant material from existing industry role players and contract growers, process it in partnership with an existing pharmaceutical operation and market the products. The objective is not only to service existing clients better, but also to access more middle class South African consumers of all races as well as an international market.

Source: Mander, 1998; Institute for Natural Resources, 2003.

***Buy-back centres for waste collectors:*** Waste collectors are amongst the poorest of those working in the informal economy. In South Africa, since legislated racial segregation of urban areas was abolished, there have been increasing numbers of waste collectors operating throughout its cities. These are largely black women whose incomes are extremely low. In the mid 1990's the Self Employed Women's Union (SEWU) organised cardboard collectors in the inner city of Durban/eThekweni. The union found that these collectors were innumerate and often exploited by unscrupulous middle men, and it lobbied local government to assist them.

Through SEWU's activism, and the understanding by the City Council that waste collection provided a livelihood for many residents, a buy-back centre was established in the inner city. This is a public-private-community partnership. The Council provided a small plot of centrally located land that was converted into the centre, and a large private sector recycler provided the scales, storage containers for the cardboard and trolleys for the collectors. SEWU worked alongside city officials to design the intervention and trained the cardboard collectors on how to weight their cardboard. Through this

intervention, the collectors sold their cardboard directly to the recycling company. This has substantially increased the (albeit still low) incomes of these waste collectors. The success of the inner city buy-back centre has led to the Council establishing a number of similar centres throughout the city.

Source: Mgingqizana, 2002.

*Government support to small export industries, Mozambique*

When the Government of Mozambique reduced the export tariff on raw cashew nuts as part of its structural adjustment programme in the 1990s, most of the country's processing factories closed down because of the reduced availability of raw nuts on the domestic market. In order to revive the industry and to create employment, the Government is supporting the private sector in its use of smaller-scale, semi-mechanised technology, which provides many more jobs – especially for women. It also gives much better quality products (and thus higher demand and price in export markets) as the less capital-intensive methods are not so likely to break the cashews during processing. This policy has involved co-ordinated effort at three levels:

- *production*, through increased spending on research and development, which increases the incomes of small holders and the thousands of people who survive through sale and processing of nuts in local markets;
- *increased processing*, through loans to the private sector to establish small-scale factories processing for export, which create jobs in rural areas; and
- *commercialisation*, through raising export taxes on cashew nuts, which discourages sale of raw nuts overseas and encourages local processing, thus creating more jobs. (Source: Kanji et al, 2004)

## ***2. Increasing Market Access and Competitiveness***

*Informal producers organising for alternative trade, international*

The global Fair Trade movement seeks to increase market access and competitiveness for small producers. Efforts are made to provide better trading conditions and to raise consumer awareness. The goals of Fair Trade are to:

- improve the livelihoods and well-being of producers by improving market access, strengthening producer organisations, paying a better price and providing continuity in the trading relationship;
- promote development opportunities for disadvantaged producers, especially women and indigenous people, and protect children from exploitation in the production process;
- raise awareness among consumers of the negative effects on producers of international trade so that they exercise their purchasing power positively;

- set an example of partnership in trade through dialogue, transparency and respect;
- campaign for changes in the rules and practice of conventional international trade; and
- protect human rights by promoting social justice, sound environmental practices and economic security

There are several key networking or membership organisations that seek to bring Fair Trade organisations together (see “Fair Trade Organizations).

*Fair Trade partnership with local co-operative, Ghana*

A good example of how Fair Trade works in practice is that of the Kuapa Kokoo cocoa co-operative in Ghana. A UK Fair Trade organisation (Twin Trading) joined with an NGO in the Netherlands (SNV) to assist the co-operative, with its 45,000 members, to join the FLO cocoa producers’ register. This enables importers and chocolate companies to source beans from the co-operative under Fair Trade conditions. These markets give the smallholders a guaranteed fair price plus a premium of \$150 per tonne. The premium is then used by the co-operative members to invest in community development projects such as wells, corn mills and schools, which are priorities for women in their everyday lives. In addition, the co-operative has established the Day Chocolate Company as a joint venture in the UK that markets Divine brand chocolate to retailers. The co-operative provided 33 per cent of the equity stake in the company and receives 66 per cent of the profits. (Source: Tiffen P et al, 2004; Redfern and Snedket, 2002)

*UNIDO’s Women Entrepreneurship Development Programs*

The United Nations Industrial Development Organization (UNIDO) has been providing assistance to promote the growth of small and medium enterprises (SMEs), particularly those operated by women, through the Women Entrepreneurship Development (WED) programs. The program works with existing local organizations to improve the technological and managerial capacities of the enterprise as well as assist the organization with its financial strategy. WED projects include:

- **Women Entrepreneurs for Industrial Growth (WEFIG), formerly Jua Kali Women’s Textile Project, Kenya:** Through WED’s assistance with technical and managerial training, WEFIG project members now have improved access to credit; greater accessibility to global trade markets; increased wages; greater business assets, such as the purchase of new sewing machines; broadened range of product lines and services, including regular product quality control; and improved cash-management.
- **Women Olive Oil Entrepreneurs, Morocco:** Prior to WED’s assistance, women olive oil producers in Morocco were involved in a very labour-intensive production process which often resulted in an unsafe product that posed health risks to consumers. The WED program introduced appropriate technology for a less labour-intensive oil creation process, which also allowed the entrepreneurs to produce a safe product. Additionally, entrepreneurs were offered managerial and marketing training, to better aid these women in accessing global markets.



- **Fisheries Industry of Lake Victoria, Tanzania, Uganda and Kenya:** The WED program worked with the fishing industry of Lake Victoria to improve fish processing safety and hygiene in order to have the EU ban on these fish lifted. WED assisted factories and workers to implement Good Hygiene Practices (GHP), Good Manufacturing Processes (GMP), and Hazard Analysis and Critical Control Point (HACCP) in order to improve inspection systems and aid in the accreditation of laboratories. Additionally, WED also worked with industry representatives to identify and pursue new markets.

*Multinational corporation sources from informal producers, South Africa*

Sourcing of commodities and products from informal producers is not limited to the Fair Trade market. For example, in collaboration with the South African Council of Scientific and Industrial Research, Daimler Chrysler is using natural fibres from small farms in South Africa to make interior car parts. The project matches the environmental needs of the company and is a social and environmental win-win for the local communities. Daimler Chrysler was under regulatory pressure to increase the amount of recoverable materials in its cars to meet the European Union (EU) directive that requires vehicles to become at least 95 per cent recoverable by 2015. Regenerative natural fibres are a good choice for such dilemmas, as they are lighter than glass-based fibres for interiors and require much less energy to manufacture. Furthermore, their production generates income for poor farmers. Daimler Chrysler has recently transferred the experience to Brazil, including stakeholder dialogue and engagement. Working with Daimler Chrysler, the Poverty and Environment in the Amazon Programme (POEMA), a local NGO, and the University of Pará have developed a method to stuff car headrests and seat parts with coconut fibre, which is a waste product that the poor villagers can collect. (Source: Maya Forstater et al, 2003; www.daimlerchrysler.com)

*Social entrepreneur links rural beekeepers with export markets, Kenya*

Another way in which informal producers can reach export markets is through social entrepreneurship. A good example of this is the social entrepreneur who set up Honey Care Africa about four years ago in Kenya. Since then the company has enabled almost 12,000 rural beekeepers to improve their incomes by linking them with markets in Europe with the help of funds from almost 20 donors. It does this through a tripartite model that involves a private sector company (Honey Care), a development organisation and the rural communities. Honey Care guarantees to purchase every kilogram of honey a beekeeper can produce at a fair and fixed price and to pay in cash on the day of collection. It then processes and packs this honey and sell it at a profit to export markets. It also provides the necessary training for the rural communities and, where economically viable, it provides extension support. While its main product at the moment is honey, for which it has International Organic and Fair Trade Certification, Honey Care is also exploring higher value products such as royal jelly, pollen and beeswax as well as doing research on developing better bee-keeping technology. The development organisation has experience in working with rural communities and has extensive outreach into the rural areas, thus providing a conduit to beekeepers and ensuring that an exploitative relationship does not develop between the private sector organisation and the beekeepers. In some instances, it also provides loans to beekeepers to acquire improved beehives. The

loans are recoverable at the time that the honey is sold to Honey Care. (Source: Jiwa, 2002)

*Women's cashew business creates market linkages for informal women producers, Senegal*

A Dakar-based company owned by two women from Benin holds the single largest market for processed cashew nuts. The first company to formally commercialise cashew kernels in Senegal, it has been buying all its kernels from women's associations based in the Kaolack and Farick regions for over 10 years. Through close linkages over time with 12 of these groups, which involve an estimated 300 women in six villages, they have developed a product that sells well in key markets north of The Gambia. They distribute an elegantly packaged brand of artisanally-processed nuts in a chain of petrol stations in Dakar and other major urban centres. They enjoy strong name recognition in Dakar, having been recently brand marketed. (Source: Cambon, 2003)

*NGO helps to link local producers with supermarkets, international*

NGOs are also active in linking local producers with global markets. For example, Technoserve, an international NGO, has been experimenting with ways to enable local producers to benefit from the rapid spread of supermarkets in the global South. Between 1990 and 2000, throughout Latin America and South Africa, supermarkets grew from 15 to 55 per cent of the total food retail sector. In Kenya, supermarkets now account for between 20 and 30 per cent of this sector. For other African countries – such as Ghana, Mozambique, Tanzania and Uganda – the growth of supermarkets has not been as dramatic, but researchers predict swift changes in the next five years. Shifts in demographics are creating the critical mass of consumers that supermarkets need in order to be profitable. A growing urban middle class can now afford to buy packaged foods, brand names and gourmet items, and more working class residents are in need of 'one stop' shopping.

Technoserve believes that, for rural entrepreneurs in developing countries to sell their products to urban supermarkets, they need to (a) understand how supermarkets procure products and (b) use post harvest methods that meet the needs of the companies they want to sell to – or that give them a competitive advantage over other suppliers. This involves going far beyond traditional washing and crating of products to include packaging, labelling – even bar-coding and refrigerated delivery. It also means that most entrepreneurs will need investment capital to make this giant leap forward. In Ghana, in 2002, Technoserve trained 322 small-scale pineapple and citrus fruit farmers in organic production, helped them to become organically certified and then established a commercial link to Athena Foods, a local juice processing plant. Athena, in turn, processed and bottled \$400,000 of organic juice for a new supermarket client in the Netherlands. All over Africa, it is hoped that the development of supermarkets may provide a stepping stone to supermarkets in the US and Europe for other producers and entrepreneurs who succeed at becoming part of the farm-to consumer chain in their own countries. (Source: Technoserve, 2002)

*Women fishworkers union uses ICTs as marketing tool, Senegal*

In Africa, many women entrepreneurs who are traders, ranging from micro-trading in foodstuffs to large-scale import-export trade, are in need of market information and are beginning to use ICTs to access this. In Senegal, the Grand Coast Fishing Operators Union, an organisation of women who market fish and fish producers, uses ICTs to exchange information on supply and demand between their different locations along the Atlantic coast. The women feel that this tool has improved their competitiveness in the local market. They are planning a website to enable the nearly 7,500 members to promote their produce, monitor export markets and negotiate prices with overseas buyers before they arrive in Senegal. (Source: Hafkin and Taggart, 2001)

### **3. Improving Skills and Technologies**

*Skills upgrading and marketing services for informal clothing manufacture, South Africa*  
 In 1999, the City Garment Project was initiated to support the nearly 2,000 informal clothing manufacturers operating in the Johannesburg inner city. This project is a collaboration between the Johannesburg Development Agency – set up by the City Council to redevelop the inner city – a local businessman and a development consultancy, Bees Consulting Group (BCG). There are two inter-related components of the project: skills upgrading and securing access to new markets. The local businessman has established a sewing training and display centre that offers subsidised sewing courses. So far over 300 garment operators have been trained. A system of business mentorship has been established in which second and third year business science students from CIDA Business School, a college located in the inner city, assist individual entrepreneurs in business strategy. In terms of accessing new markets, the project focuses on establishing business linkages, particularly between garment operators and designers. It also actively seeks orders from institutions such as schools. Further, a number of fashion shows have been held, giving exposure to the garments being made in the district. A recent impact assessment concluded that those who had been involved in the project had improved the quality of their garments and their production process and manufactured a much greater variety of products. It was also demonstrated that they now kept business records and were able to market their products. In addition, they secured more orders because of the variety of their products.  
 (Source: Jocum and Cachalia, 2002)

### **4. Securing Property Rights**

*Grassroots union lobbies for land rights for rural women, Mozambique*  
 The absence of legal property rights means that potential entrepreneurs are not able to use, build, recombine or exchange their assets in the most productive way in order to generate additional value. For example, if informal operators held title to their land, they would be able not only to build on the land but also to use it as collateral. Without being able to convert assets into productive capital, they do not have the means for entrepreneurship, innovation, business growth or development. This also means that a country is not able to effectively harness capital from domestically available assets. In many developing countries where secure title to land does exist, it is men who own and control the land. In several countries, women cannot even hold title to land. In

Mozambique, the National Farmers Union (NFU), an association of some 430 local co-operatives and farmers groups led by a woman grassroots leader, lobbies the Government to issue land-ownership deeds to rural women. Despite resistance from the male-dominated bureaucracy, the NFU has helped some 95 per cent of its members to secure deeds of ownership. (Source: ILO, 2002a; UNCTAD, 2001)

*Indigenous people win rights to share in commercialisation, southern Africa*

*Hoodia* is a succulent plant that has long been chewed by the San people in southern Africa to suppress hunger. The active ingredient, known as P57, was isolated and patented in 1996 by scientists from the South African Council on Scientific and Industrial Research (CSIR). In 1997, CSIR licensed Phytopharm, a UK-based drug development company, to develop and commercialise P57, though CSIR retained the patent. In 1998, Phytopharm in turn sold the rights to license the drug for \$21 million to the US-based pharmaceutical giant Pfizer. Given current concerns about obesity, the potential for an appetite-suppressing drug based on P57 is great. In 2001, media reports on the deals between CSIR, Phytopharm and Pfizer led to a huge increase in the share price of Phytopharm. They also alerted the San to the potential use of their traditional knowledge.

A few months later, the South African San Council was selected to represent the interests of more than 100,000 San people in Angola, Botswana, Namibia, South Africa, Zambia and Zimbabwe in discussions with the CSIR on options for sharing the benefits emanating from their traditional knowledge. In March 2002, a Memorandum of Understanding (MoU) was signed between the CSIR and the San under which the CSIR formally acknowledged the San as the custodians of their traditional knowledge. In return, the San acknowledge the CSIR's need to protect its investment in isolating *hoodia*'s appetite-suppressing ingredient by patenting it in CSIR's name. The MoU led to an agreement in March 2003 outlining how any benefits will be shared. The potential income for the San – which could exceed \$7 million per year for the 15 to 20 years before the patent expires – will be deposited in a San Hoodia Sharing Trust established by the CSIR and the San and will be used for the “general upliftment, development and training of the San community”. (Source: Scheckenberg, 2003)