

Chapter 1 : Lagos Metropolitan Area Transport Authority - Wikipedia

informal sector, is an obstacle to sustained growth. The small formal sector - substantially consisting of foreign investment - must shoulder a disproportionate tax burden, severely hampering its.

By John Sullivan In December , the Tunisian fruit vendor Mohamed Bouazizi self-immolated in protest of his poor treatment at the hands of the authorities. As an informal sector entrepreneur, he had been shamed and denied his basic rights. The informal sector -- those businesses and entrepreneurs who work outside of the formal market economy -- is huge and largely undocumented in most developing economies. Almost everywhere, the root cause is the same: People simply cannot get through the wall of red tape or the maze of regulations to gain access to the formal economy. While they remain outside of the system, they lack the protections that laws and regulations afford them. This is a tragedy not only for those entrepreneurs stuck in the system but for the country as a whole, as informal assets represent an enormous pool of inaccessible capital that could be used to create jobs, stimulate investment, or pay for social services. Hernando de Soto famously studied the informal sector in his own country of Peru and also in Egypt. His study, called " Dead Capital ," found that the informal real estate and businesses owned by the poor represent a huge portion of domestic real assets. De Soto calls these assets "dead capital" because they cannot be used to support businesses, create mortgage systems, or collateralize other properties -- all of the things that physical capital can do in more developed countries. De Soto argues that property titles are not enough ; a country must develop legal, regulatory, and contracting systems that recognizes and creates the market, incentives, and security for titles. This legal and regulatory reform is hard work. It is institution building. But it can be done and it has to be done. Around the world, some of the largest informal sectors in the world are in sub-Saharan Africa, but the Middle East and North Africa follow close behind. Friedrich Schneider, who along with his World Bank colleagues Andreas Buehn and Claudio Montenegro have published an estimate for the size of these " shadow economies " in At that time, the size of the informal sector in Egypt was equal to 33 percent of the economy. In Tunisia, the country of origin of Mohamed Bouazizi, the informal sector tallied And shockingly, over 60 percent of the total GDP of Zimbabwe is in the informal sector. By contrast, most of the developed countries do well, with the exception of Greece, Spain and Italy. In the United States, the figure is even lower at 8. Most of the countries involved in the Arab Spring do not yet have the resources available to create the jobs that they promised. They lack the money to simply build new factories, and government sector employment is no longer the solution it was during the strongman days. Governments must mobilize the informal sector and give them a voice. There are many ways to assist in the process of formalization, including regulatory reform and simplification, improvement of government services, tax reform and others. Drawing the informal sector into the formal economy enables new entrepreneurs to create the jobs required by a growing and restive youth population. Governments must develop a mechanism that lifts this vast pool of entrepreneurs out of informality and encourages the economic future that the country needs. Government services and security must improve, bankruptcy laws must be reformed, and banking systems must allow greater access to capital. Entrepreneurs must understand how the formal system will benefit them. The street vendors of Cairo have already spoken out by partnering with the Federation of Economic Development Associations to develop a draft law and begin working toward its implementation. At its core, the issue comes down to necessity. Many informal entrepreneurs work outside of the system because they have to. However, studies have found that when the opportunities are created, barriers are lowered, and legal rights are guaranteed, up to percent of informal firms will move into the formal sector. The message is clear, if we listen.

Chapter 2 : Lessons from China – Informal Sector Transformation – Liex Consult

Lessons from China - Informal Sector Transformation April 22, April 23, Litu Different studies have been conducted to unpack the genesis of how China's economy grew from an average of % GDP between and , to an average of % in

Waste picker in Indonesia Street vendor in India The informal sector is largely characterized by several qualities: The type of work that makes up the informal economy is diverse, particularly in terms of capital invested, technology used, and income generated. Home-based workers are more numerous while street vendors are more visible. Economic motivations include the ability to evade taxes, the freedom to circumvent regulations and licensing requirements, and the capacity to maintain certain government benefits. First, they felt they would earn more money through their informal sector work than at a job in the formal economy. Second, even if workers made less money, working in the informal sector offered them more independence, the chance to select their own hours, the opportunity to work outside and near friends, etc. While jobs in the formal economy might bring more security and regularity, or even pay better, the combination of monetary and psychological rewards from working in the informal sector proves appealing for many workers. However, this understanding is too inclusive and vague, and certain activities that could be included by that definition are not considered part of the informal economy. As the International Labour Organization defined the informal sector in , the informal sector does not include the criminal economy. While production or employment arrangements in the informal economy may not be strictly legal, the sector produces and distributes legal goods and services. The criminal economy produces illegal goods and services. The informal economy is part of the market economy, meaning it produces goods and services for sale and profit. Unpaid domestic work and care activities do not contribute to that, and as a result, are not a part of the informal economy. Yet no such regulation has ever been wholly enforceable. Archaeological and anthropological evidence strongly suggests that people of all societies regularly adjust their activity within economic systems in attempt to evade regulations. Therefore, if informal economic activity is that which goes unregulated in an otherwise regulated system then informal economies are as old as their formal counterparts, if not older. The term itself, however, is much more recent. The optimism of the modernization theory school of development had led most people in the s and s to believe that traditional forms of work and production would disappear as a result of economic progress in developing countries. As this optimism proved to be unfounded, scholars turned to study more closely what was then called the traditional sector. They found that the sector had not only persisted, but in fact expanded to encompass new developments. In accepting that these forms of productions were there to stay, scholars and some international organizations quickly took up the term informal sector later known as the informal economy or just informality , which is credited to the British anthropologist Keith Hart in a study on Ghana published in , and was coined by the International Labour Organization in a widely read study on Kenya in Feige examined the economic implications of a shift of economic activity from the observed to the non-observed sector of the economy. The book examines alternative means of estimating the size of various unobserved economies and examines their consequences in both socialist and market oriented economies. With the turn towards so called post-fordist modes of production in the advanced developing countries, many workers were forced out of their formal sector work and into informal employment. In a seminal collection of articles, *The Informal Economy. Studies in Advanced and Less Developed Countries*, Alejandro Portes and collaborators emphasized the existence of an informal economy in all countries by including case studies ranging from New York City and Madrid to Uruguay and Colombia. While accusing the ruling class of 20th century mercantilism , de Soto admires the entrepreneurial spirit of the informal economy. In a widely cited experiment, his team tried to legally register a small garment factory in Lima. This took more than administrative steps and almost a year of full-time work. Among the surveys about the size and development of the shadow economy mostly expressed in percent of official GDP are those by Feige , and Schneider and Enste In these surveys an intensive discussion about the various estimation procedures of the size of the shadow economy as well as a critical evaluation of the size of the shadow economy and the consequences of the shadow economy on the official one can be found.

Statistics[edit] The Narantuul Market in Ulaanbaatar , Mongolia , colloquially also called Khar Zakh Black Market The informal economy under any governing system is diverse and includes small-scaled, occasional members often street vendors and garbage recyclers as well as larger, regular enterprises including transit systems such as that of Lima, Peru. Informal economies include garment workers working from their homes, as well as informally employed personnel of formal enterprises. Employees working in the informal sector can be classified as wage workers, non-wage workers, or a combination of both. For example, informal employment makes up The majority of informal economy workers are women. Policies and developments affecting the informal economy have thus a distinctly gendered effect. One must also be very careful to distinguish whether one is attempting to measure the unreported economy, normally associated with tax evasion, [28] or the unrecorded or non observed economy, [29] associated with the amount of income that is readily excluded from national income and produce accounts due to the difficulty of measurement. Breusch has critiqued this work warning the profession that" The literature applying this model to the underground economy abounds with alarming Procrustean tendencies. Various kinds of sliding and scaling of the results are carried out in the name of "benchmarking", although these operations are not always clearly documented. The data are typically transformed in ways that are not only undeclared but have the unfortunate effect of making the results of the study sensitive to the units in which the variables are measured. The complexity of the estimation procedure, together with its deficient documentation, leave the reader unaware of how these results have been shorted to fit the bed of prior belief. There are many other results in circulation for various countries, for which the data cannot be identified and which are given no more documentation than "own calculations by the MIMIC method". Readers are advised to adjust their valuation of these estimates accordingly. Comparison of shadow economies in EU countries according to estimates by Friedrich Schneider[edit] German shadow economy "â€", Friedrich Schneider University Linz [34] Since the establishment of the Single Market Maastricht the total EU shadow economy has been growing systematically to approx. Hence, the EU financial economy has developed parallel an efficient tax haven bank system to protect and manage its growing shadow economy. The diagram below clearly shows that national informal economies per capita vary only moderately in most EU countries. The diagram also shows that in absolute numbers the shadow economy per capita is related to the wealth of a society GDP. Generally spoken, the higher GDP the higher shadow economy, albeit non-proportional. There is a direct relation between high self-employment of a country to its above average shadow economy. As an example German shadow economy in was 4. Map of the national shadow economies per capita in EU countries. The red scale represents the numbers displayed by the red bars of the diagram on the left. Social and political implications and issues[edit] According to development and transition theories, workers in the informal sector typically earn less income, have unstable income, and do not have access to basic protections and services. The working poor, particularly women, are concentrated in the informal economy, and most low-income households rely on the sector to provide for them. On the other hand, the informal sector can allow a large proportion of the population to escape extreme poverty and earn an income that is satisfactory for survival. They derive social protection, pension and child benefits and the like, from their formal employment, and at the same time have tax and other advantages from working on the side. From the viewpoint of governments, the informal sector can create a vicious cycle. Being unable to collect taxes from the informal sector, the government may be hindered in financing public services , which in turn makes the sector more attractive. Conversely, some governments view informality as a benefit, enabling excess labor to be absorbed, and mitigating unemployment issues. A group of Indian women making bamboo products they intend to sell in Dumka, Jharkhand A girl selling plastic containers for carrying Ganges water, Haridwar , India Women tend to make up the greatest portion of the informal sector, often ending up in the most erratic and corrupt segments of the sector. Female representation in the informal sector is attributed to a variety of factors. One such factor is that employment in the informal sector is the source of employment that is most readily available to women. For example, the informal workforce is not a part of any trade union, nor does there seem a push or inclination to change that status. Yet the informal economy negatively affects membership and investment in the trade unions. Laborers who might be formally employed and join a union for protection may choose to branch out

on their own instead. As a result, trade unions are inclined to oppose the informal sector, highlighting the costs and disadvantages of the system. Producers in the formal sector can similarly feel threatened by the informal economy. The flexibility of production, low labor and production costs, and bureaucratic freedom of the informal economy can be seen as consequential competition for formal producers, leading them to challenge and object to that sector. Last, the nature of the informal economy is largely anti-regulation and free of standard taxes, which diminishes the material and political power of government agents. Whatever the significance of these concerns are, the informal sector can shift political power and energies. An inverse relationship between an increased informal sector and slower economic growth has been observed though. Please improve it by verifying the claims made and adding inline citations. Statements consisting only of original research should be removed. April Learn how and when to remove this template message

A girl weaving a rug in Egypt Children work in the informal economy in many parts of the world. They often work as scavengers collecting recyclables from the streets and dump sites , day laborers, cleaners, construction workers, vendors, in seasonal activities, domestic workers, and in small workshops; and often work under hazardous and exploitative conditions. Such children are very vulnerable to exploitation: UNICEF considers domestic work to be among the lowest status, and reports that most child domestic workers are live-in workers and are under the round-the-clock control of their employers. At the core, youth must compromise their social activities with other youth, and instead prioritize their participation in the informal economy, thus manufacturing a labor class of adolescents who must take on an adult role within the family. Although it revolves around a negative stigma of deviance, for a majority of individuals, mostly people of color, the informal economy is not an ideal choice but a necessity for survival. Participating in the informal economy is becoming normalized due to the lack of resources available in low-income and marginalized communities, and no matter how hard they have to work, will not advance in the economic hierarchy. When a parent is either unemployed or their job is on low demand, they are compelled to find other methods to provide for themselves but most importantly their children. The participation of adolescents in the informal economy, is a contentious issue due to the restrictions and laws in place for youth have to work. One of the main dilemmas that arise when children engage in this type of work, is that privileged adults, denounce children participation as forced labor. The youth become forced by their circumstances, meaning that because of their conditions, they do not have much of a choice. They analyze why adults participate in the informal economy. Although it revolves around a negative stigma of deviance, for a majority of individuals, the informal economy is not an ideal choice but an action necessary for survival. While witnessing the constant struggle of Latinx individuals to make ends meet and trying to earn money to put food on the table, they witnessed how the participation of children either benefits the family or even hurt it. The kids are not simply workers, they achieve an understanding of how to manage a business and commerce. Expansion and growth[edit] The division of the economy into formal and informal sectors has a long heritage. Arthur Lewis in his seminal work *Economic Development with Unlimited Supply of Labour*, published in the s, was the celebrated paradigm of development for the newly independent countries in the s and s. The model assumed that the unorganized sector with the surplus labour will gradually disappear as the surplus labour gets absorbed in the organised sector. On the other hand, probabilistic migration models developed by Harris and Todaro in the s envisaged the phenomenon of the informal sector as a transitional phase through which migrants move to the urban centers before shifting to formal sector employment. Hence it is not a surprise to see policy invisibility in the informal sector. Curiously, the informal sector does not find a permanent place in the Marxian theory since they anticipate the destruction of the pre-capitalist structure as a result of the aggressive growth of capitalism. Therefore, neither in the Marxian theory nor in the classical economic theory, the unorganized sector holds a permanent place in the economic literature. In the s, an increase in global communication and competition led to a restructuring of production and distribution, often relying more heavily on the informal sector. In Africa it accounts for around eighty percent. It is possible that the kind of development that has been occurring has failed to support the increased labor force in a formal manner.

Chapter 3 : Informal sector - Wikipedia

The informal sector, informal economy, or grey economy is the part of an economy that is neither taxed nor monitored by any form of government. Unlike the formal economy, activities of the informal economy are not included in a country's gross national product (GNP) or gross domestic product (GDP).

The social phenomenon is real enough and of some antiquity. The intellectual history of the concept is clearer. It was provoked by the failure of prevalent economic models to address a large part of the world that they claimed to describe. Sociologists, anthropologists, geographers and historians have grasped the opportunity to embarrass economists by pointing out this deficiency. Some notable attempts have been made to document the economy of the streets. Very little of all this impinged on the world of development economists. The dualistic models of economic development which prevailed in the s took their lead from W. An influential variant of this approach was put forward by Harris and Todaro Here it was suggested that rural-urban migration in Africa could be modelled by focusing on the discrepancy between urban unskilled wage rates and marginal returns to agricultural labour, allowing for subsidized urban living standards and the urban unemployment rate. Moreover, he suggested that the aggregate intersectoral relationship between the two sources of employment might be of some significance for models of economic development in the long run. In particular, the informal economy might be a passive adjunct of growth originating elsewhere or its dynamism might be a crucial ingredient of economic transformation in some cases. This was enough to encourage legions of researchers to adopt the term in the s. The study of Third World urban poverty rapidly became a new segment of the academic division of labour; as a key term in its discourse, the informal economy attracted an unusual volume of debate Bromley, In recent years, British sociologists have applied the term to their own economy, whose formal institutions now employ a smaller proportion of the active labour force than at any time since the s Pahl, For many the term is a convenient name for an unambiguous empirical phenomenon “ what you find in the slums of Manila. Others pay more attention to the logic of conceptual dualism, but vary greatly in their definition of its essence. In all this, insufficient attention has been paid to the intellectual origins of the expression and to its usage in standard English. This process was in part one of increased formality in economic organization, as manifested in the planning of concrete enterprises and in an increasingly coherent body of economic theory. In this point of view there is a highly formalized part of all Third World economies today, where states, owing their existence in large degree to international institutions and forces, seek with variable effectiveness to establish their writ over economically backward populations. Equally, much that goes on in these economies is only marginally the product of state regulation: This is a qualitative distinction, so that questions of size or productivity cannot be intrinsic to its definition. Informality in this context is a matter of degrees of social organization. We all know the difference between formal and informal dancing or dress. But what is form? Form is thus what is regular, predictable, reproducible, recognizable; and it is intrinsic to all social behaviour in some degree. When we identify something as informal, it is because it fails to reproduce the pattern of some established form. The consequence for economic analysis is obvious. Of course, the people whose activities appear in this light believe that they have social forms which help them to live from day to day; but these forms are usually less powerful and less rigid than those underwritten by state law and immense wealth. It follows from this that informality is in the eye of the beholder. The informal economy does not exist in any empirical sense: Providing that it is self-conscious, such an exercise is almost always beneficial. Without it we remain trapped in the secular theology of a myopic elite. Economic theory proceeds by means of abstraction; but it is as well to consider from time to time what it has left out. The International Monetary Fund imposes its traditional recipe for formal incorporation of insolvent governments into the official economy without regard for the informal pressures to which they are subject; and the international economic order staggers towards its next crisis. More insidiously, the media especially the television news reproduce daily the outward signs of the economy “ unemployment figures, the exchange rate, share indexes “ and our collective understanding fixes on forms without substance. First, the informal may be the variable content of the form; thus street peddlers of cigarettes invisibly complete the chain linking large foreign firms to

consumers. Second, it may be the negation of formal institutions, whether tax evasion, shop-floor resistance or the world traffic in drugs. Third, it may be the residue of what is formal, that is more or less independent of it, not predicated on it, simply other: The informal economy can then be taken to be an economic variant of the general theory of formal organizations. It is nominalism of the most haphazard sort to claim that the urban poor have an informal economy but their rich masters do not; or that the Third World has an informal sector but not the industrialized West. As long as there is formal economic analysis and the partial institutionalization of economies around the globe along capitalist or socialist lines, there will be a need for some such remedial concept as the informal economy. Its application to concrete conditions is likely to be stimulated by palpable discrepancies between prevalent intellectual models and observed realities. Later the accelerating decline of the British economy encouraged some social scientists to adopt the term there. The common strand is the growing gap between modern states and the wider economic environments that sustain them. Keith Hart Bromley, R. The urban informal sector: *World Development* 6, nos. Urban unemployment in East Africa: *East African Economic Review* 4 2 , December, 17â€” Informal income opportunities and urban employment in Ghana. *Journal of Modern African Studies* 11, 61â€” Employment, Poverty and Environment. Economic development with unlimited supplies of labour. Manchester School of Economics and Social Studies 22 2 , â€” London Labour and the London Poor. University of Chicago Press.

Chapter 4 : Recognizing Africa's Informal Sector - African Development Bank

1 Possibilities of Transformation: Analyzing the Informal Sector in India Surbhi Kesar Abstract In the literature on economic development and modernization, it has been widely expected that with.

In the apartheid era it was constrained by sanctions and racial policies. However, the post-apartheid state actively encouraged a series of policy measures to foster the economic growth of South African construction firms. Key to the policy process was the establishment of a Construction Industry Development Board, a Register of Contractors, the scheduling of public sector spending through the Medium Term Expenditure Framework process, and support programmes to develop the emerging black contractors. The almost immediate shift from the social democratic Reconstruction and Development Programme RDP in to a series of neo-liberal macro-economic policies, from onwards, ensured increasing levels of labour flexibility and improved productivity of the labour force. State intervention was therefore crucial in ensuring that the construction sector enjoyed 18 years of sustained economic growth with an average GDP contribution of 2. The tendency of increased concentration of capital within the construction industry monopolies in South Africa which was in decline in the late s was effectively being reversed with the ruling African National Congress taking power in . The gross operating profit for the construction sector in was R6. The five large Johannesburg Stock Exchange JSE -listed heavy construction companies, aggregate real pre-tax profits in were R million and more than double R million in , a massive increase of per cent compared to the two years this over a 15 year period. The recovery from the crisis of profitability is due to rapid capital accumulation; despite what has been called the worst global recession since the Great Depression of the s. Centralisation of capital under apartheid saw about 5 per cent of construction companies accounting for 63 per cent of turnover in the industry and by , about 1. This increased power of construction cartels allowed for the massive corruption through the collusive practice of bid rigging and excessive overpricing. Construction companies extracted or attained huge financial gains for themselves at the expense of workers and the tax payers. Through black economic empowerment, the ANC government set a target of 25 per cent black-ownership by to transform the class and race composition of the large construction companies – such attempts have failed dismally. The latest figures show that only around 10 per cent has been achieved. Therefore since apartheid, the trend can be viewed as one of an increasing concentration and centralisation of capital amongst the established apartheid-era construction companies. The recovery from the crisis of profitability is not only due to the neo-liberal policies of the post-apartheid government but mainly due to the weakening power of the working class. This further increased to 26 per cent from to . Coupled with rising capital intensity within the sector, the crisis of the s also dramatically altered the labour process through changes in how production was carried out in order to reduce operating costs and thereby enhance competitiveness. The construction sector rapidly changed the labour process from increased casualisation to one of externalisation of workers through subcontractors and labour-brokers. The general trend has been for construction companies to downsize their workforces to fewer core site employees. Subcontracting arrangements became increasingly prevalent with up to 70 per cent of building and 30 per cent of civil engineering projects subcontracted out. The majority of employers in the industry also relied on sourcing skilled people which did not restrict the growth of the companies. The estimated composition of an onsite construction workforce is normally 50 per cent unskilled, 26 per cent semi-skilled, 19 per cent skilled and 5 per cent supervisory. In other words, there is no real interest in the skilling of the vast majority of unskilled and semi-skilled workers who make up 76 per cent of the general construction production process. This is a reserve army of labour, a disposable workforce that can be called upon when capital expands - and disposed of immediately afterwards. The clear example is that by the time the FIFA World Cup kicked off in South Africa, construction jobs were lost after building stadia and other required structures. Signing up and retaining union members under these circumstances are challenging. Construction employment was at its lowest at in but climbed to an all-time high of 1 in . Thus, despite the growth in capital intensity within the sector; the dramatic expansion of production required an increasing pool of the reserve army of labour in productive employment. Also, somewhat ironically, the Framework

Agreement on labour intensive construction contributed to the marginalisation of the trade unions. In terms of the RDP, parastatals and the public sector encouraged contracts to small and new black businesses where most of the workers were in vulnerable employ. Furthermore, the changes brought about in transforming the productive forces were the key factors in increasing labour productivity, in order to restore and increase the level of profitability in the construction sector in post-apartheid South Africa. Over the twenty year period from 1994, the total productivity of construction workers increased by 60 per cent with an average productivity increase of 6. The increases in productivity were not only due to the introduction of machinery but also due to increasing the intensity of labour in the production process. By 2014, the mean hours worked in the construction sector had increased to 49 hours per week or 16 hours overtime per month. However, labour has not been compensated for increases in productivity. According to the Labour Market Survey real earnings for the average worker across industries remained almost unchanged since having consistently remained below R2, a month since 1994. Labour Research Service wage data indicates that the real average minimum wage of formal employed construction worker in 2014 was R2, per month, not far off the median monthly wage of R2, This implies that the income of the construction workforce has not changed substantially and the construction sector has maintained the cheap labour system entrenched since apartheid. Income inequality is increasing at alarming levels. One of the clearest expressions of the decline in the power of the trade union and workers struggles is the fact that the wage share has declined from a high of 72 per cent in 1994 to 46 per cent in 2014. Today the membership of the National Union of Mine Workers and the Building Construction and Allied Workers Union membership declined not far off from the level reached during the 1980s and 1990s. A decisive shift and commitment to social movement unionism is necessary, as are changes to the organisational form of the unions to adequately represent a fragmented and localised construction workforce. As in the past, the strategic strength of the construction trade unions lies in linking up with the militancy and spontaneous struggle of workers and harnessing the discontent of working class communities. In so doing, new alliances will be formed and new forms of solidarity will become possible to struggle against the scourge of rampant and growing inequality in South Africa.

Nollywood was born in the informal sector of the Nigerian economy, which allowed it to flourish but also imposed limitations and rendered it nearly invisible to the institutions of international.

Share In recent years, many African countries have experienced a growth revival, but this has not necessarily generated decent jobs. Unemployment remained high among youth and the adult African population. Little attention has been paid to the role of informal sector in fostering growth and creating jobs. Nine in 10 rural and urban workers have informal jobs in Africa and most employees are women and youth. The prominence of the informal sector in most African economies stems from the opportunities it offers to the most vulnerable populations such as the poorest, women and youth. Even though the informal sector is an opportunity for generating reasonable incomes for many people, most informal workers are without secure income, employments benefits and social protection. This explains why informality often overlaps with poverty. For instance, in countries where informality is decreasing, the number of working poor is also decreasing and vice versa. Factors explaining the proliferation of informal economy in Africa The informal economy is often associated with increasing poverty and weak employment conditions. According to the African Development Bank, middle-income countries have smaller informal sectors but higher unemployment rates than the poorest countries. By investing through informal channels, African entrepreneurs seek to reduce costs related to wages, retirement pensions and other social benefits. Beyond poverty and social issues, the prevalence of informal activities is closely related to an environment characterized by weaknesses in three institutional areas, namely taxation, regulation and private property rights. Higher taxes and complicated fiscal process may prevent informal sector operators from formalizing their activities. Long requirements for registration as well as licensing and inspection requirements are also barriers faced by the informal sector. Moreover, limited access to capital is an important constraint for operators working in the informal sector. Lack of skills, education and training are also impediments to the formal sector in Africa. Other factors include the limited access to technology and poor infrastructure. This can also improve the capacity of informal workers to meet their basic needs by increasing their incomes and strengthening their legal status. This could be achieved by raising government awareness, allowing better access to financing, and fostering the availability of information on the sector. Policy-makers in Africa should recognize the important role informal sector companies play in the economy. Associating the informal economy to criminal endeavours or tax evasion is not a good way to formalize the sector in Africa. There is a need for African governments to coordinate their policies and strategies in order to support the formalization of the sector. Effective regulatory framework, good governance, better government services, improved business environment, and improving access to financing, technology and infrastructure are essential in this process. In that regard, development partners have pledged their commitment to support the formalization process. In addition, African policy-makers should be aware of the heterogeneity of the informal sector. According to a recent study on West Africa, governments should distinguish between small and large informal firms. The latter category plays an important role in the economy comparable to the role of major formal firms. Thus, African governments should adopt specific policies to bring large informal firms under formal regulation. For this, a systematic approach should be adopted in order to enforce a comprehensive regulatory regime including, for instance, registration for a formal tax regime. Better access to financing: Limited access to funds is one of the major factors explaining the development of the informal economy. Facilitating access to formal financing channels such as micro-credit could be an overriding step to encourage informal entrepreneurs to shift toward more formal economic activities. However, raising the awareness of large conventional commercial banks of the potential of the informal sector is also essential. Improving access to information: The fact that the informal sector has for a long time been neglected by policy-makers has not helped in generating knowledge on this sector. For instance, informal activities are often invisible in official statistics. In order to analyze the contribution of the informal sector in the economy, it is important to collect and maintain relevant information. This includes a wide range of information, such as the characteristics of actors, tax collection, impact on employment,

working conditions, and productivity of informal companies.

Chapter 6 : What Does the Informal Sector Mean for Global Economic Growth? | HuffPost

The Malawi Union for Informal Sector is the organisation established to organise, promote, protect, and negotiate issues dealing with the rights of informal economy workers and business training. What are the group's vision and mission?

The informal sector refers to those workers who are self employed, or who work for those who are self employed. People who earn a living through self employment in most cases are not on payrolls, and thus are not taxed. Many informal workers do their businesses in unprotected and unsecured places. Do we have the informal sector in Malawi? In Malawi the majority of people plying their trade are in the informal sector. Some are in this sector because of retrenchments or downsizing; others school leavers or widows seeking to make a living; and some are entrepreneurs who have built up their own businesses. Examples of the informal sector In Malawi the informal sector can include vendors, such as people selling various merchandise such as vegetables. The workers in this sector also include hawkers, marketers, vendors, artisans, small veranda khondes businesses and cross border traders. Does the informal sector have a union? There is the Malawi Union of the Informal Sector, which was established in The Malawi Union for Informal Sector is the organisation established to organise, promote, protect, and negotiate issues dealing with the rights of informal economy workers and business training. The vision of the group is to look at decent standards of living for all Malawians in a stable economy and to transform informal businesses into viable corporate establishments. Vendors, hawkers, marketers, cross border traders and any informal traders can become members of the group through their branches in the country. The membership is at 10 but potential is estimated at over two million people. According to the Malawi report, the subscription fee is two hundred kwacha K Is there progress in the informal sector? The report reveals that workers in the informal sector face problems that range from lack of security to harassment by public officials. It also says that the workers in the informal sector are subjected to appalling and dangerous working conditions that result in ill-health. However, MCTU director of research Paliani Chinguwo says all the challenges that workers in the informal sector face emanate from lack of co-ordination and harmonisation of policies. Southern Africa Trade Union Coordinator Council Satucc Executive Secretary Austin Muneku notes that most players in the informal sector in the Sadc region are struggling as there are no fixed working hours and no minimum wages. He calls on Sadc to give attention to the challenges as well as transformation of the informal economy to formality to ensure its positive contribution to decent work. Read more Find out more about Minimum Wages in Malawi.

Chapter 7 : Informal Economy – The Memory Bank

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Background[edit] The United Nations defined Lagos as the only mega city yet to have an organized public transportation. The population is highly mobile and largely reliant upon public transport however the lack of formally organized public transport has led to gross inefficiencies in its provision and a low level of service to those forced to use it. Public transport in Lagos has been widely described as chaotic, inefficient, expensive, low quality and dangerous both in terms of road traffic accidents and personal safety. Vision[edit] To provide a world class, sustainable integrated transport system that satisfies stakeholders and drives the growth of Lagos. Mission[edit] We plan, implement and regulate commercial and multimodal transport system that ensures seamless mobility and customer satisfaction through committed professionals. It is obvious that each bus routes has a peculiar operational characteristics considering the social, economic and environmental variables that will guide their operations. As a result, the continuous franchising of all the Bus Routes in Lagos is expedient. The process geared towards the franchising of these routes is ongoing. In this model, the service routes are franchised to a Private Operator whereby Government provides the infrastructure i. The private sector procures the buses, is responsible for operation and maintenance of the buses, recruitment of personnel and revenue collection among others. The contract option that is currently being used for the current contract i. The Contract option allows LAMATA to specify the routes, design service specifications, set standard of operations and fares whilst the operator recruit, train crew and manage operations. The operator also enters into a franchise agreement with the State Government to maintain the buses, adhere to the set standards and paid the agreed franchise fees to the government. BRT System The introduction of the BRT system to the Lagos Metropolitan roads owes its present state to decades of concerted efforts and initiatives in Bus planning and restructuring, adaptation and Government intervention. The BRT Scheme demonstrated a unique public transport progression which started from bus operations of unfettered market to one with planned approach with restricted players and the transition to government contracting model. The need for a bus reform in Lagos became obvious in the face of alarming rate of disorganized services and lack of structure in the Public Transport sector thus creating need for total restructuring of the sector. The system commenced operations with buses that runs from 6. The system in the first 4 years of operation had moved more than million passengers. The Scheme gained acceptance from all commuting public and Lagosians. Over direct and indirect jobs were also created. However, after successful bus loan repayment and operations success, the operation began to dwindle as a result of operations and management challenges. After a prolonged state of the Union inability to meet up with the set operations standard, the franchise was terminated in September From inception till date, the BRT scheme has conveyed over million passengers, reduced the waiting time of passengers to about 10 minutes and has consequently reduced the volume of emission on the BRT corridor. The BRT currently has 45 bus shelters, 5 terminals and 2 bus depots which house a maintenance bay, a fuel dump, an automatic washing bay, administrative offices and other appurtenances for the smooth operation of the system. The operation is guided by a set of regulations approved by the Lagos State House of Assembly and signed into law in The regulations restrict all other road users from using the BRT lane. Finally, the BRT scheme has created the opportunities for bus reform and regulations of the scheme. The brand competence is evident in its execution of projects and implementation of initiatives that continue to impact on the transformation of the transportation sector of Lagos State. The Urban Rail Network consists of seven railway lines planned along priority and high commuter demand corridors within the Lagos metropolis and farther. The seven lines link the major population and activity centers in the state, as well as taking advantage, where possible, of existing transport corridors. The network is fully integrated with planned and existing water transport and BRT routes. Hence, the development of MRT will need to be supported by complementary quality public transport networks, integrated with MRT. The Lagos Cable Car Project is designed to deliver such a system. The project will attract private sector funding thus increasing the level of investment available

for improving transportation in Lagos.

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IMPACT OF THE INFORMAL SECTOR ON THE CURRENT ZIMBABWEAN ECONOMIC ENVIRONMENT. 1. Clainos Chidoko, 1. Garikai Makuyana, 2. Paul Matungamire and. 2. Joseph Bemani.

Chapter 9 : Institutional transformation of BPJS Ketenagakerjaan (English) | The World Bank

In this paper, we investigate the evolution of the informal sector through structural transformation. We develop both a three-sector and a five-sector dynamic general equilibrium (DGE) model, which can simultaneously account for structural transformation between agriculture, industry and services, and between the informal and formal sectors.