



The Informal Economy

DEVCO C4 Trade and private sector development (TPSD)
Annual Seminar 2020

26th November

Learning objectives

- What does the theme cover?
 - Definitions
 - Trends and characteristics
- What can be done?
 - Transition to formality
 - Overview of policies from big players, including the EU
 - General and sectoral policy approaches: Focus on Social Protection
- How can it be done?
 - Example of a programme on Informal Sector
 - Lessons learned from 15 EC-funded projects
 - Recommendations from other development organisations
- The informal sector and the COVID-19 crisis

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The informal economy

Difficult to define, but easy to recognize



Many definitions, but nobody has ever seen one



Changes its colours with every new regulation



Too big to be ignored and left to itself



The informal economy

ILO Recommendation 204 (2015)

The informal economy refers to all economic activities performed by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements

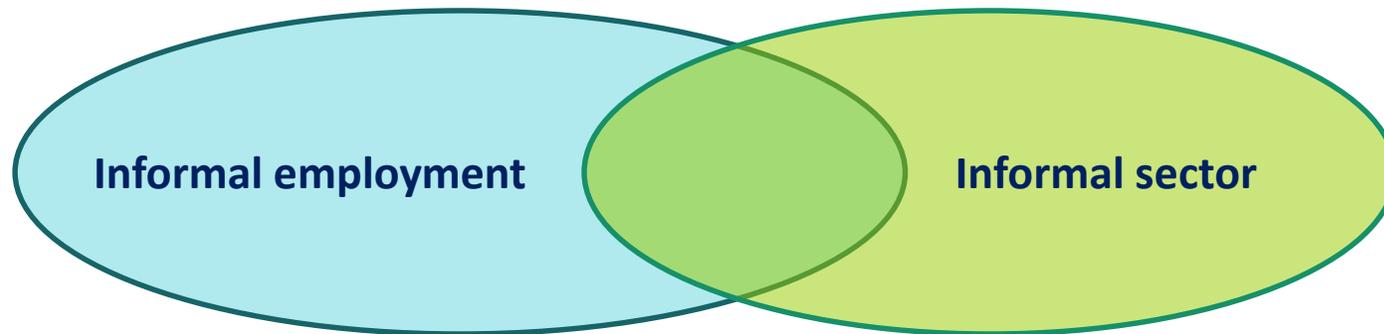
The informal economy does not cover illicit activities.

“Economic units” in the informal economy include:

- **units that employ hired labour**
- **units that are owned by individuals working on their own account, either alone or with the help of contributing family workers**
- **cooperatives and social and solidarity economy units.**

Informal economy

- Two components:
 - Informal sector (enterprise based concept) - 15th ICLS
 - Informal employment (worker / job based concept) - 17th ICLS

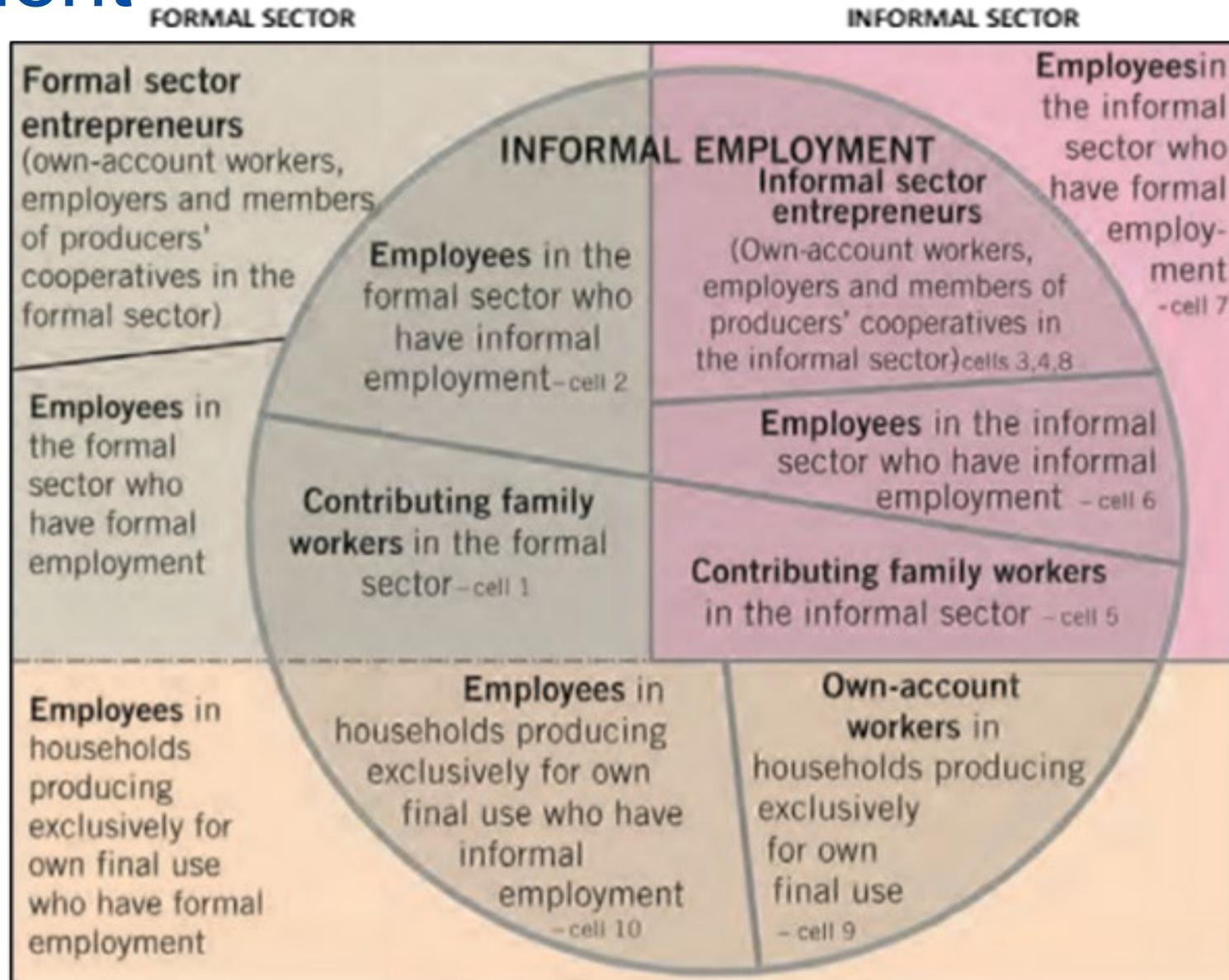


Informal employment

Production units	Informal jobs	Formal jobs
Informal sector enterprises	A	B
Formal sector enterprises	C	D

Employment in the informal sector:	A + B
Informal employment:	A + C
Employment in the informal economy:	A + B + C

- No labour contract
- No access to social protection
- No access to training
- No access to finance
- Low salary (with often resulting low productivity)
- No voice and no trade-unions to represent them.



Diagnostics of informality

Macro economic context

Inability of the economy to create enough formal jobs

Economic crisis and economic restructuring

Flexibilization of formal jobs as a result of globalization pressures

Regulatory framework inadequate or excessive

Weak enforcement systems, incl. labour inspection

Lack of adequate social benefits to secure income / inappropriate modalities to comply

Regulatory framework, institutional & enforcement mechanisms

Micro level determinants

Low educated and qualified workforce => low mobility from informal to formal jobs

Discrimination (exclusion of workers from jobs based on race, gender, age)

Lack of access to market; finances; technology

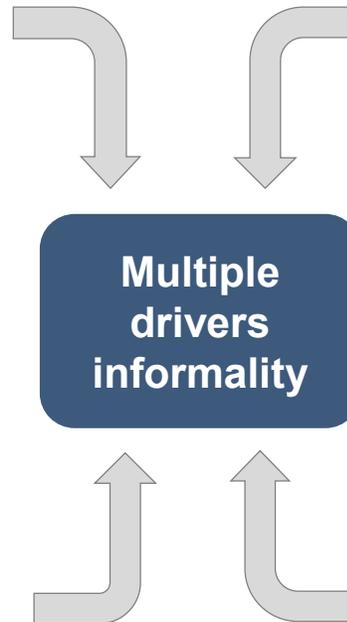
Lack of voice and representation of workers

No tax or other contributions

Ease of entry (little skills, no formal education)

Little or no quality requirements or regulatory enforcement

Attractiveness of informal activities



Consequences of informality

economic

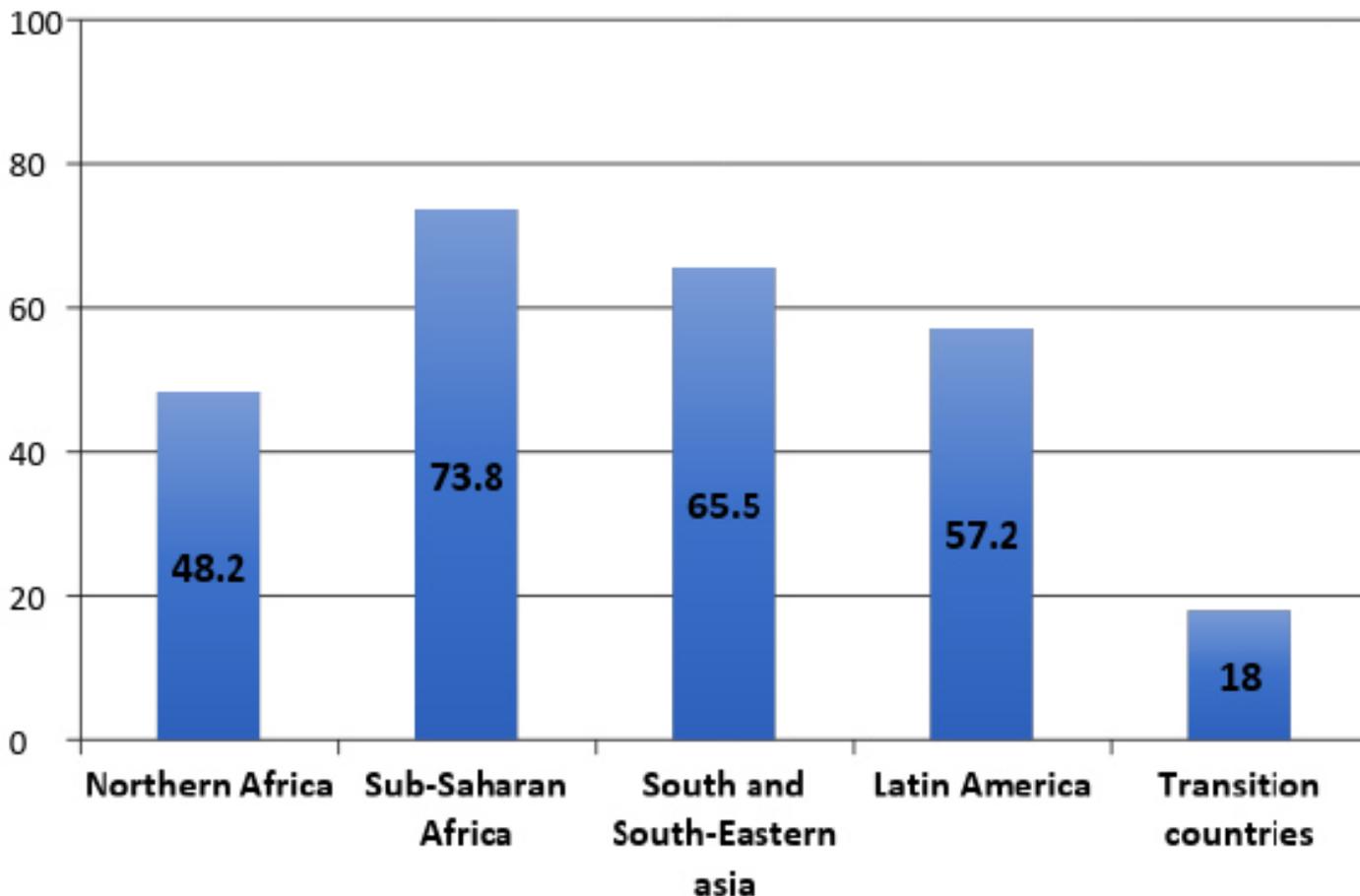
- Low productivity
- Lack of jobs
- Lack of growth or growth not inclusive
- Poor fiscal space and small domestic revenues
- No or small investment

social

- Working poor, underemployment and unemployment
- Workers lacking protection (no rights, no voice, no representation)
- Vulnerable groups most at risk
- Lack of social mobility
- Migration
- Social instability

Trends and characteristics

Share of employment in the informal economy in total non-agricultural employment,
Charmes 2012

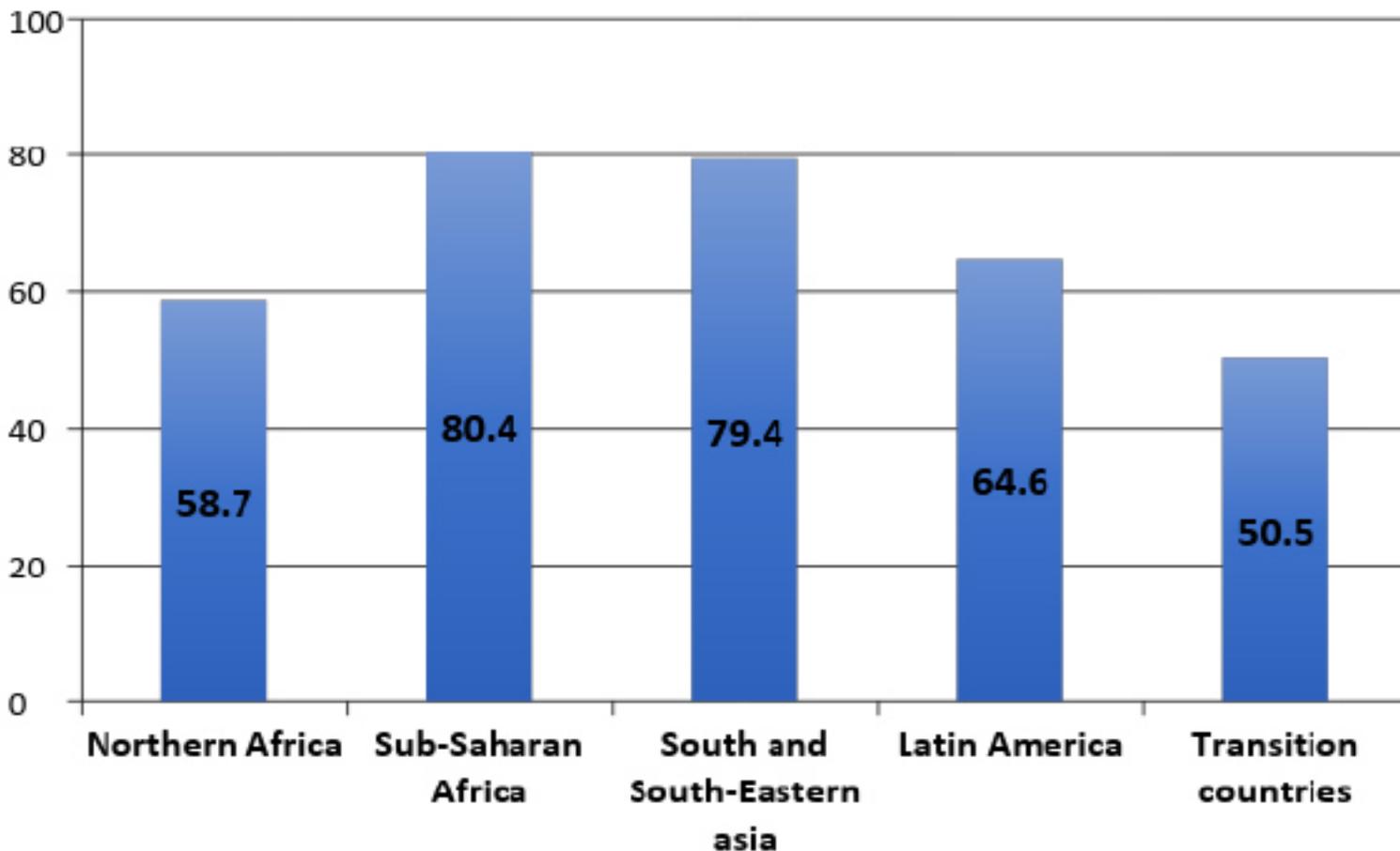


61.2% of the global labour force

50.5% excluding agriculture

Trends and characteristics

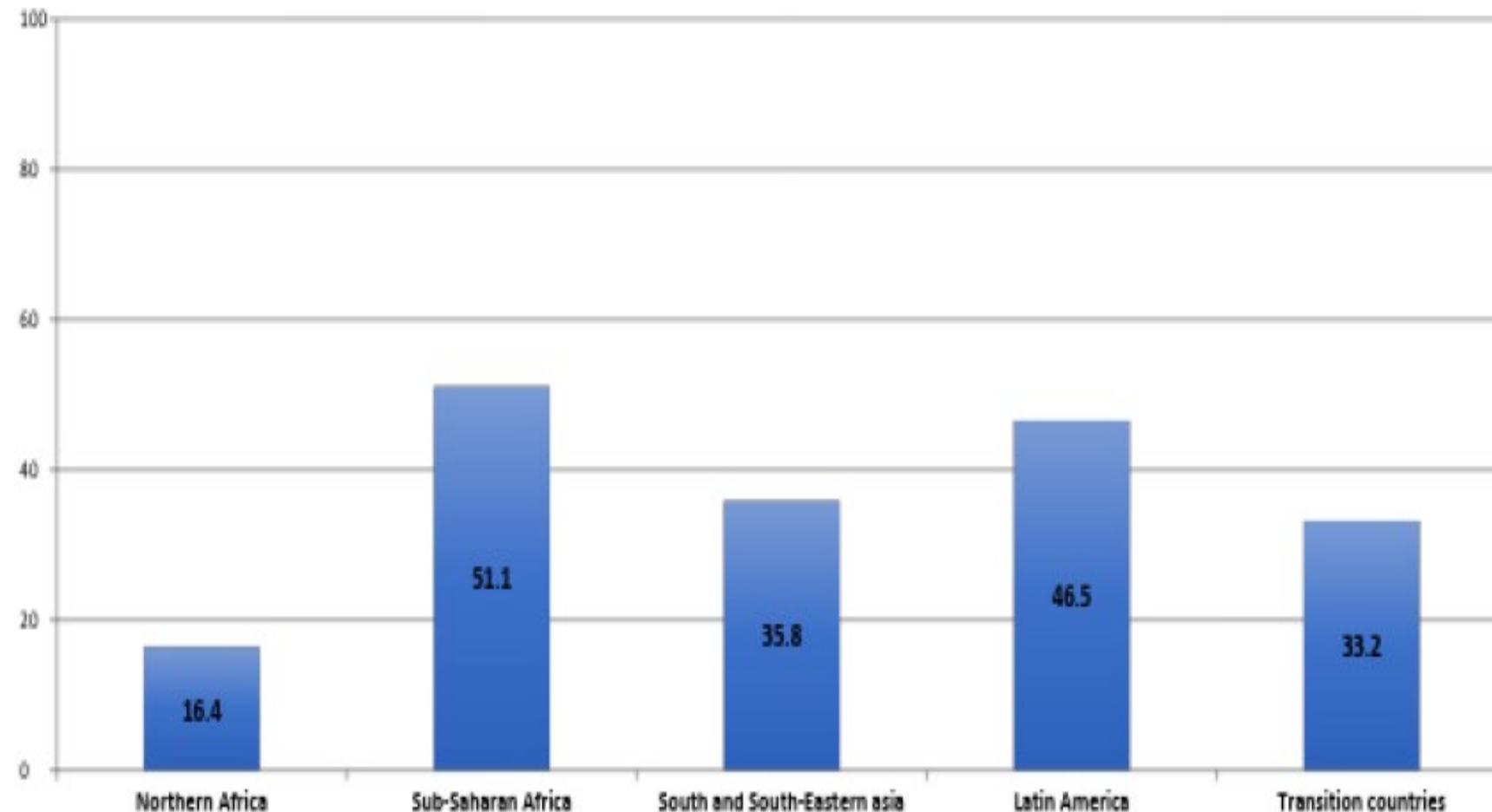
Proportion of informal sector in non-agricultural employment in the informal economy,
Charmes 2012



The growth of informal employment in formal firms originates in the rapid increase of the labour externalisation process and in the increasing number of outworkers, home-based workers and precarious jobs sub-contracted by formal firms

Trends and characteristics

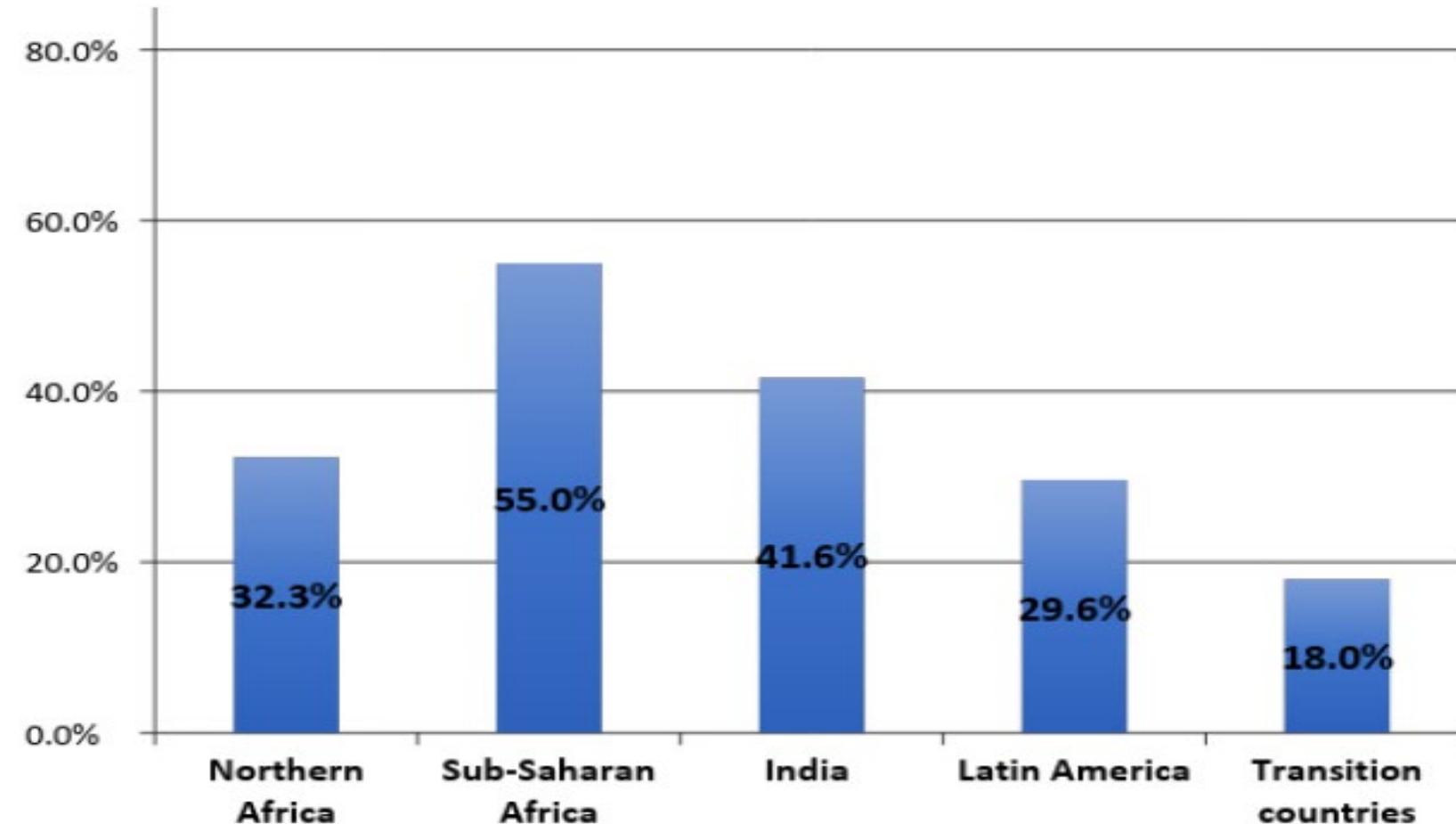
Proportion of women in the informal economy by region in 2005-2010, *Charmes 2011*



The proportion is much larger if the agricultural sector is included, but hard to quantify

Trends and characteristics

Contribution of the informal economy to GDP, *UN 2015 and national sources*



Growing in SSA, decreasing elsewhere

Note: This graphs considers only the economic units of informal sector.

Informal employment outside the informal sector (informal workers in the formal sector, domestic workers, subsistence producers) is, however, rarely measured as a component of GDP

Q&A

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Transition from informality to formality

- Transition from the informal to the formal economy is essential to achieve inclusive development and to realize decent work for all
- **Role of the state** - take urgent and appropriate measures to **enable the transition** of workers and economic units from the informal to the formal economy
- **Employers' and workers' organizations** play an important and active role **in facilitating the transition** from the informal to the formal economy

Role of the state in the transition

1. Identify the nature and extent of the informal economy using tripartite mechanism
2. Tailor the strategy for transition to the needs– in social dialogue with employers’ and workers’ organizations
3. Ensure policy coherence
4. Balanced approach combining incentives with corrective measures

Integrated policy framework

Economic measures

- Business environment reform/ conducive business and investment environment
- Promotion of entrepreneurship
- Access to financial and business services
- Access to markets

Social measures

- Enforce core ILS, including OSH
- Strengthen social dialogue and use it
- Access to education, LLL and skills development
- Social protection
- Effective labour inspections

Implementation

- A. national laws and regulations;
- B. collective agreements
- C. policies and programmes;
- D. effective coordination among government bodies and other stakeholders;
- E. institutional capacity building and resource mobilization; and
- F. other measures consistent with national law and practice

Social dialogue is key

- Workers' and employers' organisations should be consulted during the design, implementation and evaluation of policies and programmes aimed at formalisation of the informal economy
- Include informal workers and economic units

Overview of policies

- Many times in an implicit approach, through programmes of poverty reduction, access to finance, cooperative support...
- Some donors have an explicit approach. Essentially the ILO but also World Bank, SIDA, EU
- Distinction between rights-based approach and business-minded approach

Overview of policies

- The Decent Work Agenda focusing on qualitative aspects of work, and oriented towards active “working out of poverty”
- The Recommendation 202 concerning National Floors of Social Protection
- The Recommendation 204 concerning the transition from the informal to the formal economy

A rights-based approach that is adopted by other donors in all kind interventions, as the informal economy is linked to poverty, social exclusion, no access to services, rights, representation, voice.

Overview of policies

The World Bank approach to informal economy

The major causes of informality are overregulation, excessive bureaucracy, impact of labour regulations, too generous fiscal policies, complicated tax and tariff systems, lack of transparent property rights, or lack of business freedom

The two major policy orientations are therefore labour market flexibility and business deregulation -business enabling environment and flexicurity-.

- Reducing the stock and flow of regulations and procedures
- Reducing and simplifying taxes and import tariffs
- Increasing the stock of formal land
- Improving access to credit.
- Improving public sector governance

A business-minded approach also adopted by the donor community with the reinforced focus on private sector engagement

Overview of policies

The SIDA approach to informal economy

In its 2003 Private Sector Development Programme, SIDA suggested an operational approach towards the informal sector :

- Ensure that projects targeting informal economy actors either directly or indirectly include a differentiated target group analysis in order to identify which intervention areas would generate the greatest impact;
- Re-assess existing projects that target groups belonging to the informal economy in order to increase effectiveness and impact and to avoid any negative effects;
- Exchange views with other donors on matters related to the design, implementation and evaluation of informal economy programmes and projects and on how to best support informal enterprises in order to gradually integrate informal economic units into the formal economy.

The informal economy is integrated as a cross-cutting issue under its private sector development strategy and policies, attached to the poverty reduction and other related goals.

Overview of policies

The EU approach to informal economy

Education and training in the context of poverty reduction in developing countries 2002

Thematic briefing note on the informal economy and decent work 2009

Agenda for new skills and new jobs 2010

New European Consensus on Development 2017

Connected to decent work and ILO labour standards:

- Creation of decent employment opportunities
- Rights at work
- Social protection
- Social dialogue

A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries 2014:

Recognition of the informal sector as a key employer, and promotion of formalisation:

- Incentives for formalisation include effective institutions, legal systems and secure property rights – especially for land – are mentioned as collateral to loans.
- Measures for productivity include access to markets, finance, infrastructures, technical and vocational training.
- Working conditions can be guaranteed through assets as safer working environment, social services and capacity development of informal support organisations.

A hybrid approach rights-based / business-minded

Overview of policies

EU Funding Instruments and Programmes

- Global Public Goods and Challenges
- Civil Society Organisations and Local Authorities
- Pan-African Programme
- Investing in People

Overview of policies

- *AAP 2020 Intra ACP* → “Financial Inclusion, Access to Finance focusing on the Underserved”
- “**Supporting access to services for the informal sector**” (EUR 17 million, Intra-ACP scope)
- *Overall objective* → **economic resilience** in ACP economies by **supporting the underserved segments of their economies**, especially those most impacted by the **COVID-19** related crisis.
- *Specific objectives:*
 - MSMEs increasingly **formalized** and **supported** in order to mitigate the impact of the COVID-19 related crisis in ACP partner countries.
 - Local financial institutions encourage and expand **access to banking and financial services for all**

Overview of policies

How do we reach for these goals?

- *Hybrid approach*: **rights-based** and **business-minded** dimensions
- *Partnership* with UNDP + ILO + WIEGO
- Role of the **EUDs** in the choice of the pilot countries
- *Activities*:
 - **Policy** and **regulatory reforms**
 - Support informal **organisational networks**.
 - Financial and **capacity building** initiatives for informal sector operators → incentive towards their formalisation.

Policy approaches

Upgrading informal activities within the value chain

- Providing capacities, relationships, capital, inputs and skills for income generating activities, in a sustainable manner (market systems approach)
 - Recognition and upgrading of skills developed in the informal economy; Technical but also managerial and soft skills; Training of informal trainers
 - Bridge the gap in procedures & practices, standards, attitudes, information and networks, opportunities and services
 - Focus on access to finance –working capital credit, investment loans, insurance, means of payment...

Policy approaches

Balancing the legal obligations and benefits

- Oversight and taxation
 - Simple procedures, transition period
 - All inclusive, transparent, easy to pay

vs.

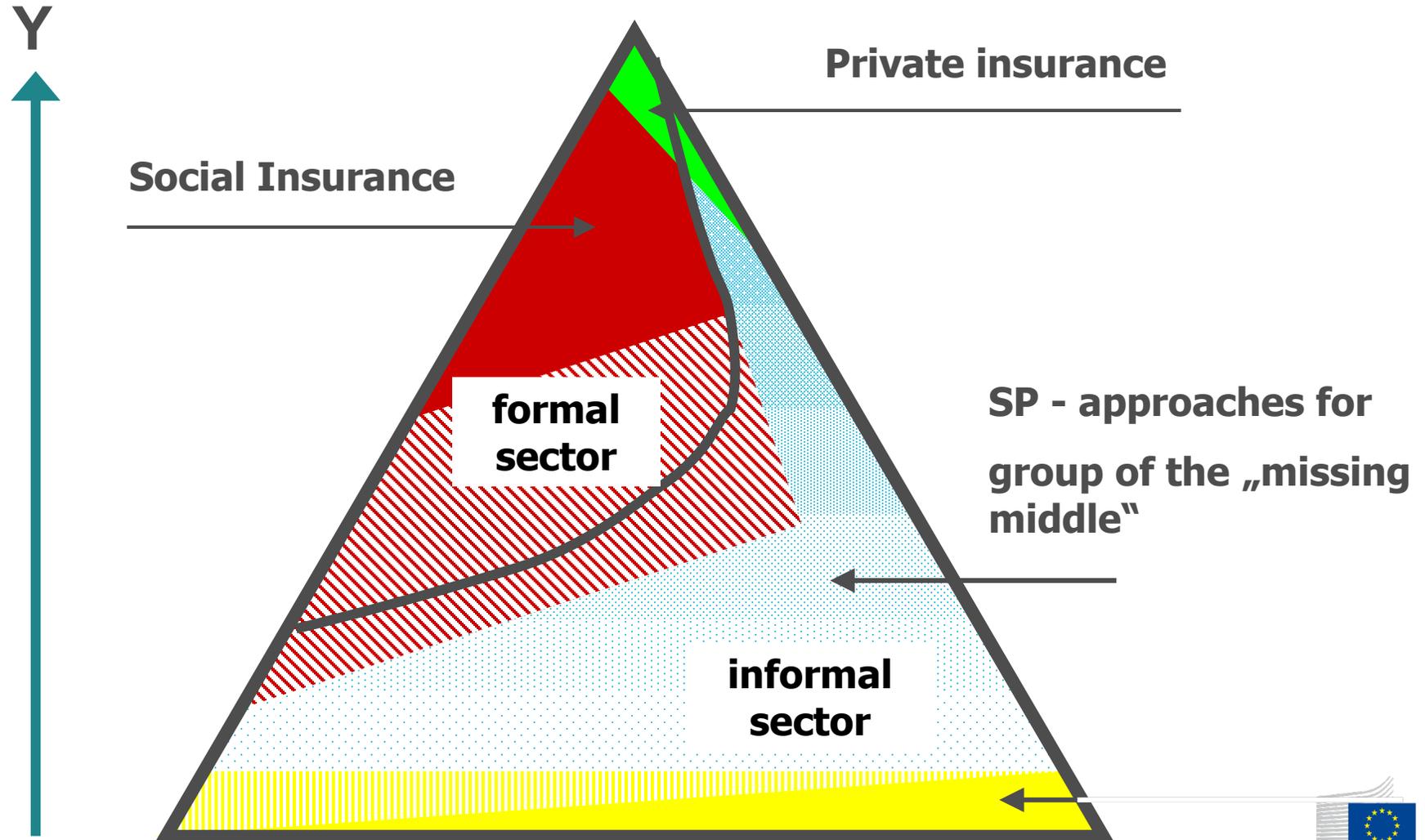
- Extension of social protection
 - Social assistance, safety nets, unemployment benefits, retirement health protection

Social Protection – Informal sector

Situation:

- Approximately **60%** of the world's population, ca. **4.68 billion people**, work in the informal economy
- Overall, **55%** of people worldwide have access to at least **one Social Protection benefit** – ca. **84%** of the informal economy workers are **excluded** from any Social Protection measures
- Most common **financing sources** in the informal economy are: some social assistance (universal schemes), own savings, non public (diaspora, NGOs, self-organized funds)
- Shortcomings became even more obvious during the **COVID-19** pandemic

Social Protection – Informal sector



Social Protection – Risks and responses

Risks	Responses
Illness (medical expenses, loss of income)	Health insurance
Maternity	Maternity coverage
Family responsibilities	Family allowances, childcare
Disability	Disability insurance, programmes for disabled people
Old age	Pensions
Occupational injury and illness	Work injury insurance
Death	Life insurance, survivor's pension
Extreme poverty	Social safety nets, guaranteed employment, cash and in-kind transfers
Unemployment	Unemployment benefit, skills training
Climate, natural disasters, war and long-term fragility	Emergency relief

Social Protection – Informal sector

Challenges:

- the **'missing middle'** excluded from contributory Social Protection schemes and from many social assistance schemes and social safety nets
- the self-employed represent the bulk of the informal economy and **contributions to Social Protection are difficult to apply and to collect**
- so called informal workers in the formal sector are not, or not sufficiently covered, by Social Protection, have no interest to claim for their rights because **fearing to loose their jobs**
- **income distribution** in individual households (sometime mix of members working in informal and formal economy)
- **public or private intervention**, or also **social and solidarity economy** as main tool for extending coverage?

Social Protection – Informal sector

Why to extend Social Protection in the informal economy?

- Social Protection is a **right**
- Social Protection **benefits workers**: healthier, more productive, empowered – it boosts livelihoods, households' ability to invest and increases resilience
- Social Protection **benefits stability and social cohesion**: avoids disruption and social unrest, promotes social and political stability
- Workers pay for it through **sales tax** and **VAT** even if not through income tax or profit

Social Protection – Approaches ensuring Social Protection

Contributory social insurance, such as health, pensions, unemployment, and long-term care.

Non-contributory social assistance, such as conditional or unconditional cash-transfers, social pensions, stipends and in-kind transfers.

Labour market measures, such as skills promotion and labour-intensive public works (food- or cash-for-work), and technical vocational education and skills training.

Traditional informal safety nets provided by families and communities – such as care for relatives and neighbours.

Social Protection – Informal sector

Proposals for a better coverage



SYSTEM

Legal and institutional strengthening

- Legal frameworks for informal workers
- Improving the design of social protection schemes
- Improving governance
- **Financing***
- Law enforcement
- **Protection in emergencies***



Improving access to Social Protection

- Special membership status in social insurance schemes
- Flexibility in changing status (formal/informal)
- Flexibility for payments into insurance systems
- Flexibility of pension systems
-

Integration of community-based support in national schemes

- Recognition at national level
- E.g. India, Philippines, Uruguay



*Protection in emergencies

- Provide general SPF guarantees
- Develop sector specific and context-specific approaches
 - Crop shortfall
 - Failure of production tools
 - Access to credits
 - Labour market support (i.e. public works, skills, capacity building)

Social Protection – Informal sector

*Financing:

- Social Protection arrangements managed by trade unions, community groups or other bodies can be added to government-managed schemes
- Informal employers can pay fees directly into a Social Protection fund for a specific sector of industry (to avoid individual registration of each worker)
- Unique tax system based on other criteria than the wage bill (Monotax in Argentina)
- More or higher benefits for higher contributions

Social Protection – Learning from examples

Extension of Social Protection to informal workers

At country level:

Morocco: Support Universal Health Coverage - extension of the contributory statutory health insurance to the independent workers (liberal professions, taxi drivers) together with an improvement of health service performance

El Salvador: Support of the national Plan on Social Inclusion – the plan focuses on the poor, on the excluded and vulnerable to guarantee the exercise of their rights of access to universal social services (with special emphasis on children and adolescents)

At global level:

Social Protection & Public Finance Management: Improving synergies between Social Protection and PFM and extending coverage in particular to the informal economy

SOCIEUX+: Support coverage extension to the informally employed

Social Protection – What can you do?

What can be my role, as private sector specialist dealing with business environment, to promote Social Protection for workers in the informal economy?

- **overall, think holistically:** when designing programmes for the **private sector** (e.g. jobs creation, skills development etc.) enquire on **Social Protection coverage** at the same time (including the informal economy)
- **advocate for the inclusion of informal workers' associations when they exist** (in addition to “classical” trade unions) in the dialogue related to business environment/reform of labour laws etc., to promote the right of workers (including workers in the informal economy) to Social Protection
- **support the organisation and emergence of such informal workers' associations and to advocate internally** (in the Delegation) for the inclusion of their rights in whatever action to support non state actors or through EIDHR (mainstreaming them)

Social Protection – Informal sector

References:

- Thematic guidance note on Social Protection on DEVCO's Intranet:
https://myintracomm.ec.europa.eu/dg/devco/devco-management/programming/Documents/2021-2027%20programming/thematic_guidance_note_social_protection.pdf
- Guidance Package on Social protection across the humanitarian-development nexus (SPaN). Capacity4dev - <https://europa.eu/capacity4dev/sp-nexus/wiki/guidance-package-span-resources>
- Extending coverage: Social Protection and the informal economy
https://europa.eu/capacity4dev/file/54518/download?token=70_OQbL3

Social Protection – Informal sector

References:

- Supporting Social Protection Systems. Concept Paper No. 4, Tools and Methods Series, European Commission
<https://europa.eu/capacity4dev/file/28199/download?token=7Fc1gRM>
- Tackling Vulnerability in the Informal Economy
<http://www.oecd.org/fr/publications/tackling-vulnerability-in-the-informal-economy-939b7bcd-en.htm>
- Communication ‘Social Protection in European Union Development Cooperation’ (2012) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52012DC0446&from=EN>

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Example of a programme on Informal Sector

I&P Programme
Rose Eclat in Burkina Faso

I&P Accélération au Sahel



Initié par Investisseurs & Partenaires et l'Union européenne, le programme I&P Accélération au Sahel répond aux enjeux de financement et de développement des petites entreprises et start-ups de la sous-région du Sahel et favorise ainsi la création d'emplois décents et pérennes dans la sous-région du Sahel.



LE PROGRAMME I&P ACCÉLÉRATION AU SAHEL : VUE D'ENSEMBLE

FINANCER ET ACCOMPAGNER LES JEUNES ENTREPRISES DE LA SOUS-REGION SAHÉLIENNE

I&P Accélération au Sahel est un programme d'accélération qui vise à **fournir à 300 jeunes pousses de la région du Sahel (petites entreprises et start-ups phase de démarrage) les financements et compétences nécessaires** pour accélérer leur développement et accroître leurs chances de succès dans leur aventure entrepreneuriale.

Déployé sur une **période de 4 ans (2019-2023)**, cette initiative vise à créer et maintenir jusqu'à **5 000 emplois** notamment parmi les populations vulnérables (jeunes, femmes) et générer un tissu entrepreneurial dynamique dans **13 pays ouest-africains** : Bénin, Burkina Faso, Cameroun, Côte d'Ivoire, Gambie, Guinée, Ghana, Mali, Mauritanie, Niger, Tchad, Togo et Sénégal.

Ce programme propose 3 volets d'accompagnement pour favoriser le développement de ces petites entreprises souvent informelles et jugées trop jeunes pour prétendre à un financement « classique » :

- Du financement d'amorçage pour répondre aux besoins de financement (fonds de roulement, équipements, charges opérationnelles)
- Des missions d'assistance technique pour renforcer les capacités et les compétences des équipes des entreprises (formations, coaching, missions d'expertise)
- Un renforcement des capacités des structures d'appui à l'entrepreneuriat à accompagner les entrepreneurs dans leur levée de fonds et leur préparation à l'investissement

La crise sanitaire provoquée par la pandémie de COVID-19 ayant bousculé et fragilisé le secteur privé, I&P Accélération au Sahel dédie une partie de son budget de financement d'amorçage à l'accompagnement des entreprises sahéliennes déjà partenaires d'I&P, en leur proposant des financements supplémentaires pour faire face aux difficultés de trésorerie ou adapter leur modèle économique.

LE PROGRAMME I&P ACCÉLÉRATION AU SAHEL : VUE D'ENSEMBLE

LE CONSORTIUM DE MISE EN ŒUVRE : UNE ÉQUIPE ENGAGÉE ET INTERNATIONALE

I&P Accélération au Sahel est une initiative d'**Investisseurs & Partenaires (I&P)**, un groupe d'investissement d'impact entièrement dédié à l'accompagnement des petites et moyennes entreprises (PME) en Afrique subsaharienne. Nous sommes une équipe d'environ 80 collaborateurs, expérimentés et engagés, et basés dans 8 hubs africains (Burkina Faso, Cameroun, Côte d'Ivoire, Ghana, Kenya, Madagascar, Niger et Sénégal), à Paris et à Washington D.C.

Le programme est déployé localement par 4 sociétés d'investissement africaines créées et sponsorisées par I&P : **Comoé Capital en Côte d'Ivoire, Teranga Capital au Sénégal, Sinergi au Burkina et au Niger.**



L'Union européenne finance le programme I&P Accélération au Sahel à travers le Fonds Fiduciaire d'Urgence pour l'Afrique (FFUE). Depuis plusieurs années, l'Union européenne soutien l'accès à l'éducation et à l'emploi, renforcer le développement du commerce ainsi qu'à améliorer le climat des affaires au Sahel, une sous-région peu convoitée par les investisseurs.

ROSE ECLAT

Pays : Burkina Faso

Secteur : Agro-alimentaire

Date de financement : Juin 2020

Entrepreneurs : Mme Rosemonde Touré, M. Antonio Touré

Fonds partenaire : Sinergi Burkina



Rose Eclat est une entreprise familiale créée en 1999 qui opère dans l'agro-alimentaire, plus précisément dans la transformation de fruits et légumes. Rose Eclat travaille aujourd'hui avec plus de 500 petits producteurs locaux. L'entreprise se positionne parmi les 10 entreprises de séchage de fruits et légumes au Burkina Faso, et au top 3 dans la région centrale. Rose Eclat a été fondée par Mme Rosemonde Touré, qui cumule plus de 20 ans d'expérience dans le séchage des mangues. Elle s'appuie sur son expérience et une équipe jeune et dynamique pour gérer l'entreprise.

PARTENARIAT AVEC SINERGI BURKINA

Depuis 2019, Rose Eclat bénéficie d'un investissement en capital par Sinergi Burkina. Le financement et l'accompagnement de l'entreprise ont pour objectifs de :

- Renforcer la gouvernance de l'entreprise à travers l'instauration d'un nouveau modèle de gestion
- Augmenter la capacité de production
- Contribuer à la diversification de la clientèle et des produits

LA STRATÉGIE DE ROSE ECLAT FACE À LA CRISE COVID-19

Les projets de développement de Rose Eclat ont été ralentis suite à la pandémie mondiale. En effet, les investissements et prêts bancaires ont été retardés de plusieurs mois et la fermeture des frontières n'a pas permis l'acheminement des nouveaux équipements (4 séchoirs-tunnel) en provenance d'Afrique du Sud pour l'aménagement d'un nouveau bâtiment de production. Pour faire face à cette situation, Rose Eclat entend **renforcer sa capacité et sa qualité de production**. Le financement d'amorçage octroyé en juillet 2020 permet notamment à Rose Eclat de :

I&P Accélération au Sahel permettra de sauvegarder les emplois de 500 producteurs locaux (dont 130 saisonniers).



Acheter du matériel de production supplémentaire pour renforcer les mesures sanitaires (blouses, plaquettes nasales, thermomètres, gel hydroalcoolique)



Financer l'approvisionnement en matières premières (250 tonnes de mangues) en l'absence de prêts de campagne disponibles

Example of a programme in a Fragile Context

The Sahel Alliance

Exemple:

Le Groupe Secteur Privé de l'Alliance Sahel

- **Groupe transversal technique lancé en 2020** suite à une décision du CPO fin 2019.
- **Groupe géré par la BEI et la Commission Européenne**
- **Membres du Groupe**
 - Allemagne
 - Banque Africaine de Développement
 - Belgique
 - Danemark
 - France
 - Groupe Banque Mondiale - SFI
 - Pays-Bas
 - Union Européenne (DEVCO et BEI)
- **Initiatives:** ateliers thématiques et réunions techniques, dialogue avec des acteurs locaux clés et partage d'expertise – Plateforme Capacity4Dev



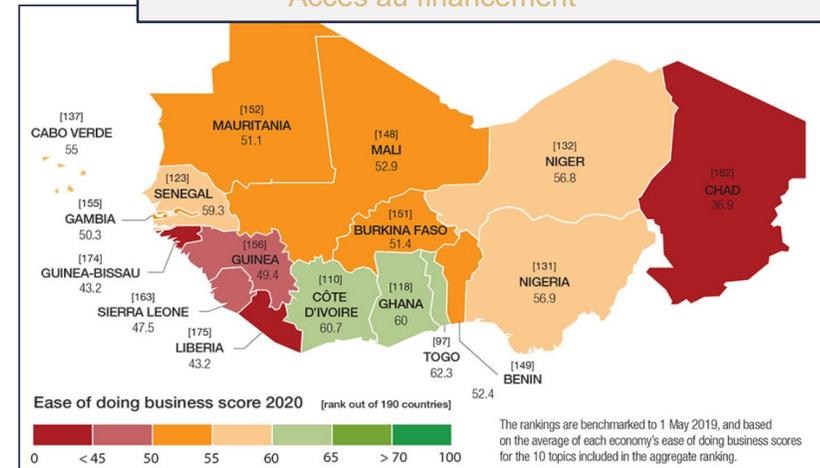
Faits & Recommandations

Reformes publiques pour une amélioration du climat des affaires

- Importance d'un **cadre réglementaire et judiciaire** stable et transparent qui facilite les processus de justice commerciale (litiges et recouvrements) ainsi que les investissements privés.
- **Structuration** des secteurs et chaînes de valeur prioritaires. Reformes sectorielles.
- Transition des entreprises informelles dans le **formel**.
- L'engagement des gouvernements du G5 Sahel demeure essentiel.
- Recommandation aux membres de l'Alliance Sahel d'inclure ces dimensions dans les dialogues politiques sectoriels avec les gouvernements et les programmes d'appui aux réformes.
- Nous appelons à une **tolérance zéro** pour la corruption.
- Relever le défi **sécuritaire**

INDICE DOING BUSINESS :

- 153° /190°
- Contraintes communes majeures:
 - La pression fiscale et les taxes
 - L'accès à l'électricité
 - Exécution des contrats (règlement des litiges et protection des investisseurs)
 - Accès au financement

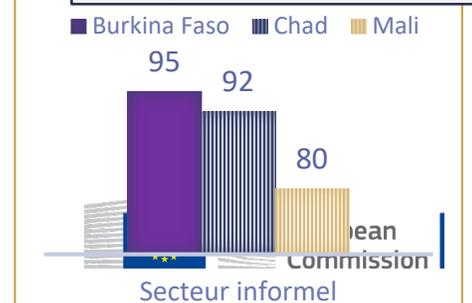


INDICE DE GOUVERNANCE MO IBRAHIM

Overall Governance - Niger	51.2
Overall Governance - Mauritania	43.4
Overall Governance - Mali	50.1
Overall Governance - Chad	35.4
Overall Governance - Burkina Faso	57.1

African minimum	13.6
African maximum	79.5
African average	49.9

SECTEUR INFORMEL - 90% en moyenne



Faits & Recommandations

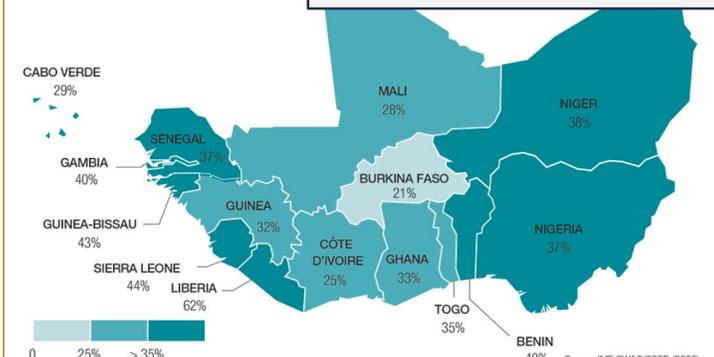
COMPETITIVITE : 133° / 141°



AGROECONOMIE :

- 35% du GDP
- Principal employeur: 21.5 millions d'employés
- Principal potentiel d'exportation: coton, anacarde, sesame, gomme arabe, bois, fruits, poisson (Mauritanie)

Share of the food sector in national GDP (2020)



Soutien adapté au secteur privé Sahélien

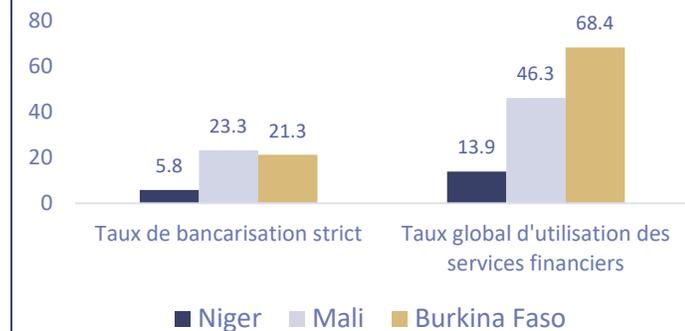
- Programmes d'accompagnement pour faciliter et rendre les entreprises bancables ou investissables.
- Soutien à travers de l'Assistance Technique pour améliorer la compétitivité, la modernisation ou restructuration des entreprises. Transformation industrielle.
- Renforcer l'éducation financière à travers une « Initiative Alliance Sahel d'éducation financière »
- Renforcer l'engagement sur les formations techniques et le développement des compétences professionnelles. Dialogue PP
- Mesures spécifiques pour les entreprises opérant dans les zones affectées par l'insécurité visant plus spécifiquement les femmes et les jeunes ainsi que les entreprises en difficulté
- Mener un plaidoyer pour la mise en œuvre des partenariats public-privé.
- Prendre en compte le développement des échanges sur les marchés régionaux (investissements agro-industrielles)

Faits & Recommandations

Développer des instruments financiers adaptés

- Développement d'outils de partage du risque et d'absorption des risques élevés. **Garanties spécifiques** sur les investissements sahéliens de fonds panafricains (et adaptation des outils existants).
- Privilégier l'émergence de **fonds d'investissement nationaux**.
- Inclusion de **fenêtres spécifiques «Sahel»** dans les pipelines des principales IFIs.
- Développer des outils en **monnaies locales** et d'assurances de risques politiques et de transferts et convertibilité des fonds.
- Soutien aux programmes développant des **systèmes financiers numériques**, dialogue renforcé avec les principaux acteurs du **mobile Banking** (Orange, EcoBank,...).

TAUX DE BANCARISATION de 16 % en moyenne



- 22% des entreprises du Sahel **considère l'accès au financement comme leur principale préoccupation**
- **Entreprises disposant de prêt bancaire ou ligne de crédit** : Mali 26 %, Mauritanie 33% et Niger 28%
- **Garantie exigeant des valeurs** entre 111% et 260% du montant du prêt.
- **Taux de dégradation du portefeuille** entre 22 et 25 %

Faits & Recommandations



COALITION ÉCONOMIQUE AU SAHEL
— POUR LE PARTENARIAT INCLUSIF —

 Institut FRÆ Afrik Association des Femmes de la Région	 GREAT Association de Recherche et de Développement	 CIPMEN Centre Incubateur des PME au Niger	 Centre 4i
 CRASH	 مركز الدراسات والبحوث حول الشرق الصحراوي Ceros	 TIMBUKTU INSTITUTE African Center For Peace Studies	UNION DES PATRONATS (UPAS) – G5 SAHEL
UNION DES CHAMBRES DE COMMERCE ET D'INDUSTRIE DU G5 SAHEL	 AFRICAN YOUTH IN AGRIBUSINESS ORGANIZATION	 ABSM	BEFAD MAURITANIE
BURKINA INTERNATIONAL (BI)	JEUNES SAHÉLIENS POUR LA PAIX	LE CLUB DE L'ENTREPRENEUR DE MAURITANIE	PLATEFORME DES FEMMES DU G5 SAHEL (PF-G5S)

Renforcement des alliances

- Renforcer le dialogue entre **Chambres de Commerce**, autres **acteurs locaux** et **DFIs**
- Privilégier et renforcer **l'échange d'expériences et d'informations** au niveau régional
- Trouver des partenaires et des plateformes qui permettent **une intégration du secteur informel** pour un dialogue structuré
- Renforcer les partenariats avec les **Chambres de Commerce européennes et étrangères (IED)**
- Nous proposons l'organisation conjointe d'un **business forum** « The Sahel Business Forum »

Lessons learned from 15 EC-funded projects

- Secure cooperation and enforcement from local and national authorities
- Establish a suitable operational framework and outreach to the beneficiaries in the informal economy
- Take into consideration social interaction, hierarchies and power relations in the targeted communities
- Identify the right level of governance and the right stakeholders to overcome informality by registration, tracking or surveys of beneficiaries
- Support association building and use economies of scale
- Avoid over ambitiousness and focus on achievable concrete goals

Recommendations from other dev. org.

Enabling environment

- Promote inter-country, particularly regional practice exchange
- Synchronise enabling environment work with community-level actions
- Include informal economy actors in advocacy actions
- Support legal and policy frameworks tackling informal economy
- Coordinate with actors across informal economy-related subjects
- Support value-chain development analysis in areas of benefit to the informal economy

Recommendations from other dev. org.

Decent work and enterprise growth

- Support clear, transparent and inclusive formalisation processes, in line with local realities
- Promote and smooth access to relevant services that support people dependent on the IE
- Monitor the extent of use of services
- Support strengthening of Occupational Safety and Health (OSH) provisions for people in the informal economy
- Promote green jobs in the informal economy and ensure good articulation in value chains

Recommendations from other dev. org.

Direct actions in communities

- Conduct assessments to identify the most likely successful community level mechanisms to support people dependent on the informal economy in a specific context
- Engage in mapping of available training services and carry out assessment of fit between applicants' wishes, labour market needs and available training services
- Ensure vocational education and skills training corresponds to labour market needs in accordance with thorough analysis. Include private and public sector in the analysis.
- Ensure good fit between the needs of people dependent on the informal economy in a specific context and available microfinance services.

Recommendations from other dev. org.

Approaches to enhance livelihoods, equity and inclusion

- Promote and facilitate social dialogue and participation between key stakeholders in the design, planning and dissemination of results, including marginalized persons
- Ensure flexibility in social protection programming as circumstances can change dramatically
- Include attention to food security issues—such as nutrition education and access to quality food— in programming with people dependent on the informal economy who have special food security vulnerabilities.
- Address power imbalances that perpetuate the dependence of vulnerable groups on informal economy employment.
- Carry out gender analysis and/or other analysis of other vulnerable groups dependent on the informal economy with regard to their roles and responsibilities in the household and the community and other relevant issues.
- Consider the logistics ability of women and girls, youth, people with disabilities, living with HIV, refugees and the elderly to access support training and other activities organised with people dependent on the informal economy
- Support economic empowerment of refugees as well as the communities in which they are situated whenever relevant

Q&A

- What does the theme cover?
 - Definitions
 - Trends and characteristics
- What can be done?
 - Transition to formality
 - Overview of policies from big players, including the EU
 - General and sectoral policy approaches
- How can it be done?
 - Example of a programme on Informal Sector
 - Lessons learned from 15 EC-funded projects
 - Recommendations from other development organisations
- The informal sector and the COVID-19 crisis

The informal sector and the Covid-19 crisis

Informal workers and their relatives face additional challenges during the epidemic

- Live in crowded places
- Lack proper sanitation and healthcare
- No social security
- No financial cushion

The informal sector and the Covid-19 crisis

- **Difficult to reach** – informal enterprises are not listed in existing administrative registries and have either not been complying with or are not covered by the law, most government support initiatives related to COVID-19 do not reach them
- Support during COVID-19 can be a pathway towards formality – build on immediate responses that have been introduced during the pandemic, to sustain and integrate those emergency measures into long-term coherent policy framework
- Income support - For example, some governments (such as that of Bolivia) **extended the coverage of the existing social assistance programme to previously ineligible populations**, while others (such as those of China and Indonesia) increased the benefit levels of existing beneficiaries to better address people's need
- **New social protection schemes** - Togo's Novissi cash transfer scheme provides monthly transfers of the equivalent of US\$17–22 to vulnerable individuals and families and workers in the informal sector.

The informal sector and the Covid-19 crisis

Examples of government support measures targeting informal workers

Argentina	Lump sum of USD 160 to workers aged 18 to 65. Need to register.
Colombia	Water reconnection for free, and freeze on aqueduct tariff. Lump cash payment of USD 40 through mobile money
Dominican Republic	Monthly cash transfer of USD 90 plus an extra USD 37 if dependent elderly
Nepal	Food assistance package, discount on electricity consumption, internet and data packages, waiver of one month late utility bills
Indonesia	Increase in cash transfer programme and increased subsidy of staple food price
Burkina Faso	Cash transfer, utility bills subsidised, 50% subsidy for solar panel purchase for poor households, staple food Price control
Cap Verde	Cash transfer of USD 98 to poorer families, staple food basket distribution
Zimbabwe	USD 0,50 (!) transfer by mobile transfer to needy people

Q&A

Thank you



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