

**The gender implications of formalising informal activities:
A comparative study of India, Thailand, South Africa, Ghana and Morocco**

Summary Report

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I. Introduction

The desirability of moving towards greater formalisation of both economic activities and employment contracts seems so obvious that it scarcely bears further discussion. Therefore, both governments and those in civil society hoping for better conditions for workers have sought formalisation. Informality of enterprises is seen as undesirable not only because it enables greater evasion of taxes but also because such enterprises are harder to regulate in other ways, and so bringing them into the ambit of regulatory structures is seen as not just desirable but essential for a modern economy. And in its barest form, informality of employment is essentially the absence of worker protection, and so it is not surprising that those interested in the empowerment of workers (whether men or women) should strive for greater formalisation of work.

However, the manner in which such formalisation is done is crucial, and the macroeconomic and labour market conditions under which such policies are instituted also matter greatly. If formalisation attempts are not done in ways that recognise the broader socio-economic context, they may end up worsening the employment and livelihood conditions of the very workers who are sought to be protected. This is especially true for women workers in informal activities, who are typically disadvantaged in ways that are not recognised by public policy. That is why a gender perspective is essential when considering processes of formalisation.

This examines the processes of formalisation and their implications with a gender lens, through a comparative assessment of five developing countries in Asia and Africa: India, Thailand, South Africa, Ghana and Morocco. The next section takes up some conceptual issues in the definition of formality and formalisation, discusses some trajectories of formalisation in various development experiences, and considers the various approaches to formalisation that can be adopted. The third section briefly describes the main findings of the five country case studies. The third and final section draws on this analysis to provide some conclusions and some principles for policies for desirable formalisation that incorporates a gender perspective.

II. Some conceptual issues

II. a. Defining the informal economy, informal work and informal workers

The informal economy is the diversified set of economic activities, enterprises, jobs, and workers that are not regulated or protected by the state. The concept

originally applied to self-employment in small unregistered enterprises, and has since been expanded to include wage employment in unprotected jobs. However, there is wide variation in definitions of the unorganised or informal sector, which mostly attempt to draw boundaries between organised and unorganised and formal and informal by differentially focusing on differences in features such as technology, employment size, legal status and organisational form. Sometimes this is simply based on size – such that enterprises employing less than say 5 or 10 workers, are seen as being “unorganised”. Other definitions are usually based on legal status – such that those enterprises that are registered with the relevant authorities are seen as part of the formal sector.

Informal employment is a large and possibly even more heterogeneous category. Many different types of employment belong under the broad umbrella “informal”. This includes employment in informal enterprises as well as outside informal enterprises— in households or in formal enterprises. It also includes the self-employed and the wage employed and within these broad categories, the sub-categories according to status in employment, and covers a wide range of different occupations that also encompass very different income groups.

ILO (2013) describes informal employment as consisting of the following types:

A. Persons employed in the informal sector (including those who are formally employed in the informal sector):

-) Employers in informal enterprises;
-) Employees in informal enterprises;
-) Own-account (self-employed) workers in their own informal enterprises;
-) Contributing family workers working in informal enterprises; and
-) Members of informal producers’ cooperatives, that is those that are not formally established as legal entities.

B. Persons in informal employment outside the informal sector, specifically:

-) Employees in formal enterprises not covered by social protection through their work;
-) Paid domestic workers not covered by social protection through their work; and
-) Contributing family workers working in formal enterprises.

Workers are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.). The reasons may be the following: non-declaration of the jobs or the employees; casual jobs or jobs of a limited short duration; jobs with hours of work or wages below a specified threshold (e.g. for social security contributions); employment by unincorporated enterprises or by persons in households; jobs where the employee’s place of work is outside the premises of the employer’s enterprise (e.g. outworkers without employment contract); or jobs, for which labour regulations are not applied, not enforced, or not complied with for any other reason. Certain types of wage work are more likely than others to be informal.

These include employees of informal enterprises, casual or day labourers, temporary or part-time workers, paid domestic workers, contract workers, unregistered or undeclared workers, and home-based workers who are part of industrial outsourcing chains.

Figure 1 provides a matrix that indicates the relationship between informality of enterprises and of employment. This is useful because it brings out the complexity of the relationship. Thus, informal employment contains the following kinds of jobs: (i) own-account workers employed in their own informal sector enterprises (cell 3); (ii) employers employed in their own informal sector enterprises (cell 4); (iii) contributing family workers, irrespective of whether they work in formal or informal sector enterprises (cells 1 and 5); (iv) members of informal producers' cooperatives (cell 8); (v) employees holding informal jobs in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households (cells 2, 6 and 10); (vi) own-account workers engaged in the production of goods exclusively for own final use by their household (cell 9). Employees holding formal jobs in informal sector enterprises (cell 7) should be excluded from informal employment.

Figure 1: Informal employment by type of production unit

Production units by type	Jobs by status in employment									
	Own-account workers		Employers		Contributing family workers	Employees			Members of producers' cooperatives	
	Informal	Formal	Informal	Formal		Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2				
Informal sector enterprises ^(a)	3		4		5	6	7	8		
Households ^(b)	9					10				

Note: Cells shaded in dark grey refer to jobs, which, by definition, do not exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Unshaded cells represent the various types of informal jobs. Informal employment: Cells 1 to 6 and 8 to 10. Employment in the informal sector: Cells 3 to 8. Informal employment outside the informal sector: Cells 1, 2, 9 and 10.

Source: Report of 15th International Conference of Labour Statisticians

II.b. Approaches to formalisation

Greater formalisation of employment was earlier seen as an inevitable and desirable attribute of the development process – but the experience of different countries over the past half century has suggested that development trajectories may be more complex and less linear. In general, formalisation of informal work is seen to be inherently desirable by almost all stakeholders, but often for completely varying reasons. Increasingly, governments in the developing world see this as an end in itself,

and in this they are generally supported by trade unionists, activists and other civil society organisations – as well as those involved in informal work themselves. However, it should be noted that the shift from informal to formal employment can occur in several different ways, and this depends on which of the following approaches is given importance by the government: (1) to regulate informal enterprises; (2) to regulate informal employment; (3) to provide social protection to informal workers; (4) to create more jobs in formal sectors and activities; and (5) to increase the viability of informal enterprises and productivity and incomes of informal workers.

Obviously, the third, fourth and fifth approaches are the most desirable in terms of progressive and sustainable formalisation of work over the process of economic development. But these are much more difficult and medium-term or long-term in nature, and require macroeconomic and development policies that put first emphasis on good quality job creation rather than GDP growth per se. Such strategies also require the state to put in more fiscal resources and in general play a more activist role. That is why the most common approach to formalisation has been to avoid the harder path and instead seek simply to regulate both micro-enterprises and (to a lesser extent) informal workers. However, this is not only less effective in itself; it also has significant gendered implications, in some cases even making things worse rather than better for women informal workers.

With respect to informal enterprises, including own-account enterprises (or self-employment) of the very smallest kind, governments tend to prioritise registration, which is seen to enable monitoring, taxation and generally bring enterprises under the purview of government regulation. It is also believed that this helps enterprises to get more access to formal institutions such as banks, input and marketing boards, government subsidies and incentives, etc., and gives them greater stability and viability by recognising their property rights and enabling them to operate with enforceable commercial contracts. While the evidence on this is mixed, this is nevertheless the most common approach to formalisation.

With respect to informal workers, there has been a more complex approach on the part of most governments in the recent past. On the one hand, it is seen as desirable to ensure that all workers are brought into regulatory regimes, including labour regulations and worker protection, and to provide some social protection; on the other hand, the focus of most states has been on greater labour flexibility and labour market deregulation, which is somewhat at odds with the earlier objective. Therefore, there has been a tendency, especially among governments in the developing world, to try and provide some forms of social protection (such as access to health care or pensions) that are publicly provided and therefore apply more generally to workers irrespective of their form of employment, or are specifically directed to informal workers but without requiring employers to bear the burden of such provision.

From the point of view of informal enterprises, the benefits of formalisation have to be weighed against the costs. Costs are those of registration and subsequent compliance with regulations, including those that raise costs such as on labour, and of course increased taxation, in the form of both direct and indirect taxes. Benefits for

enterprises range from coming under the umbrella of enabling legal and regulatory frameworks (such as being allowed to operate in a particular space without harassment, enforceable commercial contracts, clear default and bankruptcy rules and limited liability) to access to public infrastructure and services, to access to institutional finance. For micro-enterprises and self-employed people, the freedom to operate without harassment and without fear of violence of different kinds may be among the most significant gains – but this depends crucially on the kind of public strategy and the extent of formalisation that does occur.

For informal workers, it can be expected that the benefits are in general likely to outweigh the costs, since the benefits can include legal recognition and protection as workers, the various rights that should come with being formally employed, such as freedom from discrimination, receiving legal minimum wages, benefiting from occupational health and safety measures, regulating conditions of work, receiving employer contributions to health and pensions, and even realising the right to organize and bargain collectively. Therefore, it is not workers but employers who would be less willing to formalise in this case. The flexibility with respect to time and location of work that is often mentioned as a reason for some people choosing informal work is only relevant in a tiny minority of cases: in most situations, informal work involves longer hours with less control over either location or conditions of work, and with significantly less pay, so that the choice element is only applicable to a favoured few. All other workers who are engaged in informal work are effectively rationed out of formal employment. Once again, the extent to which formalisation of employment meets these laudable conditions depends on the strategies used, the degree to which public policy actually pushes these goals, and the forms and effectiveness of mobilisation of workers and civil society.

Four broad trajectories of formalisation can be envisioned, each of which has quite different implications for the well-being of workers and the conditions of work:

1. The classical or Kuznets-Lewis trajectory, whereby the processes of economic growth and development automatically generate more formal activity and formal work as part of broader structural transformation. This has occurred in many developed countries in the past but is much rarer today.
2. A process of false “formalisation”, whereby (some) informal activities get subsumed by formal enterprises as part of their accumulation strategies. This implies that the formal sector relies on such dualism and continued informality to keep their own costs low through outsourcing.
3. A reverse trajectory, whereby formal activities become more informal whether to avoid taxes or regulation or because of external competitive pressure.
4. A desirable process of formalisation brought about by policies and processes that improves the viability of small-scale activities and improves the wages and working conditions of hitherto informal workers.

There are strong gender differences in both the nature of informal employment and its implications, which in turn mean that strategies of formalisation also play out in different ways for men and women informal workers. For example, with respect to

enterprises, one important issue is that the costs of formalisation tend to be much higher for women running micro-enterprises, while the benefits are less apparent and generally lower, because even within the formal system women tend to own fewer productive assets, receive less credit, are less equipped to handle complex accounting requirements and deal with formal taxation. Even when they are able to, women tend to receive much less institutional credit than men, and are forced to rely on traditional moneylenders or very expensive microcredit. Because of the social perceptions around gender and patriarchal attitudes pervading officialdom at all levels, such women tend to be much more subject to the whims and caprices of enforcers on the ground. They are therefore much more likely to suffer when there is “over-regulation” and especially when such over-regulation is associated with corruption. Further, there are concerns about physical and sexual security of women micro-entrepreneurs especially when they are engaged in work in public spaces (such as street vending) which are rarely resolved by the acts of registration and coming under the purview of regulatory bodies.

There can be no question that the extension of worker protection laws and social protection to cover informal workers is in general highly desirable. However, when they are sought to be imposed without regard for the implications for the financial viability of the small employers who employ them, they could have the unintended effect of reducing paid employment. This is particularly so when such regulatory efforts are not linked to wider strategies that link worker protection with attempts to improve the productivity of workers and improve demand conditions for their employers. This has been noticed in the case of women workers, for example when attempts to ensure basic rights such as maternity benefits lead to employers’ backlash resulting in fewer employment opportunities for women workers, which means that such policies need to be developed along with other supportive measures and institutional conditions.

Another possibility is the opposite situation, when there is effectively lack of regulation even when the rules and regulations exist on paper, essentially because of lax or insufficient monitoring and enforcement, because of paucity of public resources or corruption. This then means that laws and regulations – such as minimum wage laws or requirements that employers pay into the social security funds of workers – are simply not implemented. In conditions where even informal paid jobs are effectively rationed because of very low rates of aggregate employment generation, such flouting of rules may occur with the explicit or implicit support of the workers themselves, who may be desperate to receive wages, however low. Also, women workers are found to be disproportionately unaware of their rights and entitlements, and this tends to make them more vulnerable to such exploitation.

So how do formalisation strategies actually play out for women workers in different contexts? What are the policy pitfalls to avoid and which strategies appear to be more effective in ensuring greater gender justice and empowerment of women workers? These questions are considered with specific reference to five different developing countries in Asia and Africa, in the next section. These are all quite different economies, but they share some important attributes (with one important exception: Thailand) in that four of the countries considered here are labour surplus economies

with weak labour markets and high open and/or disguised unemployment. By contrast, Thailand is a near-full employment economy

III. Case studies

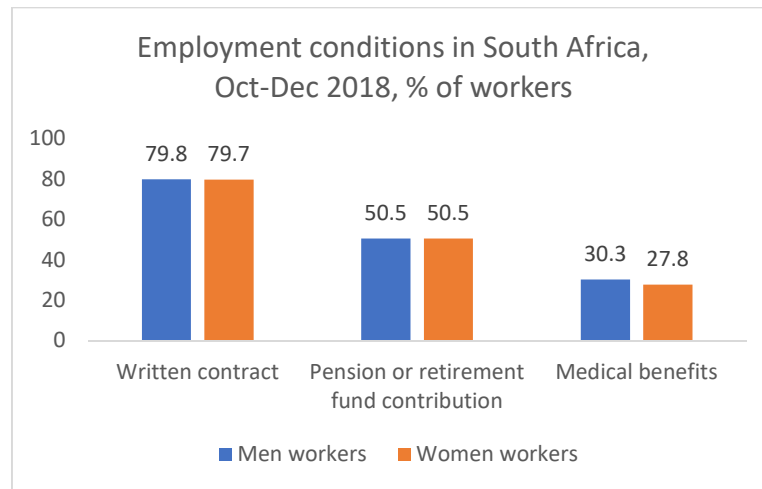
III. a. South Africa

The South African economy can be described as highly formal with a rapidly increasing informal economy, so that it is being transformed from a once predominantly vibrant formal sector to a mixed economy of formal and informal. Informalisation of employment is occurring both in the traditionally formal sectors of the economy i.e. manufacturing, retail, nursing, transport, security, cleaning, refuse removal, agriculture amongst others; and within conventionally informal sectors, such as street vending, waste pickers, domestic workers, transport (Uber and Taxify services). Increasing informality within formal sectors expresses itself through outsourcing, precarious working conditions, contracting, part time work, labour broking and moonlighting. Some sectors have historically been characterised by informality due to the nature of work such as domestic work, farm work and sex work. But there are others that have become more informal in nature, such as informal street vendors/trades, informal parking guards or attendants, waste pickers both on landfill sites and in urban areas, security guards, cleaners, as well as migrant and local artisans informally employed in the formal sector.

South Africa has a higher rate of unemployment and a lower rate of informal employment than other developing countries in Sub-Saharan Africa and other regions. In 2018, the labour force participation rate for women (aged 15-64 years) was 64 per cent, while for men it was 74 per cent. However, unemployment in South Africa has remained extremely high at nearly 28 per cent in 2017, and as high as 37 per cent using the “expanded definition” that includes discouraged workers. Labour market conditions have actually deteriorated recently: open unemployment increased by 2 million people between 2008 and 2017, while employment increased by only 1.6 million in the same period. In the last quarter of 2018, the unemployment rate for women was estimated to be as high as 41 per cent for women and 33 per cent for men. Youth unemployment is particularly bad: 55 per cent of those in the 15-24 years cohort are openly unemployed, and 88 per cent of youth with school degrees are unemployed.

In 2018, total informal employment represented approximately 18 per cent of non-agricultural employment. A somewhat surprising feature of the labour market is that women workers are more likely to be in formal employment than men. The Quarterly Labour Force Survey for Oct-Dec 2018 shows that 21.7 per cent of male non-agricultural workers were in informal employment, compared to only 16 per cent of women non-agricultural workers.

Figure 1.



As Figure 1 suggests, using data from the most recent Quarterly Labour Force Survey, using standard criteria for formalisation, around 30 per cent of men workers and 27 per cent of women workers are members of trade unions, a low proportion but still higher than in many other countries. Male union members are disproportionately likely to be permanently employed with regular contracts, especially in construction and mining sectors. Female unionisation is highest in private households (domestic workers) and in the public sector. As expected, access to leave, pension and medical aid benefits are higher amongst unionised workers, especially those in the formal sector.

A consideration of some sectors brings out the often contradictory implications of government intervention in informal activities. Street vendors and other market workers who are dominantly women provide a telling example. They are affected by a multiplicity of actors: governments (municipalities or other levels) who regulate their use of public spaces; collective associations regulating the operations of local markets; and the private suppliers from whom they buy goods. Public infrastructure policies often result in marketplace evictions. Street vendors and the organisations that represent them have to negotiate with local, regional and national authorities, in contexts in which such authorities tend to be oblivious of street vendors, and generally dismissive of the direct and indirect impact of their policies or bye laws on street vendors' core economic activity. The most visible impact is the extent to which access to public spaces for vending, storing or producing (e.g. cooking) goods for sale are impacted or hindered by existing or new legislation. Through processes of formalisation, local governments control access to these spaces for vendors, who are then forced to conform or face the wrath of the law through fines or having their stalls demolished. Such formal access for vendors is usually accompanied by the need for applying for trading licenses and paying market fees, but rarely takes into account issues like access to transportation and provision of safety in public spaces, which can be especially important for women. These are evidently formalisations measures that operate against the interests of the (self-employed) informal workers, also because they are undertaken without sensitivity to the workers' needs. In this context, only active mobilisation and collective bargaining by street vendors (with the assistance of organisations like WIEGO and Streetnet) can play a role in generating a context for statutory negotiations.

Similar tendencies of generating unanticipated negative consequences for informal workers were evident in the case of waste pickers. An attempt by the city of Johannesburg to create formal employment in the waste sector, by organising the recognised but informal “reclaimers” (waste pickers”) working on landfill sites into co-operatives and allowing them to compete with private waste companies was not successful because these newly formed co-operatives were not able to compete in the tendering process with the private companies, many of which relied on informal workers. The process required reclaimers to operate within a business model framework, assisted by externally driven training programmes that were not in sync with their skills and orientation. Once again, organisations like WIEGO played facilitator and mediator roles between the workers and the city. This intervention was crucial to the city recognising the invaluable contributions made by reclaimers and the informal economy had empowered the reclaimers to see and recognise their value which was affirmed by the city. However, other examples from other South African cities emphasise that issues of access to and control over physical space in which to carry out their activities (including storing material and undertaking sorting and recycling work) remains a critical difficulty for informal workers in waste and recycling activities, which formalisation attempts rarely take into account.

There are over a million domestic workers in South Africa, of which the overwhelming majority (96 per cent) are women. Unfortunately, less than 1 per cent of them are unionised (in the South African Domestic Workers Union or SADSAWU). Unionised domestic workers are more likely to receive minimum wages. However, overall, the working conditions of domestic workers are significantly inferior to the median: less than a quarter have written contracts or any kind of paid leave, less than 5 per cent have access to any pensions or retirement funds, and less than 1 per cent received any kind of medical assistance or health insurance. In this context, and given the difficulty of implementing minimum wages in extremely informal household settings, the recent increase in minimum wages for domestic workers is welcome but would need to be supported with mobilisation and organisation.

The South African case makes it starkly clear that organising and mobilising are central to processes of desirable formalisation, and their absence tends to be associated with undesirable formalisation. Of course, labour organisations need to be supported by appropriate laws and regulatory processes, but these need to be sensitive to the specific needs and requirements of the women workers. It is worth noting that despite such challenges, domestic workers, farm workers and security guards have successfully managed to organise themselves into unions, be covered by the national minimum wage legislation and in some cases even engage in collective bargaining.

III. b. Ghana

Ghana’s economy continues to be dominated by informal work and enterprises, with a diminishing proportion of the workforce engaged in formal work. The structure of the economy and its labour relations have been reinforced by economic liberalisation policies since the 1980s that have sought to limit the role of government in the

economy, promote the private sector, loosen the regulation of economic activities and labour relations, and promote free markets in goods and services.

The Ghanaian population and labour force have expanded rapidly over the past few decades. Participation in economic activities is also quite high, with rates for males and females being nearly equal, especially in recent decades. However, around 90 per cent of all workers are estimated to be in informal activities, whether self-employed (around 56 per cent) or in family enterprises (20 per cent) or as paid workers (18 per cent). The rural informal economy has a substantial proportion of Ghana's self-employed workers, mainly in a) agriculture, b) fishing and fish processing, and c) rural agro-based processing activities and forest products work. Work in the informal economy is generally gender segmented both in rural and urban areas. While agriculture involves both men and women, albeit in different activities, fishing is predominantly male and fish processing mostly done by women. Agro-processing is mostly women's work, while forest products workers are mostly male. The urban informal economy is made up of services, dominated by women, construction with predominantly male workers and industry, which consists of manufacturing and extractive industries. Labour forms in the informal economy, i.e. wage work (casual, permanent), self-employment, communal labour, family and child labour, and apprenticeships, are also gender segmented.

Several indicators point to a change in the structure of the labour market. Thus, in 1960 male participation in economic activities exceeded that of females by 18 percentage points whereas the corresponding figure for 1970 was nearly 10 percentage points. These large differences have however disappeared over the years with female participation in economic activities even surpassing that of males (although the differences are insignificant) in 1984 and 2010. In 2013, male LFPR was 80 per cent compared to 75 per cent for women, while employment rates in 2010 were nearly the same at 95 per cent for men and 94 per cent for women. The highest rate of unemployment (10 per cent) was recorded in 2000 – so unlike South Africa, slack in the labour market in Ghana is reflected in underemployment and a preponderance of informal work rather than open unemployment or discouraged workers who drop out of the labour force. Indeed, informality is arguably the most visible aspect of employment and the Ghanaian economy as a whole.

While the informal economy has been the dominant source of employment for the expanding working population, government regulation has stressed enterprise formalisation, but not accompanied by specific strategies and activities that are capable of formalising informal employment. This is evident from the analysis of the relationship between regulation and formalisation of employment by examining contract farming and domestic trading, two sectors that provide the bulk of informal employment in Ghana. As evident from Table 1, workers in these sectors also face worse conditions of employment in terms of the standard criteria for formality, than the average across workers in all sectors.

Table 1: Per cent of workers with basic conditions of employment in Ghana

	Written contract	Paid sick or maternity leave	Social security	Subsidised medical care	Trade union at workplace
Service and sales workers	33	48	26	18	23
Skilled agricultural, forestry and fishery workers	10	20	9	8	17
Total	44	54	36	24	34

Contract farming involves interactions between agribusiness (formal enterprises) and small and medium scale farmers (the informal economy). There are different variants of contract farming. In most cases, farmers participating in these schemes operate on their own land, but there are instances in which the agribusiness, besides its supply of production requirements, also provides producers with land. In this case, the most important factor that farmers contribute to the production process is their labour. There are other variants in which farmers assume nearly all the risks that are associated with production. In this case, the contract is centred on the marketing of produce (typically horticultural products) after harvesting has been undertaken. Contract farming has been strongly endorsed by successive governments in Ghana and has become an important model for the penetration of agribusiness into farming communities with a large share of women workers. Government policy does little to formalise the informal nature of contract farming. However, firms that work with contract farmers are required to adhere to the regulations of the sector in which they operate. While firms with export-oriented crops and products operate under regulatory regimes of international regulatory bodies of which they are members, the regulation for domestically oriented-marketing firms and their contract farmers are determined and regulated by the firms themselves.

Analysis of four selected cases showed that agribusiness operations do generate employment in local communities - not only for the farmers involved in contract farming, but also for other local residents who are able to find employment at factories or processing centres. Further, employment was generally available to women; in fact, in many of the cases, employment at processing centres was dominated by women. However, the majority of workers were employed as temporary labour to undertake specific activities during the production or harvesting season such as picking and cleaning fruits. There were opportunities for permanent employment (decent work), but these were extremely limited and were more likely to benefit a handful of men in technical and managerial positions. The regulation of contract farming itself was primarily based on international certification initiatives signed on to by agribusiness firms. These were generally concerned with environmental and biodiversity conservation, although some (like the Fair-Trade certification) prohibited the use of children and pregnant women as labour.

In general, the emphasis on production and marketing contracts has improved the quality of products and immersed farmers in global production standards and brought some minimal consciousness about labour conditions on farms, which are usually not considered in smallholder agriculture production. However, these only

pertain to export-oriented crops and their contract farmers. On the downside, exposure to global value chains increases the burdens and risks contract farmers carry without protection from the vicissitudes of export commodities trade. Gender issues are not articulated clearly in the contract farming schemes. The only exception was one case in which pregnant women and children were not expected/allowed to work on contract farms. Regulations are also silent on wage differences between women and men on contract farms. Typically, wages are determined by community standards, and not by contracting firms. Other silences include leave periods, overtime payments and family labour on farms.

The contract farming regimes in the four cases are fraught with implementation challenges. These include the inability of the agribusiness to supervise all the farmers it engages with. Due to their limited human resources and the fact they have to work with smallholders scattered across several communities, firms are unable to monitor farmers' adherence to the laid down procedures which are required to meet production standards. They may however be effective with activities which relate to marketing, when farmers' produce may be rejected for not meeting the required standard. Also, the inability of companies to meet their obligations (supply of inputs and making credit available) in a timely manner imposes additional constraints on production. For farmers who have to produce crops organically, the labour and chemical use restrictions are additional challenges. Other major reported challenges include the inability of companies to buy all produce especially during the peak agriculture harvesting season, low prices and delays in payment.

The cases showed that contract farming arrangements were not a viable approach to formalising informal employment, and that major gender concerns were not addressed. It is argued that the specific roles that the different institutions play in institutionalising contract farming in Ghana is probably an example of "a process of false formalisation", in which (some) informal activities of contract farmers get subsumed in formal agri-business enterprises as part of their accumulation strategies. This implies that the formal sector [represented by the agribusiness firms] relies on the informality in the operations of contract farmers to keep their own costs down."

Domestic trading in Ghana comprises two broad types of activity: trading activities operated by persons from both authorised (district markets and rented stalls) and unauthorised structures; and street vending. There is much diversity within these two broad types. For instance, street vending can range from highly mobile cold-water sellers to less mobile cooked food sellers who pack up their table tops and cooking utensils at the end of each day. There are also market traders who, in a bid to increase interaction with buyers, might also engage in street vending. However, there are other groups of traders who do not fall neatly into any of the two broad categories. This includes women who combine household reproductive duties with trading, selling their wares in corner shops attached to residential accommodation or on table tops in front of houses.

Domestic trading in Ghana is generally regarded as the space of, or for, women, although more men have moved into this activity in recent years. The preponderance of

women has been attributed to the nature of the work that enables them to combine this with their gender specific reproductive duties, the low skill and capital requirements of trading and a supposedly strict separation in economic functions in which men are responsible for agricultural production or fishing whereas women are responsible for the marketing of produce. However, it is found that in general, women workers dominate the over-crowded survivalist segments of the trading sector while their entry and participation in small but more capital-intensive segments is restricted. Segmentation of the informal economy is clearly evident in domestic trading. In many of the large metropolitan and municipal areas in Ghana, traders who lack sufficient capital and the right social networks end up operating from unauthorised structures or as street vendors, and these are disproportionately women.

The regulation of domestic trading involves three main actors namely, the state, local governments and traders' associations. In domestic trading, the extension of credit to operators has been prioritised over formalisation of work although evidence about access to, and actual gains from participation in these services is inconclusive. More importantly, local governments are more concerned with generating revenue from traders through taxes, although traders are generally dissatisfied with market and other infrastructure.

The state's role was important at the level of policy and institutional reforms in the banking and financial sectors. Part of the reasoning behind these reforms was to increase access to credit, especially for micro-enterprises. Indeed, the number of operators in the formal financial sector have expanded, but the impact of the reforms can be described as moderate. High interest on loans, and the failure of some financial institutions in recent years have implied that traders and other actors in the informal economy are either excluded or cannot rely on these systems. As a result, informal arrangements for banking and insurance continue to be important.

Local governments are more influential in regulating domestic trading than the state. However, their interactions with traders revolve around revenue generation, urban planning and city management. Enhancing and expanding market infrastructure is a major challenge in many districts, although trading comprises one of the most important sources of revenue. Also, concerns about urban planning and city management lead local governments to embark on demolitions and forced relocations. Confrontations between street vendors and district assembly guards are quite regular and may in some areas comprise a part of the daily life of street vendors. These activities disrupt the livelihoods of street vendors who are more likely to be women, and to be poor. In response, traders' associations comprise one of the few organisations that seek to promote the interests and welfare of traders. They are an important source of informal social protection, providing their members with support which prevent them from exiting trading when they experience shocks.

Thus, like contract farming, the formalisation of trading under the current regulatory practices is limited. In the absence of any serious attempts at formalisation, workers engaged in the informal economy continue to lag behind their counterparts in

formal employment in the areas of entitlements to maternity leave, social security, and the rights to organise, among others.

III.c. India

India is remarkable even among developing countries, for the extreme prevalence of informality in economic activities as well as in employment. Despite rapid GDP growth in India since the 1980s, there has not been any noticeable expansion of decent work opportunities for India's relatively young labour force, nor of more formal employment. Growth has not been associated with much employment generation, and in fact the employment elasticities of output growth have actually declined as the economy has become more exposed to global competition that was supposed to have favoured more labour-intensive activities. The share of manufacturing in both output and employment has been stubbornly constant at relatively low levels. Low productivity work continues to dominate in total employment, so in the aggregate there is little evidence of labour moving to higher productivity activities. Interestingly this is true across sectors, such that low productivity employment coexists with some high value added activities in all of the major sectors, and there are extremely wide variations in productivity across enterprises even within the same sub-sector. The expected formalisation of work and the concentration of workers into large scale production units has not occurred – rather, there has been widespread persistence of informal employment and increase in self-employment in non-agricultural activities. Most striking of all, the period of rapid GDP growth has been marked by low and declining work force participation rates of women, unlike most other rapidly growing economies. In the past two decades, this has reflected a shift of women into unpaid work within households (including activities like collection of fuelwood and water)

The latest labour force survey for 2017-18 reveals further deterioration in labour market conditions, with absolute declines in employment, driven by women's job losses especially in rural areas. Open unemployment rates also reached historic highs of 6.1 per cent in aggregate, with the unemployment rate for educated women at 20 per cent and that for young urban women at 27 per cent – remarkable rates in a society with no provision of any unemployment benefit. The survey estimated that 68 per cent of workers are employed in the informal sector, and more than 90 percent of all workers are informal (including those working in the formal sector). Women are overwhelmingly informal workers (around 95 per cent of all women workers and 85 per cent of non-agricultural workers). In general, they are clustered in the lowest paid of informal activities as well, with around half self-employed and one-third working as helpers in family enterprises. Even among the relatively privileged category of regular employees in non-agricultural activities, only 29 per cent have written contracts (although the ratio for regular women workers is higher at 33 per cent than for men at 28 per cent, but with fewer women in such work). 55 per cent of men workers and 50 per cent of women workers are not eligible for paid leave. 52 per cent of women workers are not eligible for any form of social security benefit, compared to 49 per cent of men workers.

While the general perception is that the informal economy exists because low wages allow it to compete with the formal sector in various activities, in fact there are many examples in which informal units are not in competition with formal enterprises, but actually service their requirements. (The vast, unorganised 'logistics' apparatus

offering services such as transportation and catering, which supports the India's IT and IT-enabled services sector is one example.) In the process, low wages in the informal economy help to sustain profits in the formal sector.

Policies of the Indian government directed towards formalisation include those seeking to regulate informal enterprises; regulate informal employment; provide social protection to informal workers; create more jobs in formal sectors and activities; and increase the viability, productivity and incomes of informal enterprises and workers.

The contradictory effects of attempts to formalise informal enterprises are particularly evident in two moves: the abrupt drastic demonetisation of "high value" currency notes (of Rs 500 and Rs 1000) in November 2016; and the manner of imposition of the Goods and Services Tax (GST) from July 2017. The first abruptly removed 86 per cent of the value of currency in circulation in a dominantly cash economy without speedy or adequate remonetisation, which led to a collapse of liquidity and consequent collapse of many informal activities. The associated push to digitisation of transactions, even in the absence of supportive infrastructure and institutional conditions, failed in its objectives but also added to costs of informal units and workers. The badly planned, hasty and poor implementation of the GST, which was designed to bring more enterprises into the tax net and bringing them into the regulatory sphere even while supposedly simplifying their operations, once again drastically added to costs of informal enterprises operating on very low margins and reduced demand for their output. Both these measures have been massively disruptive for informal enterprises, causing their costs to increase and breaking down existing supply chains. Since most informal activities operate on very thin margins, many have been simply unable to cope with the associated higher costs and have bowed down to competitive pressure from larger units. This has obviously also affected informal employment, and reduced demand for such workers making it especially hard for them to find even poor quality paid work.

Things are even worse for women running micro-enterprises or operating as self-employed, such as those engaged in street vending and petty services. In addition to sharply increased costs of operation, they are disadvantaged because fewer of them have bank accounts and in any case still find it next to impossible to get loans for productive purposes, other than tiny amounts of microcredit at high interest rates. They also find it more difficult to cope with the various requirements posed by formal institutions, whether for engaging in digital transactions or for filing of returns, and so on. This means that they have to rely on intermediaries for such actions, further adding to their costs. Both of these are also significant causes behind the substantial deterioration in aggregate employment conditions that was noted above.

On the other hand, measures to improve employment conditions and social protection for informal workers have been limited and largely ineffective. The most egregious evidence for this is that the Indian government itself continues to rely heavily on informal workers for some of its major schemes and other public spending, both directly and through outsourcing of some of its responsibilities. The most obvious examples are in the National Health Mission and the ICDS, both of which rely on women workers who are grossly underpaid, with remuneration well below minimum wages.

This is made possible through the cynical classification of such workers as “volunteers” who are paid “honoraria” rather than wages, even though these women workers are effectively the basis on which both programmes run. The Accredited Social Health Activists who underpin the National Health Mission that supports public primary health care and the *anganwadi* women workers and helpers who are the mainstay of the Integrated Child Development Services providing nutrition and care to pregnant and lactating mothers and infant children, have been waging a prolonged struggle to be recognised as public employees with associated rights. But this movement has not yet met with success, despite some successes in raising the honoraria (which are still well below minimum wages). The unwillingness of the government to recognise its own workers and formalise their status is in sharp contrast with the stated aim of formalising other workers. Even in this attempt at formalisation, the focus has been on regulatory measures, without concern for their impact on viability of micro-enterprises and associated livelihood.

A survey conducted in the National Capital Region of Delhi found that most workers (and especially women workers) were simply unaware of basic legal and other provisions that are designed to improve their conditions, such as the Unorganized Workers’ Social Security Act, 2008 or even the Maternity Benefits Act. Legal minimum wages are rarely implemented, including in formal enterprises that hire informal workers on a casual basis. A striking finding was that of the mobility of workers between formal and informal employers, and the general fluidity of the labour market, such that strict distinctions between the two categories seemed irrelevant when the law is observed mainly in the breach even for many formal enterprises. Attempts to provide access to credit for micro-entrepreneurs, which would enable them to set up enterprises that could become formal, have been limited by poor coverage and the tiny amount of the average loan that does not allow for any meaningful investment.

Thus far, therefore, Indian attempts at formalisation have not just been largely unsuccessful but even counterproductive, especially for women workers. While this does reflect the wider context of an extremely weak labour market with poor demand conditions, it is also the result of poor design, worse implementation and little attention to the social contexts within which such attempts have been made, specifically gendered social relations.

III.d. Thailand

Thailand presents a striking contrast to the other countries in this study. The most significant difference is macroeconomic in nature: Thailand has been experiencing an economic boom that has also been accompanied by significant increases in employment, to the point where it could be said that the economy is close to full employment, which in turn has been reflected in rising real wages. Some essential structural features of the labour markets are similar. While the proportion of people who were employed informally witnessed a gradual decline in recent years, informal sector employment still accounts for the majority of the employment in Thailand, at 56 per cent in 2016. There are large wage gaps according to type of employment, with the average

wage for formal workers 40 per cent higher than that for informal workers in 2016, and by gender, with women workers earning 12 per cent less than men workers in formal employment and 21 per cent less in informal activities. However, the Thai experience highlights the complexity of issues around formalisation, for both units and workers

Thailand's attempts to formalise have focussed both on enterprises and on the provision of social security schemes to a wide range of workers, including those in informal work and self-employment. For example, the coverage of the voluntary Social Security Fund was extended to informal workers, and as of 2017 there were 2.25 informal million workers in the Scheme, which provides some non-occupational injury or sickness benefits, maternity, invalidity, death, unemployment, old-age, and child support, depending on the package chosen. The Universal Health Care system (popularly known as the 30 Baht for All Scheme) is even more universal in nature, as it is available to every citizen, although it does not cover ethnic minorities, stateless persons, and migrant workers. The Scheme covered 99.95 per cent of the Thai population in 2017. There are also some targeted non-contributory social protection schemes, such as for the disabled, the elderly, and for those with HIV-AIDS, as well as those below some income/asset criteria.

However, these strategies do face certain barriers. For one, the very provision of universal health care, which is clearly eminently desirable in itself, provides a default option for every citizen and therefore disincentivises enrolment in contributory schemes, even though the benefits derived from social security go beyond medical insurance. The inflexibilities and time required for reimbursement or accessing benefits are also not appealing for informal workers who value time (since this implies loss of incomes) and convenience. In addition, informal workers may encounter a fiscal trap due to the formalization process, which may require the payment of income tax or at least the foiling of tax returns. Self-employed individuals working with formal enterprises may have some tax withheld from their incomes, which, especially when combined with social security contributions, reduces current incomes while benefits from social security are to be realised only in the future.

Therefore, in some cases the inflexibility of the formalisation schemes becomes a significant disincentive for workers, especially women workers. For example, the recent effort of the government to formalize online shops (both wholesalers and retailers) and Prompt-Pay registration has had untended effects on female informal workers, since the informal activities in this sector are dominantly run by independent women workers, who would now be required to report their income to the state and subject to various regulations.

Domestic housekeepers and domestic cleaners and helpers who largely work inside private homes in Thailand are overwhelmingly informally employed: 71 per cent of domestic housekeepers and 91 per cent of domestic cleaners and helpers are informal employees without any type of social security coverage, compared to 80 per cent of cleaners and helpers in hotels and other businesses who are formally employed. Consistent with conventional wisdom, informal workers generally work longer hours and earn less on a per hour basis than their formal counterparts. While all domestic

workers reported problems in the workplace, such as issues with pay, arduous work, and no benefits, informal workers had additional complaints about no days off. Nevertheless, there were several women workers who preferred informal work in private homes, not because of wages and access to social security, but because of the work environment, ease of tasks, flexibility (despite long hours), lower costs associated with travel and accommodation, and even access to low or no interest informal credit. This points to the importance of considering preferences relating to flexibility and other more personal benefits over other workplace amenities that are more easily provided in an informal setting than in private firm settings.

Sex workers present a different set of concerns, since prostitution is criminalised in Thailand. The law forbids selling sex, pimping and running a “prostitution establishment” and punishes the sex worker for selling sex (with a maximum fine of 1,000 baht, but not the customer for purchasing sex – except in cases when minors are involved). This obviously poses problems for formalisation: being informal does not necessarily mean illegal, but illegal usually makes formalisation tricky. There are obvious negative consequences for the sex workers because of such illegality: legitimate “service providers” (especially women) working in entertainment venues struggle to determine their legal status; the law enables the violation of many other rights of sex workers, such as the rights to equal protection under the law, to work, to have access to social services, and the right to the highest attainable standard of health; it acts as a barrier for sex workers, who want to seek help from local authorities when targeted with violence and harassment but have to keep these abuses, along with their work, hidden for fear of being arrested; and of course it does nothing to diminish the physical and mental abuse of sex workers and their human rights, by brothel owners, clients, etc.

It has been argued that legalising prostitution in Thailand would allow sex workers to register with the government authorities allowing them to undergo regular medical checks for sexual transmitted diseases, be subject to taxation and labour laws, and contribute to social security schemes, while regulation also would make it easier to control the minimum age of those entering the trade. However, it is also the case that a majority of sex workers conceal their work status not only for fear of being arrested by police, but because of the possibility of being stigmatised and discriminated against in society since the perception towards sex workers is generally negative. As such, many sex workers feel that formalising and regulating (or indeed legalizing) sex work will not change the situation much because many would insist on keeping their anonymity, both for financial reasons (i.e. untaxed earnings) and societal reasons (i.e. taboo and stigmatisation). Some even argue that formalisation could actually drive prostitution further underground rather than reducing it thereby making it even more dangerous. It is evident that the Thai law as it applies to the sex industry is old and outdated, and legislation needs to be revised to actively protect those who enter into the sex industry without being criminalised, stigmatised and marginalised. However, legalisation, formalisation and regulation are elusive on a practical level not least because of social stigma, discretion and crime, but also because there seems to be a general lack of political will to drastically change the industry.

III. e. Morocco

Morocco has experienced a period of relatively rapid growth, which resulted in reduction of poverty as well as structural transformations of the economy with new sectors emerging such as agri-business, automotive, aeronautics and pharmaceuticals industries. However, the economy still remains highly dependent on agriculture and has not created sufficient employment opportunities for the growing labour force. This has meant that informal employment continues to be significant, and more young people and women have been pushed into informal activities.

There are striking differences between men and women in work participation. In 2016, the employment rate was 65 percent for men and only 21 percent for women. The difference between men and women was higher in urban areas, with employment rates for men and women respectively of 59 and 13 per cent. While occupational mobility is very high for both men and women, women workers are more likely to shift from inactivity to informal or unpaid work and also more likely to move to worse job status. More than a quarter of young people are not working and not being educated, and this rate is four times higher for young women (44 per cent) than for young men (12 per cent).

Minimum wage laws apply to workers in the formal sector. Overall, wage employment increased significantly from 38 percent in 2000 to 47 percent in 2016, but this was mostly in informal activities. However, employment in the informal sector is not feminized: the share of women's informal employment in 2014 was only 10.5 per cent, compared to 17 per cent for overall non-agricultural employment. Women have a higher propensity to work in the industrial sector where they hold one in five jobs, while in the services sector, they account for 14 per cent of total employment.

Within informal activities, self-employment predominates, as nearly 80 per cent of permanent workers in the informal sector are self-employed; 68 per cent are own account workers and 11 per cent are employers. However, the share of paid employment has increased since 2014 especially in rural areas. Other indicators of formalisation show a high presence of informality. Less than a quarter of men and women employed had medical coverage related to their work, and in rural areas the ratio was more than 90 per cent. Only 20 per cent of employees are covered by the pension system, with large disparities depending on residence, sector and professional status. Less than one-third of workers have a formal written contract, with young people and non-graduates disproportionately affected by non-contractual employment. Unpaid employment is particularly important among employed women, around 40 per cent of whom worked without pay in 2018 compared to less than 10 per cent of men. The unpaid work is even higher among rural women, with 70 per cent of them working without remuneration. Women are also more likely to receive low wages. Those working in urban areas are more likely to suffer from low wages and excessive work time.

At the aggregate level, the share of young female workers who are informally employed is higher than that of young male workers. The informally employed represent a higher percentage of young workers residing in rural areas compared to

young workers residing in urban areas. The young female workers are almost all informally employed in rural areas (97 percent). Formal employment in the youth population increases with age. It also rises with education; however, only the higher education level protects from informality. The other levels of education keep the share of informal employment at a very high level. The type of education received seems to also matter in terms of access to job formality: attending private school increases the chance of being formally employed and studying the French language increases the chance of men being formally employed. Parental job status is a good predictor of formal versus informal employment among youth. The fact that the father or mother holds a formal job increases the probability that the person's employment will be formal rather than informal. This holds true for both men and women. However, the mother's job status has more influence on both their sons and daughters. The average wage of the informally employed youth is significantly lower than that of the formally employed youth.

There have been numerous attempts in Morocco to implement formalisation policies. The strategies include active labour market policies and employment policies aimed at making labour formalisation less costly; laws for certain workers like domestic workers; and laws to encourage self-entrepreneurs.

Since 2005, a large number of active employment programmes have been introduced. The IDMAJ and the TAHFIZ programmes aim at encouraging wage formal employment. The first programme exempts firms from the employer and employee's contributions and professional training tax. The exemptions are maintained for one year in the event of definitive recruitment of the trainee. The second encourages firms and associations to hire job seekers on permanent contracts through exemptions from social security contributions and income tax. The TAEHIL programme aims to increase employability through contractual training for job seekers.

65 percent of the 2016 beneficiaries of the TAEHIL program and almost 50 percent of the 2016 IDMAJ beneficiaries were women. Some programmes (IKRAM 1 and IKRAM 2, MINAJLIKI and WADIYATI) are specifically geared toward women. Studies of the IDMAJ programme have found benefits for the beneficiaries, through greater incidence of permanent contracts and reduction in average duration to find sustainable employment, as well as benefits in terms of salary, the type of work contract and access to social security cover. However, these programmes still cover a relatively small number of workers and youth. While well designed active employment programmes can help secure employment to a number of job seekers, it has been found that the more educated have a greater likelihood of benefitting from these programmes and that women can be relegated to the least interesting programmes.

The law for domestic workers came into force in late 2018 and was largely based on the ILO Convention on Domestic Workers, with some differences. It requires an employment contract that must be signed and legalised by both parties, specify if it is a fixed term contract or one with unlimited duration, the nature of the work, weekly hours of work (limited to 48 hours per week for those over 18 years and to 40 hours per week for those aged 16-18 years) with weekly and annual holidays, and state the salary

which must be equal to at least 60 percent of the minimum wage. Social security benefits are to be paid by employers, but the impact of this provision has been hindered by delay in the relevant decree. Sanctions in the form of fines are provided if the employer does not respect the signed contract.

However, since the law came into force, only 300 employment contracts linking a domestic to her/his employer have been filed, and most of them are by foreign employers residing in Morocco. Domestic workers are reluctant to sign employment contracts, partly because of a wait-and-see attitude by employers, partly because of the fear of losing other social security benefits and partly because of the concern that signing the contract will prevent them from quitting their jobs at any time. There is also the impact of the role of intermediaries in the hesitation of employees to sign an employment contract. An additional reason for this may be that the law only seems to address one type of domestically employed person, whereas there are at least four types. There are women (sometimes relatives of their employers) who permanently live with their employers and work without remuneration, only receiving food, clothing and on occasion a limited amount of money. There are young women who work for a monthly wage well below the minimum wage, who often do not negotiate or receive the wage, which is given directly to their parents, with negotiations conducted by brokers who set wages and working conditions. There are women who hire themselves out on a daily basis, as well as those who receive weekly or monthly wages for specific tasks like cleaning. It is difficult to ascertain the rights of women relatives working as domestic employees or to ensure 60 per cent of the minimum wage to domestic employees living outside the major cities. As a result, the law is struggling to gain public support and have a significant impact on domestic workers.

The Moroccan Law dealing with the status of the Self entrepreneur was adopted in 2015. The law gives a number of advantages to self-entrepreneurs: they are exempt from the obligation to register in the commercial register and keep extensive accounts; they can work from their residences or in premises operated jointly by several companies; they obtain social coverage from the date of registration; and they receive a number of fiscal advantages like protection from value added tax and low rates of income tax. The status is attractive especially for young people, and more than half of self-entrepreneurs are between 15 and 34 years old. Two-thirds are men and one-third are women. While the law alone is not sufficient to significantly reduce informality, it has given the opportunity to some to formalise their activity. Nevertheless, despite the numerous advantages and procedure simplifications introduced by the law and some success, the objective in terms of the self-entrepreneurs interested by this status has not been achieved.

Survey data point to differences in “values”, which are stronger when different work status is considered, rather than when gender is taken into account. Agreements or disagreements with statements dealing with whether men and women should be given the same job opportunities and salaries, whether men should have more right to a job in case of job scarcity, whether men should be the main provider and whether married women should work outside the house are rather similar between men and

women but are quite different among women formally and informally employed and slightly different between formally and informally employed men.

This analysis of the Moroccan case suggests that even the most well-intentioned schemes and laws may fail in their goals if the specific social contexts and the gender construction of the society is not taken adequately into account.

IV. Conclusion: Main insights from the case studies.

The case studies presented here provide a sobering assessment of the benefits of even the most well-intentioned formalisation policies, particularly with respect to their impact on women workers. To put it starkly, many official measures designed to increase formalisation of work have essentially failed to improve the conditions of workers, and even those that can be deemed to be successful have been very limited in scope and coverage. This is not to say that there have been no successes at all, but rather that these successes have not been sufficient to change the basic conditions of the labour force in situations of widespread informality. In addition, many government schemes to provide some “formal sector-type” benefits to workers such as pensions are merely limited substitutes for formalisation, but these are often mistakenly identified as evidence of actual or effective formalisation. Further, in labour markets with a high degree of informality, there is often a lot of fluidity in workers’ conditions, and they can move across formal/informal employment without really changing their basic situation.

Of course, government interventions that are designed to provide social security to unorganised workers vary in impact according to labour market conditions, extent of regulatory power and monitoring of the government, political will, etc. Lack of awareness of many laws and schemes, as well as the sheer difficulty of accessing entitlements, still operate against the interests of informal workers, and this is especially the case for women, since gender blindness or lack of concern for the specific and varying circumstances of women workers makes formalisation less effective or even ineffective.

The analysis provided thus far points to some broad conclusions that also have important policy implications, as specified below.

IV. a. The significance of the macroeconomic context

One absolutely crucial point to note is that the impact of formalisation policies is hugely dependent on the overall macroeconomic and labour market contexts. The contrast between Thailand and the other countries considered here makes that amply apparent. Thailand is the only country experiencing not just a macroeconomic boom, but also an employment boom, expressed in rapidly growing employment and rising real wages. This has had significant effects on other features of the labour market that are often seen as more structural, such as the gender wage gap, which has reduced (and even disappeared for some sectors). In a situation of such a tight labour market, it is often the case that it is easier to bring in and enforce formalisation measures. But it could also be that even informal employers are forced to offer better conditions, more

social protection, and so on, so that the differences in wages and working conditions between formal and informal employment become less stark.

All the other countries considered here show much more slack in the labour market, with the high presence of open or disguised unemployment, and evidence of decreased demand for workers in the recent past. This is true even of the countries like India and Morocco that are otherwise seen as experiencing rapid output growth. This aggregate lack of productive employment opportunities obviously makes it harder to implement formalisation policies, since workers desperate for livelihoods will be forced to accept even relatively poor conditions in informal work and official monitoring of such employment can be difficult if not impossible.

IV. b. Recognising what genuine progressive formalisation means

Governments seek to bring both enterprises and workers into the ambit of formalisation, often for different reasons. The differences between these two types of formalisation are considered below, but it is also important to note that neither need necessarily create better conditions for those engaged in informal activities. In the case of small and micro-enterprises and self-employment, costly registration and tax requirements without the rights, benefits or protections that should accompany formalisation are not particularly beneficial. Similarly, taxation or enforced registration of informal enterprises without benefits, such as in the Indian GST or in other flat tax systems where own-account workers can have to pay the same taxes as big businesses, or obligations to register with different departments in cumbersome procedures, all operate to worsen the conditions of those involved in informal activities. In all such laws and regulations, women engaged in such activities are worse off, partly because they typically have lower levels of literacy and numeracy, fewer social networks to access the relevant bureaucracy, and are more likely to be threatened or abused during the process of enforcement. Similarly, in several of the cases considered here (such as South Africa and Ghana), rules with respect to location, zoning, phyto-sanitary conditions etc., have been found to have substantial negative effects for small traders and street vendors, with women workers disproportionately hit by these laws and regulations. Therefore, such policies should not be seen as examples of progressive and desirable formalisation without more detailed reference to the actual implications.

With respect to workers, governments often use other indicators to suggest that more workers are getting the benefit of formal employment. But in fact, the case studies show that any one measure of formalisation (such as paid leave or social security or written contract) is very inadequate as a genuine measure of decent work, and workers characterised as being in formal contracts according to any one of these indicators can typically face extreme insecurity of tenure and exploitation in various ways. So these should not be seen as genuine progressive formalisation either. In some cases, over-zealous governments impose conditions that are designed to encourage worker formalisation but actually operate against the interests of workers, such as unrealistic educational requirements for informal workers, unrealistic legal requirements for informal workers, preconditions that are difficult to meet, costly bureaucratic requirements that are effectively unaffordable for most informal workers. Such

measures actually operate against the interests of workers, and once again women workers who are less likely to meet the criteria fare worse in such situations.

IV. c. The formalisation of enterprises vs formality for workers

It is often believed that when enterprises are formalised, workers would automatically benefit because they would necessarily become formally employed, be subject to minimum wage laws, and receive protection from various legislations, including those relating to job security and various forms of social security. However, the case studies show that this is not the case. The Indian experience is especially stark in this regard, showing that even formal enterprises continue to hire workers on completely informal terms, often without even any written contracts, and that there is a high degree of fluidity across formal and informal employment.

Indeed, attempts to formalise enterprises and economic activities (rather than employment) can often be counterproductive, reducing their competitive position and thereby even threatening their survival and so affecting employment adversely. This was found to be true for contract farming in Ghana, as well as demonetisation and GST implementation in India. So genuinely progressive formalisation policies that improve the conditions of workers, especially women workers, need to recognise that the focus must be on precisely on such workers, and on laws, rules and policies to improve their wages and working conditions that can be implemented without harming their employment prospects.

IV. d. Framing laws and regulations appropriately

There are several issues to bear in mind when framing formalisation laws and policies, including both economic and social context. It was seen that some cases of apparently pro-women measures can end up operating to their detriment. A case in point is the example of the law on maternity benefits for women in India. This is obviously an essential requirement for all women, and regular public employment in India already provides maternity benefits in the form of paid leave. However, private employers especially in the informal sector have not been as keen to provide this benefit. However, the imposition of a law requiring paid maternity leave to be provided to all women workers, while certainly desirable in principle, may not work in the expected way. In the Indian context, with an extremely slack labour market wherein employment prospects are poor, has simply meant that private employers choose not to hire women. In informal contexts where job security is also not ensured, it could even mean the loss of employment for women – exactly the opposite of what is intended. Therefore, it is necessary for policies to be nuanced to take into account such considerations. It could be argued that it is necessary for some state participation in the costs of such maternity leave, to ensure that women workers are not at the receiving end through loss of employment.

IV. e. The need to avoid oppressive or punitive regulation

It was found across the case studies that some regulations, particularly of small and micro enterprises that have little in the form of financial assets or technical expertise, can be counterproductive and oppressive, in extreme cases even leading to

closure of units and loss of livelihood. This was true of street vendors (dominantly women) across the countries, who were subject to rules and regulations that effectively served to oppress and inhibit their operations. It was also true in the case of agriculture in Ghana, whereby small holders found it difficult to compete with companies engaging in contract farming. The GST imposition raised compliance costs dramatically and squeezed out many small producers from the supply chain, and here again women were found to be disproportionately affected both as micro-entrepreneurs and as workers. So all such regulations – even the most well-intentioned – need to be considered carefully in terms of how they will affect the people concerned, and specific note must be taken of the differential positions of women workers both as micro entrepreneurs and self-employed, and as workers.

IV. f. Social context, rigidities of formalisation in the context of gender relations

Even with the most careful and sensitive policy approach, there is no getting away from the fact that formalisation necessarily introduces rigidities into labour relations. Most of the time, this is a good thing, as it reduces possibilities of exploitation and oppression, and this is especially valuable for women workers whose bargaining positions are weak. However, precisely because of the inevitable rigidities, there may be some situations in which women workers prefer informal work. The example of Thailand highlighted how some domestic workers prefer informal arrangements, not only because it keeps them out of the tax net, but also – and perhaps even more importantly – it allows greater flexibility in working conditions and leave that can be negotiated interpersonally with individual employers. (Once again, it is true that employers are much more likely to be suitably flexible in the context of a tight labour market.) Similarly, it was observed in the case of sex workers, that workers' resistance to legalisation and formalisation (even when it would otherwise benefit them) emerged from a societal context of possible stigma and discrimination associated with such work.

In general, social and cultural contexts are critical to understand and incorporate when examining formalisation strategies, which means in turn that one-size-fits-all policies are unlikely to be either effective or desirable.

IV. g. The importance of mobilisation and association

The huge role played by mobilisation and awareness emerged in several of the case studies. In Ghana and South Africa, the associations of street traders have been critical in ensuring both the rights of such workers and preventing some particularly egregious cases of injustice. In India, it was found that only those workers who were associated with a trade union or an NGO engaged in mobilisation had awareness about several of their rights granted by law, including with respect to minimum wages, paid leave and social security. Therefore the role of trade unions, NGOs and social movements may be absolutely essential to ensure progressive formalisation.