

I. Scale of the problem in the region

The members of the group agreed that the informal sector is highly complex and the aspects of the working definition used were:

- A sector not captured in the national economic statistics
- It is poorly known because of insufficient research and documentation
- It is unstructured and not regulated
- Those who transact business in the informal sector have no voice, no recourse and no access to social services

With respect to scale and categories, informal sector activities has a wide range, for example:

- Casual workers in the construction sector
- Artists and Artisans
- Higglers (or hucksters, petty traders, micro traders). Note: the terminology change from island to island.
- Domestic workers
- Migrant workers (with or without legal status)
- Sex workers
- Subsistence farmers
- Vendors
- Cosmetologists and other spa workers such as nail technicians, hairdressers, etc.
- Security services
- Transportation: minibuses and taxi-drivers

With respect to geography it was agreed that informal workers are present in both the urban as well as the rural areas.

With respect to gender, it is mostly the female as heads of households.

In the discussion it was recognised that the poor were mainly in the informal sector, but mention was also made of the poor at the periphery of the formal sector.

II. Recommendations for reforms:

- Reform of policies of financial institutions with respect to incentives to expand businesses, collateral requested, and seed capital for new businesses;
- Encouragement and advocacy to provide seed capital. Due to the high risks associated with the start-up of businesses, most financial institutions are unwilling to approve funds. Excellent business plans are therefore unlikely to be implemented;
- To encourage the use of business systems as collateral (shepherding/mentoring model);
- Create opportunities for growth to facilitate expansion of markets

- Regulatory changes for example legislation to make seed capital available through arrangements between regional central banks, development banks, commercial banks and credit unions. Mention was made of the ECCB Enterprise Fund;
- Legislative Framework with respect to issues of (subtle) discrimination and to encourage equal opportunities in the workplace
- Encourage pro poor policies and policy analysis with focus on empowerment of the poor

III. Possible Opposition or Barriers

- Subtle discrimination that manifest itself in different ways, for example selection for jobs based on neighbourhood, status, race and color, school attended, etc.
- Unwillingness to revisit policies and to make changes to facilitate empowerment of the poor
- Legal status of migrant workers
- Regional arrangements with respect to unskilled workers (for example CSME requirements for free movement of skilled labour)
- Literacy levels of the poor (functional literacy)
- Accessibility to information because of language gaps (for example English versus Patois)
- Lengthy processes of service delivery because of bureaucracy
- Market price arrangements and incentives that tends to favour the formal sector
- Lack of resources to implement good business ideas
- Financial system and (social) partnerships is more geared towards facilitation of the formal sector

IV. Ideas to overcome barriers

Partnership with all stakeholders

Political leadership

Civic education and advocacy by CSOs to influence relationships between the poor and the service providers

5. Recommended partners

Government, CSOs, Financial Institutions, Development partners, ILO

Note: Although formalization of some activities might improve the quality of live of the poor, the group agreed that formalization should not lead to creating more levels of bureaucracy and stifling of innovation and creativity.

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