

# Women in the Informal Economy

*The growth of the informal economy, the role of women workers in it and their need for support has become the focus of a global movement. This brochure presents the story of these workers and that movement in the hopes of securing your support as a partner and collaborator.*



*“It took ten years to build an organization and twenty years to build a movement.”*

**Ela Bhatt, founder, SEWA and chair, WIEGO**

## A GLOBAL PICTURE

### The informal economy

- Once expected to dwindle with economic growth, the informal sector today provides the majority of employment in many developing countries
- Over the past two decades the sector has been growing rapidly all over the world

### Women in the informal economy

- In some countries of sub-Saharan Africa, virtually all of the female non-agricultural labour force works in the informal economy
- In many developing countries more women than men work in the informal economy
- Most women working in the informal sector are home-based workers or street vendors
- Women's informal sector work contributes substantially to GDP
- Women homeworkers, a nearly invisible group, contribute greatly to global trade

### Women, poverty and the informal economy

- Gender, informal sector work and poverty often go together
- Though low, women's income from informal sector work sustains many poor households

### Globalizing

- Globalization frequently weakens the bargaining power of workers and drives more people into the informal sector
- Women informal workers are an integral part of a globalizing economy

### Organizing

- Women workers need to organize at local and international levels to respond to new opportunities as well as negative impacts of globalization
- Women in Informal Employment: Globalizing and Organizing (WIEGO) is a worldwide network of institutions and individuals concerned with improving the status of women in the informal economy

## THE GLOBAL MOVEMENT

Over the past two decades, a movement has emerged in support of women workers in the informal sector worldwide. Much of the impetus and inspiration for this fast-growing movement has come from a trade union of low-income working women founded in India in 1972, the Self-Employed Women's Association (SEWA). SEWA members include street vendors, home-based workers, agricultural labourers, construction workers, head-loaders and rag-pickers. With several hundred thousand members today, SEWA has become an international force working with the women's and labour movements worldwide.

In the mid-'90s two international alliances were formed, HomeNet and StreetNet, to empower home-based workers and street vendors. From its inception, HomeNet was heavily involved in lobbying for the passage of the International Labour Organization (ILO) Convention on Homework (1996), the ratification of which will help bring about equality of treatment between homeworkers and other wage earners. HomeNet brings together existing organizations of homeworkers and encourages the development of new organizations. At the first StreetNet meeting in 1995, founding members drafted an International Declaration setting forth a plan to promote national policies to support and protect the rights of street vendors.

Established in 1997, WIEGO is dedicated to supporting the work of women in the informal sector, and its agenda is driven by their circumstances and needs. Led by HomeNet, StreetNet and WIEGO, this fast-expanding global movement of and on behalf of low income women who work in the informal sector is a unique example of the joint action of unions and other grassroots organizations of working women with research institutions and international development agencies.

*This global movement seeks to improve the status – and increase the visibility and voice – of women in the informal economy through building strong local organizations and international networks as well as promoting better statistics, research, programmes, and policies.*



#### ASIA

*Gayatri rolls bidis (handmade cigarettes) at home for a contractor who pays her 75 cents per 1000 bidis. She makes about 800 bidis per day. Once a week, she takes a bus to drop off bidis and get supplies from the contractor. When he gives her low-grade supplies, her earnings drop. Gayatri's back often aches as she sits on the floor for long hours to roll the bidis.*

#### LATIN AMERICA AND THE CARIBBEAN

*Agnes from Jamaica sells cooked shrimp to tourists on the roadside near the big hotels. She learned the trade from her mother and is training her four daughters in it. Before dawn each day she buys fresh shrimp from the boats in the harbor, which she cooks, pickles and packages. She sells the shrimp until early evening. Agnes can make \$15/day but only when she works; she gets no benefits. As more resorts develop, the spaces where Agnes and others sell are disappearing.*



#### EUROPE

*Julie from England assembles electronics at home. With two small children at home, Julie began hand knitting 30 hours a week, receiving \$7.60 for each sweater she made. The sweaters sold by mail order for ten times that price. She heard about doing electronics work at home, which paid better than knitting and now earns about \$125 a week for 50 hours work. But she receives less than factory workers doing the same work and doesn't receive the benefits that they do.*



#### AFRICA

*Sophie from South Africa is a street vendor. She gets up each day at 4:30 a.m., takes the bus into town, buys apples to sell and trades until 4:00 p.m. On her trading corner, there are no nearby latrines, and garbage removal is infrequent. At the end of the day, she takes the bus home again, picks up her children from friends who look after them, makes supper, does the laundry by hand and cleans her small house. She makes \$2/day.*

*“These initiatives hold out the promise of beginning the transformation of both states and markets in ways that will improve the lives of women around the world, based on a globalization from the grassroots.”*

**Diane Elson**  
Department of Sociology  
University of Essex (UK)

## THE INFORMAL ECONOMY

### What is the informal sector?

- In 1993 an international definition of the informal sector was adopted, to include small unregistered enterprises, paid and unpaid workers in them and casual workers without fixed employers
- Collecting accurate statistics on the sector remains exceedingly difficult because of the wide range of activities it encompasses
- Given the difficulties of data collection, official statistics probably underestimate the size and economic contribution of the sector, as well as women's roles in it

### The informal sector is a major growth sector

- The informal sector accounts for a large share of output and employment
- For those countries where estimates exist, the informal sector accounts for 45 to 60 percent of non-agricultural GDP

### Women are a vital part of the informal sector

- The number of women and their economic contributions to the sector are likely to be underestimated because they engage in home-based work and street vending, activities which are difficult to document
- Despite difficulties in collecting statistics, women's share in informal sector production frequently equals that of men, and women's share of informal employment generally matches or exceeds men's share

## ORGANIZING THE GLOBAL MOVEMENT

In 1997 individuals from SEWA, Harvard University and UNIFEM established WIEGO as a global research-policy network to promote better statistics, research, programmes and policies in support of women in the informal economy. WIEGO works closely with HomeNet and StreetNet in the global movement.

### The international movement today

- HomeNet now has active member organizations in over 25 countries and publishes a newsletter that reaches organizations in over 130 countries
- StreetNet works with organizations in nearly a dozen countries and together with WIEGO has established integrated research and policy projects in three countries
- WIEGO has affiliates in 25 countries as well as project partners and activities in over a dozen countries and is working with the ILO and United Nations Statistics Divisions to improve statistics on the informal economy
- HomeNet, StreetNet and WIEGO have raised awareness of the informal sector in public policy fora at the local, national, and international levels

*“Statistics have power... When statistics are in the hands of activists, then struggles are strengthened.”*

**Ela Bhatt**, describing the importance of statistics in securing the passage of the ILO Convention on Homework.

### LATIN AMERICA AND THE CARIBBEAN

The informal sector is responsible for:

- 83% of new jobs in Latin America and the Caribbean
- More than 50% of non-agricultural employment
- 80% of women working outside of agriculture in Peru

### EUROPE

- 90% of homeworkers are women in Germany, Greece, Ireland, Italy, and the Netherlands
- Many women home workers in Europe are immigrants from developing countries
- While most home workers fall outside the protection of the law, most of the products they produce are sold by large, mainstream retailers

### AFRICA

- The informal sector comprises:
- 93% of new jobs
  - As much as 80% of non-agricultural employment in some parts of Africa
  - Nearly 75% of women working outside of agriculture in Zambia

## HOME-BASED WORKERS

Worldwide fewer workers are working in formal, unionized jobs. More and more people, particularly women, are working informally in their homes, without work security or social protection.



### Who are they?

Home-based workers work in their homes or at a workplace near their home that doesn't belong to the employer. They may do piecework for an employer, who can be a subcontractor, agent or a middleman, or they can be self-employed on their own or in family enterprises. They can work in the new economy (assembling micro-electronics) or the old (weaving carpets). They are found in developed countries as well as in developing countries.

### What leads people to home-based work?

While some self-employed workers may choose to work at home for cultural reasons, those who work as subcontracted outworkers (also called homeworkers) generally do so at the decision of industry. Globalization and the resultant restructuring of production outsource production to homeworkers who remain outside the formal workforce.

### How prevalent is home-based work?

- In several African countries over half of all enterprises are home-based
- Homeworkers are a major part of the workforce in the garment, leather, carpet and electronics industries
- Increasing numbers of women homeworkers work in computer-based services

### Organizing home-based workers: HomeNet

Active for three decades now, SEWA in India was the first union to organize women home-based workers. Organizations in other parts of the world have also been working with women home-based workers.

- In Madeira, Portugal the Union of Embroiderers has been organizing homeworkers for over 25 years and has secured social protection for them.
- In South Africa the Self-Employed Women's Union (SEWU) has gained government support for home-based workers.
- Since the 1980's, the National Group on Homeworking in the UK has brought together many local projects and groups of homeworkers in a national campaign for legal protection.
- Unions in Australia and Canada have begun to organize homeworkers

In 1994 the organizations working with home-based workers founded HomeNet as an international network working on behalf of home-based workers and joined efforts to secure an international convention to recognize and promote home-based workers. Since the adoption of the Convention in 1996, HomeNet has been working for its ratification. It has joined forces with WIEGO, SEWA and UNIFEM to build a regional policy dialogue on labour policies for home-based workers in South Asia and is working to extend its membership internationally.

### India: development of a national policy

With an estimated 30 million home-based workers, India is formulating a national labour policy to include home-based workers. SEWA has been working closely with the Ministry of Labour to see how home-based workers can receive the same benefits that other workers do. A draft policy was formulated in January 2000. If passed this will be an important model for home-based workers worldwide. HomeNet, SEWA and WIEGO have been working together to promote the development of similar national policies throughout Asia.

### ASIA

- More than 90% of women working outside of agriculture in India and Indonesia and more than 40% of Korean working women overall work in the informal sector
- Nearly 75% of manufacturing work in South East Asia is within the informal sector

### Sources for the statistics

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## STREET VENDORS



Street vending is the only occupational option for many poor people. The right to vend (within reasonable limits) should be considered a basic economic right.

Street vending is a global phenomenon. In cities and towns throughout the world millions of people earn their living by selling a wide range of goods and services on the streets. Street vendors represent a significant share of the urban informal sector. In many parts of Asia, Africa and Latin America women represent a majority of these vendors.

Researchers and policy makers have limited understanding of the role of street vendors. Little is known about their links to the formal trading sector or about the size and contribution of street vending to the economy as a whole. As with home-based workers, their numbers and economic contributions are greatly underestimated in national labour force statistics and national accounts. Public policies, urban plans and local government bodies are often biased against street vendors.

### Problems of street vending

- No legal status or recognition
- Harassment by local authorities and evictions from selling places
- Confiscation of goods
- Unsanitary and hazardous workplaces lacking basic services

### Countering the negative image

- Street trade contributes to urban life by providing goods and services and by generating employment
- A great deal of money flows through informal trade
- Street vendors offer convenient goods and services in quantities and at prices the poor can afford

### StreetNet

StreetNet began in 1995 as a network of individual vendors, activists, researchers and supporters working to increase the visibility, voice and bargaining power of street vendors throughout the world. StreetNet's focal point of action is the Bellagio International Declaration of Street Vendors, a plan to create national policies to promote and protect the rights of street vendors and vendor associations. StreetNet's long term objective is to secure an ILO convention on the rights of street vendors.

### The StreetNet Association

The StreetNet Association was set up in Durban, South Africa in December 1999 to strengthen StreetNet with the following objectives:

- expand and strengthen street vendor networks
- build an information base on street vendors everywhere
- disseminate information on strategies to promote and protect the rights of street vendors.

### The Durban Policy Process

Durban, South Africa has 20,000 street traders, 60% of whom are women. Recognizing the economic and social contribution of street traders and the interdependence of the formal and informal economy, Durban city government is developing an innovative policy framework to guide the management and support of workers in the informal economy. Through a consultative planning exercise, the city is looking at ways to integrate the informal economy into economic development including creating job opportunities for the working poor and supporting very small enterprises.

### Bellagio International Declaration of Street Vendors

- Urges Governments to develop national policies for hawkers and street vendors
- Requests licences, legal recognition and hawking zones
- Recognizes street vendors as an integral part of the urban distribution system
- Requests relief measures in situations of disaster and natural calamities
- Asks for protection and expansion of vendors' existing livelihoods

Fruit vendor in Malaysia



## WIEGO WORK PROGRAMME

### The Work Programme: five priority areas

For each of its five work programme areas, WIEGO commissions background papers to identify programme, research and policy priorities and convenes planning workshops of grassroots, research and policy actors. Collaborating institutions and individuals undertake component activities.

#### 1: Urban policies

The WIEGO urban policies programme works to correct the public policy bias against street vendors and establish their right to vend. The programme also works to improve services for street vendors and helps them to organize themselves and present their concerns to city planners. It has initiated projects with StreetNet on street vendors in India, Kenya and South Africa. WIEGO has also worked with the Population Council to produce the SEEDS series pamphlet on women street vendors.

#### 2: Global markets

The Global Markets Programme analyzes the impact of globalization and trade liberalization on women workers and producers, particularly home-based workers, to highlight where threats can be minimized and new economic opportunities seized. In order to see how to correct imbalances in power and economic returns, it maps global commodity chains to see who is doing and getting what at each stage of the chain. The programme is working with HomeNet in the areas of garments, food processing/agrobusiness and minor forest products. The programme assists women in taking advantage of new opportunities arising from globalization such as using new information technologies to circumvent middlemen and link directly with international markets. The programme is working with SEWA to establish a Women's Trade Centre that will help rural women market their products more widely.

#### 3: Social protection measures

Recognizing that most informal sector workers have no access to social protection systems, WIEGO's programme promotes innovative approaches, such as micro-insurance, to provide social protection to women workers in the informal sector. This programme has published "Learning from experience: a gendered approach to social protection for workers in the informal economy" (Geneva, 2000) with the STEP programme of the ILO. It has organized national and international workshops on social protection for women informal sector workers.

#### 4: Organization and representation of women in the informal economy

WIEGO works with existing networks such as HomeNet and StreetNet to strengthen organizing capacity and promote mutual support and representation of women in the informal economy. WIEGO works with international trade union organizations and tries to put informal sector workers on the agenda of governments and international organizations. A long-term aim of this programme is to build an international federation of informal sector organizations.

#### 5: Statistics on the size and contribution of the informal economy

WIEGO has been working closely with the Statistics Divisions of the United Nations and the ILO and with the international Expert Group on Informal Sector Statistics to promote improved statistics on the informal sector. It has sponsored the preparation of five technical papers on improved methods and measures for the meetings of the international Expert Group and a report of available statistics on "Informal Sector, Poverty, and Gender" for the World Bank. It also works with national statistical offices and local research institutes to estimate the size and economic contribution of the informal sector in several countries in Africa, Asia and Latin America.

*We invite you to join us in collaboration on this increasingly important development concern.*

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