

PANELLIST STATEMENT

Launching the World Day of Social Justice – 10 February 2009



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Giving Voice to Informal Workers for Poverty Eradication and Social Integration

Informal economy in developing countries

The informal economy is the main form of employment in most developing countries. Informal workers are small self employed such as small farmers, street vendors and artisans; as well as those employed in enterprises such as small factories, or casual or contract workers in large enterprises. 71% of workers in Asia, 78% in Sub-Saharan Africa, 51% in Latin America and 47% in West Asia and North Africa are in the informal economy.

The informal economy is robust and productive and drives growth. In India nearly 60% of GDP comes from the informal economy, whereas in Sub-Saharan Africa 93% of new jobs came from the informal economy. However, most of the poor in these countries are in informal employment as are the women and the disadvantaged groups, so poverty eradication requires increasing employment and decent work in the informal economy.

Self Employed Women's Association (SEWA)

I come from SEWA where over the last 35 years we have shown that poor women organizing themselves for employment and social protection, raising their voice and visibility can lead to reduction of poverty, social integration and most important, livelihoods with dignity. SEWA is a movement of poor women workers, with a national trade union of 1.1 million members; a women's co-operative Bank (with capital of Rs. 1 billion); social protection through insurance, health care and child-care; its own women-owned marketing company; its own housing and infrastructure programmes and a research and training academy. It advocates for national laws and policies for informal workers and recently was active getting an Act for Social Security of Informal Workers passed. SEWA is also active at the international level, is a member of the ITUC (International Trade Union Congress), and has been active at the ILO especially for the Resolution on Informal Economy, passed in 2002.

SEWA brings together women workers of different castes, religions and regions, who organising together are able to reach their voice to highest levels. However, the main achievement is the empowerment of the women. As one woman had said, "A sun opened in my mind".

The Global Financial Crisis

At this time the workers in the informal economy and we in SEWA have begun to feel the effects of financial crisis. Here in the US, the impact on ordinary people is measurable by numbers of jobs lost; this is also true of the formal sector in our countries. But no one measures the impact on informal workers who are mainly the poor, and least able to bear the shocks. Let me give some examples from an action-research that we are undertaking.

In the informal economy families scrape together a livelihood by doing many types of work. If one or more persons lose their work it throws a burden on all the other livelihood sources as there is no safety net or unemployment benefits. For example, in India, many rural families had sent their sons to work in diamond polishing factories. As these factories close down the men are returning to the farms causing wages to decline and more mouths to feed. Farmers are finding the prices of produce have fallen, and they are unable to return loans; waste recyclers find that the price of waste has crashed; construction workers have no work as construction projects shut down. Many families are taking their children out of school; they are eating less nutritious food and are saving on health care.

Some Solutions

What can be done to support the informal workers so that they do not descend into a vicious cycle of poverty? This may be an opportunity to strengthen the informal economy which in some ways remains more robust than the formal sector. If the right policies are followed and if stimulus packages are directed more towards this economy, we may recover faster and with less pain.

First, we need to recognise the existence of this sector and listen to their voice. This means that organizations representing these workers and others at the community level need to be recognized and heard by Governments.

Then, it is important to encourage all forms of employment, especially women's employment. In cities for example, street vendors and waste collectors, make their own employment and play a useful role. City policies need to encourage this type of employment rather than drive them away.

Third, certain safety nets which protect people's health care and protect against major shocks due to accidents and disasters, can be part of the financial packages being proposed. Microfinance has been a success in many countries, and can be expanded adding other financial services like micro-insurance and micro-pensions. Finally, this is an opportunity to invest in building the skills and capacities of the informal economy, especially the younger, for the future.