



INFORMAL ECONOMY VOICE STRATEGY 2018-2022

Presented By:

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Outline of the Presentation

- Purpose
- Background
- Rationale of the Strategy
- Conclusion
- Recommendation

Purpose of the presentation

- ❑ To inform and make awareness to the participants about the Strategy
- ❑ To gauge feedback from the participants on the Strategy
- ❑ To solicit support from the participants, government as well as the general population on the implementation of the IE Voice Strategy 2018 – 2022

Background

- Definition The informal economy has been described in various ways. Writing about the informal sector in Sri Lanka, Sandaratne (2002) explains that the informal economy has various definitions including: the 'unorganised sector', 'unregistered economy', 'third economy', 'parallel economy', 'non-institutional', 'bazaar economy', 'lower circuit', 'black economy', 'shadow economy', 'underground economy', 'peasant form of production', 'peddlers', 'the unremunerated', (Sandaratne, 2002,4)
- Informal Economy is “Where people get by earning money without having jobs; Where individuals don't pay and collect income tax, Where production is not counted in the national production (GDP), Where individuals are not included in the workforce (self-employed/household based activities); Workers time is unstructured; workers and enterprises rights often ignored or not protected (National Informal Economy Policy 2011-2015; 2)
- Urban Informal Economy: The result of the 1999 CIMC Commissioned study conducted by Ofelia Eugenio found that the informal economy or informal sector has been neglected. 95% of the participants in the survey claimed to have received no form of assistance at all. Not one of the survey respondents was a member of any informal economy organization (e.g vendor association, second dealer association) though they are members of church, women's groups etc. (Eugenio, 2001).

Background

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- Rural Informal Economy: Informal economy in PNG has been able to sustain the needs of the majority of Papua New Guineans during very difficult times without any form of assistance from the government. This in itself is a huge achievement. Assistance in this context is referring to being financially included, marketing support in terms of upgrading market infrastructure and increasing the access of vendors to market information; and training on business, budgeting, livelihood skills and numeracy/literacy (Sowei, Vatnabar, & Lahari, 2010).
- The National Informal Economy Policy 2011-2015 supports "Political representation and 'voice' for informal economy operators with particular concern for the needs of women (National Informal Economy Policy (2011), pg xiii)
- 2016: CIMC developed a concept note on Giving Voice to the Informal Economy Participants in Papua New Guinea
- 2016: Establishment of CIMC Informal Economy Voice Mechanism Sub-Committee to put together the strategy
- 2017: Draft 3 of the strategy endorsed by the CIMC Informal Economy Sectoral Committee on 24th April 2017.
- Present: Working on the FINAL Draft

Active Members of the CIMC IE Voice Mechanism Sub-Committee

- Ms. Kay Kaugla, NCDC – Chairperson
- Mr. Francis Irere, Department of Justice & Attorney General
- Mr. Cathy Kaiun, Department of Justice & Attorney General
- Ms. Helen Bua, Department of Justice & Attorney
- Dr. Elizabeth Kopel, NRI
- Messrs Ronald Maru & Samuel James, IPA
- SME Corporation
- Ms. Christina Cheong, UNWomen

Definition: Informal Economy Voice Mechanism

- This Strategy defines Informal Economy Voice Mechanism as a mechanism to enhance representation of informal economy in the decision making processes of government at all levels so that harmonious relationships are created in order for informal economy to be recognized and provided a space to thrive alongside the formal sector. Eg, formal enterprises to which informal economic activities pose a threat, could identify a focal point for negotiation, mediation, or other forms of resolution
- In the context of this Strategy Informal Economy Voice Mechanism will take the form of IPA registered Informal Economy (IE) Associations set-up to provide voice for informal economy participants. These associations will be set-up based on their geographical location or type of activities. These IE Associations includes those operating inside formally set-up markets as well as mobile traders and peddlers. For instance, Gordon Market Vendors Association, Fresh Produce Vendors Association or 6 Mile Mobile Traders Association

Rationale of the Strategy

- The purpose of the Strategy is to provide a comprehensive framework that
 - (a) identifies key goals and priorities and
 - (b) provide guidelines on the implementation of relevant interventions to establish informal economy associations to 'give' voice to the informal economy participants in Papua New Guinea.
- It aims to mainstream and integrate considerations relating to the concerns raised by the informal economy participants across relevant government departments and agencies, national, provincial, district and ward level governance structure and provide for systematic multi-stakeholder involvement including CSOs and local community representatives. It also provides for specific actions and outputs relating to organising the informal economy participants into informal economy associations and giving them political voice to influence government policies.

Rationale of the Strategy

- The strategy was backed up by a qualitative study informed by literature review highlighting the progress made and challenges facing the UN Women/NCDC Safe Cities Market Project. It also drew lessons from other studies looking at street vending and unionisation particularly around the South East Asian Countries. This was further aided by information derived from consultation that took place within the main CIMC IEC and the CIMC IE Voice Mechanism Sub – Committee between the period 2016 – 2017.

Purpose of the Strategy

- Provide a mechanism through which government interventions can be reach the informal economy participants directly
- Create a dialogue platform for informal economy participants to engage with government, private sector and the public to address issues arising out from the informal economy in an amicable manner
- State clear roles of all partners including the local authorities
- Set out strategies for implementation by all agencies and stakeholders as partners
- Provide basis for monitoring and evaluation

Strategy Vision

- The overall goal/vision of this strategy as per the National Informal Economy Policy 2011-2015 is to establish the position of the informal economy as the grassroots expression of private enterprise, and to see the informal economy acknowledged as the full and legitimate partner of the formal economy in the economic system of Papua New Guinea

Strategy Mission

The mission of this strategy is:

- a) To organise the disorganise informal economy for the purpose of empowering and giving “voice” to the informal economy participants in Papua New Guinea
- b) To create avenues for government interventions to reach the informal economy participants
- c) To create a robust dialogue platform where government, private sector and informal economy participants come together to create an enabling policy and regulatory environment to nurture the growth of the informal economy

Strategy Priority Areas

The three (3) main priority areas of the Strategy are;

-  **1) Stakeholder mobilization and coordination arrangement**
To ensure that a coordinated approach covering all key sectors of the economy is undertaken to set-up IE association at national and sub-national levels with funding support from the PNG Government and development partners
- 2) Advocacy and awareness and**
To mainstream informal economy in national, provincial and district plans and sectoral social and economic policies and legislation
- 3) Resourcing and support**
To set-up and sustain the technical, institutional and human resource capacity of relevant stakeholders dealing with the informal economy voice mechanism

Key initiative

■ **Informal Economy Development & Control Bill (CLRC).**

A provision has been inserted for the government to set-up Informal Economy Committees at the National, Provincial and Districts that will work with the proposed Informal Economy Associations to address the issues affecting the informal economy

■ **Revised National Informal Economy Policy**

Informal Economy Voice Mechanism will be given recognition in the revised policy as it will guide government intervention into the informal economy.

■ **Informal Economy Section**

DFCDR has created a new section called the “Informal Economy”. The section will be primarily responsible for coordinating efforts on the implementation of the Informal Economy Policy and Law as well as the Informal Economy Voice Strategy 2018-2022

Conclusion

- To date there is no proper mechanism to allow for dialogue between the government and the informal economy participants in place in Papua New Guinea. Subsequently, the informal economy has suffered from continued government neglect and public disdain for many years.
- The organization of the informal economy into the proposed IE associations is not the panacea to addressing problems plaguing the informal economy. For a start, there is a high possibility that such an idea may become a political football if executives of the association are easily moved by political interest (Bhowmik, 2005). Internally, there is a danger of fragmentation where a small minority of members in collaboration with the executives could dominate the association. Most often is the case the formation of IE associations does not guarantee automatic recognition and support from the government. Furthermore, political interest from both outside and within can easily deviate the organization away from its core mandate and could lead to its extinction
- However, it is argued that PNG with a large and growing informal economy is now at a critical juncture of its development where it needs to link up the informal economy with the formal sector in order to address the exponential rise in unemployment and the widening income disparity between the rich and poor. It can create an enabling environment for citizens of PNG to be engaged in meaningful activities within the informal economy to sustain their livelihoods. Therefore, recognizing the valuable role of the informal economy the PNG government needs to recognise and actively engage with the proposed IE associations



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