

Laboratoire de Recherche
Sur l'Economie Informelle

les
Institutions
et le
Développement

*The Informal Economy and
gender inequalities*

Numéro Spécial

Coordonné par
P.ADAIR et C.BOUNOUA

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N° 9 Juin 2022

ISSN 2335-1845

Revue

d'Etudes Sur Les
INSTITUTIONS
Et le
Développement

Université de Tiemken - Algérie

Faculté des Sciences Economiques
et de Gestion

REVUE D'ETUDES SUR LES INSTITUTIONS ET LE DEVELOPPEMENT

The Informal Economy and gender inequalities

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Coordonné par

Philippe ADAIR et Chaib BOUNOUA

Laboratoire de Recherche sur l'Economie Informelle, les Institutions et le Développement

Faculté des Sciences Economiques et de Gestion

Université de Tlemcen

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Préface

Chaib BOUNOUA

This issue collects a selection of papers presented at the conference *The Informal Economy and Gender Inequalities*, which eventually took place on June the 14th, 2021, being postponed since June 2020 due to the COVID pandemic.

This was the very first international conference devoted to these topics taking place in Algeria. It was organised by the University of Bejaia, the Faculty of Economics, Business and Management Sciences, in collaboration with the *Laboratory of Economics & Development* and with the support of the *Association Tiers-Monde*. (Philippe Adair, vice-Chairman, and Mourad Kertous). It was chaired by Hassiba Gherbi (University of Bejaia).

The speakers from four countries (Algeria, France, Tunisia and Turkey) went through a competitive process. Out of 53 proposals, 13 papers among which six comparative analyses were ultimately presented.

Special thanks to two keynote speakers for sharing their expertise: Aysit Tansel (Turkey) and Jacques Charmes (France).

I am happy to give the authors the opportunity to disseminate their work in the journal *Revue d'études sur les institutions et le développement* I run. I believe this issue gives a thorough overview of the range of topics tackling the informal economy versus the shadow economy and formalisation policies, the gender issues including female participation, carework and microfinance in North Africa and Algeria in particular.

Professor Chaib Bounoua, Editor of *Revue d'études sur les institutions et le développement*, University of Tlemcen, Algeria

Philippe Adair: Introduction

This issue encloses a selection of six papers, beginning with a sketchy note.

How robust a concept is the informal economy and how large is its scope? A few sketchy comments

According to Philippe Adair (University Paris-Est Créteil, France), the concept of informal economy (henceforth informality) proves a happy heuristics, but also encapsulates diverse theories and distinct methodologies lacking consensus. Hence, he coins informality as a “fuzzy set”, namely the overlap of multi-criteria analyses. In the first place, he singles out the theories addressing the causes of persistent informality. Then, he goes back to the genesis of the extensive concept of informality that remains controversial, with respect to the informal sector and the business approach *versus* informal employment and job status, and its nested components. Last, he discusses the reliability of data sources as for North Africa and he compares the informal economy, a subset of the Non-Observed Economy, and the shadow economy.

The gender dimension of informal employment in the Maghreb countries: an overview

Jacques Charmes (IRD, France) builds on the wide array of data collected by official statistical organisations in Algeria, Morocco and Tunisia on informal employment and informal microenterprises. Though incomplete and non-harmonized, data on employment in the various components of the informal economy (in the informal sector, in the formal sector, in the households) are analysed and compared, especially in a gender perspective. Data on earnings are only available for microenterprises in Tunisia. This exercise results in a heterogeneity of country profiles in contrast with other regions of the developing world: the informal economy is not the main entry door of women on the labour markets and the characteristics of jobs by which women engage in the informal economy differ from one country to the other. Efforts of harmonization should be pursued in order to better capture and understand the challenges raised by the difficulties of measuring the actual contribution of women to employment, informal employment and disentangle economic activity as measured by GDP and care work as measured by time-use surveys.

Finance inclusive et réduction de la pauvreté multidimensionnelle des femmes en Algérie

Abdelkrim Zoheir Hadeï and Mohamed Saïb Musette (CREAD, Algeria) assess the impact of microcredit on economic well-being and implicitly the level of poverty of women in Algeria. Using data from a survey collecting 228 microcredit beneficiaries in the Wilaya of Boumerdes, including 26 female participants, they observe that female beneficiaries feel more impacted than male members do. Using the Mann Whitney U test, results display a significant difference between the impact of microcredit on both sexes based on the asset ownership index, but not on the financial index and financial solvency. Female beneficiaries have more control over the income generated by the business and greater economic efficiency.

Informality: Causes, Consequences and Formalization Strategies with Views on MENA

Aysit Tansel (MTU Ankara, Turkey) reviews the characteristics, causes and consequences of the informal economy and the benefits and costs of formalisation. Neoclassical economists maintain that informality is a result of strict labour market regulations. Workers and firms weigh the benefits and costs of complying with regulations and choose to operate informally if the costs exceed the benefits of operating formally. The benefits and costs of formality are discussed from the point of view of workers, firms, governments, the economy and the society.

A brief literature review on Middle East and North Africa (MENA) countries concentrates on the earnings of and the mobility between the formal and informal economies. Informality is more common among men than among women in MENA while opposite is true in most other regions of the world. Eventually, the paper addresses the various strategies employed for incentivizing formalisation in several developing countries and the efficacy of these strategies.

Analyzing the informal economy in Algeria from an institutional perspective

Soumia Bouanani and Chaib Bounoua (University of Tlemcen, Algeria) state that institutions matter for economic growth. They inquire, in as much as the informal economy is one of the undesirable effects of the institutional change of the economy towards the market economy, what kind of institutions matters more. The informal economy is a social and economic phenomenon, which has an impact on the formal economy. Among its main drivers, the formal and the informal institutions that affect the agents' behaviors to enter the informal economy. The emphasis of the paper is on the influence of institutional settings in shaping the incentives that drive economic agents to conceal their activities. Besides, analyzing how informality interacts with these institutional settings help better understanding the impact of the formal and informal institutions upon the size of informality in Algeria, based on several international indicators.

The heavier burden of women in unpaid care work and their higher contribution to total work in the Maghreb countries

According to Jacques Charmes (IRD, France), the Maghreb countries are among those with the lowest female economic participation rates, and the same is true for the female participation rates in the informal economy. To what extent the content and the boundaries, as well as the common understanding of the concepts of labour force and employment can explain such an underrepresentation of women in the labour force, and in the informal economy in particular. He tentatively assesses the trends in labour force participation rates in a comparative perspective. He synthesises the contribution of women (and men) to unpaid care work as measured by time-use surveys conducted at national level in Algeria, Morocco and Tunisia, assuming that it can lead to a better knowledge and understanding of the real contribution of women to the economy in this region. He concludes by discussing the recent adoption, in 2013, of new concepts for labour force and employment and by replacing this discussion within the broader reflexion on the definition of work that irrigated the economic thought since its very beginning.

Policies addressing informality in North Africa: issues and outcomes

Philippe Adair (University Paris-Est Créteil, France) recalls that standard definitions of the informal economy include three components, i.e. informal employment within the informal sector, the formal sector and households. Data sources prove disparate and statistical coverage remains poor in Algeria, Egypt, and Tunisia, as well as in Morocco. A threefold spectrum of theories addresses informality, dualism, structuralism and institutionalism. The persistence of informality translates into segmentation with respect to income gaps along the formal/informal divide, despite the mobility of workers on the labour market. Formalisation policies encapsulate conflicting issues and strategies as well as distinct methods. The moderate impact of formalisation policies proves more significant regarding the compliance of informal businesses than it extends social protection to informal workers, although enforced overall policies are more cost-effective than focused policies, due to economies of scale and spread effects.

How Robust a Concept is the Informal Economy and How Large is its Scope? A Few Sketchy Comments

Philippe ADAIR[±]

Received date: 30/05/2022

Accepted paper: 04/06/2022

Introduction

Since their inception in the early 1970s, the concepts of informal employment and the informal economy have been the locus of fruitful analyses, but also of ongoing confusion. Every decade since the first international compilation from the OECD (Charmes, 1990), updates have brought together a rising number of data (ILO 2002, 2013, 2018 and 2019) that are increasingly harmonised through the adoption of international definitions (ILO, 1993; 2003).

Some investigations use carelessly the informal economy terminology (Ohnsorge and Yu, 2021) without referring to the origins of the concept of informality in Hart (1971) and the ILO report on Kenya (ILO 1972); other studies analyse the shadow economy (Medina and Schneider, 2019) or various models of informality (Albertini et al., 2020), which do not fit.

Ongoing research over half a century suggests that the concept of informal economy proves a happy heuristics, but also encapsulates diverse theories and distinct methodologies lacking consensus, which rather coins informality as a “fuzzy set”, namely the overlap of multi-criteria analyses. Thus, confusion remains between the informal economy, the non-observed economy and the shadow economy, and this confusion affects the policies and regulations relating to informality in developing countries.

In the first place, I single out the theories addressing the causes of persistent informality. Then, I go back to the genesis of the extensive concept of informality that remains controversial, with respect to the informal sector and the business approach *versus* informal employment and job status, and its nested components. Last, I discuss the reliability of data sources and I compare the informal economy, a subset of the Non-Observed Economy, and the shadow economy.

1. Theories of Informality and Causes of Persistence

Dell'Anno (2021) points out a first series of three conceptual approaches - “Modernisation”, “Dualist” and “Structuralist”, whereby the first two cover two distinct interpretations of the dualist model, then a second series of three approaches - “Parasitism”, “Neoliberalism” and “Segmentation” -, whereby the first two refer to the institutionalist approach, whereas “Segmentation” is linked to “Dualist”. These two series are classified according to eight criteria: key idea, main types of activities, causalities, voluntary or constrained choice, political implications, link with the formal economy, prevalence by country and reference theorist. Unsurprisingly, such a large combination (64 elements) emphasizes out the absence of a universal theory of informality, various hypotheses proving not mutually exclusive. This is a “fuzzy set” with distinct overlapping elements.

Actually, a threefold spectrum of various theories of informality proves sufficient, namely dualism (Lewis, 1954; Harris and Todaro, 1970) and labour market segmentation (Fields,

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1975), structuralism and subordination of informality to formality (Castells and Portes, 1989) and institutionalism and micro-enterprises (De Soto, 1986). There are several causes of persistent informality. The main cause is low employment growth, as the formal economy is not able to provide jobs for a growing labour force. Hence, economies have not reached Lewis' "turning point," which occurs when the labour surplus is fully absorbed (Ranis, 2004). This is consistent with segmentation theory, which does not preclude occupational mobility. The other main cause is the inadequacy of the regulatory framework and the lack of enforcement over the execution of employment contracts and the inspection of social security. Excessive regulation by the State, which encourages the informal sector and micro-enterprises to operate outside the regulations, takes place within the institutionalist theory.

2. The informal economy, the genesis of an extensive though controversial definition

Informality includes three components: the informal sector, informal activities in the formal sector and households.

2.1. The informal sector and the business approach

Hart (1973) merely lists a long series of survival activities ("informal income opportunities") he observed in Ghana; the introduction of the ILO report on employment in Kenya (ILO, 1972) does address and define implicitly the informal sector using a list of seven criteria, exactly opposing those defining the formal sector. The content or the terminology of the concept can be traced back in a chapter of the third revision of the United Nations System of National Accounts -SNA (United Nations, 1968). It proposes to classify establishments according to two modes of production, the modern and the traditional, and to encapsulate into the latter all household production activities in the form of sole proprietorships, the characteristics of which (size and organisation) will later be included in the multi-criteria definition of the ILO report on Kenya. These themes developed in all subsequent revisions of the SNA under the name of the informal sector as a sub-sector of the household account. Meanwhile, the ILO (1993) had coined the informal sector as including unincorporated enterprises, a subset of the institutional household sector, comprising both own-account workers and employers. These economic units, which provide legal market production, with fewer than five paid permanent employees, are not registered or their employees are not.

2.2. Informal employment and job status

The definition of informality through the enterprise approach failed to capture the new forms of precarious employment that seem to be increasingly used by formal sector enterprises facing widespread competition as a result of the globalisation process. It was therefore supplemented by a definition based on the nature of job holding. According to the ILO (2003), informal employment covers all jobs carried out both in informal and formal enterprises by workers who are not subject to labour regulation, income tax or social protection. It comes from the lack of reporting of jobs - casual or short-term - or employees, whose number of hours or wages stands below a specified threshold, occupied outside the premises of the employer's enterprise. The expanded definition is based on non-payment of social contribution rather than lack of social protection, as individuals can access social protection through the contribution of another family member (Charmes, 2019, 18) or certain forms of non-contributory social protection. Theoretically, informal employment encapsulates the informal sector, as do Russian dolls.

2.3. The informal economy: nested components

The vagueness of the definitions of employment in the informal sector and of informal employment lies in the range of possible choices among various criteria. With respect to the informal sector, namely size, registration of the enterprise or its employees, and as regards employment, namely lack of a written contract or absence of contribution to a social protection system (health care, retirement scheme, employment advantages, etc.), which depend on the data available in the countries.

Informal employment or employment in the informal economy ultimately includes three main components. (i) Employment in the informal sector is generally the most important component; (ii) informal employment in the formal sector, and (iii) informal employment in households corresponding to paid domestic workers and household members producing goods and services for their own final use, which extends informality to unpaid domestic work. In terms of national accounts, noteworthy is that informal employment in enterprises belonging to the formal sector is no longer part of the institutional household sector.

The ILO (2015) defines the informal economy as “all economic activities of workers and economic units that are not or insufficiently covered by formal arrangements in law or practice”. However, the ILO (2018b, 22) states that “the informal economy is not a statistical concept but a political concept that covers the sum of all parts of informality.”

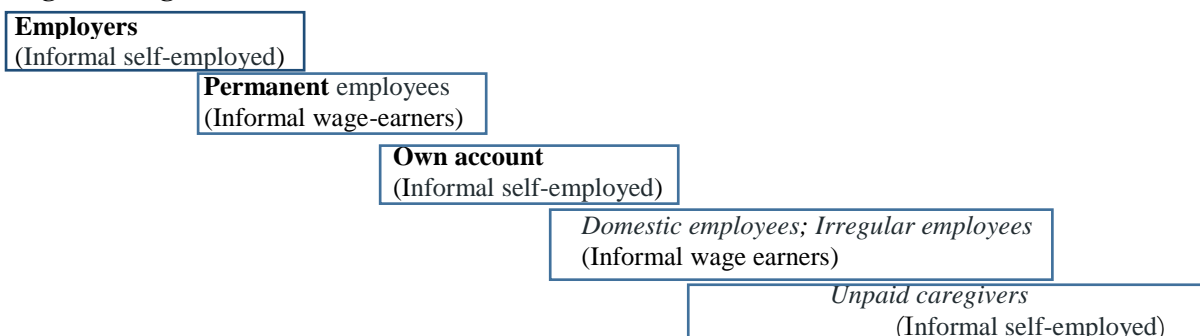
The evolution of the concept of informality, initiated in 1993 and continued in 2003, is far from being closed. In particular, the digital revolution and the platform economy blur the boundaries between wage-employment and self-employment, leading today to revisit the concept.

Ongoing discussions within the ILO (2021) gave birth to two new provisional concepts. The *informal productive activities economy* (IPAE) is defined as “all productive activities carried out by persons and economic units which, in law or practice, are not covered by formal arrangements” (ILO, 2021, 7). The *informal market economy* (IME) includes “all productive activities performed by workers and economic units for remuneration or profit that are not covered – in law or practice – by formal arrangements” (ILO, 2021, 11). The informal market (IME) is a subset of the informal productive market and informal non-market activities.

Until recently, the International Classification of Employment Status (ICSE) included five statuses: employee, employer, own-account worker, unpaid family worker (contributing to production), and member of producer cooperatives. The 2018 revision (International Classification of Statutes at Work) introduces a new category, “dependent contractor” (i.e. false self-employment) as a subcategory of dependent workers (ILO, 2018c).

According to Chen (2020), four variables measure the different segments of informal employment: employment status, place of work, branch of economic activity and gender of the worker.

Figure 1. Segmentation of informal workers by status and income (vulnerability)



Note: In bold, mainly male workers. In italics, mainly female workers.

Source: adapted from Chen et al. (2020, 71).

Employment status largely determines the working conditions of the job and whether the job is formal or informal is directly related to employment status. Employees represent the status generally associated with greater job security and better working conditions; own-account workers and family workers contributing to (unpaid) production are two vulnerable categories. However, informal workers without social protection are also vulnerable, while some self-employed and family workers are not vulnerable (Chen, 2020). Vulnerable inactive young people (NEETs) who are not in employment, education or training should also be mentioned, a phenomenon that particularly affects women in Morocco and Tunisia (Adair et al., 2022). Figure 1 identifies vulnerable categories of workers

3.1. Reliable data sources for measuring the informal economy and other concepts

3.1. Are there reliable data sources for measuring the informal economy?

Data collection initiated by Charmes (1990) was maintained within the framework of WIEGO (Women in Informal Employment: Globalizing and Organizing) from 1997, then taken up by the ILO as part of the joint publication “*Women and Men in the Informal Economy. A Statistical Picture*” (ILO 2002, 2013, 2018a) on an ever-increasing number of countries (25 in 2002, 47 in 2013, and 100 in 2018). Levels of granularity allow multiple crossings (by sex, urban/rural environment, employment status, sector of activity, etc.). However, the ILO (2018a) expands the number of estimates and cross-reference them with a number of other variables. In so doing, it relies on micro-data from household surveys and applies algorithms for defining informal employment and employment in the informal sector to calculate macro indicators, i.e. modelled estimates.

Such modelled estimates are used for purposes for which they are not intended and drive disputable interpretations. In addition, the systematic use of micro-data has encouraged the use of surveys with less coverage, the results of which significantly overestimate the informality rate as compared to the results of quarterly employment surveys. Noteworthy it is not the case with the ILOSTAT database, which covers employment or living conditions surveys of official households in 78 countries. However, some countries such as Algeria and Morocco do not disclose their data to ILOSTAT.

North Africa is the region wherein which the macroeconomic estimates of the informal economy have been the most numerous since the 1970s (Charmes, 2019).

As for the magnitude of informality, North Africa is in the low range (48.7%) of non-farm informal employment compared to the worldwide average (59.6%) over 2010-14 (Charmes, 2019).

Non-farm informal employment rate for the four North African countries over the 2010-2020 decade is heterogeneous as regards both trend and share. There is a downward trend in Algeria (with 37.2% been the lowest share) and Morocco (with 66.2% been the highest share), whereas it is going upward in Egypt (with a 56.3% share) and Tunisia (with a 39.9% share), the average of the region experiencing a slightly upward trend just below fifty per cent (Charmes and Adair, 2022).

3.2. The Informal economy, the Non-Observed Economy, and the Shadow Economy

Table 2 presents the Non-Observed Economy (NOE), a comprehensive typology of productive activities that aims to adjust GDP according to national accounts, one of which is a large part of the informal economy. This is an approach to the search for completeness in national accounts and the calculation of GDP, which was the subject of the OECD handbook (2003) and the Eurostat tabular approach in 2014.

Table 2. The Non-Observed Economy (NOE): five categories and seven types of output

Market	Market Legal	Market Legal	Market Legal	Non-Market Legal
Illegal	Subterranean	Informal	Statistical deficiencies	Own final use
<i>Criminal (N2)</i>	<i>Not registered (N1) + Under declared (N6)</i>	<i>Not surveyed (N4) + Registerednot surveyed (N5)</i>	<i>Other deficiencies(N7)</i>	<i>Registration not requested (N3)</i>

Source: Eurostat (2014) in Adair (2020).

Noteworthy is that the inclusion of own final use output, generally gauged by time use surveys, remains tricky in terms of articulation with labour force concepts.

At the same time, macro-econometric assessments from a calibrated structural model (MIMIC) or dynamic general equilibrium (DGE) models covering a broader but undetermined spectrum of the NOE and overestimate adjusted GDP. This shadow economy modelling provides cheap annual estimates (time-series) for more than 150 countries over a long period (since 1990). Unsurprisingly, it has attracted both the major international financial institutions (The World Bank and the IMF) and academic researchers. However, definitions and metrics do not match informality.

A controversy highlights the shortcomings and weaknesses of these macroeconomic models (Feige, 2016a and b, Schneider 2016), which disqualify the method to provide any reliable estimate of the shadow economy. First, the size of this economy in a given country and for a given year changes through the various publications of the author or authors, depending on the changes in the list of variables, their calibration and various other assumptions of the model. Second, the method is supposed to provide an index of changes in the shadow economy's time but it does not calculate its size itself, which results from external sources including Schneider (2016) claims that they are obtained from previous studies mainly based on the currency demand method. However, monetary methods are themselves based on strong assumptions such as the identification of a reference year that is uncertain. Schneider refers the burden of proof to any source in the past, as the objective is to assess a trend. Last but not least, shadow economy estimates are frequently presented as a measure of GDP underestimates, although a greater or lesser proportion of these are already included in GDP.

Conclusion

In order to cut a long story short, informality is a dynamic concept that looks to the future and remain grounded on achievements so far. It requires both ongoing thorough investigation and taking stock of stylised facts. Quarterly surveys that were disrupted in several countries by the Covid-19 pandemics must resume data collection for assessment. This is a preliminary requisite for policies addressing the formalisation of informality.

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The gender dimension of informal employment in the Maghreb countries: an overviewJacques CHARMES¹

Received date: 22/04/2022

Accepted paper: 02/05/2022

Abstract

The paper builds on the wide array of data collected by official statistical organisations in Algeria, Morocco and Tunisia on informal employment and informal microenterprises. Though incomplete and unharmonized, data on employment in the various components of the informal economy (in the informal sector, in the formal sector, in the households) are analysed and compared, especially in a gender perspective. Data on earnings are only available for microenterprises in Tunisia. This exercise results in a heterogeneity of country profiles in contrast with other regions of the developing world: the informal economy is not the main entry door of women on the labour markets and the characteristics of jobs by which women engage in the informal economy differ from one country to the other. Efforts of harmonization should be pursued in order to better capture and understand the challenges raised by the difficulties of measuring the actual contribution of women to employment, informal employment and disentangle economic activity as measured by GDP and care work as measured by time-use surveys.

Keywords: gender; the informal economy; informal employment; informal sector; Maghreb.

JEL: B54, E26, J16, J22, J46, O17

Introduction

The Maghreb² countries are among those with the lowest female economic participation rates (and as a result the lowest participation rates for both women and men). And the same is true for the female participation rates in the informal economy, which also explains why these countries are characterised by relatively limited rates of employment in the informal economy as compared with other regions of the developing world. To what extent such an underrepresentation of women in the labour force and in the informal economy in particular can be explained by the content and the boundaries as well as the common understanding of the concepts of labour force and employment? This is one of the questions that this paper intends to highlight by gathering and synthesizing most of the data collected on the subject since it was earmarked in national statistical surveys of the three Maghreb countries.

In a first section, we will recall the size and trends of employment in the informal economy in the region, including or not agriculture, in comparison with other regions, and more specifically its gender composition. In a second section, some light will be thrown on the gender gap in earnings where data are available. In conclusion the need for disentangling economic activities from unpaid domestic and care work and for harmonising the approaches in the region will be stressed.

1. Maghreb countries are characterized by low female employment rates in agriculture and the lowest rates of employment in the informal economy

The low participation of women in the labour force in the Maghreb countries explains, or is the consequence of their rather low employment rates in agriculture and their very low rates of employment in the informal economy. A reason for such low rates is probably to be found

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²The Maghreb countries referred to here are: Algeria, Morocco and Tunisia.

in their social status, which restrains their activities to the private sphere and makes it difficult to disentangle women's domestic tasks from their economic activities as defined and recorded by the rules of compilation of GDP.

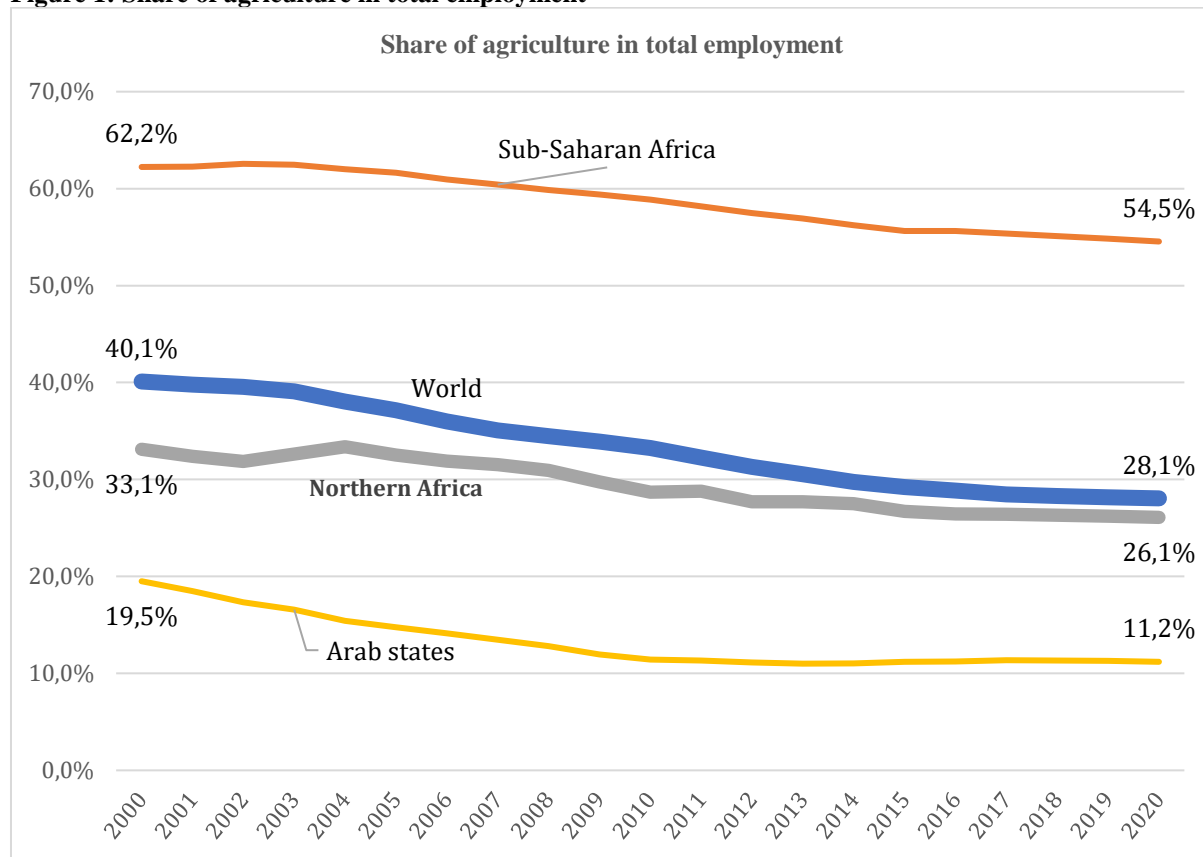
If we look at the sectors in which women are mostly occupied, agriculture and - as a consequence (because agriculture is mainly informal and women work there as unpaid family workers) - the informal economy at large appear to be their major employers at world level, but not in the region under scrutiny.

1.1. Agriculture

Figures 1 and 2 below show that in the past 20-year period the share of agriculture in total employment declined rapidly from 40.1% to 28.1% at world level and the share of agriculture in total female employment followed approximately the same trends, while the share of women in agricultural employment remained nearly stable during the period. In 2019, 27.6% of occupied women were employed in the agricultural sector (against 39.8% in 2000) where they represented 37.9% of the labour force employed in this sector (against 39% in 2000). In the Maghreb countries the agricultural sector is less important and its share in total employment dropped from 33.1% to 26.2% between 2000 and 2019, whereas this sector, which accounted for 43.8% of total female employment in 2000, dropped down to 37.9% in 2019. All in all, however, the share of women in agricultural employment increased from 26.9% to 30.5 % during the period. Though declining over the past two decades in absolute and relative terms, and representing less and less of female employment, agriculture has become more feminised in the Maghreb: in other words, agriculture represents a lower share of female employment and simultaneously women came to represent a higher share of agricultural employment (Figure 3).

Because agriculture is mostly informal and mostly comprised of own-account workers and unpaid contributing family workers, it is part of the informal economy as a whole, but it is interesting to consider it as a separate component of the informal economy and to focus on the characteristics of the non-agricultural component of informality.

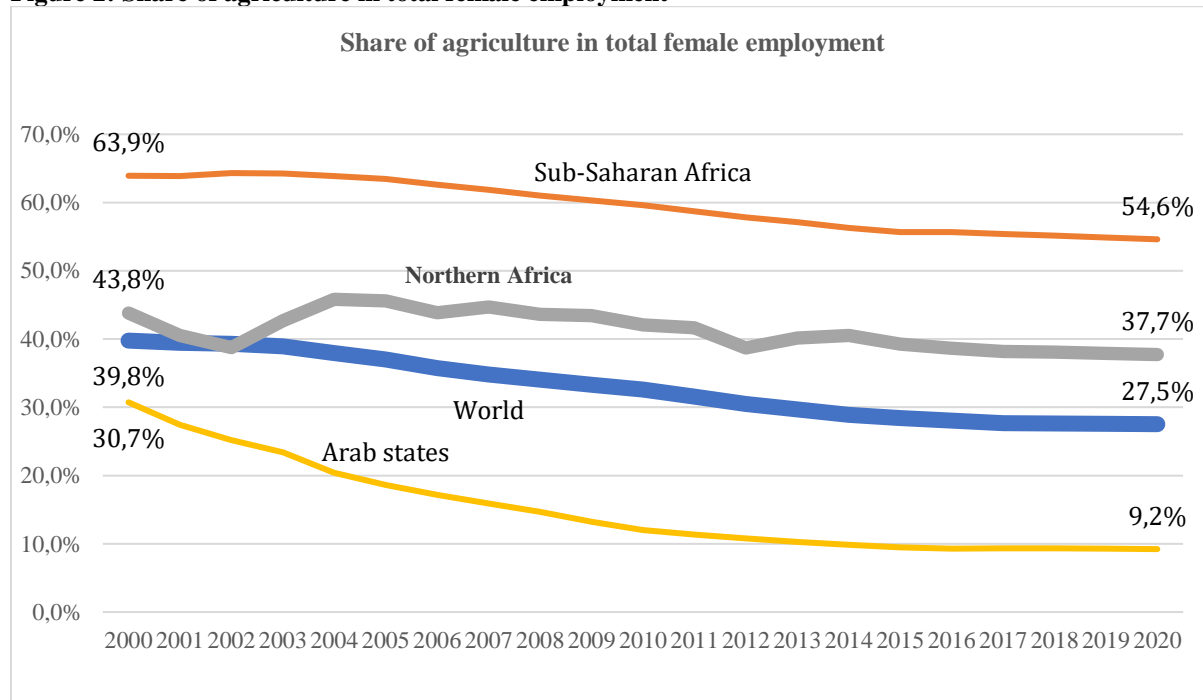
Figure 1: Share of agriculture in total employment



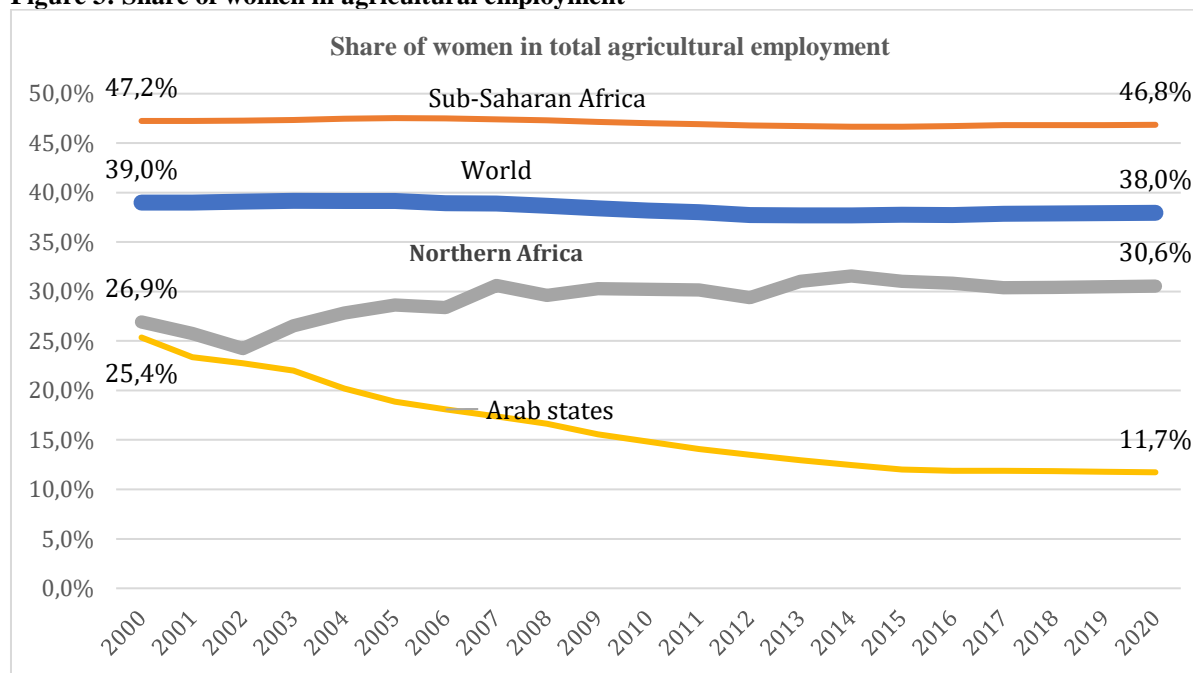
Source: Based on ILOSTAT. ILO modelled estimates, November 2018. Consulted on FRI, 11 OCT 2019 17:12 from ILOSTAT

Note: According to the ILO classification of countries, the Arab states comprise: Bahrain, Iraq, Jordan, Kuwait, Lebanon, Occupied Palestinian Territory, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen

Figure 2: Share of agriculture in total female employment



Source: Based on ILOSTAT. ILO modelled estimates, November 2018. Consulted on FRI, 11 OCT 2019 17:12 from ILOSTAT

Figure 3: Share of women in agricultural employment

Source: Based on ILOSTAT. ILO modelled estimates, November 2018. Consulted on FRI, 11 OCT 2019 17:12 from ILOSTAT

1.2. The informal economy

Employment in the informal economy is characterised by harsh conditions of work in terms of health and security, low pay, absence of social protection (and in particular no sick leave, no paid leave, no medical insurance nor unemployment insurance, among other features of non-decent work). Since its inception in the early 1970s the concept has been internationally defined and refined in 1993 (informal sector), 2003 (informal employment and employment in the informal economy) and was part in the discussion of the new forms of work by the International Conference of Labour Statisticians in 2018. The main components of the informal economy can be summarised as: 1) agricultural; 2) non-agricultural; and within this second component: 3) employment in the informal sector (from own-account workers - eventually home-based or mobile – to micro-businesses); 4) informal employment in the formal sector; 5) paid domestic workers in the households; 6) producers of goods exclusively for own-final use (this last category encompassing agricultural goods) (See Box 1).

Box 1: The conceptual framework of employment and employment in the informal economy

Employment in the informal economy has been defined by the 1993 and 2003 International Conferences of Labour Statisticians. These two conferences have distinguished employment in the informal sector (ILO 1993) and informal employment (ILO 2003). *Employment in the informal sector* is comprised of the small individual micro-enterprises that do not hold a complete set of accounts, employ less than 5 permanent employees, or are not registered or do not register their employees. *Informal employment* (2003) is a larger concept as it includes informal workers outside the informal sector (i.e. in the formal sector or in the households) who are not contributing to, and are not covered by social protection or who do not have written contracts. *Employment in the informal economy* is a combination of both definitions (not exactly a simple addition because the two concepts overlap).

Figure 4: The conceptual framework of employment in the informal economy in the labour force concepts: Components of the informal sector and of informal employment.

		Individuals/Jobs/Employment	
		Informal	Formal
Economic units / enterprises	Informal sector	(1)	(2)
	Formal sector	(3)	(4)
Households	Paid domestic workers	(5)	(6)
	Production of goods for own final use	(7)	-

The two cells in grey cover the ‘informal sector’ while the four cells in double line cover ‘informal employment’:

- employment in the informal sector = (1) + (2)

- informal employment = (1) + (3) + (5) + (7)

- employment in the informal economy = ((1) + (2)) + ((3) + (5) + (7))

Source: Charmes (2019a)

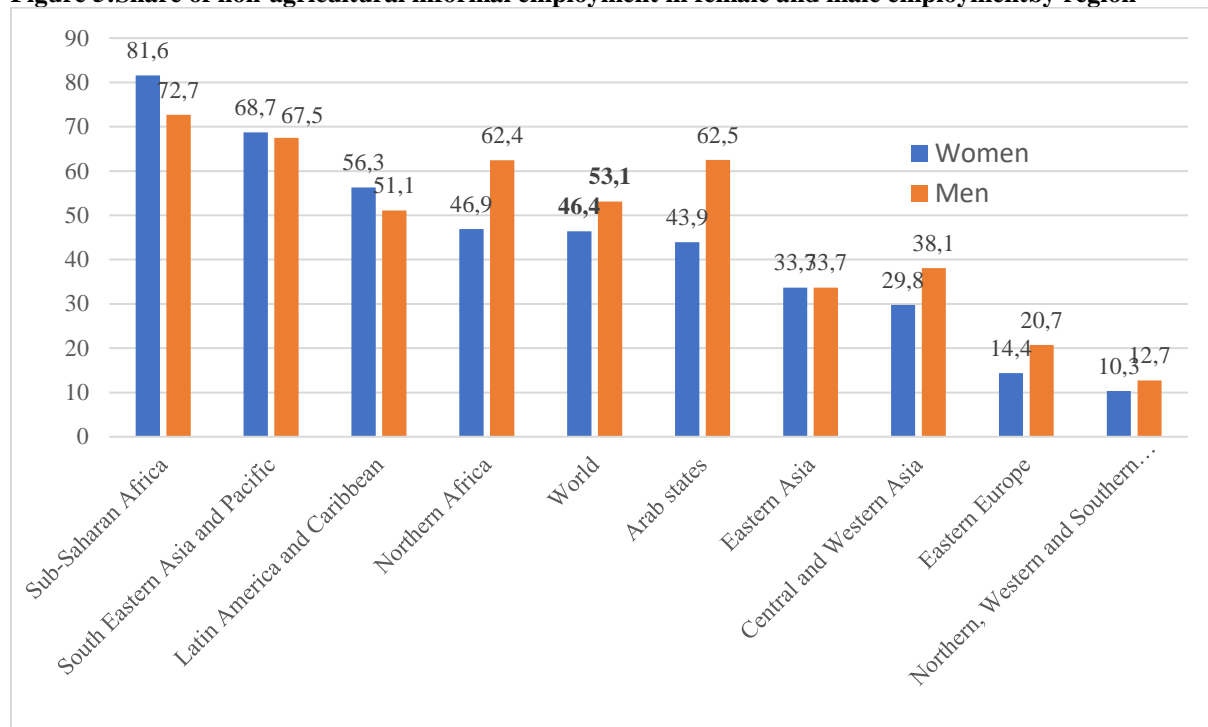
From a gender point of view, the reference to these concepts is interesting in that it is claimed that a majority of working women are employed in the informal economy, and especially in the most precarious and low-remunerating activities among the six above-mentioned components.

1.2.1. World and regional estimates

Recent compilations by the ILO (2018) estimate at more than 2 billion (61.2% of the 3.3 billion employed population across the world) the number of women and men working in the informal economy (agricultural and non-agricultural), and at nearly 1.2 billion the number employed in the non-agricultural informal economy (50.5% of total non-agricultural employment). 740 million women are employed in the informal economy worldwide, or 37% of total employment in the informal economy, a lower figure (but very close) than their share in the total labour force (39%) and in total employment (38.8%). Though women do not represent the majority of the workers in the informal economy globally, there are more countries (55.5%) where it is the opposite and the informal economy is the major source of employment for women, especially in sub-Saharan Africa and in Southern Asia. Furthermore, employment in the informal economy represents the major source of women’s employment in even more countries, with a higher risk of exposure to decent work deficits and lower earnings. This is the case in low-income countries where 92.1% of employed women are in the informal economy against 87.5% of men, in lower middle-income countries (84.5% against 83.4%) and in Africa (89.7% against 82.7%).

At world level, the informal economy provides jobs to 58,1% of working women, and to 63.0% of working men, and when excluding agriculture, the ratios fall to 46.4% and 53.1% respectively. Figure 5 below shows the gender gaps in the contribution of the non-agricultural informal economy to total non-agricultural employment by gender and by regions. In sub-Saharan Africa, Latin America and South Eastern Asia, the non-agricultural informal economy contributes more to women’s employment than to men’s and the ratios are equal in Eastern Asia. Elsewhere, and especially in the Arab states and in Northern Africa, the non-agricultural informal economy contributes more to men’s employment than to women’s employment.

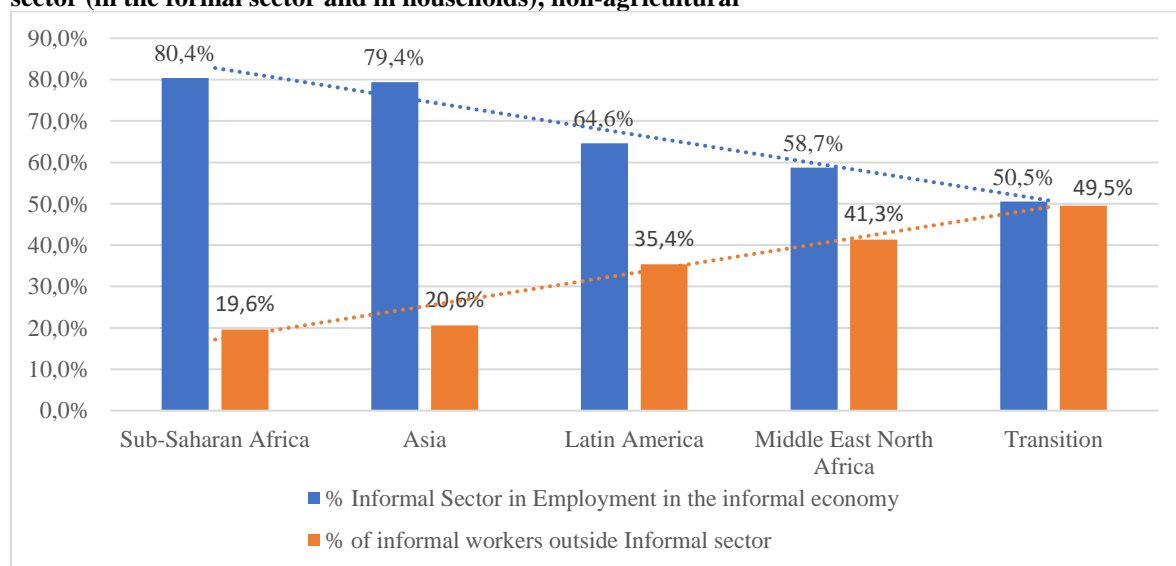
Figure 5: Share of non-agricultural informal employment in female and male employment by region



Source: Author’s compilations based on ILO (2018). Regions ranked by decreasing order of women’s share

Using our own database (Charmes 2019a) limited to developing countries (in the broad sense, i.e. including emerging economies) and more homogeneous regional areas (excluding developed countries) it is possible to show (Figure 6) that the composition of the informal economy changes when decreasing in overall size: employment in the informal sector is relatively more important in sub-Saharan Africa and in Asia (where the size of the informal economy is the highest), than in Latin America, or in the Middle East North Africa and finally the transition countries (of Eastern Europe and Central Asia) where both components become approximately equal.

Figure 6: Relative shares of informal sector employment and informal employment outside the informal sector (in the formal sector and in households), non-agricultural



Source:Charmes 2019a. Regions ranked by decreasing order of informal sector’s share

The higher the share of the informal economy in a region, the higher (¾ or more) the share of women who are employed in the informal sector (mainly as own-account workers or more

rarely micro-entrepreneurs): Sub-Saharan Africa and Asia. In regions where the share of employment in the informal economy becomes less predominant, this proportion drops down to 2/3 (Latin America) or slightly more (Northern Africa) or less (transition countries) than ½. In these regions, women's informal jobs are more to be found in the formal sector and in domestic work.

1.2.2. The informal economy in the Maghreb countries

None of the three Maghreb countries has adopted an official definition of the informal economy or recognized it as a component of its economy. *Morocco* is the only Maghreb country where the High Commissariat for Planning (Haut Commissariat au Plan, HCP) has carried out a mixed survey (combining household and establishment approaches) on the informal sector with some regularity (1999-2000, 2006-07, 2013-14), but it does not use the term “informal employment” in its quarterly labour force survey: this kind of employment can however be approached through the criterion of absence of medical coverage, collected on the entire occupied population. *Tunisia*, that was the first country in the region to undertake, as early as the mid-1970s establishment censuses and sample surveys on the informal sector (then called “non-structured sector”) in 1975 and 1981, has privileged since the beginning of the 1990s an approach consisting in the implementation and permanent updating of a national register of enterprises and establishments that serves as a samplingframe for a regular (every 5-year) national survey of micro-enterprises (1997, 2002,2007, 2012, 2016), but the quarterly labour force survey never collected the criteria of definition for measuring the informal economy until recently (2019) when the National Institute of Statistics (INS) started to publish such data. Simultaneously statistics on employees and self-employed registered at the national social security fund (CNSS) were reliably analysed by the Centre for social research and studies (CRES) in charge of their data management (Charmes and Ben Cheikh 2016). *Algeria* for its part was the first country in the region (as soon as the end of the 1990s) to collect the criteria of definition of the informal sector and informal employment in its annual (then biannual since 2014) labour force survey; it is also the only country of the region where the National Statistical Office (ONS) has published time series on informal employment and used this term (ONS 2016). Table 1 hereafter summarises the definitions in use in the three countries.

Table 1: Criteria of definition of the components of the informal economy in the three Maghreb countries

	Algeria	Morocco	Tunisia
Informal employment	Non-affiliation to social security	Non-affiliation to health coverage	Non-affiliation to social security
Employment in the informal sector	Employment in non-agricultural individual enterprises (physical persons) employing less than 6 employees, without holding accounts or not-registered or not contributing to social security	Employment in non-agricultural economic units not holding complete set of accounts	Employment in individual non-agricultural micro-enterprises employing less than 6 employees and not holding complete set of accounts

Source : Author

Such a diversity and heterogeneity of sources as well as lack of harmonization make it difficult to gather and interpret the information collected on informal employment and its components in the region on a sound comparative basis. And this is all the truer when it comes to look at their gender dimension as countries do not systematically disaggregate data

by sex. The tentative exercise that follows remains incomplete as it is based on published official data.

It is probably the most aggregate volume of informal employment (i.e. including agriculture) that is the easiest to gather and compare, except that in Tunisia the information is only available for the two most recent years (2019 and 2020), whereas it is available since 1999-2000 in Algeria and Morocco, but not for the most recent years when the three countries ceased to publish detailed data from their labour force surveys (after 2014 for Algeria, and 2013 for Morocco).

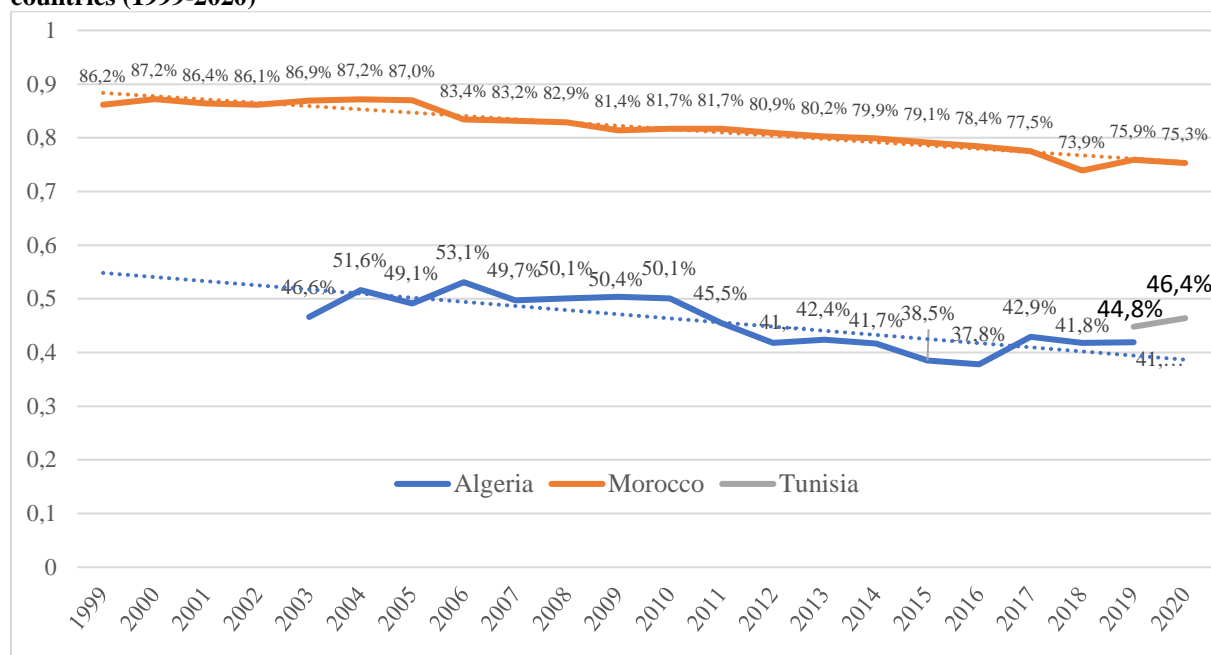
Figures 7 and 8 hereafter show the trends of the share of total informal employment (including agriculture) in the three Maghreb countries, and of the share of women in total informal employment (including agriculture). Tunisia and Algeria experience the same levels of total informal employment (from 53% to 38%), whereas Morocco (where agriculture represents a higher proportion of employment) is positioned at a higher level (from 86-87% to 74%). The curves are downward-oriented in the long run with an upward inflexion in the latest period in Morocco and Tunisia.

Regarding the share of women in informal employment (including agriculture), Figure 8 shows that Morocco is again positioned at a higher level than Algeria (around 27% against 10-13% for the most recent period), both countries with downward-oriented trends, whereas Tunisia stands higher (above 30%) but the short recent period marked by the COVID pandemic and major economic impacts with black outs, confinements and restrictions of commuting and travel, makes it difficult to interpret such a high level and sharp upward-oriented trend.

It is interesting to compare, on Figure 9, the shares of women in total employment and in informal employment (including agriculture). Each of the three Maghreb countries singles out itself: Morocco is the only one where both indicators are practically the same, which means that the entry and the place of women in the labour market are equivalent (though limited) in the formal and the informal spheres. In Algeria, positioned at the lowest level, women seem to have more facilities (albeit even more limited than in the two other countries) to enter the labour market in the formal sector (and specially the public sector) than in the informal sector, a tendency that is amplifying over the years. In Tunisia where the share of women in total employment is situated just under the Moroccan curves, the share of women in the informal employment (again for the very short recent period 2019-2020) is neatly higher, upward-oriented and also diverging from the trend characterising total employment.

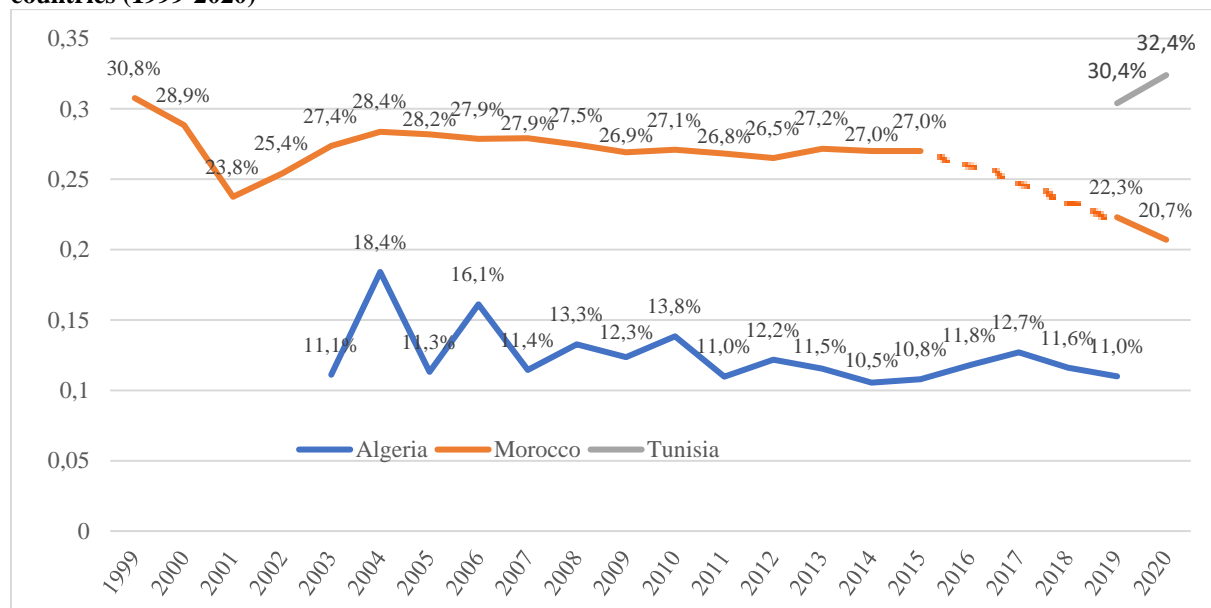
For the two countries for which the data are available, a similar analysis can be confirmed for the same indicators excluding agriculture: in Algeria and Tunisia, the share of women in non-agricultural informal employment is smaller than the share of women in total non-agricultural employment.

Figure 7: Share of informal employment (including agriculture) in total employment in the three Maghreb countries (1999-2020)



Source : Author’s compilations, based on published reports of national labour force surveys. Annual data for Algeria and Morocco, third quarter for Tunisia.

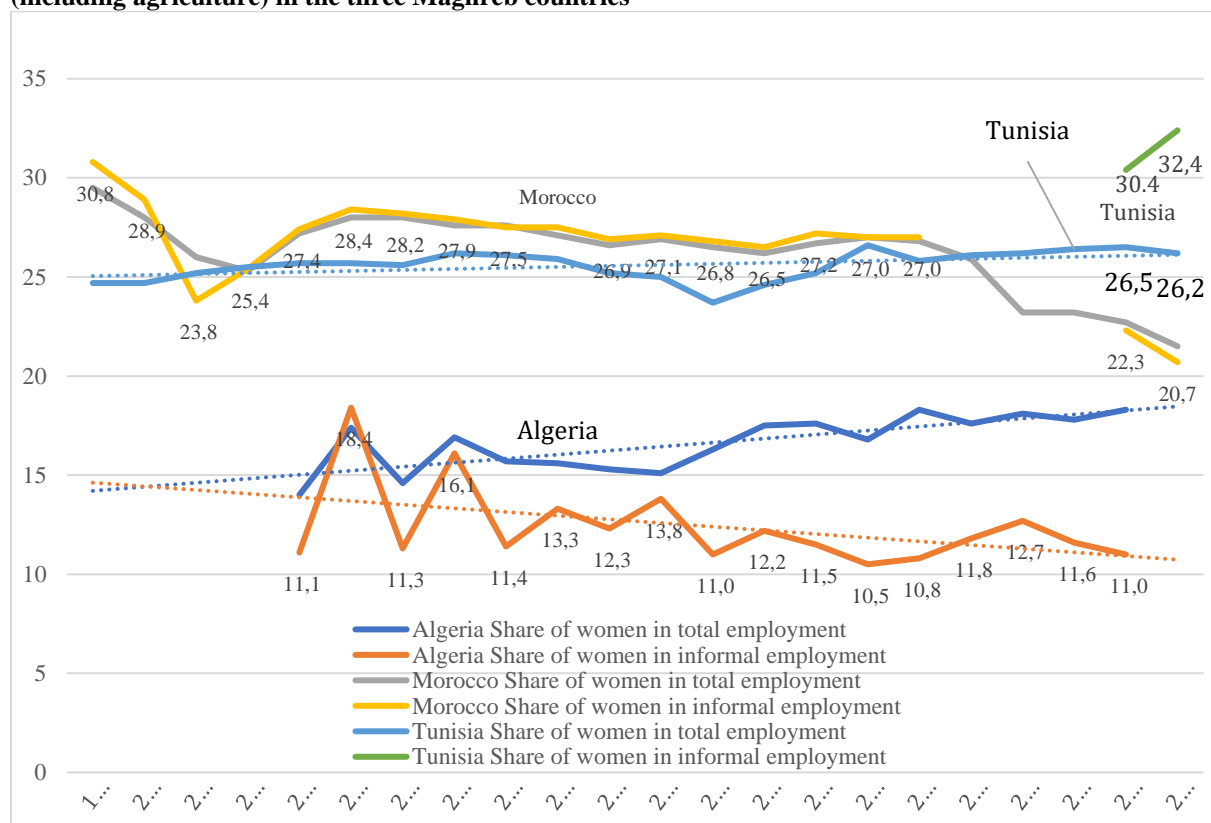
Figure 8: Share of women in total informal employment (including agriculture) in the three Maghreb countries (1999-2020)



Source : Author’s compilations, based on published reports of national labour force surveys

Note: No data for Morocco in 2012, 2017 and 2018.

Figure 9: Comparison between shares of women in total employment and in informal employment (including agriculture) in the three Maghreb countries



Source : Author's compilations, based on published reports of national labour force surveys

The distribution of employment by gender in the various components of the non-agricultural informal economy and in the various industrial activities is not easy to establish given the heterogeneity of sources and tabulations published. This paper is a good opportunity to gather information scattered in various works. Some estimates have been tentatively compiled, which are hereafter presented.

Table 2 gathers the estimates for the non-agricultural informal economy as a whole and for its main components in the three Maghreb countries at different points of time and Figures 10 allow visualizing the main findings. The recommended indicator for measuring employment in the informal economy (which excludes agriculture) is generally lower than the indicator including agriculture. It is generally on a downward-oriented trend in the three countries, at a high level in Morocco (68% for the most recent year) and a more moderate level (below 40% in Tunisia and Algeria). The informal sector represents more than 50% of the total informal economy in Tunisia, more than 70% in Algeria and was about to reach 50% in Morocco.

Table 2: Main components of employment in the informal economy in the three Maghreb countries between 1997 and 2020 (both sexes)

	Morocco				Tunisia						Algeria		
	1999	2007	2013	2019	1997	2002	2007	2012	2016	2020	2011	2014	2018
Total employment	9,360,000	10,297,157	10,624,597	10,975,000	2,503,000	2,696,000	3,085,100	3,234,350	3,423,700	3,511,600	9,599,000	10,239,000	11,001,000
Non-agricultural employment	4,881,420	5,854,706	6,446,937	7,408,000	1,957,000	2,203,000	2,571,000	2,725,000	2,912,400	3,001,300	8,566,000	9,340,000	9,934,000
Total employment in the informal economy	8,064,687	8,565,247	8,523,495	8,330,000						1,630,000	4,372,000	4,267,000	4,596,000
Employment in non-agricultural informal economy	4,308,388	4,597,296	4,754,452	5,067,000	788,000	755,000	945,000	926,000	1,231,900	1,196,000	3,487,000	3,517,000	
1) Employment in the informal sector	44.1%	48.2%	49.0%		53.7%	57.4%	53.7%	71.9%	58.3%		73.7%		
<i>Of which paid employees in the informal sector</i>	16.8%	15.8%	15.9%		30.7%	28.4%	25.8%	28.1%	27.5%		33.7%		
<i>Of which self-employed</i>	83.2%	84.2%	84.1%		69.3%	71.6%	74.2%	71.9%	72.5%		66.3%		
2) Informal Employment outside informal sector	55.9%	51.8%	51.0%		46.3%	42.6%	46.3%	28.1%	41.7%		26.3%		
<i>Of which paid employees in the formal sector</i>	85.6%	91.8%	86.6%				68.0%	63.1%					
<i>Of which domestic workers</i>	5.7%	4.5%	4.5%										
<i>Of which self-employed</i>	8.7%	3.7%	8.9%				32.0%	36.9%					
Employment in the informal economy (non-agricultural)	88.3%	78.5%	73.7%	68.4%	40.3%	34.3%	36.8%	34.0%	42.3%	39.9%	40.7%	37.7%	
Employment in the informal economy (agricultural and non-agricultural)	86.2%	83.2%	80.2%	75.9%						46.4%	45.5%	41.7%	41.8%

Sources : For Morocco : Charmes 2019b ; for Tunisia : Charmes et Ben Cheikh 2016 ; for Algeria : Charmes et Remaoun 2015. Updated for most recent years.

Notes : Self-employment includes own-account workers, employers and contributing (unpaid) family workers. No data available for domestic workers in Tunisia and Algeria.

Figures 10: Main characteristics of the informal economy in the three Maghreb countries



Source: Table2 above

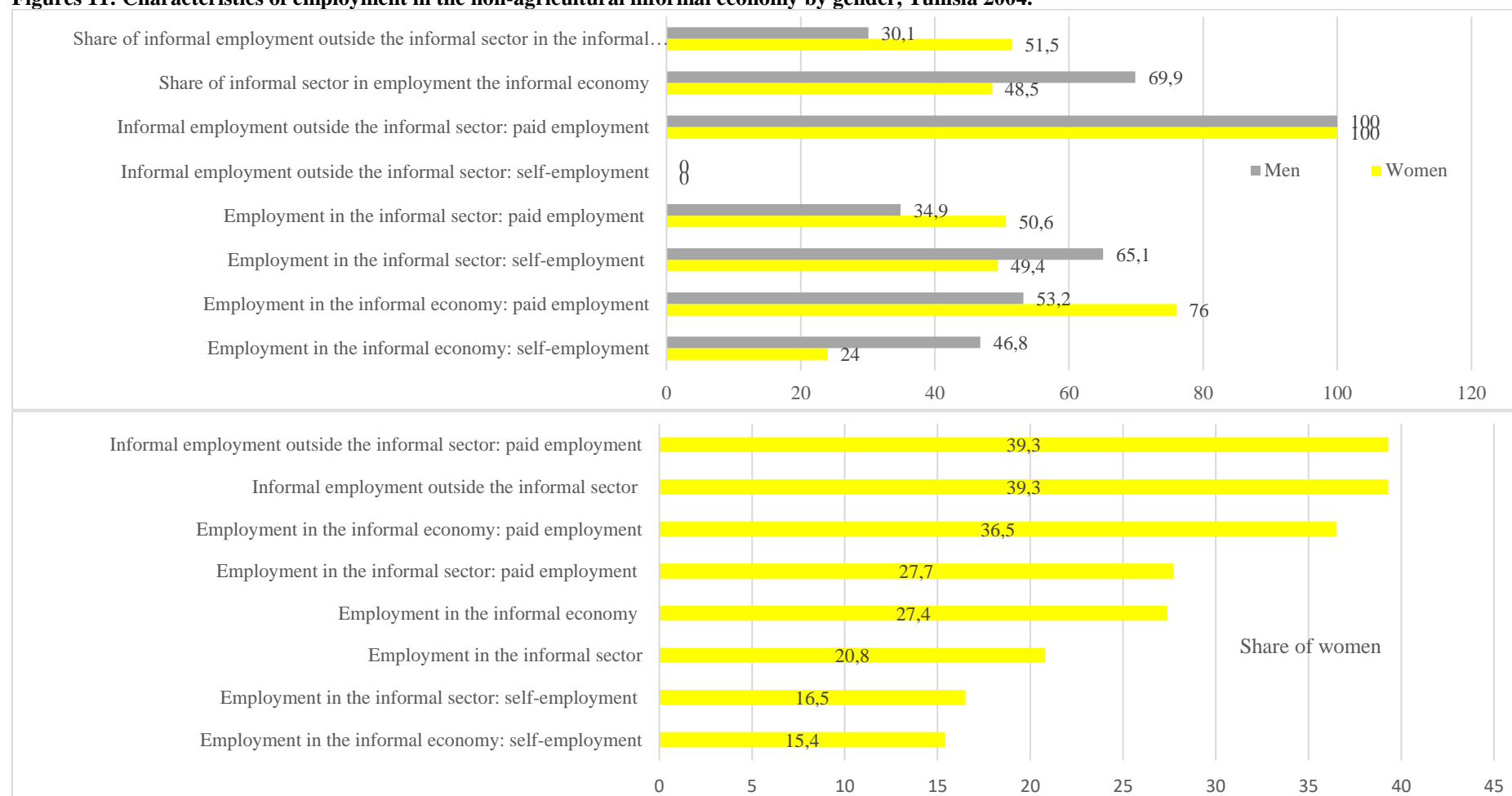
Self-employment accounts for 4/5 of employment in the informal sector in Morocco, 3/4 in Tunisia and 2/3 in Algeria, whereas it is the opposite for informal employment outside the informal sector where paid employment (including domestic workers) accounts for more than 90% of the component in Morocco, and for more than 2/3 in Tunisia.

However, on the basis of published official reports, it is not possible to disaggregate these data by sex, at such a detailed level. The distribution by sex of non-agricultural informal employment is available for all components only in Tunisia (2004), for informal sector in Morocco and Tunisia (various years), and for all informal employment in Algeria. Figures 11 synthesise these characteristics of the informal economy in Tunisia, and Figure 12 for the informal sector (or micro-enterprises) in Morocco and Tunisia for various years.

In Tunisia in 2004, it is in informal employment outside the informal sector (i.e. in the formal sector and in households as domestic workers) that the share of women (compared with men) is the most prominent, though not predominant with 39.3%. As a consequence, paid employment in the informal economy is also a component where women are prominent (because informal employment outside the informal sector is principally paid employment rather than self-employment) with 36.5%. Globally, women are employed in the informal economy mainly as paid employees (76%), against 24% as self-employed.

Although the definition and coverage of informal sector in Morocco and micro-enterprises in Tunisia are not strictly the same, Figure 12 shows that the share of women working in the informal sector is twice as high in Tunisia (23.5% in 2016) than in Morocco (10.5% in 2014) and has been rising over years in Tunisia (from 14.6% to 23.5% between 1997 and 2016) while decreasing then stagnating in Morocco (12.8% in 1999, 10.8% in 2006 and 10.5% in 2014). This overall trend over the period in Tunisia is accompanied by a sharp increase of their share as employers by approximately 14 percentage points (from 9.1% in 1997 up to 23% in 2016) and as paid employees by more than 11 percentage points (from 21.4% up to 32.5%), while their share as own-account workers was rather stagnating or even regressing. The same trends can be observed in Morocco, though less pronounced: women's share among informal sector employers has increased by 2.6 percentage points between 2006 and 2014 (from 7.3% up to 9.9%) while their share among own-account workers was also slightly decreasing.

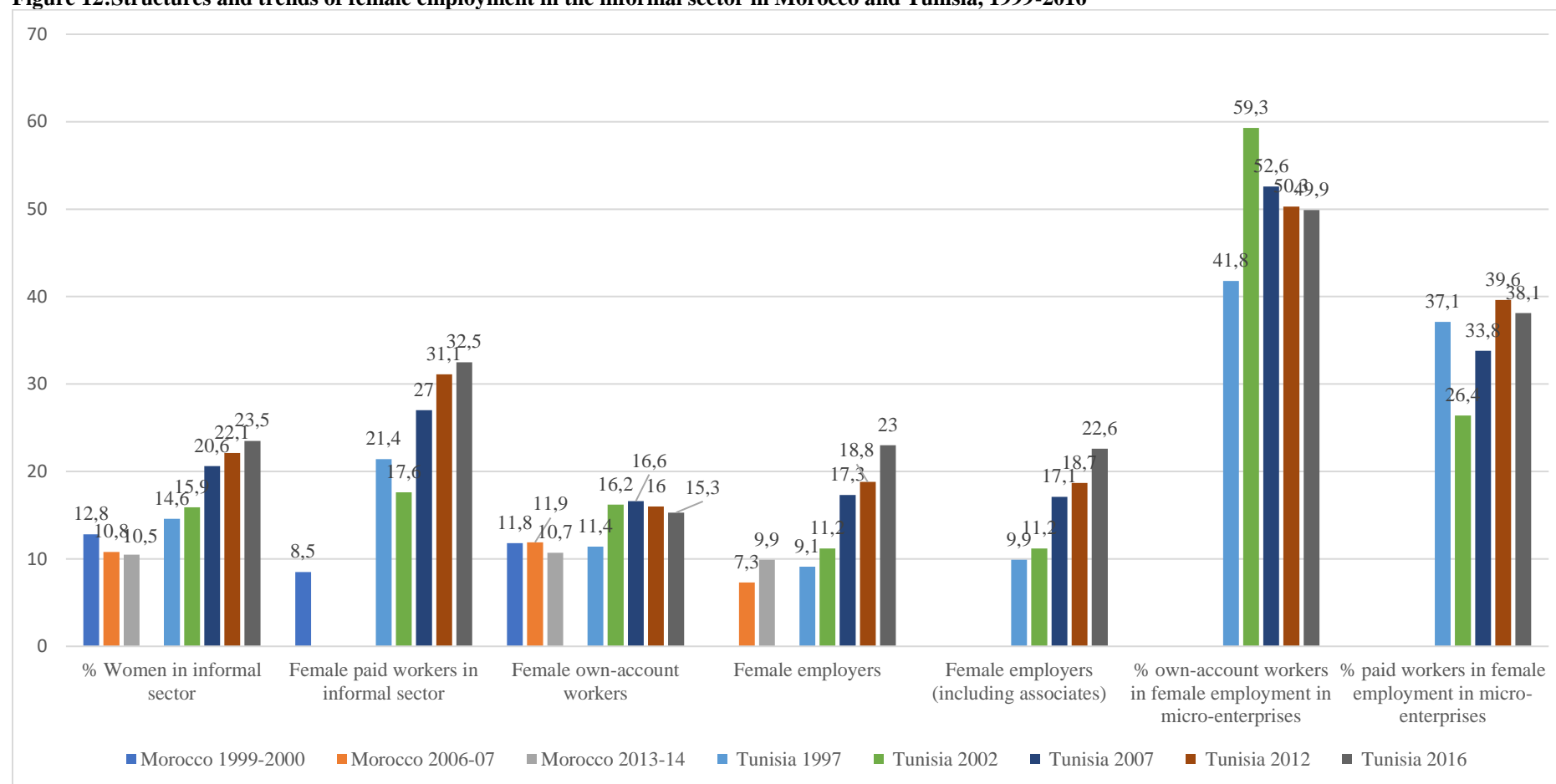
Figures 11: Characteristics of employment in the non-agricultural informal economy by gender, Tunisia 2004.



Source: Charmes and Ben Cheikh (2016), based on Charmes (2011).

Note: the figure should read as follows: 51.5% of women (and 30.1% of men) employed in the informal economy are in informal employment outside the informal sector, and 48.5% of women (and 69.9% of men) are employed in the informal sector (upper graph). Women represent 39.3% of informal paid employment outside the informal sector (lower graph where components of the informal economy are ranked by decreasing order of the variable).

Figure 12: Structures and trends of female employment in the informal sector in Morocco and Tunisia, 1999-2016



Sources : Author's compilations, based on HCP surveys on the informal sector in Morocco (various years) and on the INS 5-yearly surveys on micro-enterprises in Tunisia.

The relative importance of women in informal paid employment is consistent with their relative high numbers in informal manufacturing activities (Figures 13 to 18), at least in Algeria where women count respectively for more than 41.8% of informal employment in the manufacturing sector in 2011, and where this sector absorbs 63.9% of female informal employment, and in Morocco (respectively 20.1% and 38.4% in 2014, on a downward-oriented trend since 1999). Surprisingly, Tunisia offers a different image with only 17.7% women in the micro-enterprises of the manufacturing industries representing only 9.4% of women employed in the micro-enterprises sector. The reason lies in the scope and coverage of surveys which are different in the three countries: whereas Algerian data originate in the labour force survey and therefore correspond to total informal employment (including the formal sector, which explains the very high figures for the manufacturing industries), the definition of the informal sector is larger in Morocco where home-based work is better included than in Tunisia where it is less well covered by the micro-enterprises survey.

As expected, women's share is negligible in the construction sector in the three countries. It is also very low in the trade sector, which represents only 8.1% of female informal employment in Algeria (and 4% of the trade sector) and 29.9% in Morocco in 2014 (13.4% of the trade sector), but 41% in Tunisia (and 24% of the micro-enterprise trade sector) in 2016 .

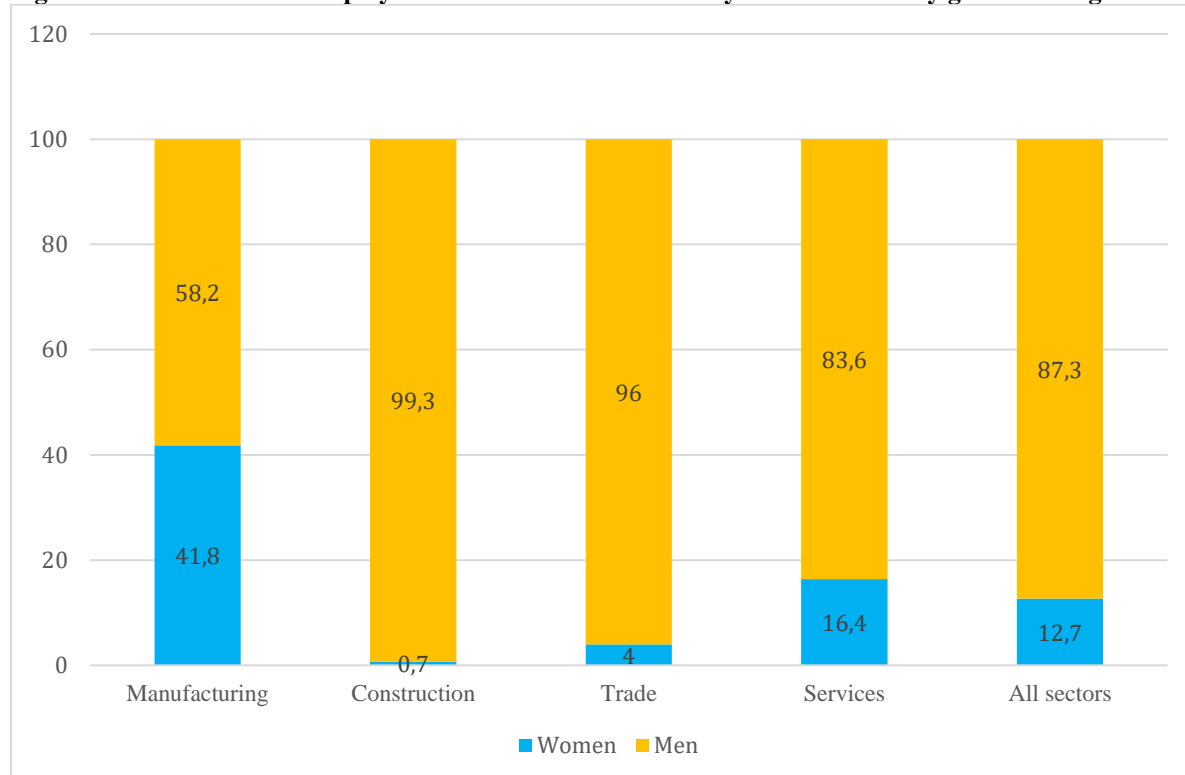
As to services (excluding trade), women provide 16.4% of informal employment in this sector in Algeria (and 26% of total female informal employment), 13.6% in Morocco (29.9% of total female employment in the informal sector) and 26.9% (but 50.3% of total female employment in the micro-enterprises) in Tunisia.

Figures 13: Gender distribution of employment in the informal sector by industries in Algeria 2011



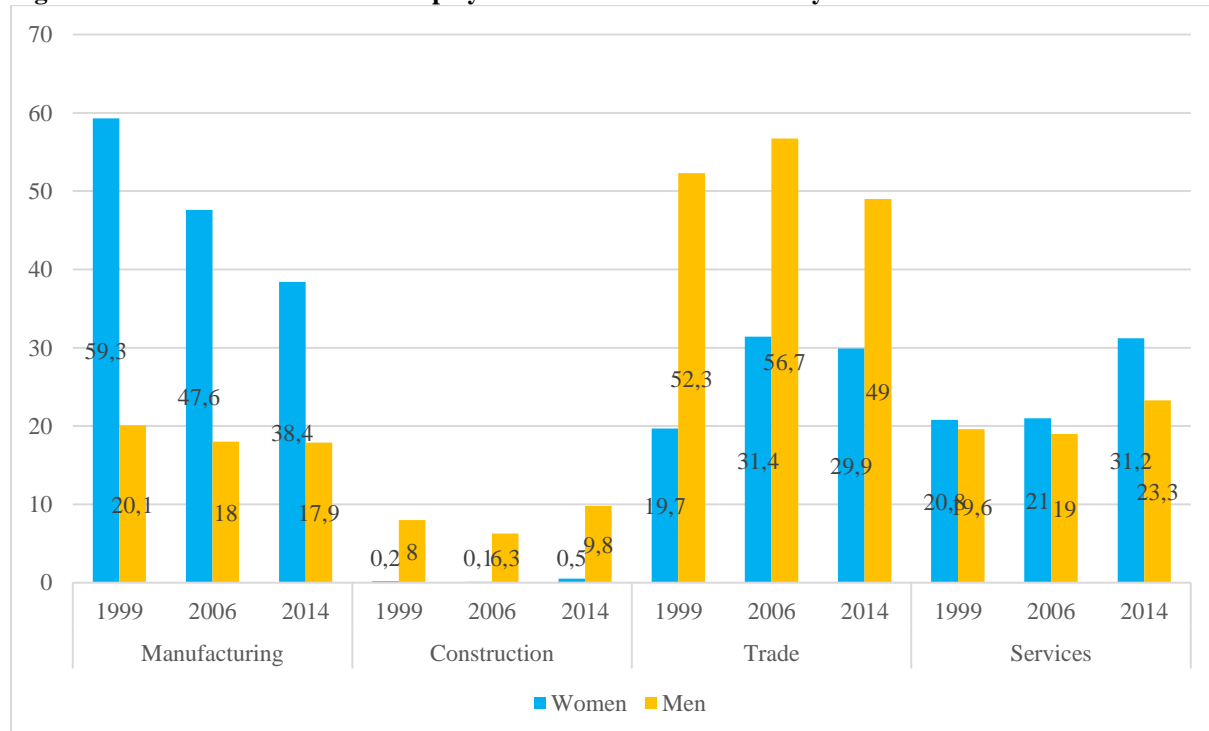
Source: Author's compilations, based on ONS, labour force survey 2011 for Algeria, HCP informal sector surveys (various years) for Morocco and INS micro-enterprises surveys (various years) for Tunisia.

Figure 14: Distribution of employment in the informal sector by industries and by gender in Algeria 2011



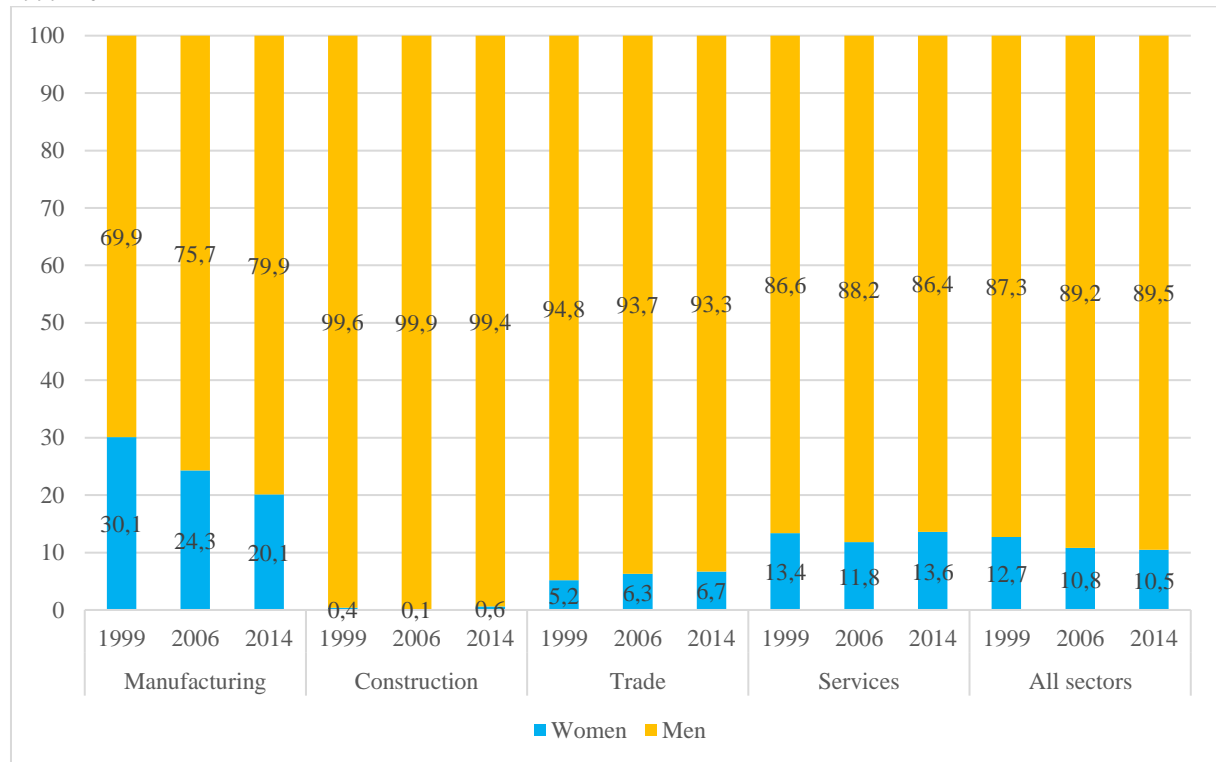
Source: Ibid.

Figure 15: Gender distribution of employment in the informal sector by industries in Morocco 1999-2014



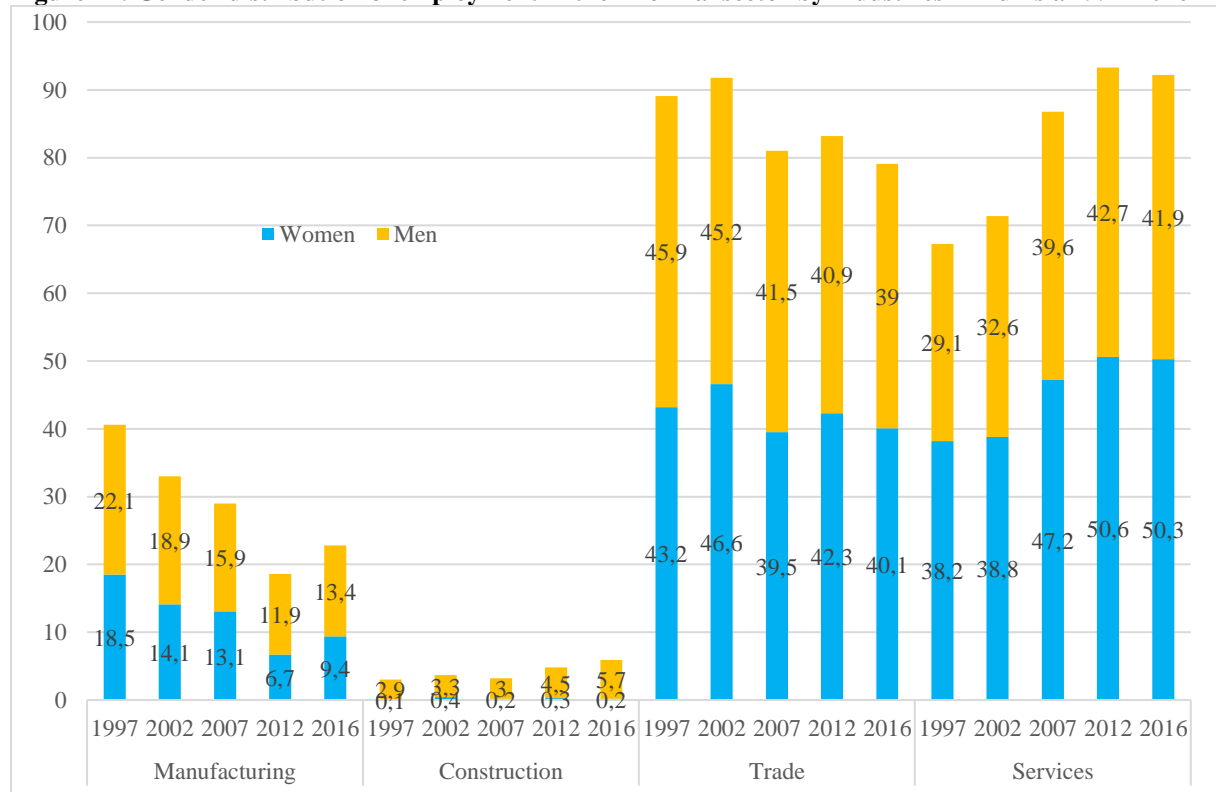
Source: Author's compilations, based on HCP informal sector surveys (various years).

Figure 16: Distribution of employment in the informal sector by industries and by gender in Morocco 1999-2014



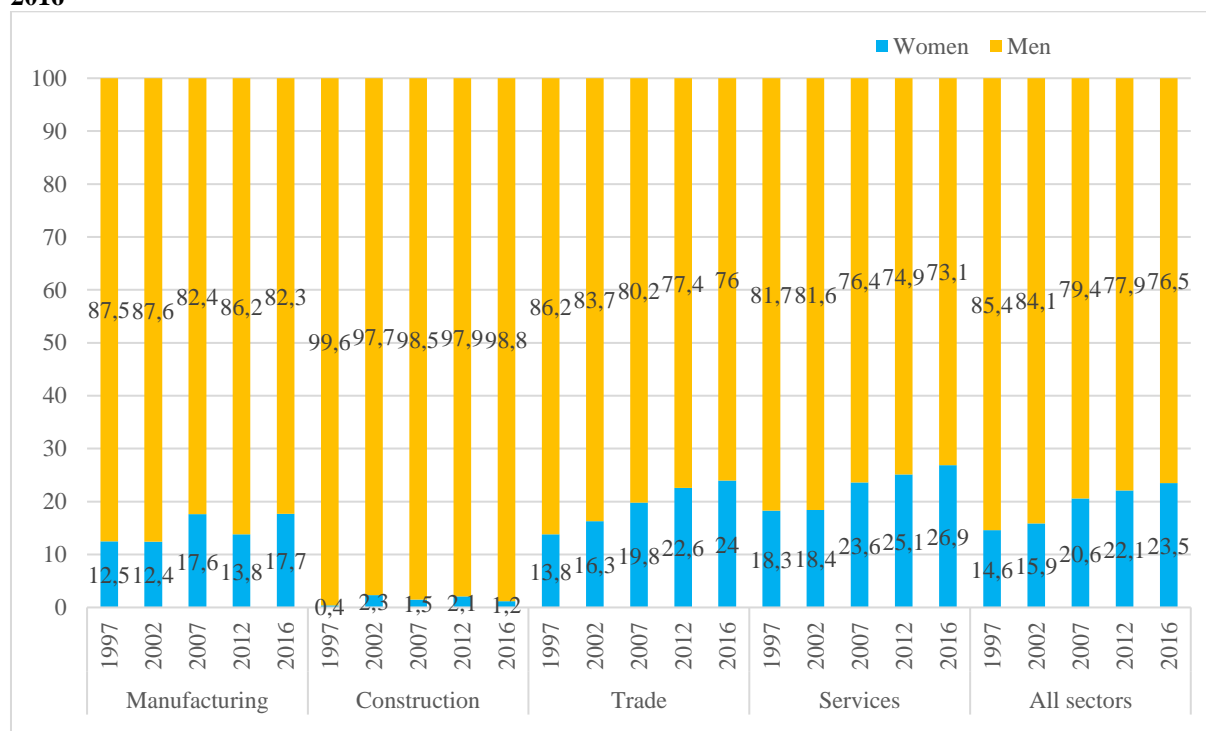
Source: Ibid.

Figure 17: Gender distribution of employment in the informal sector by industries in Tunisia 1997-2016



Source: Author's compilations, based on INS micro-enterprises surveys (various years).

Figure 18: Distribution of employment in the informal sector by industries and by gender in Tunisia 1997-2016



Source: Ibid.

2. Gender gaps in earnings in the micro-enterprises sector

Information on wages and income in the informal sector remains scarce, especially in the Maghreb countries.

In Algeria, data on wages disaggregated by gender are available for the whole economy and for the private sector, but not for the informal economy specifically. Such data have been collected in regional surveys carried out by scholars or/and for specific categories of population (youth): for example in a pooled sample for Bejaia and Tizi Ouzou (Kabylia region), Gherbi and Adair (2020) found a gender gap of 14.7% for informal employees and of 41.4% for the self-employed (not much different from those in formal employment (respectively 14.5% and 39.8% in contrast to the overall gender wage gap that prevails in the national economy and even in the private sector where the gap is to the advantage of women (Charmes and Remaoun 2016, based on ONS 2014)).

Though mixed surveys such as the informal sector survey in Morocco usually collect such data, the only quantitative information published for Morocco is the overall turnover.

Only the Tunisian survey on micro-enterprises provide such data on wages and on entrepreneurs' income at a detailed level. Tables 3 and 4 provide the surveys' findings on wages and compare them with the legal minimum salary (SMIG), highlighting the gender gaps by age groups and by industries (Figure 19), while Table 5 provides them for entrepreneurs' income (the mixed income as per national accounts terminology). The comparison by gender is measured by female wages (or mixed income) expressed as a percentage of male wages (or mixed income).

In all age groups (except the less than 18 years old in 1997, 2002 and 2007 and the 18-19 in 2016), the gender gap in wages is to the disadvantage of women, and especially for the age group 40-49 in 2016. And it is also true for all activities (except the metal industries where women are poorly represented and work in other professions than men, as employees rather than manual workers). The minimum is observed in trade (with women earning 59.3% of

men's average earning, which results in a gender gap of 40.7%), information and communication (60%) and in food processing industries (60.6%), while the best performances are observed in other personal services (97.3%), textile, garments and leather industries (89.7%) and hotels-restaurants (85.5%). Globally, women's wages in the micro-enterprises sector hardly reach 69.2% of men's wages (or a gender gap of 30.8%) in 2016 (Figure 19) with not much progress but rather a decline since 1997 (75.5% or a gap of 24.5%) with the exception of 2012 (76.4%). For the record, the gender gap in non-agricultural wages in the private sector, as registered by the National Social Security Fund (CNSS) in 2014, was not so different with an average wage for women standing at 67.5% of men's (or a gap of 33.5%).

The average gross mixed income of micro-entrepreneurs in 2016 amounts 3.7 times the legal minimum salary and 4 times the average wage for women, against respectively 4.2 times the minimum salary and 3.1 times their average wage for men (with a maximum in hotels restaurants: 8.4 for women and 9.9 for men and a minimum in information and communication: respectively 1.9 and 2.6). Therefore, the gender gap for entrepreneurs' mixed income stands at 88.1% globally. Sectors in which the gender gap nearly reaches parity are the food processing industries (94.3%) and those where women outperform men are services (globally: 114.5% and specifically personal services: 203.4%).

Table 3: Average monthly wages by sex and industries in the micro-enterprises sector, Tunisia 1997-2016 (in Dinars)

Age group	1997		2002		2007		2012		2016	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
<18 ans	94	81	118	113	127	101	274	304	358	420
18-19	96	114	112	162	146	137	173	216	214	183
20-24	132	156	126	205	141	208	193	293	279	335
25-29	152	195	158	231	189	250	255	358	321	475
30-39	178	220	186	254	233	276	256	427	385	514
40-49	144	219	203	258	223	293	269	407	305	494
50-59	154	227	273	249	271	281	204	406	363	487
60 +	118	234	142	215	125	275	309	363	288	449
All	148	196	157	232	182	262	249	386	332	480
SMIG	169 Dinars		204 Dinars		240 Dinars		302 Dinars		357 Dinars	

Sources : INS, Survey on Micro-Enterprises 2000, 2005, 2010, 2014, 2018.

Note: In yellow, the age group at which the average wage exceeds the minimum salary

Table 4: Average monthly wages by sex and industries in the micro-enterprises sector Tunisia 1997-2016 (in Dinars)

Industries	1997		2002		2007		2012		2016	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Industries					171	264	264	364	367	493
Food processing industries	155	222	161	242	184	273	257	400	323	533
Textile, garment, leather industries	127/138 *	194/160/159***	81/137*	224/187/217***	153	306	270	346	410	457
Wood and furniture industries		171/205**		219/203	219	233	285	340	382	409
Metal and metal products industries		152		214	225	262	370	355	571	454
Other industries					225	247	250	355	361	493
Construction		205		244	207	281	319	375	-	562
Trade, motor car and cycles repairs	125	176	143	190	181	242	226	326	259	437
Services					185	275	254	426	340	481
Hotels, restaurants	137	188	183	223	178	261	263	346	394	461
Transport		289		326	249	303	270	556	330	556
Information and communication					136	382	148	240	480	800
Other personal services	115	139	139	180	169	199	259	310	367	377
Education	158	194	169	303					303	413
Health	161	168	202	254					325	427
Other services	164	218	223	239	191	308	255	442	338	469
All sectors	148	196	157	232	182	262	249	326	332	480
SMIG	169 Dinars		204 Dinars		240 Dinars		302 Dinars		357 Dinars	

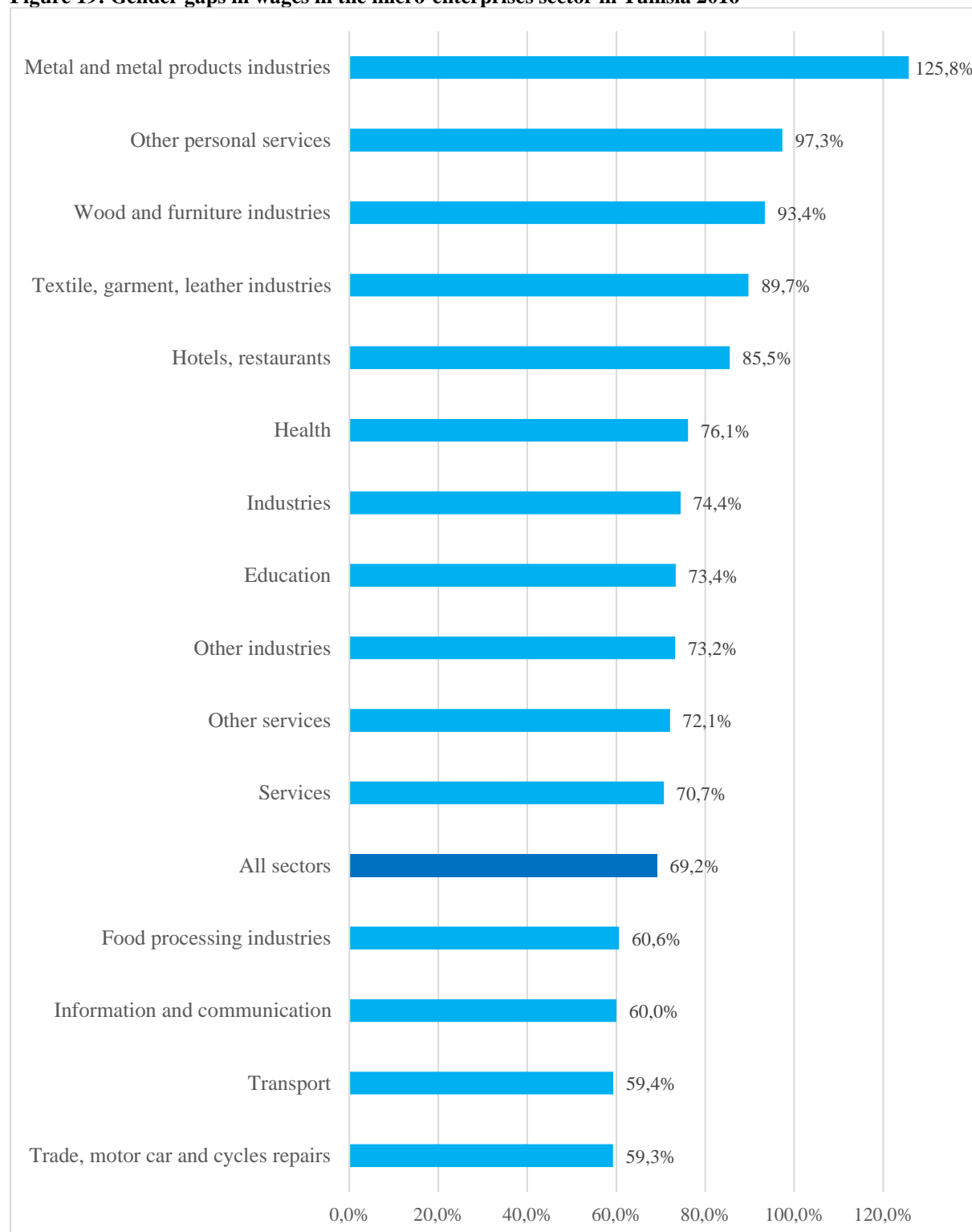
Sources : INS, Survey on Micro-Enterprises 2000, 2005, 2010, 2014, 2018.

Note: * textile and garments differentiated; ** wood and furniture differentiated; *** textile, garment, leather differentiated.

Table 5: Average gross mixed income per month in Dinars and in multiple of legal minimum salary, Micro-enterprises sector Tunisia 1997-2016

Industries	Women										Men									
	In Dinars					In multiple of minimum salary					In Dinars					In multiple of minimum salary				
	1997	2002	2007	2012	2016	1997	2002	2007	2012	2016	1997	2002	2007	2012	2016	1997	2002	2007	2012	2016
Industries	383	516	504	1,044	1,533	2.3	2.5	2.1	3.5	4.3	958	729	1,001	1,677	2,100	5.7	3.6	4.2	5.6	5.9
Food processing industries	723	610	832	1,904	1,799	4.3	3.0	3.5	6.3	5.0	1,229	1,019	1,812	2,715	1,880	7.3	5.0	7.5	9.0	5.3
Textile, garment, leather industries	300	507	355	868	1,136	1.8	2.5	1.5	2.9	3.2	642	79	1,164	1,083	1,667	3.8	0.4	4.9	3.6	4.7
Wood and furniture industries	560	299	132	1,680	1,525	3.3	1.5	0.6	5.6	4.3	671	605	521	1,386	2,121	4.0	3.0	2.2	4.6	5.9
Metal and metal products industries	0	312	0	0	3,051	0	1.5	0	0	8,5	633	600	637	1,544	2,368	3.7	2.9	2.7	5.1	6.6
Other industries	704	424	1,117	901	525	4.2	2.1	4.7	3.0	1,5	120	635	908	1,774	2,217	7.1	3.1	3.8	5.9	6.2
Construction	929	1,016	411	417	453	5.5	5.0	1.7	1.4	1.3	812	808	1,065	1,617	1,914	4.8	4.0	4.4	5.4	5.4
Trade, motor car/cycles repairs	373	396	246	699	667	2.2	1.9	1.0	2.3	1.9	502	497	516	720	873	3.0	2.4	2.1	2.4	2.4
Services	901	725	834	1,993	2,253	5.3	3.6	3.5	6.6	6.3	820	775	856	1,590	1,955	4.8	3.8	3.6	5.3	5.5
Hotels, restaurants	638	860	2,149	3,159	2,983	3.8	4.2	9.0	10.5	8.4	1,032	1,003	1,113	2,819	3,538	6.1	4.9	4.6	9.3	9.9
Transport	397	702	627	1,169	1,421	2.3	3.4	2.6	3.9	4.0	610	666	576	1,164	1,212	3.6	3.3	2.4	3.9	3.4
Information and communication			397	387	676			1.7	1.3	1.9			646	489	940			2.7	1.6	2.6
Personal services	467	654	629	2,014	2,123	2.8	3.2	2.6	6.7	5.9	458	483	457	457	1,050	2.7	2.4	1.9	1.5	2.9
Other services	1686	811	931	2,181	1,749	10.0	4.0	3.9	7.2	4.9	1,333	1,155	1,599	1,599	2,131	7.9	5.7	6.7	5.3	6.0
All sectors	555	523	506	1,245	1,338	3.3	2.6	2.1	4.1	3.7	683	633	732	1,209	1,505	4.0	3.1	3.1	4.0	4.2

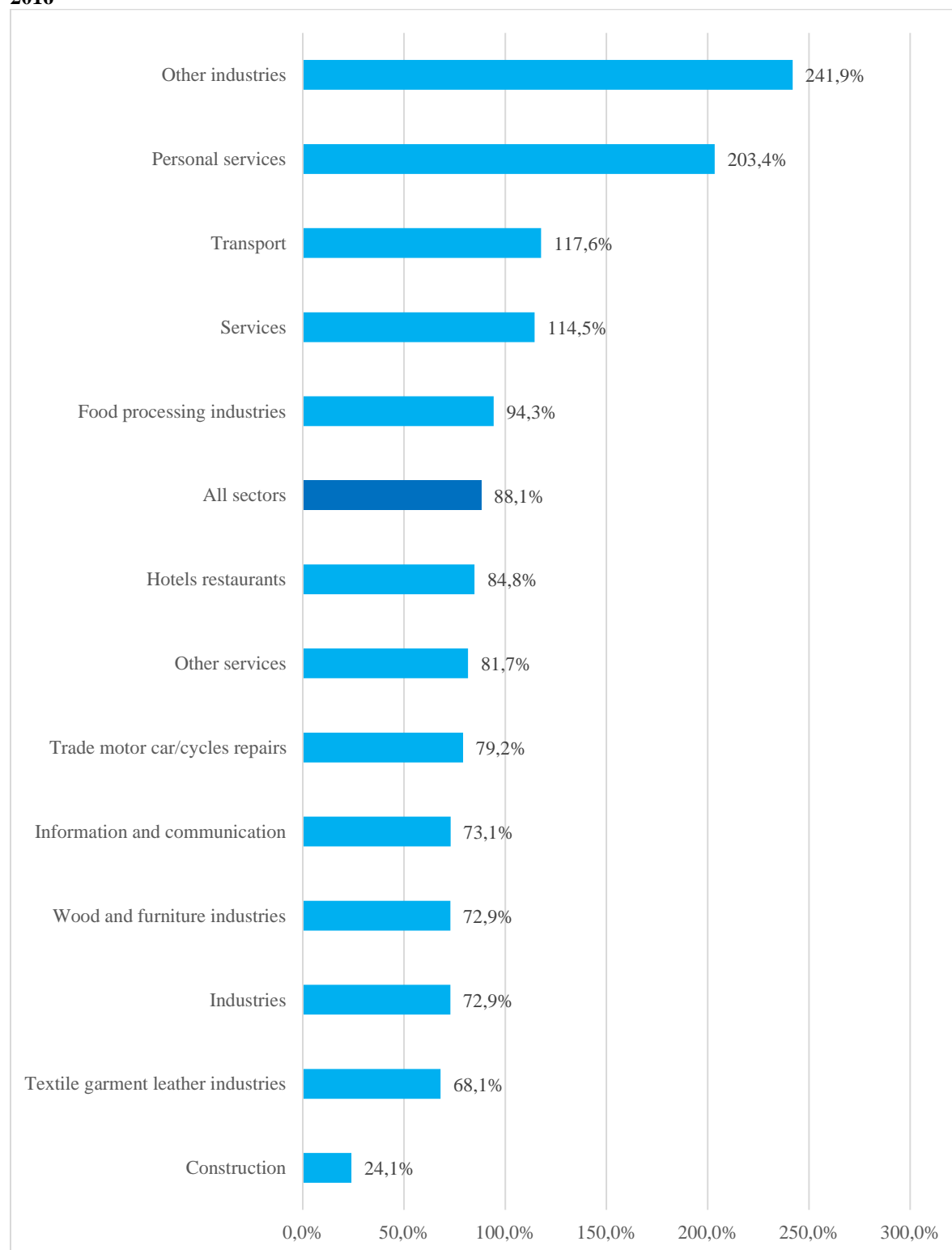
Sources : INS, Survey on Micro-Enterprises 2000, 2005, 2010, 2014, 2018.

Figure 19: Gender gaps in wages in the micro-enterprises sector in Tunisia 2016

Note: the figure reads as follows: in 2016, women's wages in the trade sector are as high as 59.3% men's, and 69.2% in all sectors.

Source: Table 4.

Figure 20: Gender gaps in entrepreneurs' gross mixed income in the micro-enterprises sector in Tunisia 2016



Note: the figure reads as follows: in 2016, women entrepreneurs' gross mixed income in the trade sector are as high as 79.2% men's, and 88.1% in all sectors.

Source: Table 5.

Conclusion

The aim of this paper was to show the importance of gender disparities existing on the labour markets of Maghreb countries and their trends, as compared with other regions of the world.

Northern Africa shares with Arab countries, and often with Southern Asia, the lowest levels in labour market indicators referring to gender, but in contrast with most regions, women in these countries do not represent the bulk of the labour force engaged in the informal economy and the informal economy does not constitute for women the main entry door to the labour market. Gender disparities are nonetheless important in the informal economy of Maghreb countries: women work informally as paid workers rather than for their own account or as micro-entrepreneurs and the income and wages they earn from these activities are much less than their male counterparts, judging by Tunisian data, which are the only ones available on this subject. But the characteristics of women engaged in the informal economy are very different from one country to the other and in many respects each of the three Maghreb countries presents a specific profile. Efforts of harmonization should be pursued in order to better capture and understand the challenges raised by the difficulties of measuring the actual contribution of women to employment, informal employment and disentangle economic activity as measured by GDP and the System of National Accounts from domestic and care work as measured by time-use surveys, an issue that will be addressed in a parallel paper (Charmes 2021).

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Finance inclusive et réduction de la pauvreté multidimensionnelle des femmes en AlgérieAbdelkrim Zoheir HADEFI¹ Mohamed Saïb MUNETTE²

Received date: 03/04/2022

Accepted paper: 03/05/2022

Résumé

Le présent article tente d'évaluer l'impact du microcrédit sur le bien-être économique et implicitement le degré de pauvreté multidimensionnelle des femmes en Algérie. Cette analyse est basée sur les données d'une enquête auprès de 228 bénéficiaires de microcrédit de la wilaya de Boumerdes. Au total, 26 femmes ont participé à l'enquête. Les données obtenues sont analysées à l'aide du test U de Mann Whitney. Les résultats montrent une différence significative entre l'impact engendré par le microcrédit sur les deux sexes en s'appuyant sur l'indice de possession d'actifs où les femmes bénéficiaires ressentent plus d'impact que les membres de sexe masculin, contrairement à l'impact engendré sur l'indice d'inclusion financière et l'indice de solvabilité financière. L'étude révèle aussi que les femmes bénéficiaires ont plus de contrôle sur les revenus générés par l'entreprise et une plus grande efficacité économique.

Mots-Clés : autonomisation, impact, microcrédit, pauvreté-multidimensionnelle, genre.

ClassificationJEL: D10, O30

Inclusive finance and multidimensional poverty reduction of women in Algeria**Abstract**

This article attempts to assess the impact of microcredit on economic well-being and implicitly the level of poverty of women in Algeria. Using data from a survey collecting 228 microcredit beneficiaries in the Wilaya of Boumerdes, we observe that female beneficiaries feel more impacted than male members do. 26 women participated in the survey. The information gathered is analyzed. Using the Mann Whitney U test. The results show a significant difference between the impact of microcredit on both sexes based on the asset ownership index, but not on the financial index and financial solvency. The study reveals that female beneficiaries have more control over the income generated by the business and greater economic efficiency.

Keywords: Empowerment, Impact, Microcredit, Multidimensional-poverty, Gender.

1. Introduction

Le bien-être économique des personnes vivant dans une société est essentiel pour le développement du pays et fait partie intégrante du rôle du gouvernement. La contribution du secteur de micro finance à ce bien-être économique est une question de recherche importante. La micro finance a suscité un intérêt considérable chez les chercheurs du monde entier après son succès dans de multiples économies depuis les années 1970. Le nombre d'articles de recherche publiés chaque année, par des universitaires et des praticiens dans des revues classées, a considérablement augmenté ces derniers temps.

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Il est admis que la micro finance est un des leviers pour assurer la transition de l'économie informelle vers l'économie formelle (ILO, 2015). Les entreprises sociales constituent un segment de l'économie sociale et solidaire, une des composantes principales de l'économie informelle selon la résolution 204 du BIT « *les unités économiques de l'économie informelle comprennent: a) les unités qui emploient de la main-d'œuvre; b) les unités détenues par des particuliers travaillant à leur propre compte, soit seuls, soit avec le concours de travailleurs familiaux non rémunérés; c) les coopératives et les unités de l'économie sociale et solidaire* » (ILO, 2015, p. 5 point 3). Il est aussi admis que la micro finance constitue une des passerelles vers le travail décent.

L'une des contributions récurrentes de la micro finance est la réduction de la pauvreté et l'essor de l'autonomisation des femmes (Kabeer, 2005, p. 4711). Cette dernière est définie par Kabeer comme "*un processus par lequel ceux qui ont été privés de la capacité de faire des choix de vie stratégiques acquièrent cette capacité*". Dans les pays en développement, les femmes sont démunies et impuissantes par rapport aux hommes. Les femmes n'ont pas toujours accès à l'éducation, au droit de réclamer des biens et à de nombreuses autres facilités de vie. Avant de recourir aux services des institutions de micro finance (IMF), les femmes pauvres empruntaient de nombreuses manières informelles, ce qui augmente leur vulnérabilité sociale.

La vulnérabilité, la probabilité d'abus physiques ou psychologiques, les problèmes de santé sont quelques-uns des graves problèmes auxquels sont confrontées les femmes dans les pays en développement (Murshid, 2016, p. 1582). De ce fait, l'autonomisation économique des femmes accroît la sécurité, l'estime de soi et le statut social et économique des femmes ; en outre, elle améliore le niveau de vie de toute la famille (Gaywala, 2018). Selon le World Poverty Clock, parmi les pauvres du monde, « *65 % sont des femmes* » (World Data Lab, 2020).

Dans ce sens, et depuis plus de trois décennies, les programmes de micro finance sont considérés comme une stratégie de développement importante partout dans le monde, en particulier dans les pays en développement. Les gouvernements et les organisations non gouvernementales (ONG) de ces pays ont mis en place divers programmes de micro-crédit destinés aux pauvres. La plupart de ces programmes ciblent intentionnellement les femmes car elles ont plus de contraintes d'accès au crédit et un accès limité au marché du travail. Elles ont aussi une part négligeable de pouvoir dans la prise de décision des ménages. Elles ont des « *taux de remboursement des prêts plus élevés que ceux des hommes* ». De même, les femmes sont plus susceptibles de partager les avantages du prêt avec d'autres membres de la famille, en particulier leurs enfants. Une augmentation de la conscience sociale et politique, la formation et le développement des compétences de ce groupe défavorisé pourraient également être les raisons de cibler les femmes (Kato & Kratzer, 2013, p. 43).

Dans cette étude, nous postulons que l'accès, aux services de micro finance, a un impact significatif sur le niveau de pauvreté et d'autonomisation des femmes en Algérie. Avec l'accès à la micro finance, le pouvoir de décision augmente, ce qui apporte le bien-être économique et la prospérité dans la famille. Notre objectif est d'examiner l'hypothèse selon laquelle l'impact du microcrédit sur les bénéficiaires est plus significatif chez les femmes par rapport aux hommes. L'étude est fondée sur une enquête regroupant 228 bénéficiaires de microcrédit de l'ANGEM de la Wilaya de Boumerdes. Nous utilisons, d'une part, les items de possession d'actifs, l'indice de solvabilité et l'indice d'inclusion financière comme variables dépendantes, d'autre part, le genre représente notre variable catégorielle.

2. Revue de littérature

2.1. Inclusion financière, autonomie économique et ciblage des femmes

Les femmes constituent la moitié de la population dans tous les pays, mais leur taux de chômage est plus élevé que celui des hommes dans pratiquement tous les pays du monde selon les données de l'OIT. Selon les régions du monde, les pays arabes enregistrent le taux d'activité le plus faible. Selon le taux d'activité féminine, l'Algérie figure parmi les derniers pays du monde en 2019 (ILO, 2020). L'autonomisation des femmes a été retenue comme un des Objectifs du Millénaire pour les pays en développement (OMD3). Cet objectif est reconduit dans l'Agenda 2030 des Nations Unies pour tous les pays du monde - objectif du développement durable (ODD5). L'autonomisation économique des femmes est un des moyens de son inclusion sociale. Le microcrédit est ainsi une voie possible de cette inclusion. La littérature existante sur l'impact de la micro finance peut être classée en trois catégories. La première catégorie examine l'impact de la micro finance sur la pauvreté. La deuxième traite l'impact de la micro finance sur l'autonomisation des femmes. La troisième série d'études met en évidence d'autres effets de la micro finance, tels que l'impact sur l'éducation, la santé, la nutrition, le niveau de consommation et la constitution d'actifs. Les études d'impact restent assez controversées.

Selon un sondage récent (Baromètre de la microfinance, 2020), les IMF servent 140 millions de personnes dans le monde, dont plus de 80% sont des clientes. À l'échelle mondiale, la participation des femmes a différents rôles : en tant qu'emprunteuses, membre du conseil d'administration, gestionnaire et agent de crédit, augmente par rapport aux hommes homologues du secteur de la micro finance. Une autre étude (MIX Market data, 2019) donne un ordre de grandeur des clientes des IMF selon les régions du monde : Asie du Sud (99%), Asie de l'Est et Pacifique (80%), Afrique (60%) Amérique latine (49%), Moyen Orient et Afrique du Nord (48%) et Europe de l'Est (44%).

De nombreuses évaluations des IMF ont montré que les services de micro finance ont un impact positif sur les femmes. Certains économistes (Hashemi, Schuler, & Riley, 1996, p. 652) ont constaté que les programmes de micro-crédit avaient des effets significatifs sur des dimensions différentes de l'autonomisation des femmes. D'autres auteurs (Pitt & Shahidur, 1998, p. 989) ont constaté que le microcrédit a un effet plus important sur le comportement des ménages pauvres au Bangladesh lorsque les femmes participent au programme. Ils ont aussi observé que la participation des femmes à des programmes de micro finance avait un impact positif sur l'acquisition d'actifs par les ménages clients. Une autre étude (Rai & Ravi, 2011, p. 918) sur l'autonomisation des femmes et la micro finance, a constaté que les femmes membres des IMF sont plus autonomes que les autres. Enfin un autre auteur (Rahman, 2009, p. 298) a déduit que l'habileté des femmes (revenus tirés de leur propre compétence) est également un facteur majeur d'autonomisation.

A la lumière de la littérature ci-dessus, nous pouvons déduire que la plupart des femmes obtiennent une certaine autonomie en utilisant les services des IMF. La différence de résultats peut être due à la différence d'environnement socio-économique, de délais, d'outils utilisés (méthode de mesure d'autonomisation économique), de nature des études (transversales ou longitudinales) et de conditions socio-politiques.

2.2. Amélioration du bien-être des femmes dans le contexte des services de micro finance

Il existe un grand nombre de recherches sur les impacts économiques des services de microcrédits (Banerjee, Duflo, Glennerster, & Kinnan, 2015). Des recherches antérieures rapportent des preuves mitigées de l'impact des services de micro finance sur les conditions économiques des femmes (Vaessen, et al., 2014). La diversité des résultats rapportés peut en partie s'expliquer par deux différences méthodologiques principales dans les interventions étudiées. Premièrement, les programmes de micro finance diffèrent considérablement dans

leurs services offerts (Armendáriz & Morduch, 2010). Deuxièmement, les plans d'étude diffèrent et incluent les résultats des données d'enquêtes démographiques à l'échelle nationale. Ainsi que des essais contrôlés et randomisés, des jeux comportementaux, ou des entretiens approfondis semi-structurés (Banerjee, Duflo, Glennerster, & Kinnan, 2015). Ces deux principales différences méthodologiques rendent difficile la comparaison systématique des résultats.

Pour intégrer les résultats de recherches antérieures et acquérir ainsi, une compréhension plus approfondie du bien-être des femmes dans le domaine des services de micro finance, nous proposons un modèle tridimensionnel de mesure de bien-être des femmes, qui englobe : (i) la dimension micro, se référant à l'indice de richesse observée, (ii) la dimension au niveau méso, se référant à l'indépendance financière mesurée par le degré d'épargne, et enfin (iii) la dimension au niveau macro, se référant aux résultats économiques réalisés par les femmes.

2.3. Micro finance dans la région MENA

Dans le rapport sur la pauvreté et la prospérité (World Bank, 2020), qui fournit des comparaisons mondiales et régionales, la région Moyen-Orient et Afrique du Nord (MENA) se différencie pour deux raisons.

D'une part, c'est la seule région où le taux d'extrême pauvreté a progressé entre 2011 et 2015, pour passer de 2,7 % à 5 %. Le nombre de personnes vivant avec moins de 1,90 dollar par jour a ainsi été multiplié par deux pour atteindre 18,6 millions d'habitants.

D'autre part, c'est la première fois que des estimations globales ont pu être établies pour cette région après plusieurs années marquées par un manque de données et des problèmes liés aux facteurs de conversion des parités de pouvoir d'achat en 2011 dans certains pays (Atamanov & Tandon, 2018).

Cependant, la même institution souligne qu'une grande partie de la population vit dans des situations de vulnérabilité, ce qui augmente sa fragilité aux chocs externes. Pour cette région, plusieurs pays semblent souffrir particulièrement de l'extrême pauvreté : près de la moitié de la population du Yémen (Moyen-Orient) vit en dessous du seuil de pauvreté de 2 dollars par jour. Les taux sont également élevés pour l'Irak et la Syrie avec respectivement 21,41 et 16,9%.

En ce qui concerne l'accès aux services financiers de base, les pays en développement de la région arabe (exception des pays du Golfe) ont la plus faible proportion d'adultes titulaires de comptes par rapport aux autres régions du monde. En 2011, la proportion d'adultes titulaires d'un compte n'était que de 18%. Les femmes sont moins susceptibles que les hommes d'avoir un compte dans la région arabe (Asli & Leora, 2012, p. 09).

L'inclusion financière des femmes peut donc être une solution pour aider les femmes à accroître leur participation économique et à créer leurs propres activités génératrices de revenus. Les caractéristiques de la région en font un terrain fertile pour le développement de la micro finance. La micro finance dans la région MENA est une industrie relativement jeune par rapport à d'autres régions où la micro finance s'est développée d'une manière phénoménale (Chehade, Navarro, Barnieh, & Attia, 2017, p. 02). Le programme le plus ancien est celui de l'Alexandria Business Association, lancé en Égypte il y a un peu plus de 20 ans. Dans d'autres parties du monde, en particulier en Asie et en Amérique latine, les IMF sont créées depuis plusieurs décennies. Ainsi, en développant la micro finance, les praticiens et les décideurs politiques de la région MENA peuvent apprendre des autres régions tout en adaptant les programmes à leur propre environnement.

Mais la micro finance est définie de manière restrictive car la plupart des services offerts par les IMF arabes restent limités aux prêts, principalement aux micro-entreprises. Pourtant, de nombreuses IMF de la région commencent à offrir des prêts à l'éducation ainsi qu'une micro-assurance décès et invalidité, une assurance maladie et médicale, en plus d'une assurance vie.

Malgré ce déploiement de la finance inclusive, la région MENA continue d'être le plus petit marché en termes de portée des emprunteurs et de portefeuille de prêts bruts (Chehade, Navarro, Barnieh, & Attia, 2017, pp. 5,7).

Dans la région MENA, les marchés de la micro finance sont à des stades de développement différents, le Maroc et l'Égypte en particulier affichant des niveaux de rayonnement et d'échelle plus élevés que les marchés plus jeunes en Irak et en Syrie. Le Maroc et l'Égypte représentent actuellement 85% du nombre total d'emprunteurs et 73% du portefeuille total de prêts dans la région (Khamar, 2019, p. 4). L'Égypte reste le plus grand marché de la région en termes d'emprunteurs, tandis que le Maroc reste le plus grand marché en termes de portefeuille. Depuis 1999, date à laquelle la première enquête a été menée dans la région, la micro finance dans les États arabes est passée d'un secteur commercial qui vise la performance financière à une industrie émergente qui se base sur des valeurs sociales, cependant de grands écarts apparaissent : la plupart des institutions de micro finance en Égypte réussissent à la fois socialement et financièrement, tandis que celles du Yémen réussissent socialement et celles de Jordanie réussissent financièrement (Adair & Berguiga, 2014, p. 11). Au cours de la dernière décennie, le secteur a connu des changements notables ainsi que des domaines nécessitant un développement supplémentaire. La région a enregistré une amélioration significative en termes de sensibilisation des femmes emprunteuses comparativement à environ 36% des emprunteurs en 1997, les femmes représentent actuellement près des deux tiers des emprunteurs dans la région MENA (58 %), contre 63% pour l'Afrique (Khamar, 2019, p. 4). Étant donné que les femmes constituent également la majorité des pauvres du monde, l'attention accrue accordée aux femmes s'est accompagnée d'une augmentation générale de la portée de la sensibilisation. Malgré une certaine instabilité dans la région, le rayonnement du secteur de la micro finance reste constant. Les prêts de groupe étaient la méthodologie de prêt prédominante dans le passé, en particulier au Maroc, en Jordanie et, de plus en plus, en Égypte, où ils sont considérés comme un outil efficace pour atteindre les femmes. Dans tous les autres pays, les prêts individuels étaient plus utilisés. La région MENA bénéficie d'un solde de prêt moyen par emprunteur faible, ce qui indique que les IMF de la région MENA ciblent le marché à faible revenu. Alors que l'Irak, le Liban et la Palestine ont les soldes de prêts les plus élevés et sont les seuls au-dessus de la moyenne régionale de 1 100 dollars, la Palestine est le seul pays dont le solde moyen des prêts / RNB par habitant est supérieur à 50%. Tout en bénéficiant des plus grands marchés, l'Égypte et le Maroc ont également des soldes de prêts moyens par emprunteur les plus bas (Chehade, Navarro, Barnieh, & Attia, 2017). La région MENA a enregistré le ratio capital / actif le plus élevé et un ratio dette / capitaux propres relativement faible. Cela s'explique par le fait que les produits d'épargne continuent d'être offerts à une échelle limitée dans la région en raison des restrictions de la législation, alors que les dépôts constituent une part plus importante du financement des IMF dans d'autres régions (Ben Abdelkader & Mansouri, 2019).

En Algérie, le microcrédit est assez récent. La micro finance a été introduite vers la fin des années 90 par l'ONG Touiza. Le système de réglementation du microcrédit, établi et mis en œuvre par le gouvernement en 1999, coïncide avec l'idée de promouvoir les petites activités économiques. L'expérience de Touiza n'a pas duré n'ayant pas obtenu l'aval des autorités (Benhabib, Smahi, Maliki, & Baha, 2005). Le dispositif microcrédit était intégré initialement au sein de l'Agence de Développement Social (ADS) créée en 1996 pour atténuer les effets sociaux du Programme d'ajustement structurel (PAS).

Ce n'est que huit-ans après qu'une agence autonome a vu le jour. L'Agence Nationale de Gestion de Microcrédit (ANGEM) qui a été créée par le Décret exécutif n° 04-14 du 22 janvier 2004. Selon l'article No 2 de de décret, « le *micro-crédit est un prêt accordé à des catégories de citoyens sans revenus et/ ou disposant de petits revenus instables et irréguliers* ». Grâce à une participation active à la promotion de l'emploi, d'après l'ANGEM le

microcrédit est conçu comme « *un outil de lutte contre le chômage, la pauvreté et l'exclusion sociale* ». En ce qui concerne la création d'activités et d'emplois, le microcrédit aurait pour effets : de réduire le chômage, de lutter contre la pauvreté et l'exclusion sociale et d'éliminer progressivement l'économie informelle (Musette, 2014). L'ANGEM a connu deux étapes, avec des modifications apportées dans son texte en 2011 par un décret présidentiel.

Avant 2012, l'ANGEM a développé deux programmes qui fournissant des crédits sans intérêt ainsi que des services non financiers : (i) pour l'achat de matières premières (AMP) ; et (ii) pour créer une activité, y compris à domicile, pas nécessairement une entreprise.

Après 2012, un changement a eu lieu dans son programme. Elle rejoint le modèle de l'Agence nationale pour le soutien de l'emploi des jeunes (ANSEJ) avec un financement mixte et un financement tripartite avec un plafond d'un 1 million de Dinar Algérien (DA). Selon les données de l'agence, une augmentation régulière de l'activité est enregistrée pour les deux types de financement « sans intérêt », que ce soit pour l'AMP ou pour la création d'entreprise (projet).

Elle a pu atteindre le seuil de 923 788 projets à fin 2020, dont près de 834 896 étaient dédiés à l'AMP. Ces dispositifs auraient généré 1 357 764 postes d'emplois. Depuis sa création à ce jour, l'agence aurait financé environ 587 213 de femmes, pour la plupart dans la formule AMP.

Tableau 1. Services financiers fournis par l'ANGEM

Nombre de prêts octroyés cumulés	923 788
Nombre de crédits octroyés aux femmes	587 213
Nombre de crédits octroyés aux hommes	336 575
Nombre d'emplois créés	1 357 764
Nombre de bénéficiaires des services non financiers	342 323

Source : auteurs selon les données de l'ANGEM (ANGEM, 2021)

3. Méthode

L'autonomisation économique des femmes est considérée comme un processus aussi bien qu'un résultat. Considérer cela comme un processus nous permet de mieux évaluer l'impact, mais il est facile de recueillir des données sur l'autonomisation des femmes en tant que résultat et il est difficile de mesurer l'autonomisation en tant que processus. La collecte de données (enquête et approche participative) liée au processus d'autonomisation prend plus de temps et peut ajouter des biais dans l'interprétation des réponses (Pokhriyal, Rekha, & Jaya, 2014). Pour cela nous traiterons la base de données d'une enquête analysant l'impact sur trois dimensions : la dimension possession d'actifs pour mesurer la profondeur de l'impact, la dimension épargne pour mesurer le degré d'inclusion financière et la dimension crédit et dette pour mesurer le degré de solvabilité des bénéficiaires.

Notre principale contribution consiste à mesurer l'effet genre sur l'impact de la micro finance via une technique d'échantillonnage aléatoire simple regroupant 228 bénéficiaires de microcrédit de la Wilaya de Boumerdes réalisé par le centre de recherche en économie appliquée pour le développement (CREAD) en 2012.

La population de la Wilaya de Boumerdes est estimée à 800 000 habitants selon le RGPH 2008. Elle a connu une croissance de 2,2% entre 1998 et 2008, légèrement supérieure à la moyenne nationale. Cette population est répartie entre 142 000 ménages, avec une moyenne de 5,6 personnes/ménage. Le questionnaire comprend 90 questions classées sous 9 rubriques. Ces rubriques portent sur : (i) les observations de l'enquêteur, (ii) Les conditions d'habitation, (iii) l'équipement du ménage, (iv) les caractéristiques individuelles du promoteur avant le lancement de son activité, (v) Caractéristiques du promoteur et le lancement de l'activité, (vi) Le lancement de l'activité – situation au démarrage, (vii) la situation financière, (viii) l'impact

de l'activité sur l'individu, sur sa famille, sur son environnement, (ix) une fiche d'appréciation générale du dispositif.

L'échantillon des promoteurs a été établi par les services techniques de l'ANGEM. Les critères retenus sont l'année d'octroi des crédits, à compter de 2005 à 2011, selon les deux formules « achat de matières premières » (AMP) et pour la création d'une activité (projet). Un deuxième échantillon témoin a été retiré pour les promoteurs ayant bénéficié un crédit après 2011, prenant en considération les réformes adoptées par le gouvernement pour le dispositif. Au total, soit un volume de 350 promoteurs, avec une marge de perte pour chaque année. L'enquête a été conduite par les 30 cadres provenant d'Alger, de Tipaza et de Blida. Les 10 cadres de la Wilaya de Boumerdes ont été mobilisés pour accompagner les enquêteurs à la localisation des personnes à enquêter. Les enquêteurs ont pu renseigner 228 questionnaires validés (Musette, Belhouari, Meziani, & Achour, 2013).

Afin de tester les hypothèses, un test non paramétrique est indispensable, le test U de Mann-Whitney a été utilisé pour déterminer s'il y avait des différences significatives entre les femmes et les hommes bénéficiaires de microcrédit. Ce test est une alternative au test t pour les échantillons indépendants, il examine les différences dans les positions classées des variables dépendantes ordinales dans deux groupes indépendants (Nachar, 2008, p. 14). Le test U de Mann-Whitney est robuste aux violations de la normalité et de l'homogénéité de la variance. Ce test est utilisé pour déterminer s'il existe une différence significative entre les femmes et les hommes bénéficiaires de microcrédit. Toute différence significative sur le plan statistique suggère que les variables dépendantes qui représentent dans notre cas l'indice de possession d'actifs, l'indice d'inclusion financière et l'indice de solvabilité diffèrent considérablement entre les femmes et les hommes bénéficiaires du programme ANGEM.

4. Résultats et interprétations

4.1. Analyse descriptive

La présente étude cherche à mesurer l'impact du microcrédit scindé par genre sur l'autonomisation économique des bénéficiaires et implicitement le degré de pauvreté multidimensionnelle. Une analyse descriptive est essentielle pour cerner nos variables de recherche.

La taille de ménage représente un outil primordial pour estimer les échelles d'équivalence afin de comparer convenablement nos deux sous-groupes. On constate d'après la visualisation des données que 80% des ménages sont composés de huit membres au maximum. On constate aussi que seulement 11% de notre échantillon est de sexe féminin contre 89% de sexe masculin.

On remarque d'après les données que la moyenne d'âge des bénéficiaires est de 56 ans ainsi que 80% des répondants ont un âge inférieur à 66 ans, pour l'état matrimonial des répondants on constate que plus de 86% des répondants sont mariés. Pour le niveau d'instruction on constate que 95% des répondants n'ont pas pu accéder à l'université, avec un taux de 33% d'exclus complètement du système éducatif. Pour la situation individuelle avant l'accès au micro-crédit, on constate que seulement 48% des bénéficiaires ont été exclus du marché du travail.

4.2. Analyse d'impact

Différents tests sont disponibles pour déterminer si la relation entre deux variables de tableau croisé est significative suivant une variable catégorielle qui est représentée dans notre cas par le sexe des répondants. Le test le plus couramment utilisé est le test de Mann-Whitney. L'un de ces avantages est qu'il est adéquat au type des données ordinales. Ce test est utilisé pour déterminer s'il existe une différence significative entre les femmes et les hommes

bénéficiaires de microcrédit. La mesure d'impact se fera en deux temps : d'abord sur la possession d'actifs et ensuite sur trois indices.

4.2.1. Impact sur la possession d'actifs

L'impact sur la possession d'actifs comporte quatre tests sur quatre items choisis sur la base de l'approche de la privation des biens de base, cette dimension regroupe le degré de participation dans l'achat des biens suivants : un réfrigérateur, un téléviseur, une cuisinière et un micro-ordinateur. Le choix de ces biens est subjectif. La valeur de signification contient les informations recherchées. Plus la valeur de signification est négligeable, plus il est probable que les deux variables soient différentes. A quel degré cette relation est significative pour les bénéficiaires et quelle est la différence entre les deux sexes ? Le tableau suivant synthétise les résultats obtenus pour les équipements retenus des ménages sondés.

Tableau 2. Test de Mann-Whitney de possession d'une sélection d'équipements

	Réfrigérateur	Téléviseur	Cuisinière	Ordinateur
U de Mann-Whitney	2082	2310,5	1280	84
W de Wilcoxon	22182	22210,5	13526	90
Z	-3,284			
Signification asymptotique (bilatérale)	0,001	-1,722	-2,621	-0,759
a. Critère de regroupement : Sexe		0,085	0,009	0,448

Source : auteurs

D'après les données 226 bénéficiaires de microcrédit ANGEM interviewés estiment que le microcrédit a influencé positivement la possession d'un réfrigérateur. Dans notre cas, on enregistre une valeur de signification de 0.001 inférieur à 5% ce qui confirme l'existence d'une différence significative entre la possession d'un réfrigérateur entre les femmes et les hommes.

D'après les données, 225 bénéficiaires trouvent que le microcrédit a influencé positivement la possession d'un téléviseur. On enregistre une valeur de signification de 0.085 supérieur à 5% ce qui n'affirmer pas l'existence d'une différence significative entre la possession d'un téléviseur entre les femmes et les hommes.

D'après les données 176 bénéficiaires affirment que le microcrédit a influencé positivement la possession d'une cuisinière. La valeur de signification de 0.009 inférieur à 5% ce qui confirme l'existence d'une différence significative entre la possession d'une cuisinière entre les deux sexes.

D'après les données 70 bénéficiaires admettent que le microcrédit a influencé positivement la possession d'un micro-ordinateur. La valeur de signification de 0,660^b supérieur à 5% ce qui affirme l'inexistence d'une différence significative dans la possession d'un micro-ordinateur entre les femmes et les hommes.

4.2.2. Impact sur la pérennité des entreprises, l'inclusion et la solvabilité financière

Nous avons appliqué le même test avec les mêmes sous questions sur le degré de significativité pour les bénéficiaires et quelle est la différence entre les deux sexes. Les résultats sont synthétisés dans le tableau suivant :

Tableau 3. Test de Mann-Whitney sur la pérennité des entreprises, l'inclusion et la solvabilité financière

	Pérennité	Inclusion	Solvabilité
U de Mann-Whitney	1895,5	2397	2298,5
W de Wilcoxon	20616,5	21703	2623,5
Z	-1,579	-0,194	-0,625
Signification asymptotique (bilatérale)	0,114	0,846	0,532

a. Critère de regroupement : Sexe

Source : auteurs

D'abord, l'indice de pérennité mesuré par la situation financière de l'entreprise représente un outil indispensable pour savoir à quel degré les bénéficiaires applique une bonne gouvernance de leurs entreprises. D'après les statistiques descriptives, on constate que 217 bénéficiaires jugent que la situation financière de leur entreprise est difficile. Dans notre cas, on enregistre une valeur de signification de 0,114 supérieur à 5% ce qui affirme l'inexistence d'une différence significative dans l'indice de pérennité des entreprises entre les deux sexes.

Ensuite, l'accès au financement et la capacité financière sont à la fois des résultats intermédiaires et des composantes de l'inclusion financière. Étant strictement liés les uns aux autres, les efforts visant simplement à améliorer l'accès financier sans améliorer en même temps la capacité financière et les conditions contextuelles de développement seront insuffisants. Ils seront également insoutenables compte tenu du fait que choisir et utiliser le produit financier (accès) le plus adéquat peut être complexe, voire impossible, car comprendre toutes les implications en termes de risques, de coûts et d'avantages sans les compétences et les connaissances nécessaires pour faire des choix financiers éclairés (capacité).

Dans ce sens l'inclusion financière représente l'objectif principal des programmes de microcrédit, elle est mesurée par le degré d'épargne, dans notre cas on constate qu'il n'existe aucune différence en termes d'impact sur l'indice d'inclusion financière entre les deux sexes, d'après le test de Mann-Whitney le degré de signification est à 0.846 supérieur au seuil de signification qui est à 5%.

Enfin, le développement de la capacité financière n'est par conséquent qu'un des résultats intermédiaires de l'inclusion financière (Deb & Kubzansky, 2012), dont l'atteinte nécessite un portefeuille de divers produits et services personnalisés. Par conséquent, pour réussir à inclure la dimension de genre dans le programme d'inclusion financière, des modes innovants d'accès aux services financiers doivent être adaptés aux femmes et la capacité d'utiliser ces produits doit être développée dans le cadre de la même action (Arora-Jonsson, 2014). Pour permettre de tels changements, une permutation radicale devrait se produire au niveau du marché financier, ce dernier est réalisé par le biais d'une solvabilité financière rigoureuse.

Cet indice de solvabilité mesuré par le respect des échéances des prêts représente un outil financier efficace pour diagnostiquer la pérennité de l'institution de micro finance, dans notre cas on trouve que 222 bénéficiaires déclarent avoir respecté les échéances de paiement du microcrédit, en matière de genre on ne constate aucune différence, selon le test de Mann-Whitney le degré de signification est à 0.552 supérieur à la borne de signification qui est à 5%.

5. Conclusion

Cet article examine l'impact de la participation des femmes dans les institutions de micro finance (IMF) sur divers indicateurs de bien-être économique et implicitement sur le degré de pauvreté multidimensionnelle à l'aide des données quantitatives collectées au niveau de la wilaya de Boumerdès en Algérie, réalisé par le Centre de Recherche en Economie Appliquée pour le Développement en 2013. L'étude a montré que la participation à des services de micro

finance octroyés par l'Agence Nationale de Gestion de Microcrédit pouvait être un moyen pour les femmes d'acquérir la capacité de faire des choix stratégiques concernant leur vie. En ayant accès aux services de micro finance, les femmes peuvent créer leur propre entreprise et par conséquent améliorer leur statut au sein du ménage et dans leurs communautés.

Le présent article a étudié comment la participation aux services de micro finance conduit en premier lieu à une augmentation du contrôle des femmes sur l'épargne et les revenus générés par l'entreprise, en deuxième lieu l'impact sur la possession d'actifs, troisième point l'auto-efficacité mesurée par l'indice de solvabilité et en dernier lieu la bonne gouvernance des entreprises gérée par les femmes. Les résultats sont cohérents avec les recherches antérieures selon lesquelles, il existe une relation significative entre la participation dans les IMF et la possession de certains actifs. Les résultats montrent que la plupart des femmes bénéficiaires de microcrédit ont plus de contrôle sur leur épargne et leurs revenus par rapport aux hommes. Ces résultats appellent d'autres questions. L'ANGEM n'est pas une IMF comme les autres. Elle est une agence étatique, avec une mission de service public qui fonctionne en fonction du budget, renouvelé chaque année par l'Etat. Le volume de femmes bénéficiaires de cette agence est plus important notamment pour les prêts AMP, soit une activité développée, le plus souvent à domicile, réputée notamment pour absence de couverture sociale. Ce type de prêts peut ainsi conduire, paradoxalement, à la dynamique de l'économie informelle.

Par contre les prêts relatifs aux projets de création de micro-entreprises, selon le modèle ANSEJ, semblent attirer plus les hommes que les femmes. Ces micro-entreprises sont soumises à la réglementation. Le peu de femmes bénéficiaires de financement pour un projet, de notre échantillon découle de la réalité observée pour les entreprises. Pourtant, notre étude apporte une preuve irréfutable, les femmes engagées par la création de projets, acquièrent une autonomie relative et réussissent mieux que les hommes dans le monde des micros entreprises.

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Informality: Causes, Consequences and Formalization Strategies with Views on MENA*Aysit TANSEL¹

Received date: 13/04/2022

Accepted paper: 30/04/2022

Abstract:

This paper reviews the characteristics, causes and consequences of the informal economy and the benefits and costs of formalization. Neoclassical economists maintain that informality is a result of strict labor market regulations. Workers and firms weigh the benefits and costs of complying with regulations and choose to operate informally if the costs exceed the benefits of operating formally. The benefits and costs of formality are discussed from the point of view of workers, firms, governments, the economy and the society. A brief review of literature on Middle East and North Africa (MENA) countries concentrates on the earnings of and the mobility between the formal and informal economies. Informality is more common among men than among women in MENA while opposite is true in most other regions of the world. Finally, the paper reviews the various strategies employed for incentivizing formalization in several developing countries and the efficacy of these strategies.

Keywords: Informality; Causes; Consequences; Formalization Strategies; MENA.

JEL Codes: J20, J21, J42, J46

Causes, conséquences et stratégies de formalisation de l'informalité en référence à la région MENA**Résumé**

Ce papier examine les caractéristiques, les causes et les conséquences de l'économie informelle ainsi que les avantages et les coûts de la formalisation. Les économistes néoclassiques soutiennent que l'informalité est le résultat de règles strictes du marché du travail. Les travailleurs et les entreprises évaluent les avantages et les coûts liés au respect de la réglementation et choisissent de fonctionner de façon informelle si les coûts dépassent les avantages liés à l'exploitation officielle. Les avantages et les coûts de la formalité sont discutés du point de vue des travailleurs, des entreprises, des gouvernements, de l'économie et de la société. Un bref examen de la littérature sur le Moyen-Orient et l'Afrique du Nord (MENA) se concentre sur les revenus et la mobilité entre les économies formelle et informelle. L'informalité est plus fréquente chez les hommes que chez les femmes dans la région MENA, tandis que l'inverse est vrai dans la plupart des autres régions du monde. Enfin, les diverses stratégies utilisées pour encourager la formalisation dans plusieurs pays en développement et l'efficacité de ces stratégies sont passées en revue.

Mots clés : causes, conséquences, informalité, MENA, stratégies de formalisation.

1. Introduction

Literature on informality has proliferated enormously during the past two decades although its existence was noted in the literature as early as 1970's (see Hart 1971 and ILO, 1972). In the literature informal economy is referred by several different names including shadow

* I would like to thank Murat Karakas of TURKSTAT for his kind help with the Turkish data used in this study.

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economy, informal sector, hidden economy, underground economy and gray or black economy. They are synonyms. A precise meaning of informal economy is controversial and there is no consensus on how to define and measure it. There are several definitions due to complexity of the informal economic activity. Informality denotes activities that operate outside of formal legal structure, bureaucratic factors, regulations and institutions of the society. These include activities that function outside of labor laws, firm or employment registration, payment of social security premiums and taxes while formal sector activities are bound by these regulations. The main

characteristics of informal economic activity are small scale of operations (although some firms may be small but registered), ease of entry and exit to the business, self-employment with unpaid family workers, low level of skills, labor-intensive technologies, lack of capital, land and assets and lack of access to credit of the formal banking system and wider product markets, low productivity and low income. Entrepreneurs and workers are characterized by low levels of education and skills. They do not have skills and expertise to manage risks and income. Work conditions are not sanitary and safe with long hours of work.

Informal Economy involves a wide range of activities in many different sectors. Observers note precarious circumstances of the entrepreneurs and workers and at the same time their resilience and dynamism. Informal economic activities are flexible in terms of working conditions, hours and location. These aspects make them appealing especially for women who lack education and who need to work. Micro and small enterprises are also referred to as part of informal sector. They may be essentially survival activities or they may be activities that generate higher remuneration. Micro and small enterprises provide employment and income and thus contribute to welfare. However, they may not be steady and dependable. Informal economy comprises an important part of the economy of many developing countries. In most developing countries, a large part of production, output and income generation and employment creation occur in the informal sector. Informal activities provide a subsistence strategy for both firms and workers in the absence of social security system and unemployment insurance.

Some researchers consider the informal sector as an instrument for growth for the developing countries. Informal sector allows developing countries to deal with the problems such as population growth, unemployment, rural-urban migration and economic crisis. Alleviating the results for economic crisis is also relevant for developed countries. Informal economic activities are observed to be countercyclical expanding during economic contraction and decreasing during economic expansion and thus attenuating the effects of economic crisis in both developed and developing countries.

This paper is organized as follows. Following the introduction, Section 2 presents views of economists about informality. Section 3 discusses benefits and costs of formalization. A brief review of literature on MENA (Middle East North Africa) countries is provided in Section 4. Information about the size of the informal sector in MENA countries is given in Section 5. Section 6 discusses strategies for formalization together with a review of the literature evaluating the effectiveness of various policies in reducing firm and labor informality. Last section concludes.

2. Views about Informality

There are several important perspectives about informality. De Soto (1989) views informality as dynamic reserve of entrepreneurial energy held back by government regulations. Removing these obstacles would bring about economic growth and development. In contrast, Farrell (2004) (and other McKinsey reports) view informal firms holding unfair competition with formal ones and impeding economic growth. Harris and Todaro (1970) present the dual view

of informality as presence of a dual structure in the economy.

Economists postulated two main views about the causes of informality. One view maintains that informality is a result of low firm and worker productivity. This is believed to result from lack of physical capital and low educational levels of the informal entrepreneurs. Low productivity could also result from high incidence of the young and rural populations in the informal sector. According to this view, in summary informality results from underdevelopment (ILO, 2018). This view could be related to the dual structure of the economy as described by Harris and Todaro. A more recent view is suggested by neoclassical economists. This view maintains that informality is a result of strict regulatory environment. Firms and workers weigh the benefits and the costs of complying with regulations as they would do in any investment decision. They choose to operate informally if the costs exceed the benefits of formal operation.

3. Benefits and Costs of Formalization

Several benefits and costs of formalization are discussed in the literature widely from the point of view of the firms, workers, government, the economy and the society. The most important advantage of informality is the flexibility it brings to the firms and workers in every aspect of their productive activities as a result of their evading the regulatory and the taxation system. There is also the cost of avoiding visibility to the officials (La Porta and Shleifer, 2014). Most informal firms do not grow to efficient operation sizes.

The benefits of formalization for the informal workers include retirement and health benefits and unemployment insurance; ability to access social and judicial protection, possibility of work contract, healthy and safe working conditions and in general, improved work environments. The benefits of formalization for the firms are access to the bank credit and judicial system and the possibility of participating in government contracts and benefiting from government services. The most important cost of formalization to the firms are time and monetary costs of registration; payment of taxes and social security premiums; keeping proper accounts.

The most important cost of informality to the government is the loss of tax revenue and the social security contributions. Formalization widens the tax base and increases government revenue. Higher tax revenue improves the government's resources to finance and provide public services and infrastructure. Another important advantage to the government is better data collection about the economy. This will provide important information about the structure of the economy and enable the government to better understand and address the needs of the firms (Campos et al., 2018).

From the point of view of the economy, formalization of firms allows more efficient allocation of resources. The production costs such as taxes and labor costs differ for the formal firms and the informal firms. This creates unfair competition. Finally, the most important social benefit of informality is its generation of employment and thus avoiding the calamities that accompany unemployment and poverty. Social costs of informality include overcrowding public infrastructure by informal firms which do not contribute to its provision. From the point of view of the society at large, the benefits of formalization include less corruption, law obedience, orderly conduct by the businesses and workers and orderly social and business environment.

Several studies empirically examine the benefits of formalization. Such studies include McKenzie and Sakho (2010) in Bolivia, Demenet et al. (2016) and Rand and Torm (2012) in Vietnam, Campos et al. in Malawi and Benhassine et al. (2018) in Benin among others. See Section 6 below more on such empirical studies.

4. Brief Review of Literature on MENA

In this section I review the literature on informal sector in MENA countries concentrating on more recent studies. This is by no means an exhaustive review. However, in general we can say that the literature on informality in MENA countries is scanty. Most of the studies concentrate on Algeria, Egypt, Tunisia and Turkey. There are a number of studies on the sectoral mobility between formal and informal sector employments. Such studies include Adair and Bellache (2018) and Bellache et al. (2020) in Algeria; Tansel and Ozdemir (2019) in Egypt and Tansel and Acar (2017) in Turkey. Tansel and Acar find in Turkey that a movement from unemployment to informal employment is more likely than a movement from unemployment to formal employment.

Another popular topic of examination is earnings in the formal and informal sectors. Such studies include Bellache et al. (2020) in Algeria; Tansel et al. (2020) in Egypt; Esfahanian and Najafi (2020) in Iran; Tansel (1997; 2000; 2001), Tansel and Acar (2016) and Duman (2020) in Turkey and Gherbi and Adair (2020) in Northern African countries. The main finding of these studies is significantly lower earnings in the informal than in the formal sector. Gherbi and Adair consider young workers by gender in the North African countries of Algeria, Egypt, Morocco and Tunisia using quantile regression in order to study the gender gap along the earnings distribution. They find that females earn less than males in both the formal and the informal sectors and the gender gap increases along the earnings distribution. Tansel et al. (2020) in Egypt and Duman (2020) in Turkey use panel data to take unobserved characteristics into account and employ quantile regression in order to examine the earnings in lower and upper parts of the earnings distribution. Tansel et al. find larger penalty at the top than at the bottom of the earnings distribution in Egypt. Duman finds informal penalty is not significant at the top of the earnings distribution in Turkey. Babou et al. (2019) explore determinants of informal employment in Algeria. They find that females earn less than males in both the formal and the informal sectors and being young, single and low-educated female increases the probability of informal employment.

Taymaz (2009) compares productivity of the formal and informal firms in Turkey using firm level data. He finds lower productivity and lower wages for informal workers than for formal workers. Ali and Marouani (2020) explore the impact of registration on the productivity and profits of the household firms in Egypt. They establish positive effect of formal registration on productivity and profits through higher capital intensity and assets.

Merouani and Jawad (2020) compared political attitudes of formal and informal workers in Algeria, Egypt, Lebanon, Morocco and Tunisia. They find less interest among informal workers to attend political meetings, be a member of political parties, vote in elections and discuss politics with peers than among the formal workers. Merouani et al. (2018) consider the desirability of social security registration in the Maghreb countries of Algeria, Morocco and Tunisia. They find that probability of social security registration increases with education and females are less likely to be informal.

World Bank (2010) find that non-registration of workers with social security institution and underreporting of wages and revenues are more common than firm non-registration in Turkey. Gatti et al. (2014) discuss the extent, determinants and challenges put forth by the informality in the MENA region.

5. Size of the Informal Sector in MENA

There is no consensus on how informal sector should be measured mainly because it is a complex concept with many features, determinants and effects on the firms, workers, the government, the economy, and the society. How to define and measure the informality is

addressed by ILO (2000), Hussmanns (2004), Henley et al. (2009), Yu (2012) and Acar and Tansel (2016) among others. We can talk about the size of the informal economy, in terms of its contribution to the GDP and the size of the informal employment. Both of these concepts have attracted the attention of many researchers. From the standpoint of the policy making it is important to know the size of the informal economy and employment. Both Indicators of informality are often stated in terms of non-agricultural activities. The relative size of agricultural employment differs widely across countries and this makes international comparisons difficult. In most countries, agriculture sector has the highest informal employment since most of the agricultural employment lacks social security registration. For instance, in Turkey, 86.6 percent of agricultural employment was informal (79.5 percent of males and 95.7 percent of females) in 2019 (See Table 2).

Informal employment is observed to be counter-cyclical in most countries. It smooths the transitions during the recessions and expansions in the economy by increasing during recessions and decreasing during growth periods. Hassan and Schneider (2016) observed an increase in informal activities in most countries in 2009-10 due to the world financial crisis of 2008-09. Several MENA countries also exhibit counter-cyclical informal employment such as Egypt. Informal employment is also observed to decline with economic growth. However, there are exceptions. In most MENA countries recently, there were significant declines in public employment. The formal private sector was too small to absorb the resulting unemployed people. Under these conditions men took up informal sector jobs while women first increased the ranks of unemployed then moved out of the labor force as a result contributing to the decline in labor force participation especially of educated women (see Tansel et al., 2020 and the references therein). As a result there were an increase in the size of informal sector in Egypt.

Table 1, Column 1 provides the average size of the informal economy as a percentage of official GDP. They are averages for the period 1999-2013. These estimates are by Hassan and Schneider (2016) using the MIMIC method (Multiple Indicators and Multiple Causes method). There are also estimates by Charmes (2012). However, I prefer to provide in Table 1, Column 1 the estimates by Hassan and Schneider since they cover more of the MENA countries and they are more recent. The table provides the regional estimates also. Hassan and Schneider find that the developed OECD countries have the lowest levels of informality. The regional averages in Table 1 indicate that the Northern Africa region has the highest share for the informal economy with 36.9 percent while the Western Asia region has a lower share with 23.1 percent. These two regions make up the MENA region with an informal output share of 26.8 percent in GDP. However, the regional averages conceal the wide differences across countries. The estimates for the MENA countries are also provided in Table 1, Column 1. Highest share of informal output in GDP is observed in Tunisia with 39.9 percent followed by Algeria with 32.8 percent both of which are Northern African countries. The lowest share is observed for Qatar with 12.5 percent followed by Bahrain with 13.1 percent (see Table 1 for details).

In the developing world informal employment comprises of more than half of the non-agricultural employment. Table 1, Column 2 provides the 2005-2010 averages of the informal employment as percent of non-agricultural employment for the MENA countries. They are estimated by Charmes (2012). The regional estimates were as follows. 58.4 percent for Northern Africa; 65.9 for Sub-Saharan Africa; 57.7 percent for Latin America; 69.7 percent for Southern and South-Eastern Asia, 43.2 percent for Western Asia and 22.6 percent for transition countries. For the MENA as a whole it was 45.3 percent. However, these regional averages may hide large differences across the countries within a region. The estimates for the MENA countries are also provided in Table 1, Column 2. In MENA the share of informal employment in total non-

agricultural employment ranges from lowest 30.1 percent for Turkey to the highest 78.5 percent for Morocco (see Table 1 for details).

ILO (2020) provides statistics on the share of informal employment in total employment and in non-agricultural activities by sex. However, these statistics are available only for three MENA countries, Egypt, Palestine and Yemen. Some of these statistics are presented in Table 2. The figures indicate that the share of informal employment in total non-agricultural employment have increased over time in Egypt from 38.3 percent in 2008 (not shown) to 54.16 percent (41.1 percent for females and 57.1 percent for males) in 2018. It has remained stagnant around 51.38 percent in 2010 (not shown) to 50.61 percent (39.2 percent for females and 52.8 percent for males) in 2019 in Palestine. In Turkey informal employment as a share of non-agricultural employment declined from about 29 percent in 2010 to 23 percent in 2019. The declines for females and males were substantial also. It declined from about 31 percent in 2010 to 22 percent in 2019. For males, it declined from about 29 percent in 2010 to 22 percent in 2019. In Yemen, it was 68.4 percent (63.4 percent for females and 68.7 percent for males) in 2014.

We note that the females have a lower share of informal employment in non-agricultural employment than males in MENA countries except in Turkey. This is opposite of what is observed in most other countries of the world. For instance, in most Latin American countries informality is more common among women than among men. This may be due to rather very low labor force participation of women in the MENA countries (for example, for Egypt see Tansel and Ozdemir, 2019).

6. Formalization Strategies

It has been argued that informal firms and employment can be formalized through appropriate government policies. Moving from informal to formal operations is desirable since it increases productivity and contributes to economic growth and development. Formalization will have a number of powerful and possible benefits. These benefits will accrue to the firms, workers, government, the economy and the society at large. For the firms there will be improved productivity, increased output and income, access to the banking system and wider markets. For the workers, social security, retirement and health benefits and decent working conditions. For the government, expanded tax base and increased tax revenue and social security contributions as well as collection of data about the structure of the economy and for the purposes of targeting policies. For the economy, more efficient allocation of resources and increased output, income and growth. For the society, decrease in corruption and improved morale and rule of law.

Firms and workers could be encouraged to operate formally in two ways. One way would be to increase the costs of remaining informal. This involves stricter enforcement of existing rules and regulations by increasing inspection and enforcement and fines for non-compliance. The second way would be to reduce time, monetary and other costs of formalization. These may include providing information about registration and making it easier and cheaper to register. That is, to reduce time and monetary costs of registration for both firms and workers. These two approaches are not mutually exclusive and could be used in combination to achieve better results.

In addition to these actions that could affect benefit/cost calculations of the firms directly there are other policies that could be implemented to generate a favorable environment for formalization. Such policies could include, improving skills and education of the workforce, encouraging microfinance and general development policies. Micro and small enterprises can be provided management and market development advice, technical training and information and facilitating access to credit. These could help for the productive growth of micro and small enterprises. Provision of these require clear understanding of the needs of the complex

diversity of the informal sector.

There is no consensus on what type of programs motivate informal firms to register. The policy of stricter enforcement of regulations and fines have the disadvantage of encouraging firms to close down or precluding them from a start-up. These aspects of increasing the costs of informality have not been investigated as much as desirable. In developed countries there is evidence that such measures have led to increase in compliance with tax collections. Almeida and Carneiro (2012) find that stricter enforcement labor regulations by increasing inspections could increase employment registration in a developing country like Brazil. Andrade et al. (2016) find enforcement could also increase firm registration in Brazil.

The literature evaluating the effect of programs, which reduce the costs of formality on the formalization decision of the informal firms has been vast. Various interventions are studied separately or in combination with mixed results. Different programs may have different effects in different countries. Mexican government reduced the time necessary by law to register as a firm from 30 to 2 days in 2002. This policy was evaluated by Bruhn (2011) and Kaplan, Piedra and Seira (2011). Both of these studies find an increase in the number of formal firms. However, Bruhn indicated that this intervention increased the formal registration of the new firms but did not induce the existing informal firms to formalize. Bruhn and McKenzie (2014) provide a review of literature on the effect of easing business regulations on the transition to formality by microenterprises in developing countries. They conclude that in most of the developing countries a larger portion of the microenterprises choose to stay informal in the face of interventions that make it easier and cheaper to transit to formality.

Programs that provide information on registration and reduce the registration costs are also implemented and their effectiveness are examined in several countries. Jaramillo (2009) in Peru, De Mel et al. (2013) in Sri Lanka and De Giorgi and Rahman (2013) in Bangladesh study the effects of providing information alone and find no significant impact on formalization. Jaramillo studied the micro firms in downtown Lima, Peru which are encouraged to register by providing information about registration and subsidizing the required fees. He finds that only one out of four are registered. Mullainathan and Schnabl (2010) study the impact of required time and registration fee of obtaining municipal license in Lima, Peru. They show an increase in the number of newly established firms with a license. However, the effect was not long lasting. Most firms did not renew their licenses for the second year. This is similar to the result that Galiani (2016) find in Bogota, Colombia. Galiani evaluate the impact of a program which eliminate registration fees for one year and reducing it by half for the second year and at the same time eliminating taxes for two years. The government organized workshops and arranged personal meetings with the government officials. Again, the effect was not long lasting but only temporary. Many firms formalized but returned to their informal state after one year although the taxes were eliminated for the second year as well as the first year. De Mel et al. evaluated several programs introduced to induce the firms to formalize in Sri Lanka. Providing information about the registration process had no effect on firms' decision to formalize or not. However, programs which made payments in addition to providing information about registration had a positive effect on the decision to formalize.

Monteiro and Assuncao (2012) examine the impact of bureaucratic simplification and tax cut on formality in Brazil. They explored several measures taken by the government in Brazil and investigated which ones are more effective in encouraging informal firms to register. The measures tested included the following. One was to provide information on how to register together with exemption from registration fees for a year and free mandatory accounting services for a year. There were also visits by inspectors. They find that these all together led

to an increase in firm registration. Formalization increased by 13 percentage points for the retail firms but not the other sectors. However, providing information alone on how to register did not lead firms to formalize similar to De Mel et al. (2013) in Sri Lanka and De Giorgi and Rahman (2013) in Bangladesh. Fajnzlber et al. (2011) also evaluate the same program in Brazil and find an increase in the employment, revenues and profits of formalized firms.

McKenzie and Sakho (2010) find mixed results while examining the impact of registering on profits in Bolivia. Their results depend on the size of the firms. They show that medium sized firms, which formalized experienced an increase in profits however, smaller or larger firms experienced a decrease in profits.

Campos et al. (2018) conducted a randomized experiment in Malawi to understand effectiveness of three alternative programs. The first alternative intervention was to assist the firms to register but eliminate tax obligations. The second alternative was to assist the firms to register together with registration for tax purposes. The third alternative intervention was to assist the firm to register together with sessions on the utilization of banking system. They find a high demand for the first alternative and a low demand for the second alternative with tax obligations. Alternative three increased the use of banks and increased the firm sales by 20 percent and profits by 15 percent. They conclude that it is advantageous to separate the registration for business status from the registration for tax purposes. Further, providing information about the financial services was important and utilized most.

A very recent study by Dong et al. (2021) conducted a large randomized controlled trial on micro and small firms (50 000 in number) in Indonesia encouraging online registration. This system was free and easy to use. Indonesia has a large informal sector. The normal registration process is rather a complicated one involving several governmental offices. They sent three rounds of WhatsApp or text messages or through social media with a registration portal. Although a high percentage of the recipients clicked the message, only 0.1 percent of the recipients registered. They also provided information on the effectiveness of different kinds of messages. A neutral informational message motivated registration the most. A message that indicates that the registration is easy and free were the second most effective. Messages that appealed to patriotic feelings were less effective. They conclude that registration portal could still be made easier to use and care is needed in phrasing the messages. This kind of program was less expensive compared to other interventions. The effectiveness of this kind of program depends on the extent of the use of e smart phones and ability and technical skills to use them together with availability of internet.

An example of reducing the costs of formalization was observed in Egypt. The 2003 Labor Law brought flexibility in formal employment relations. These made it easier for employers to fire workers and allowed the possibility of fixed-term employment contracts among other measures. Wahba and Assaad (2017) studied their effects on the labor market and found some degree of formalization. Reis et al. (2009) find that better regulatory environment reduced informal employment in Turkey during the 2001-2006 period. Kugler et al. (2017) studied the effect of reducing payroll taxes introduced in Colombia in 2012, which affected only certain types of workers and they find increased formal employment for the affected group.

This review of studies indicates that just providing information about registration process has the lowest impact on registration. However, costly interventions such as assistance in the registration process together with cash incentives result in higher registration rates.

I conclude that the evidence is mixed on which type of policies are more effective in increasing formality: Whether costs of remaining informal should be increased or whether costs of formality should be reduced. A suitable combination of such policies may be more

helpful rather than employing just one type of policy in order to achieve formalization of employment and firms. This is succinctly stated in the World Bank (2010) report on Turkey. World Bank report concludes that no single policy is likely to be helpful to increase formalization but a mixing of policies together are likely to be more helpful. Such integrated policies may include strengthening inspections and relaxing labor market regulations and the policies that do not directly influence the costs and benefits described above as well as informing the public about the costs of informality and benefits of formality.

7. Conclusions

This paper reviews the major characteristics of the informal sector and causes of informality as well as the benefits and costs of formalization. I have included a brief review of literature on MENA countries. Evidence on the size of the informal sector in MENA countries is also provided. This included the contribution of the informal economy to the GDP of the country and the share of the informal employment in the total non-agricultural employment in the MENA countries. Final part of the paper discusses the formalization strategies and the empirical evidence on the efficacy of these strategies. I conclude that the policies that increase the costs of remaining informal should be used in a suitable combination together with policies that reduce the costs of formality. In addition to these policies skill training programs should be provided to the informal entrepreneurs and employees. General level of education should be improved. The issues in relation to access to the banks and microfinance and property rights should be addressed to secure transition to formality. Finally, economic growth promoting policies make it easier to move out of informality.

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Table 1: Two Indicators of the Informal Economy in the MENA Countries

	Informal Economy as Share(%) of GDP(see notes below)	Informal Employment as Share (%) in Total Non-Agricultural Employment (See notes below)
1. Algeria	32.77	45.6
2. Bahrain	13.09	na
3. Djibouti	na	na
4. Egypt	37.59	51.2
5. Iran	17.84	48.8
6. Iraq	na	na
7. Jordan	18.37	na
8. Kuwait	14.5	na
9. Lebanon	31.71	51.8
10. Libya	na	na
11. Morocco	37.32	78.5
12. Oman	15.21	na
13. Palestine	na	57.0
14. Qatar	12.51	na
15. Saudi Arabia	17.32	na
16. Syria	na	31.4
17. Tunisia	39.85	35.0 (2000-04)
18. Turkey	37.33	30.1
19. UAE	26.09	na
20. Yemen	29.28	51.1 (2000-04)
Regional Averages:		
Northern Africa	36.88*	58.4
Western Asia	23.07*	43.2 (2000-04)
MENA	26.75	45.3* (2000-04)
Sub-Saharan Africa	31.3	65.9
Latin America	24.0	57.7
Asia	14.2	na
S.&S. Eastern Asia	na	69.7
Transition Countries	10.7	22.6

Column 1. Source: Hassan and Schneider (2016). Table6, Column 1.

Notes to Column 1:Column 1 gives the average size of the informal economy as a percentage of official GDP. They are averages for the period 1999-2013. In their table they use the term shadow economy which is a synonym.

Column 2. Source: Charmes (2012), Table 2.

Notes to Column 2:Column 2 gives the share of informal employment as a percentage of total non-agricultural employment for the five-year period 2005-2010 except otherwise indicated. According to Charmes there are two major components of informal employment. They are informal sector employment and employment outside the informal sector. See Charmes (2012) for details.

Notes Common to both Columns 1 and 2:1) (na) indicates not available. (*) indicates author's computations.2) The countries in this list are the countries listed as MENA countries according to the World Bank definition except Turkey which I include here since there are many studies about the informal economy for Turkey. The countries are listed in alphabetical order. 3) The regional averages are non-weighted.Northern Africa includes Algeria, Egypt, Morocco and Tunisia. Western Asia includes the rest of the countries in Column 1 and it includes Iran, Palestine, Syria, Turkey and Yemen in Column 2. MENA includes both of the Northern Africa and Western Asia regions as defined above.

Table 2: Selected Recent Statistics on Informal Employment (%) in MENA Countries

	2010	2014	2019
Egypt:			
Total	43.1	42.9 (2013)	54.2 (2018)
Female	-	-	41.1 (2018)
Male	-	-	57.1 (2018)
Palestine			
Total	51.4	50.6	50.6
Female	-	46.5	39.2
Male	-	51.4	52.8
Turkey			
Total	29.1	22.3	23.0
Female	30.8	25.4	24.2
Male	28.6	21.1	22.4
Agriculture:			
Total	85.5	82.3	86.6
Female	96.1	94.4	95.7
Male	75.7	71.8	79.5
Yemen			
Total	-	68.4	-
Female	-	63.4	-
Male	-	68.7-	-

Sources: For Egypt, Palestine and Yemen the source is: International Labor Organization (ILOSTAT) (2020). For Turkey the source is: Turkish Statistical Institute (TURKSTAT) (2020).

Notes: 1) The numbers in the table presents the share (%) of informal employment in the total non-agricultural employment for the total informal employment, female informal employment and male informal employment. The informal employed people are people who are not registered in any social security institution in their main job and includes regular employee, casual employee, employer, own account worker and unpaid family worker.

2) Only three MENA countries are available at the source as given in this table.

3) (-) does not necessarily mean that the statistics are not available at the source. They may be available however, are not selected for presentation in this table. For instance, the statistics for Egypt are available for the period 2008-2018, for Palestine for the period 2010-2019 and for Turkey since the 1990's are available to present etc.

Analyzing the informal economy in Algeria from an institutional perspectiveSoumia BOUANANI¹ & Chaib BOUNOUA²

Received date: 22/04/2022

Accepted paper: 30/04/2022

Abstract:

Institutions matter for economic growth. In as much as the informal economy is one of the undesirable effects of the institutional change of the economy towards the market economy, the question is which kind of these institutions matter more. The informal economy is a social and economic phenomenon, which has an impact on the formal economy. Among its main drivers, the formal and the informal institutions that affect the agents' behaviors to enter the informal economy. The emphasis of this paper is on the impact of institutional settings in shaping the incentives that drive economic agents to conceal their activities. Besides, analyzing how informality interacts with these institutional settings help better understanding the contribution of the formal and informal institutions in the rising size of informality in Algeria basing on several international indicators.

Keywords: informal economy, institutional change, institutional framework quality, institutional measures, new institutional economics.

JEL classification : D72, E26, K2, O17, O170.

Analyse de l'économie informelle en Algérie d'un point de vue institutionnel**Résumé :**

Les institutions importent pour l'économie. L'économie informelle en tant que catégorie institutionnelle apparaît comme l'un des effets pervers du changement institutionnel des économies en transition vers le marché. Le propos de cette contribution est de comprendre comment les institutions formelles et informelles, à travers leur influence sur le comportement des agents économiques, participent à l'augmentation de la taille de l'économie informelle en Algérie. S'appuyant sur nos propres travaux dans ce domaine, nous montrerons en particulier l'impact du cadre institutionnel dans la formation de l'économie informelle.

Mots clés : changement institutionnel, économie informelle, mesures institutionnelles, nouvelle économie institutionnelle, qualité du cadre institutionnel.

Introduction

The informal economy became a controversial subject since its discovery by Keith Hart in 1971. Since then, many researchers and policy-makers attempted to find different ways to control its rising size and to find out its main causes.

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There are several causes of the informal economy, among which the economic institutions of the country that affect the economic agents' behavior. On the one hand, the impact of inefficient formal institutions on economic activities that drive economic agents to hide underground, but on the other hand, the pervasive informal institutions; such as informal rules and social norms; that are deep-rooted in the society's culture; where the informal production is considered as one of the most pervasive forms of informal institution. (Dell'Anno, 2010)

On the basis of this political and institutional framework, our emphasis will be on the impact of institutions, economic policies and public governance in shaping the incentives that promote the economic agents to conceal their activities. Thus, the main issue is to examine how the informal economy interacts with institutional settings and economic policies, which help better understanding the role played by institutions and stage of economic development in the rising size of informal economy.

In section 1, we will give a literature review on informality and institutions. Next in section 2; we will shed a light on the institutional framework in Algeria basing on both national and international institutional overview. Finally, we will conclude by a discussion on informality in Algeria.

1. Literature review on the informal economy and the New institutional approach

1.1. The main aspects of informality

The definition of the informal economy differs according to the range, the different economic agents involved in it, the degree of compliance with rules and conventions of established institutions, importance and extent of the rule being violated. All these criteria reflect the different perspectives from which informality can be seen. As a result, many researchers and organizations attempt to define it. In this paper, we will mention some of the main definitions of informality.

According to the Organization for E and Co-operation and Development (OECD); the non-observed economy is comprised of all the activities that are underground, illegal, informal sector or undertaken households for their own final use; in addition to the activities that may be missed because of deficiencies in the basic data collection program. (OECD, 2002)

The international labour organization (ILO) provided parameters for understanding the informal economy as 'all activities that are, in law or practice, not covered by or excluded from the formal arrangements. It does not cover illicit activities.

This exclusion refers to working people who are largely excluded from the exchanges that take place in the formal economy. They are often not captured by national accounts and official statistics. They thus lack social protection, do not exercise rights at work and lack representation

and voice in the workplace. Moreover, they are excluded from the benefits that are provided by the state, private markets and political processes. The informal economy thus includes vulnerable and unprotected people who seek to meet their own needs. (ILO, 2002, 2013, 2015) The shadow economy includes all the synonyms refer to some type of shadow economy activities. It includes all economic activities which are hidden from official authorities for monetary, regulatory, and institutional reasons. Monetary reasons include avoiding paying taxes and all social security contributions, regulatory reasons include avoiding governmental bureaucracy or the burden of regulatory framework, while institutional reasons include corruption law, the quality of political institutions and weak rules of law. (Medina & Schneider, 2018)

Rather basing on a specific definition among the previous ones, our emphasis will be on the non-compliance. It includes all the underground activities that reflects circumvention of the established rules, or exclusion from the protection of those rules. Consequently, the underground economy includes all activities that have legal outputs but employ illicit means and are concealed from public authorities for the following reasons: avoiding the payment of income, social security contributions and other taxes, besides avoiding certain legal labor market standards and other administrative obligations. This reflects the voluntary exclusion from the formal economy because of the weakness of the institutional framework. (De Soto, 1989; Feige, 1989a; North, 1990)

There are several school of thoughts that analyze the determinants of informality, some of them attribute the rising size of informal practices to bad institutions and government size related to tax system and public governance; (De Soto, 2000; Dessy & Pallage, 2003)

Other schools found that the impact of burdensome government regulations on economic activities; in addition to the informal institutions that promote economic agents to go underground. (Dell'Anno, 2010)

Table1: the interdependences between the formal and the informal economies

Schools of thought	Characteristics	Authors
Dualist	The informal economy is comprised of marginal activities, not related to the formal sector, that provide income for the poor and safety in times of crisis. The persistence of these activities because there not enough modern jobs opportunities to absorb surplus labor, due to slow growth rate and faster rate of population growth.	(ILO, 1972); (Sethuraman, 1976)
Structural (petty commodity production)	The informal sector includes subordinated economic units and workers that reduce labor costs and increase the competitiveness of capitalist firms. The capitalist development lies in the existence and growth of informal production relationships.	(Moser,1978); (Tokman,1978); (Castell & Portes, 1989)

Legal (State versus legal system)	The underground economy consists of all micro-entrepreneurs who go underground in order to avoid the costs, time, and effort of being registered (bureaucratic restrictions). That is because of the heavy and burdensome government regulation.	(De Soto, 1989); (Feige, 1989a); (North, 1990);
Illegal	It is also comprised of illegal and underground activities. Informal self-employed operate illegally to avoid taxation, commercial regulations and other transaction costs.	

Source: Chen et al (2004).

Table 1 summarizes the main schools of thought that interpret the relationship and interdependences between formal and the informal economies, which are the dualist, the structural, the legal, or the institutional one and the illegal one.

In this perspective, we stress the set of determinants and causes that contribute to the rising size of informality; which are: economic (as macroeconomic policies ...), political (as corruption and rent seeking...) and finally the institutional ones (concerning the governance quality).

According to La Porta & Shleifer, 2008, the determinants can be gathered in three categories, which are:

Costs of being formal or entry costs in the official market; which are the resources to fulfill the required procedures to legally start a business.

Costs of staying formal consist of tax payments and government regulations (as regulations of labor market) and also corruption that increases the incentive to escape to the underground economy. Individuals go underground because of the cost of legality. That is to say that the law has a cost like everything else, for example: the amount of time and information necessary to comply with these imposed regulations. In developing countries, the transaction costs (or the cost of law) are low; which encourage economic agents to be legal. (North, 1990)

Benefits of being formal (opportunity cost of informality); which encompass access to public goods, such as infrastructures.

Finally, the cost of compliance, in terms of tax compliance, which refers to the costs that make taxpayers evaded to pay their taxes. These costs involve keeping accounts, reporting information to the tax authorities, keeping informed about changing tax laws, hiring tax advisers, obtaining tax forms, filling them out, standing in line to make tax payments, and so on. (Tanzi, 1999)

The state thus should whether increases the benefits of being formal to promote businesses to stay legal, or reduces the transaction and monitoring costs on economic transactions that prevent economic agents to comply with its regulations.

The next section will be devoted to the institutional perspective of informality, where we will throw light on the link between institutions and the non-compliance.

1.2. The link between institutions and informality

Drivers of informality can be structural (related to economic and social reforms, such as education and infrastructures), behavioral (related to economic agent's decision whether to become informal or to stay formal) and legal or institutional (government regulations and weak law enforcement).

As it is mentioned above, the focus of this paper will be on the institutional perspective of informality or non-compliance with the government rules. The informal economy is defined as the exclusion from the formal arrangements and transactions. This exclusion reflects the weakness of governance, the weak institutional framework and badly implemented economic and social policies. (ILO, 2002)

Institutions are generally defined as the “rules of the game”, or “humanly- devised constraints that shape human political and social interactions”. Since human beings live in an uncertain world, they devise institutions to control their environment, to bring some certainty to their transactions. (North, 1990)

There are many classifications of institutions. In this paper we will select North's division of institutions into formal and informal institutions. Formal institutions are the rules engaged in formal structures such as constitutions, political institution and property rights systems, while informal institutions are largely self-enforcing through mechanisms of obligation, and they include socially sanctioned norms of behavior (e.g. attitudes, customs, taboos, conventions and traditions), extensions, elaborations and modifications of formal rules outside the official framework. The enforcement mechanisms of the informal institutions are self-enforcement mechanisms of obligation, expectations of reciprocity, gossip, shunning, ostracism, boycotting, shaming, threats and the use of violence.

Concerning the interaction between the formal institutions and the informal institutions, there are four kinds of informal institutions, as follows: (Soyas & Jutting, 2007)

As to the first, informal institutions are complementary to formal institutions, when both formal and informal institutions have the same enforcement characteristics. This means that there is interaction between social norms and rules of law; which is the optimal situation to promote economic growth.

Second, informal institutions accommodate formal institutions, when both formal and informal institutions diverge. This means that there is not interaction between informal and formal institutions, where each one generates different outcomes.

Third, informal institutions compete with formal ones that are inefficient; especially in countries that are characterized by no enforcement of the rules of law, because of the high costs of enforcement.

Finally, informal institutions can substitute inefficient formal institutions, where informal institutions generate outcomes that the formal institutions should generate. (Helmke & Levitsky, 2004)

The new institutional approach is thus created by rational individuals as responses to the market failures, in order to overcome the production externalities, free rider and collective action problems and imperfect information. These sources of uncertainty (e.g. uncertainty about prices, types, choices, costly information, and unforeseen contingencies) motivate the creation of institutions other than the market in order to reduce transaction costs. By creating new incentives or by imposing new constraints as new ways of living, the non-market institutions provide mechanisms that enable individuals to overcome social dilemmas to achieve higher level of welfare.

Informal practices are thus distinguished one from another based on the nature and the extent of the rule being circumvented and violated. Moreover, institutions (especially property rights) are created to reduce uncertainty and the costs on the transactions among economic agents, in other words, the creation of institutions that structure the rules and their enforcement in order to support cooperative solutions.

Therefore, any successful development process requires understanding the dynamics of economic change to achieve the desirable economic outcomes; where this economic change is based on the polity (i.e. state) that enforces and specifies the formal rules. (Harris et al, 1996)

Although formal institutions are important in modern life to secure economic transactions, informality (informal institutions and informal connections) is the essential and crucial element in constructing trust and supporting cooperative arrangements among economic agents in order to improve the performance of the economy. This recognition of the importance of informal settings in economic environment does not deny the necessity of formal rules because of the negative consequences of informality; such as nepotism, favoritism, patronage, corruption and bureaucratic practices.

This shows that informal connections need to be supported and need to be operating within formal structures to secure transparency, accountability and property rights protection basing on effective formal procedural democracy and efficient public administration. (Miztal,1999; Williamson, 2009; Acemoglu et al, 2005, 2010)

Moreover, recent institutional and economic changes need to be based on combining impersonal and procedural rules with local standards of the society, which in turn ensure equality without destroying individual and societal uniqueness. In another way we can say that both formal rules of political and economic system and informal connections (that link the society to a common system of relations) are used as platforms for exploring social problems and conflicts; which support cooperative and trustworthy actions outside the formal channels basing on mutual trust, respect and cultivation. Basing on this perspective, the institutional approach is used to analyze the link between reflexivity and freedom civility, intimacy and sociability (features of informality) and restrictions (aspect of formality). (Knight & Sened,1998)

To sum up, the institutional design plays a crucial role in shaping the incentives to go underground, where both formal and informal institutions are important in reducing the costs of undertaking economic and social interactions between individuals and raising the level of economic growth and social welfare. This pinpoints that the development of underground activities is the consequence of the gap between public policies and the institutional environment; the so-called institutional voids that are defined as gaps between rules and the effectiveness of their implementation. They emerge when there is a divergence between economic growth and social and economic structures, which in turn leads to over-exploitation of human and natural resources. (Rodrigues,2013)

After giving the main aspects of informality and institutions, in the next section we will analyze the institutional and legal framework in Algeria from different indicators.

2. Institutional and legal framework in Algeria and its impact on Informality

There are many interpretations of the Algerian informal economy, in which every author has interpreted it; basing on his point of view. Generally, there are four interpretations of this phenomenon in Algeria, in which it is interpreted as "petty commodity production" (PPM) which focuses on the development of small-scale activities and different forms of employment (caregivers, apprentices, work at home and multiple activities). It is interpreted as a "parallel economy" in the period of state-led economy, where it includes parallel activities resulting from the inefficiency of the public regulations, such as: production in black market, distribution and import-export, foreign exchange. (Henni, 1991)

After that, it is extended to include illegal activities particularly in the period of the transition to market economy, where the legal approach is introduced to understand the behaviors of illegal economic agents who seek to maximize their profits from the circumvention of the government regulations. (Bounoua, 2002b, 1999)

Finally, it is interpreted as the informal economy, which includes individuals who seek to meet their own needs; because of the unemployment crisis in the official economy or because their revenues that did not satisfy their needs. They choose informality as a source of livelihood; so do the informal firms in order to reduce the cost of being formal.

As to the size and the importance of the informal economy in Algeria, several researchers estimated its size using different estimation approaches. For Bouklia & Talahite (2008), the average size of the informal economy is 25.17 % of GDP during the period 1991 to 2005.

In the paper of Alm & Embaye (2013), based on the currency demand approach (CDA), the average size of the informal economy was 48.09 % of GDP during the period 1984 to 2006, it ranges between 49.3% of GDP in 1994 and 45.8% of GDP in 2006. Bounoua et al, 2014, using the multiple indicator multiple causes (MIMIC) approach, found that the size of the informal economy varied from 41.68% of GDP and 46.43% of GDP covering the period 1990 to 2009. Kori, 2018, measured the size of the informal economy using the MIMIC model over the period 1970 to 2016. Its size is about 47.4 % of GDP in 2016. Medina and Schneider (2018) estimated that the size of the informal economy in Algeria represents 30.86 % of GDP for an average over the period 1991 to 2015; using the PMM method and the MIMIC approach. Charmes (2012, 2019) assessed the size of informal economy in various regions of the world. He estimates the contribution of informal sector to GDP in Algeria in 2013, the share of total GDP stands at 43.5% (with agriculture) and at 33.8% without agriculture. The informal sector represents 39.4% of non-agricultural employment.

As to the institutional aspects of informality in Algeria; it is found that the existence of the informal practices and non-compliant behaviors is due to the level of trust that the economic agent has in public institutions and the economic system. Besides, the persistence in informal institutions and the adjustment to formal institutions that reflect the adaptation and compliance of economic agents to formal institutions. (Bouanani & Bounoua, 2019)

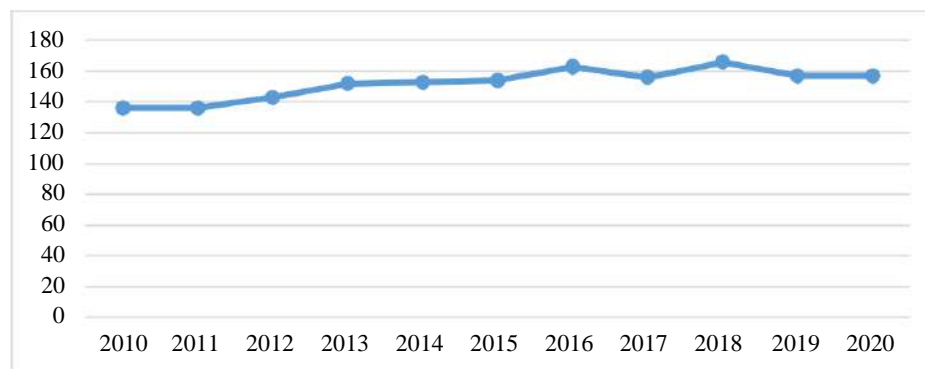
The legal and institutional frameworks whose design and enforcement are essential to combating informality are those that govern labour, social protection, business regulation and securing property rights, including access to financial capital. (ILO, 2013) Changes in the legal framework, business environment and labour market are one of the main aspects of analysing informality in Algeria. However, this is beyond the scope of this paper because of the statistics and data that are needed for the analysis.

As to the international point of view, we will base on the following indicators to analyze the institutional framework in Algeria, among others, the World Bank (Doing Business), the Worldwide Governance Indicators; Ibrahim index of African governance (IIAG); Heritage

foundation on the index of economic freedom; Fraser Institute on economic freedom index and Transparency international on corruption perception index. This analysis will help us to determine the kind of institutions that affect informality in Algeria.

According to the rising size of the informal economy is due in the first place to the weak institutional framework of the business environment that contains some inadequate regulations for creating businesses whether the procedures, time or costs. Figure 1 shows the ranking of Algeria during the period 2010-2019.

Figure 1: Algeria's rank, doing business (2010-2019)



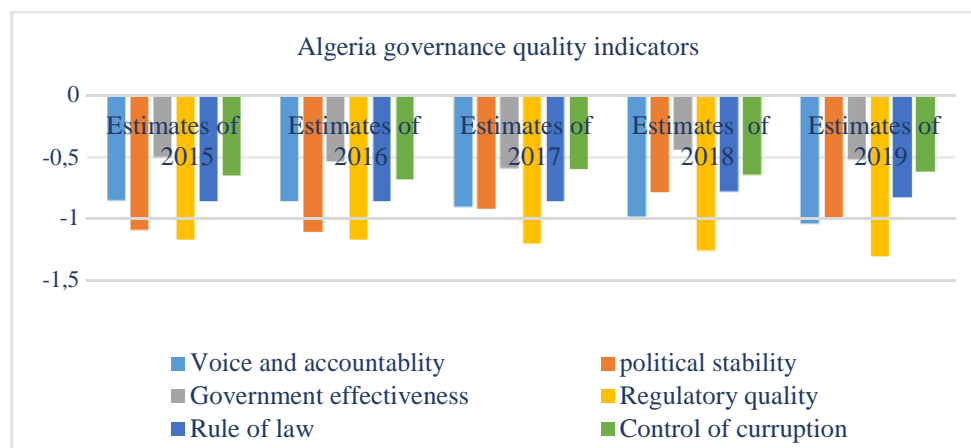
Source: Authors.

Algeria rank is 157, in particular: starting a business (152), dealing with construction permits (121), getting electricity (102), registering property (165), getting credit (181), protecting investors (179), paying taxes (158), trading across borders (172), enforcing contracts (113) and resolving insolvency (81). (World Bank Doing Business, 2020)

From the graph above, we can see a downward trend of Algeria ranking since 2010 with an improvement in 2019; which shows that starting a business in Algeria is a lengthy, bureaucratic and difficult process to engage in, even though Algeria has implemented several business regulatory reforms since 2008. (The other reforms were implemented in the following years: 2010, 2012, 2013, 2015, 2016, 2017 and 2019)

According to the Worldwide Governance Indicators (WGI), despite the massive investment that Algeria has made in different socio-economic domains to foster inclusive growth, many other structural issues have emerged, such as: weak private sector job creation whereas the public sector is supposed to promote private sector rather than compete with it. Besides, high unemployment, low women labor force participation and insufficient quality of public services. The following figure 2 illustrates the governance indicators of Algeria from 2015 to 2019 (the indicators estimates range from -2.5 weak to 2.5 strong).

Figure 2: The Worldwide Governance indicators (2015- 2019)



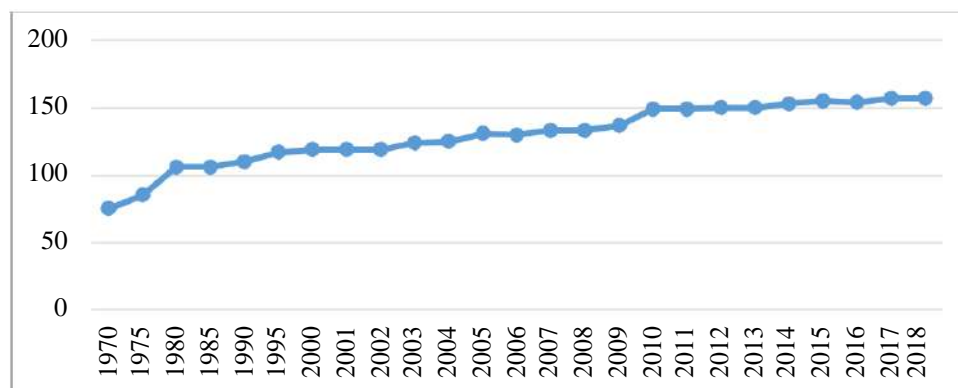
Source: Authors.

Figure 2 reveals the weak governance quality which is due to the weak institutional capacity that leads to more opportunities for corruption, rent-seeking behaviors and non-compliant behaviors, thus reducing good job opportunities and the accumulation of skills that are required for the private sector development.

According to the Ibrahim Index of African Governance (IIAG); Algeria ranked third in North Africa in overall governance, being outperformed by both Tunisia and Morocco, while performing better than Egypt, Mauritania and Libya. It scores 56.2 in overall governance (an improvement when comparing to its score 52.9 in 2017). Since 2011, Algeria has shown some progress (+3.3), demonstrating the thirteenth largest improvement on the continent and the third largest improvement in North Africa, where it shows progress in Safety & Rule of Law, Participation & Human Rights and Human Development. (IIAG, 2020)

Fraser Institute on economic freedom index measures the degree to which the policies and institutions of countries are supportive of economic freedom. The cornerstones of economic freedom are personal choice, voluntary exchange, freedom to enter markets and compete, and security of the person and privately owned property. This index covers five broad areas: size of government, expenditures, taxes, and enterprises; legal structure and security of property rights; access to sound money; freedom to trade internationally; and regulation of credit, labor, and business. Algeria ranked 157th in 2018; which it is the least free in the Arab world for this area. Besides, it is classified in the ten lowest rated countries. The following figure3 shows the evolution of the index rank of Algeria covering the period from 1970 until 2018. (Fraser Institute, 2020)

Figure 3: Economic freedom index of Algeria (1970-2018)



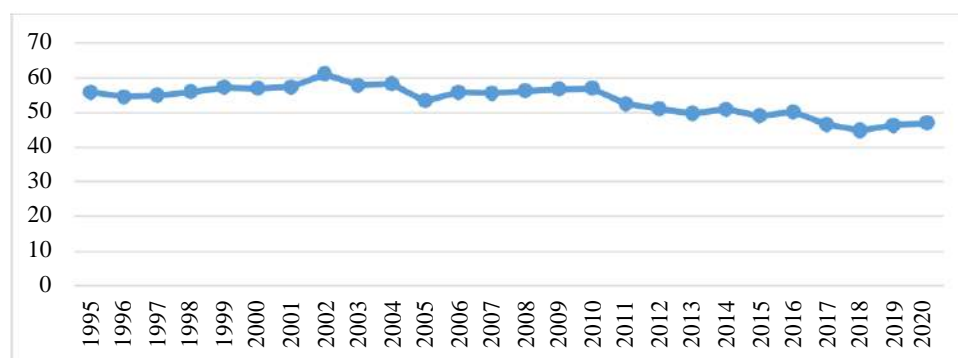
Source: Authors.

Figure 3 reflects the low level of economic freedom of the Algerian economy that provides the institutional environment to encourages markets.

A country like Algeria that seeks to encourage more economic freedom and more economic advancement should consider increasing the degree to which economic resources are allocated through markets rather than the political process, reducing regulatory barriers to starting and running a business, limiting policy distortions of the product and labor markets and improving the protection of private sector.

Heritage foundation on economic freedom index is graded and ranked on 12 measures of economic freedom that evaluate the rule of law, government size, regulatory efficiency, and the openness of markets. For Algeria, the following figure 4 illustrates the main scores over the period 1995 to 2020:

Figure 4:Economic freedom index of Algeria (1995-2020)



Source: Authors.

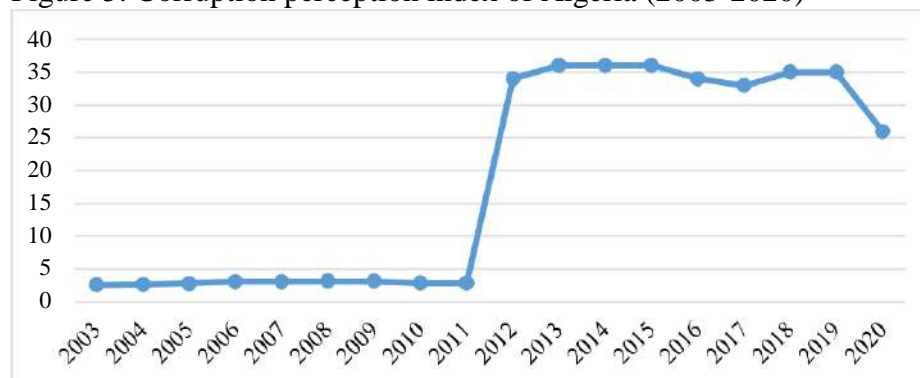
From figure 4, we can see a downward trend exploring the low level of economic freedom of the Algerian economy; which is due to low quality of rule of law and regulatory efficiency,

besides the low attractiveness of foreign direct investment (FDI) and few opportunities that promote entrepreneurial activity. Besides the restrictions on imports and foreign engagements in its economy, political uncertainty and the institutional weaknesses that curb the opportunities for sustained long-term economic development and limit foreign investments, because of the difficulty in the credit access and the underdevelopment of the equity market. However, Algeria's economic freedom has been on an upward trend since then 2018. In order to keep this upward trend, the government must strengthen the judicial system and rules-of-law, institutions and increased financial freedom, which would improve the investment climate.

From 2003 to 2011, Algeria was considered among the highly corrupted countries. In 2012, Algeria operationally implemented the anti-corruption law that is created in 2006 (the law 01-06 of the prevention against corruption), which is resulted in an improvement in the perception corruption index. However, corruption is a growing problem in the Algerian society including all its forms and the damage that could affect the economic activity. Although the rules and the regulations that are created in this field, its impact and its spread size in the whole economy could not be arrested or reversed.

From an institutional point of view, corruption is considered as an informal institution that reflects the violation of the rules that create social welfare, which in turn imply negative externalities and positive social costs, and thus undermine the institutionalization of formal institution and their efficacy, such as private property rights. (Hodgson & Jiang, 2007)

Figure 5: Corruption perception index of Algeria (2003-2020)



Source: Authors.

3. Discussion

As it is mentioned earlier, policy makers and researchers around the world recognize the importance of institutions for reducing informality and for promoting economic advancement and economic growth. For this reason; the government faces two major challenges, the first one is linked to the bad institutional framework for business, and the second is related to encouraging the economic growth and opportunities by promoting economic agents to be legal;

which depends on the state's capacity to provide public goods and its role in reducing transaction costs and protecting property rights. Moreover, the large size of informal practices reduces the state's capacity and makes it raising the tax rates in the formal sector, which in turn restricts its expansion and encourage more informal activities that make the official statistics incomplete and thus hampers the establishment of efficient economic policies.

Basing on the different international institutes assessments, the rising size of the underground economy is due in the first place to the weak institutional framework of the business environment that contains some inadequate regulations for creating businesses whether the procedures, time or costs. Thus, starting a business in Algeria is a lengthy, bureaucratic and difficult process to engage in; which in turn promote economic agents to go underground. (World Bank Doing business, 2020)

According to the World Bank governance indicators, the institutional framework in Algeria is inefficient though the massive investments that has been made indifferent socio-economic domains to foster inclusive growth. This inefficiency is attributed to public spending policies, the quality of public service delivery and infrastructure in addition to the weak institutional capacity and governance that lead to more opportunities for corruption, rent-seeking behavior and non compliant behaviors.

According to the Fraser institute and Heritage foundation on economic freedom index, Algeria's low rank didn't change reflecting the low quality of rule of law and regulatory efficiency and protection of property rights scores; besides the low attractiveness of foreign direct investment and few opportunities that promote entrepreneurial activity, which give it the last rank in freedom to trade internationally among the MENA countries. Moreover, even though the improvements in the business environment, entrepreneurial activity and economic development remain the same, the labor market is still rigid; among other thing like the rent seeking activities, corruption in business and informal economic practices.

Finally, according to the Transparency international corruption perception index, corruption is a growing problem in the Algerian society, even though the rules and the regulations that are created in this field. Corruption reduces the trust between the state and the economic agents, which will hinder cooperation and competition that are key engines of the market economy. Because of this violation, economic activity will be directed by clans and illegal mafias, and thus leads to more non compliant behaviors with the government rules.

To sum up, the economic atmosphere in Algeria is quite challenging; especially when it comes to its institutional framework; even the importance of institutions for economic advancement; they are often ignored. Basing on the institutional framework interpreted by many institutional

institutes, although the several institutional improvements in both economic and social aspects of the whole economy, the political uncertainty and the institutional weaknesses remain curbing the opportunities for sustained long-term economic development and limiting foreign investments, which in turn, promote economic agents to go underground and adapt non-compliant behaviors; and thus more informal practices.

In general, a society that link informality and formality of interactional practices can support cooperation, cohesion (integration) and innovation among its members. Hence, any conflict between formal and informal settings requires the adjustment of institutional structure to the requirements of the informal exchange, in order to support institutional change and thus the development process.

Moreover, is found that efficient regulation and good rule of law, freedom to start a new business, secure property rights and contracts enforcement increase the benefits of remaining in the official economy and increase the costs of informality. Nevertheless, corruption, bureaucracy and regulatory burden affect the economic agents' decision to go underground.

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The heavier burden of women in unpaid care work and their higher contribution to total work in the Maghreb countriesJacques CHARMES¹

Received date: 26/09/2017

Accepted paper: 04/04/2018

Abstract:

The Maghreb countries are among those with the lowest female economic participation rates. And the same is true for the female participation rates in the informal economy. To what extent such an underrepresentation of women in the labour force and in the informal economy in particular can be explained by the content and the boundaries as well as the common understanding of the concepts of labour force and employment? The paper tentatively assesses the trends in labour force participation rates in a comparative perspective. It then synthesises the contribution of women (and men) to unpaid care work as measured by time-use surveys conducted at national level in Algeria, Morocco and Tunisia, assuming that it can lead to a better knowledge and understanding of the real contribution of women to the economy in this region. It concludes by discussing the recent adoption, in 2013, of new concepts for labour force and employment and by replacing this discussion within the broader reflexion on the definition of work that irrigated the economic thought since its very beginning.

Keywords: carework; gender; the informal economy; labour force; Maghreb.

JEL: B54, E26, J16, J22, J46, O17

Introduction

The Maghreb countries are among those with the lowest female economic participation rates (and as a result the lowest participation rates for both women and men). And the same is true for the female participation rates in the informal economy, which also explains why these countries are characterised by relatively limited rates of employment in the informal economy as compared with other regions of the developing world. To what extent such an underrepresentation of women in the labour force and in the informal economy in particular can be explained by the content and the boundaries as well as the common understanding of the concepts of labour force and employment? Could the recent adoption, in 2013, of new concepts for labour force and employment and the availability of time-use data on unpaid care work contribute to a better knowledge and understanding of the real contribution of women to the economy in this region? These are the two questions that this paper intends to highlight.

In a first section, we will recall the permanence and the trends of low female economic participation rates in the region, in comparison with other regions in the world. In the second section, the high share of female unpaid care work and the high level of the gender gap in this respect will be stressed to conclude by the comparison of economic participation rates with participation in unpaid care work as an argument to show that the overall contribution of women to the economy and to the wellbeing is not smaller in the region than in other parts of the world. We will conclude with the need for change in our conceptions and concepts of economic activity, production and work – a reflexion that started a long time ago since the very first beginnings of economic thought and a change still (or already?) in progress.

¹ IRD-University Paris Descartes

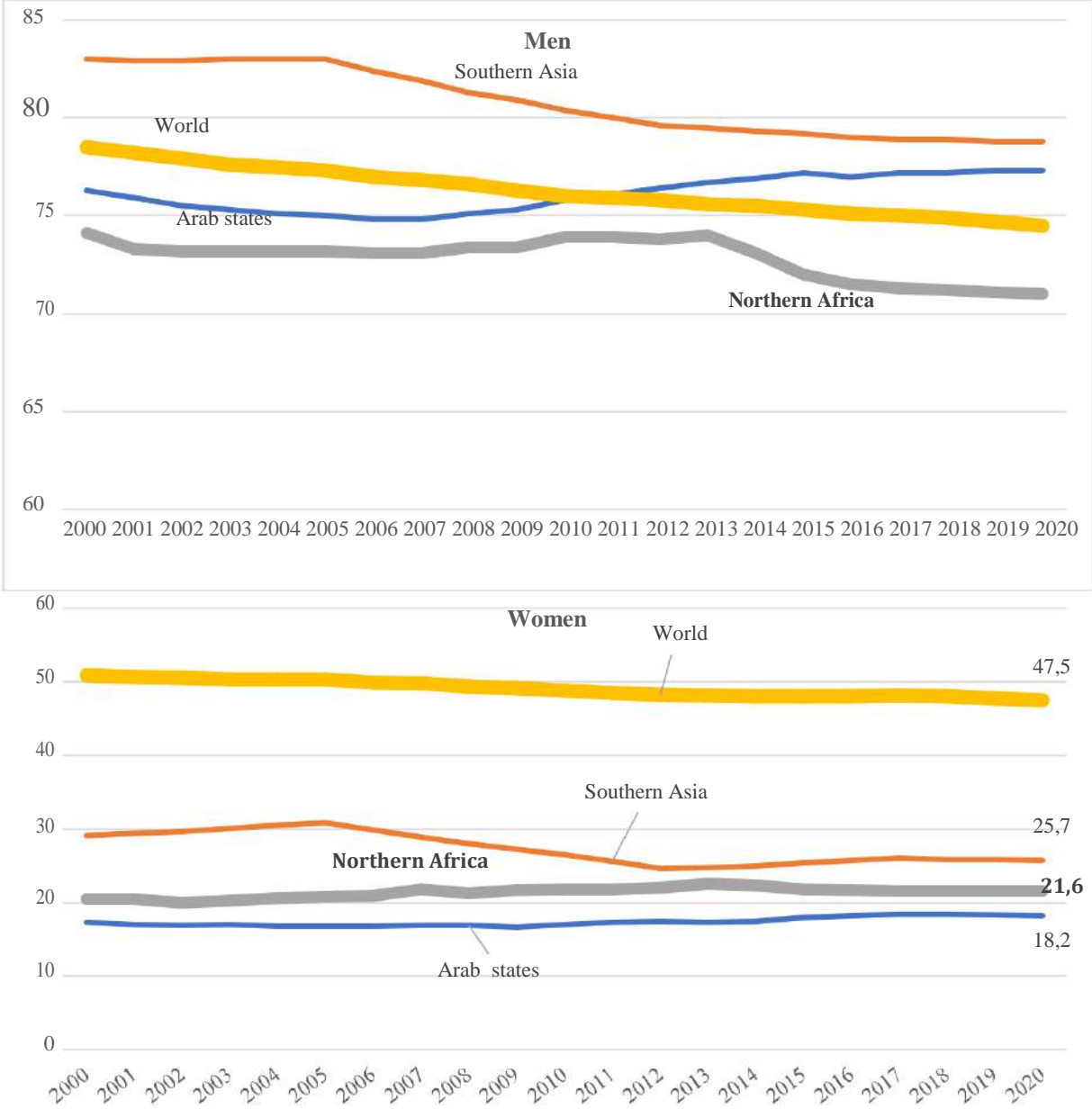
1. Maghreb² countries have in common with the Arab states³ to belong to the group of countries characterised by the lowest female labour force participation rates in the world

On the labour markets across the world female labour force participation rates are always and everywhere below male rates and in the long run, both female and male rates are declining mainly because of a higher retention of youth in the education system. But over the two decades 2000-2020 gender gaps in labour force participation are closing only marginally and remain wide (ILO 2018a and 2019). Male labour force participation rates will have decreased from 78.5% (of the working age population) to 74.5% in the interval of 20 years and female rates from 50.9% to 47.5%: in other words, the gender gap of 27.6 percentage points will have fallen down to 27 percentage points, which limits the improvement to only 0.6 percentage point. And according to the World Employment and Social Outlook (ILO 2019) such a marginal improvement is not even observed in all regions: the gender gap has worsened in emerging countries and in Eastern Asia, the Arab States and Eastern Europe during the last decade, as well as at world level during the most recent period. In the Northern Africa countries however, the gender gap slightly shrunk highlighting an improvement of 4.2 percentage points that slowed down to 2.7 percentage points during the last decade. Figures 1 and 2 below clearly illustrate these trends. However, if we look more precisely at age groups, and specifically the age groups 15-24 (the schooling age group) and the 25-54 (the active age group), the view may be more optimistic and some progress took place (Figures 3 and 4). Singularly the progress took place in regions where the gap is the lowest (Africa and especially sub-Saharan Africa) or the highest (Northern Africa, the Arab States, Central and Western Asia and Southern Asia). Whereas the gender gap in labour force participation rates increased at world level for the age group 25-54, it noticeably decreased in Northern Africa by 4.1 percentage points for the 15+ and by 5.1 percentage points for the age group 25-54 but this is far less than in Latin America and the Caribbean (9.4 percentage points). As a matter of fact, Northern Africa, the Arab States, Western Asia and Southern Asia are characterised by common traditional social and religious norms that tend to confine women in the private space.

² The Maghreb countries referred to here are: Algeria, Morocco and Tunisia.

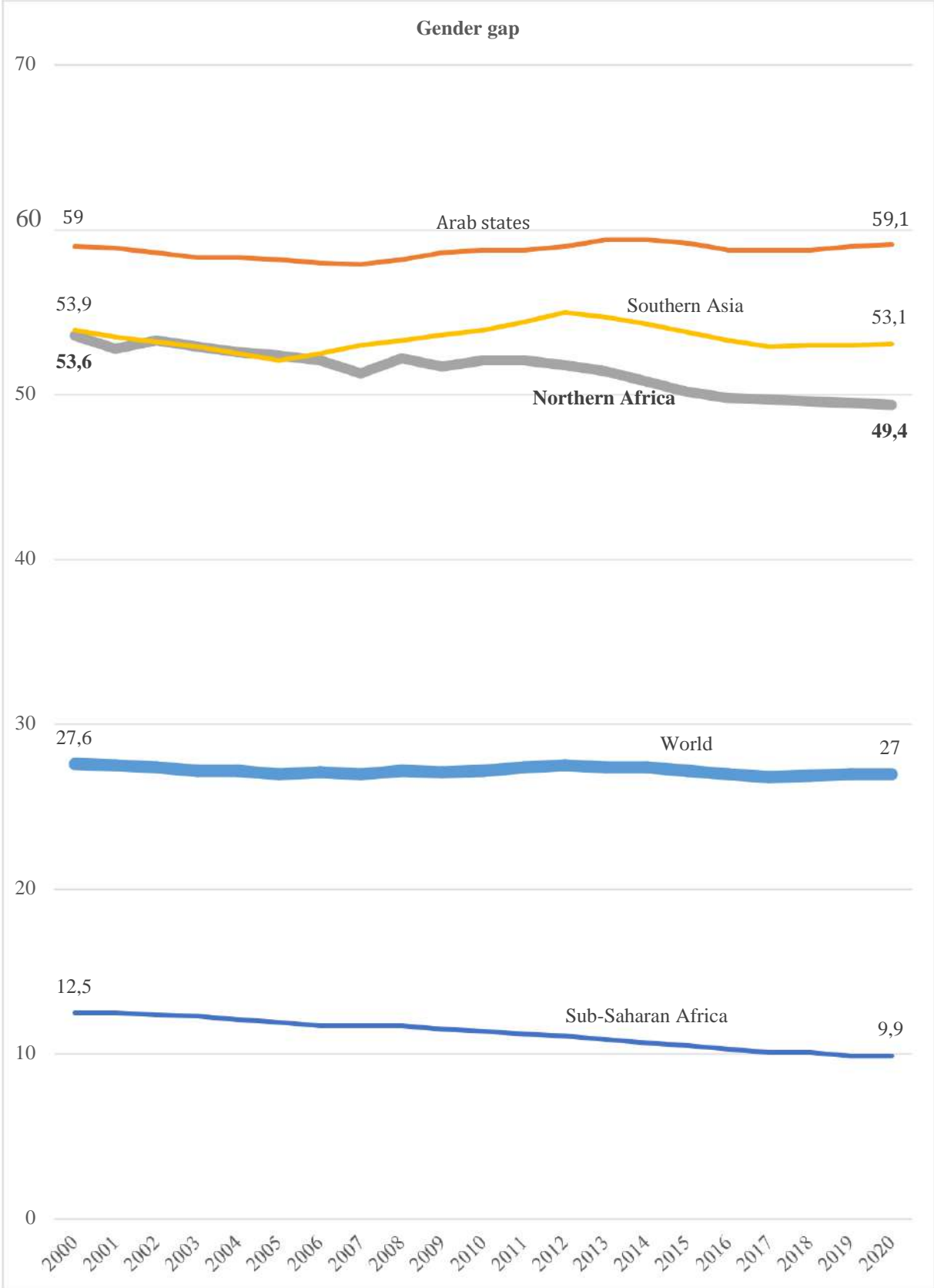
³ According to the ILO classification of countries, the Arab states comprise: Bahrain, Iraq, Jordan, Kuwait, Lebanon, Occupied Palestinian Territory, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen

Figure 1: Trends in labour force participation rates 2000-2020



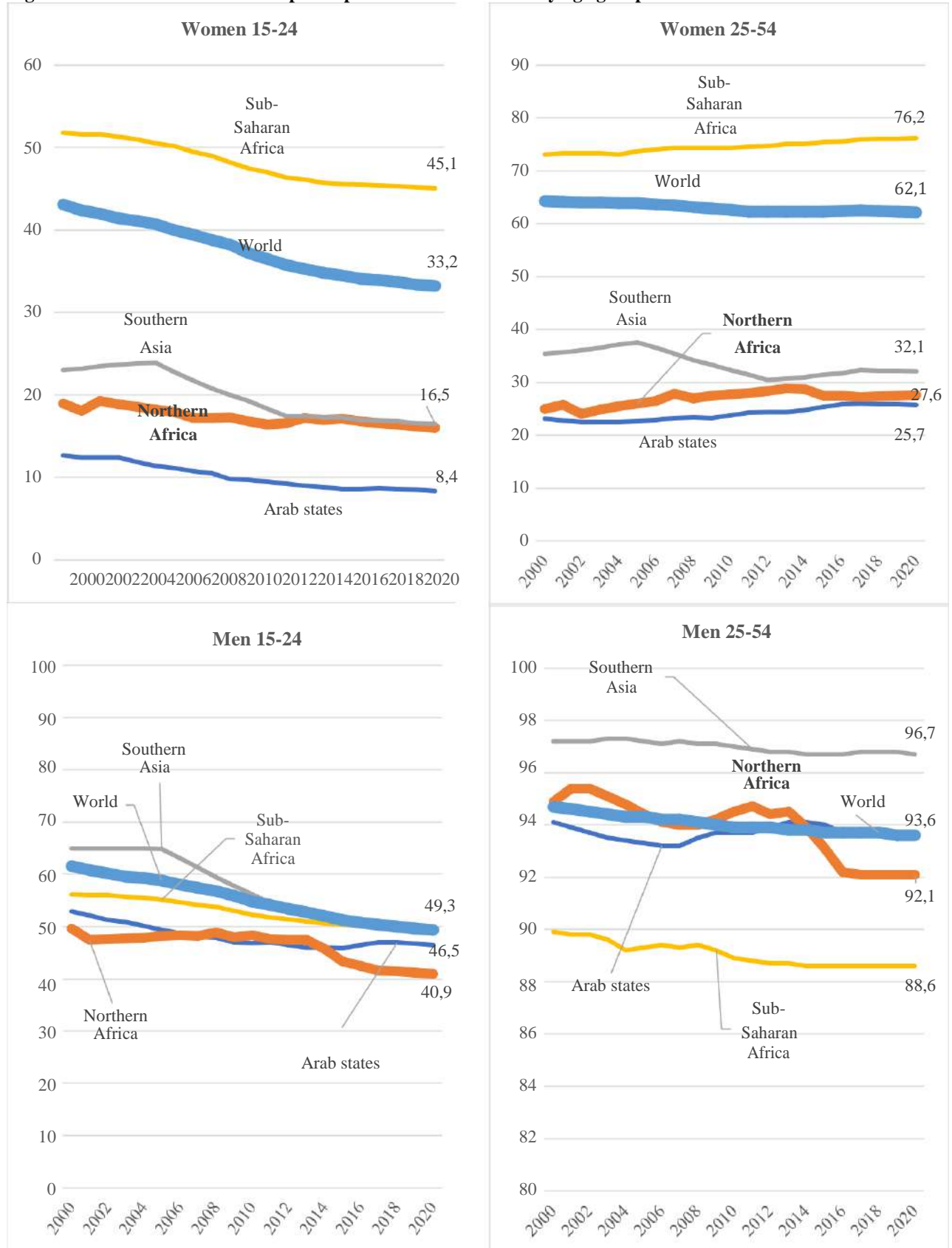
Source: Based on ILOSTAT. ILO modelled estimates, November 2018. Consulted on FRI, 11 OCT 2019 17:12 from ILOSTAT

Figure 2: Trends in gender gaps in labour force participation rates 2000-2020



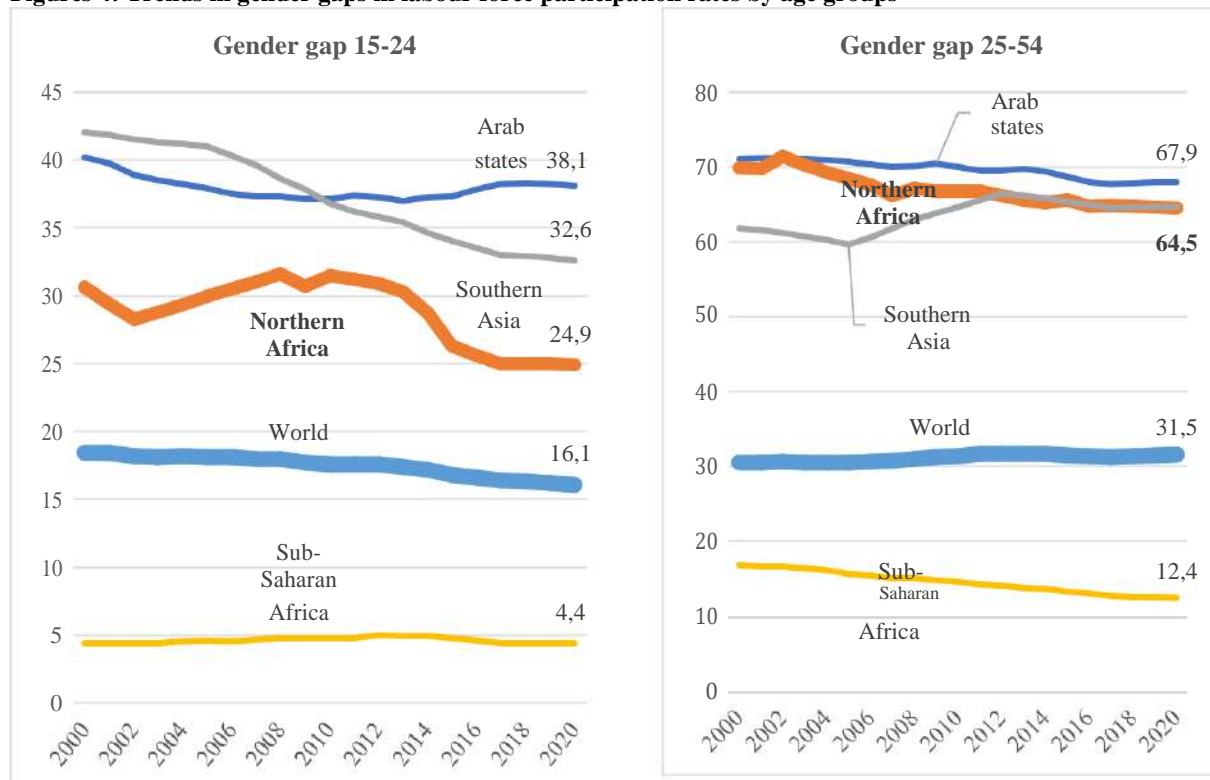
Source: Ibid.

Figures 3: Trends in labour force participation rates 2000-2020 by age groups



Source: Based on ILOSTAT. ILO modelled estimates, November 2018. Consulted on FRI, 11 OCT 2019 17:12 from ILOSTAT

Figures 4: Trends in gender gaps in labour force participation rates by age groups



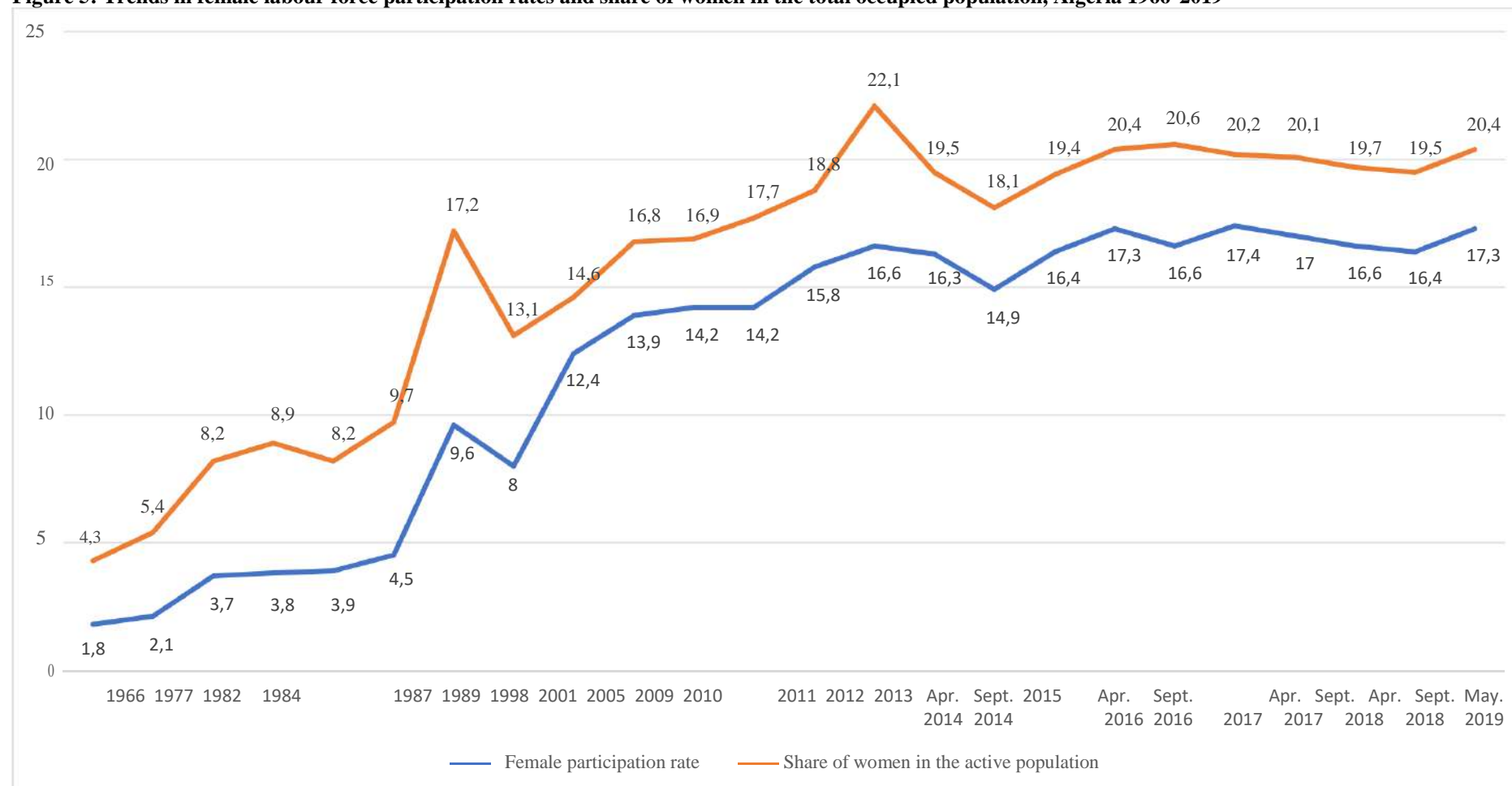
Source: Ibid

Algeria is illustrative of the constant difficulty encountered in capturing female activity and the slow progress over the years, as shown on Figure 5.

Trends in labour force participation rates by age group in Algeria also perfectly illustrate the systematic withdrawal of women from the labour market at marriage and maternity with no subsequent return (Figures 6 include all surveys since 2001 just for providing the reader with the sense of a big push upward over the years, without succeeding in breaking the glass ceiling). The rapid increase in female participation rates until the age of marriage (between 25 and 29) is followed by a steady decrease for the older age groups and the peak of the 24-29 age group (at 35.1) does not manage to stay at this level across the older age groups and over the years. The curve is just slightly upward oriented and still not on a regular basis from one survey to the next.

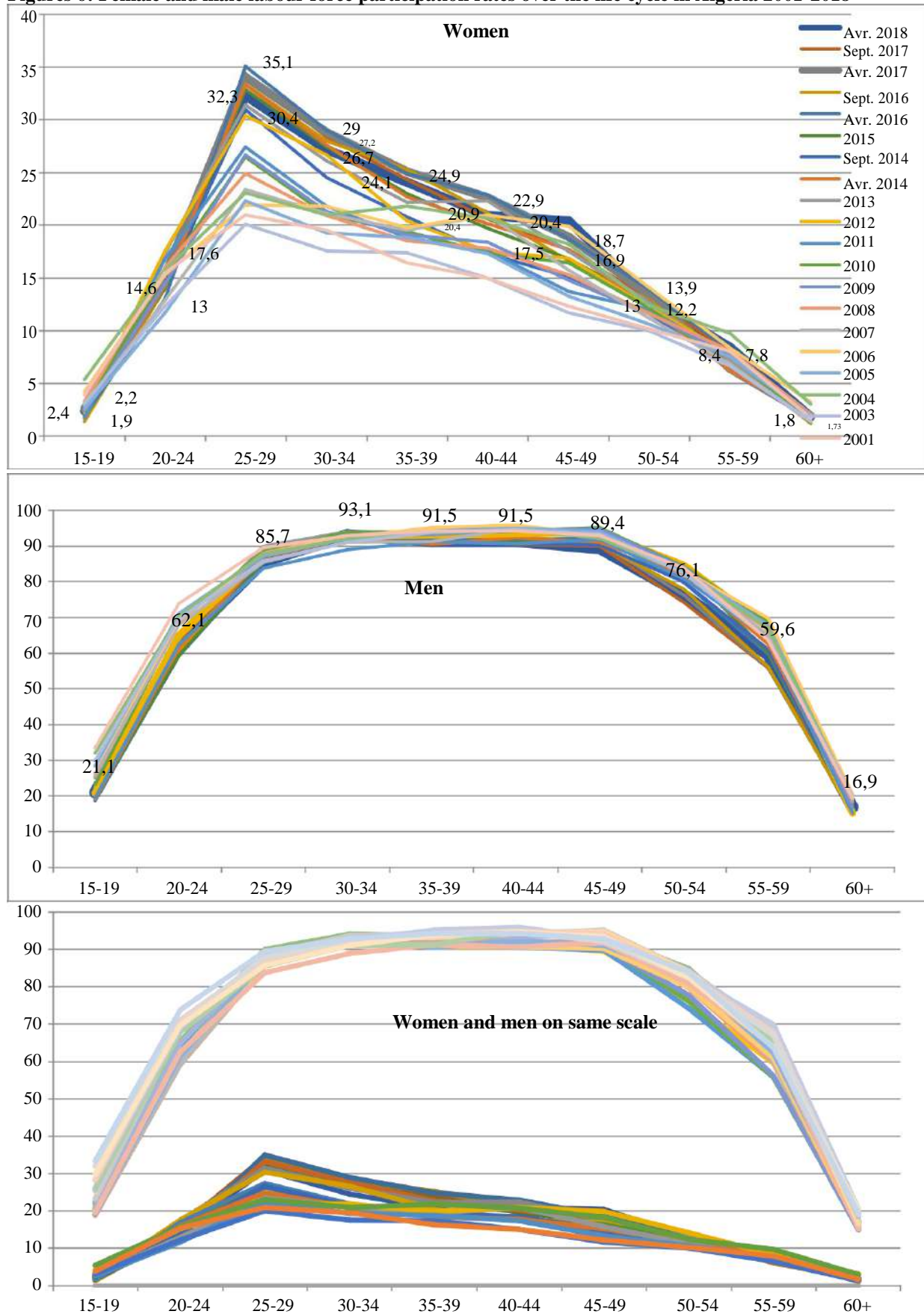
At the same time, women are more affected by unemployment than men, with unemployment rates generally higher than men across most regions and countries. With more than 1.367 billion in 2019, women represent 38.9% of the total world labour force (and 38.8% of total employment) against 39.5% (39.3%) in 2000 (ILO 2018a and 2019). In Northern Africa these indicators were respectively measured at 23.4% in 2019 against 21.8% in 2000.

Figure 5: Trends in female labour force participation rates and share of women in the total occupied population, Algeria 1966-2019



Source: Author's compilations of population censuses and labour force surveys (annual since 2009 and bi-annual since 2014).

Figures 6: Female and male labour force participation rates over the life cycle in Algeria 2001-2018



Source: Charmes and Remaoun (2016) updated.

2. Measuring unpaid care work and total work

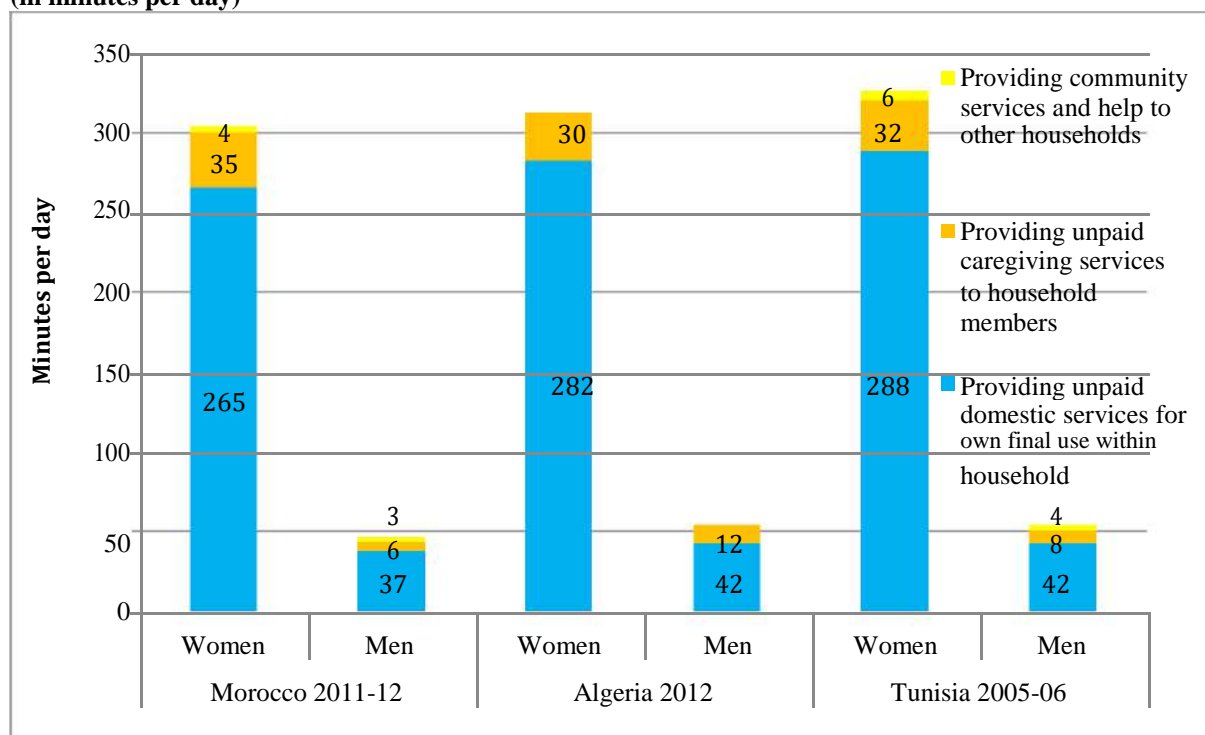
The measurement of work and employment is traditionally restricted to these jobs that are contributing to the production as defined and measured by the GDP in the system of national accounts (SNA) since its inception. However, these traditional thoughts have begun to evolve since the introduction of a wider conception of production as early as the 4th revision of the SNA in 1993, when the production of services for own final consumption by the households has been recognized as being part of it and a distinction was delineated between the SNA production boundary and the (extended) general production boundary (see section 3 below).

Low female economic participation rates in the whole economy and also lower rates in the informal economy exemplified in a parallel paper (Charmes 2021) are more than compensated by women's higher contribution to unpaid care work, i.e. these domestic and care activities undertaken within the households and for their own final consumption (i.e. belonging to the general production boundary, but not to the SNA production boundary). In what follows, three categories of unpaid care work are taken into account: the provision of unpaid domestic services for own final use within the household (e.g. cooking, cleaning, washing, ironing, etc.), the provision of unpaid caregiving services to household members (children, adults, elderly) and the volunteer (unpaid) provision of community services and help to other households.

The three Maghreb countries belong to some eighty countries that have carried out national time-use surveys based on the diary method of data collection (Charmes 2020), Tunisia in 2005-06 (Ministère des Affaires de la Femme 2011), Algeria in 2012 (ONS 2013) and Morocco in 2011-12 (HCP 2014 and 2020a).

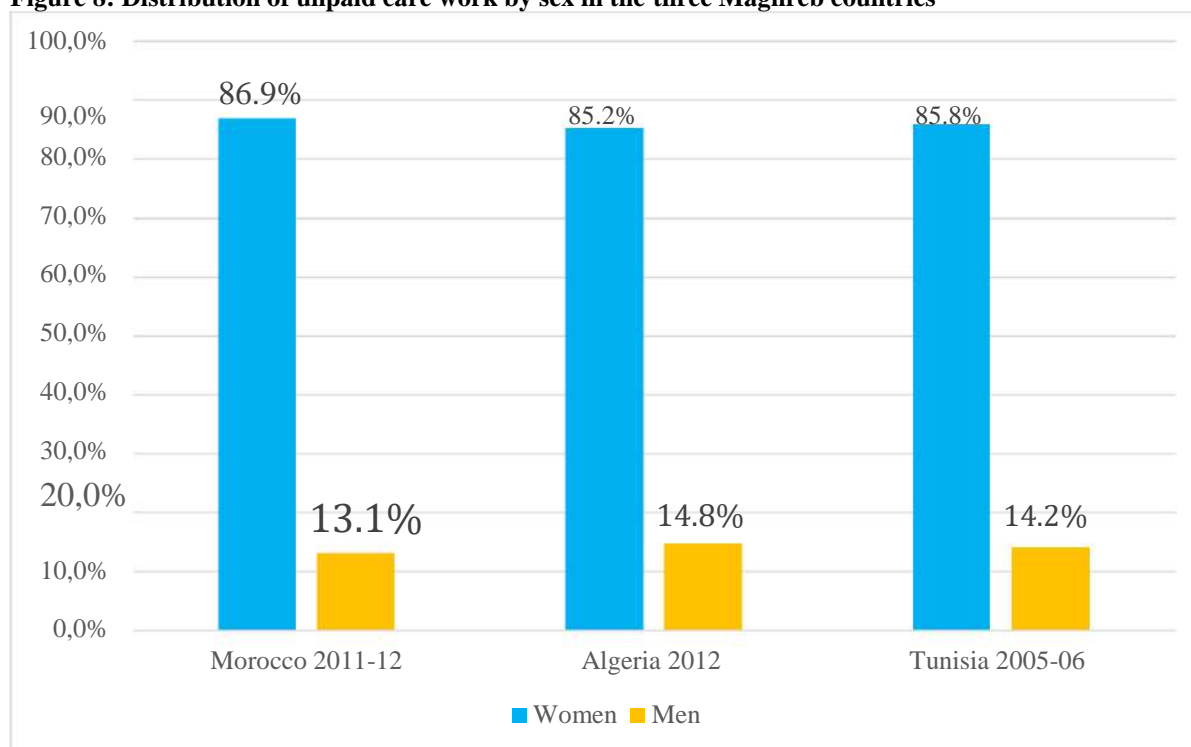
In average, women dedicated 5 hours and 4 minutes per day (304 minutes) to unpaid care work in Morocco, 5 hours and 12 minutes (312 minutes) in Algeria and 5 hours and 26 minutes (326 minutes) in Tunisia (Figure 7). In comparison, men dedicated only 46 minutes per day to these tasks in Morocco, 54 minutes in Algeria and in Tunisia. These figures approximately equal 35 to 38 hours per week for women against 5 to 6 hours per week for men. In other words, the week of female unpaid care workers is nearly as long as the average paid workers' week. Women's contribution to total unpaid care work performed in the family is more than 85% (Figure 8). But women are also engaged in paid work (though much less than men as already shown) and time spent in paid activities add on to time spent in unpaid care work, so that women's overall burden exceeds that of men. Figures 9 aggregate the three Maghreb countries (weighted by their 15+ years old population) and show that with paid work taken into account (women contributing for 19.3% of total time spent in these activities), in the end the overall burden of work that falls on women's shoulders is as high as 54.3% of total, or 6 hours and 10 minutes per day (370 minutes), which makes a 7-day week of 43 hours, against 36 hours for men. This share is more than the world average (52.9% of the overall burden of work falling to women; 76.4% of the unpaid care work, but 36.1% of paid work), but the total duration of the week is shorter than the world average as the latter reaches 7 hours and a half per day or nearly 53 hours of a 7-day week at world level), as shown on Figures 10.

Figure 7: Time spent in the various categories of unpaid care work by sex in the three Maghreb countries (in minutes per day)



Source: Charmes (2019b)

Figure 8: Distribution of unpaid care work by sex in the three Maghreb countries

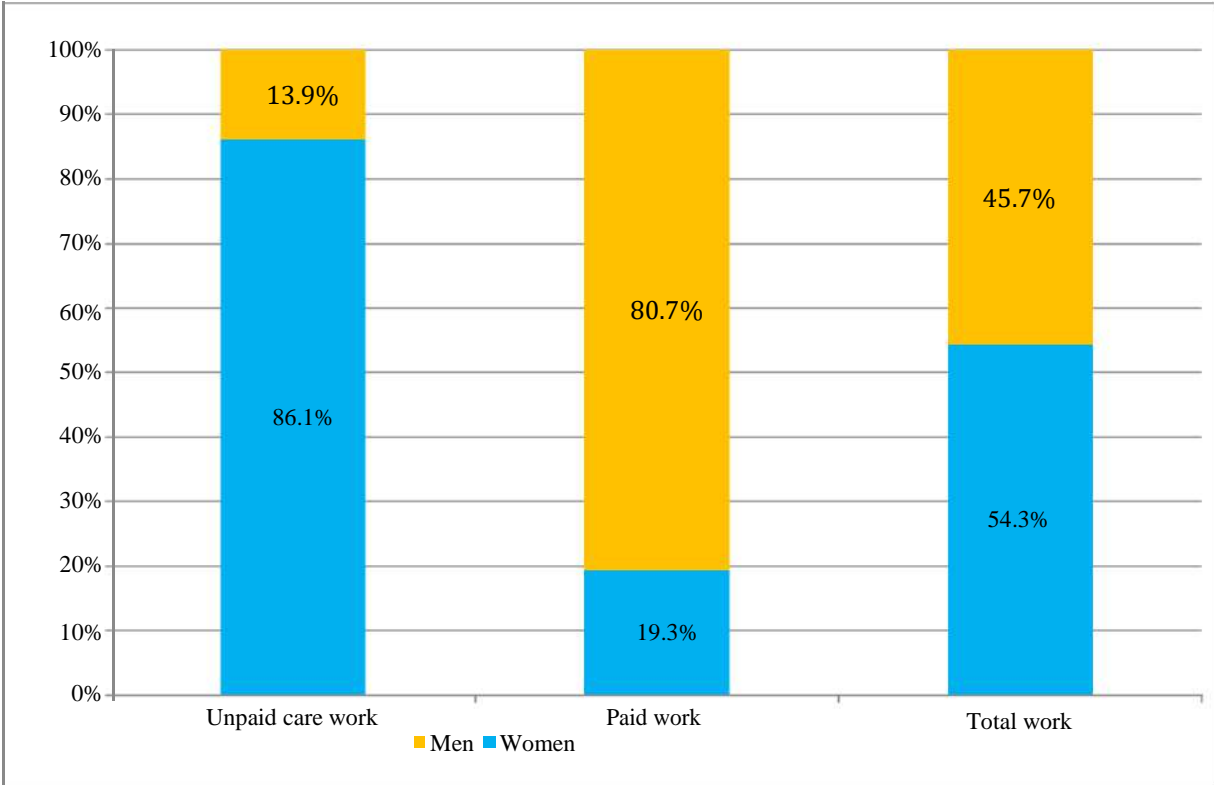


Source: Charmes (2019b)

Figures 9: Paid work, unpaid care work and total work by regions and sub-regions: global averages for Northern Africa

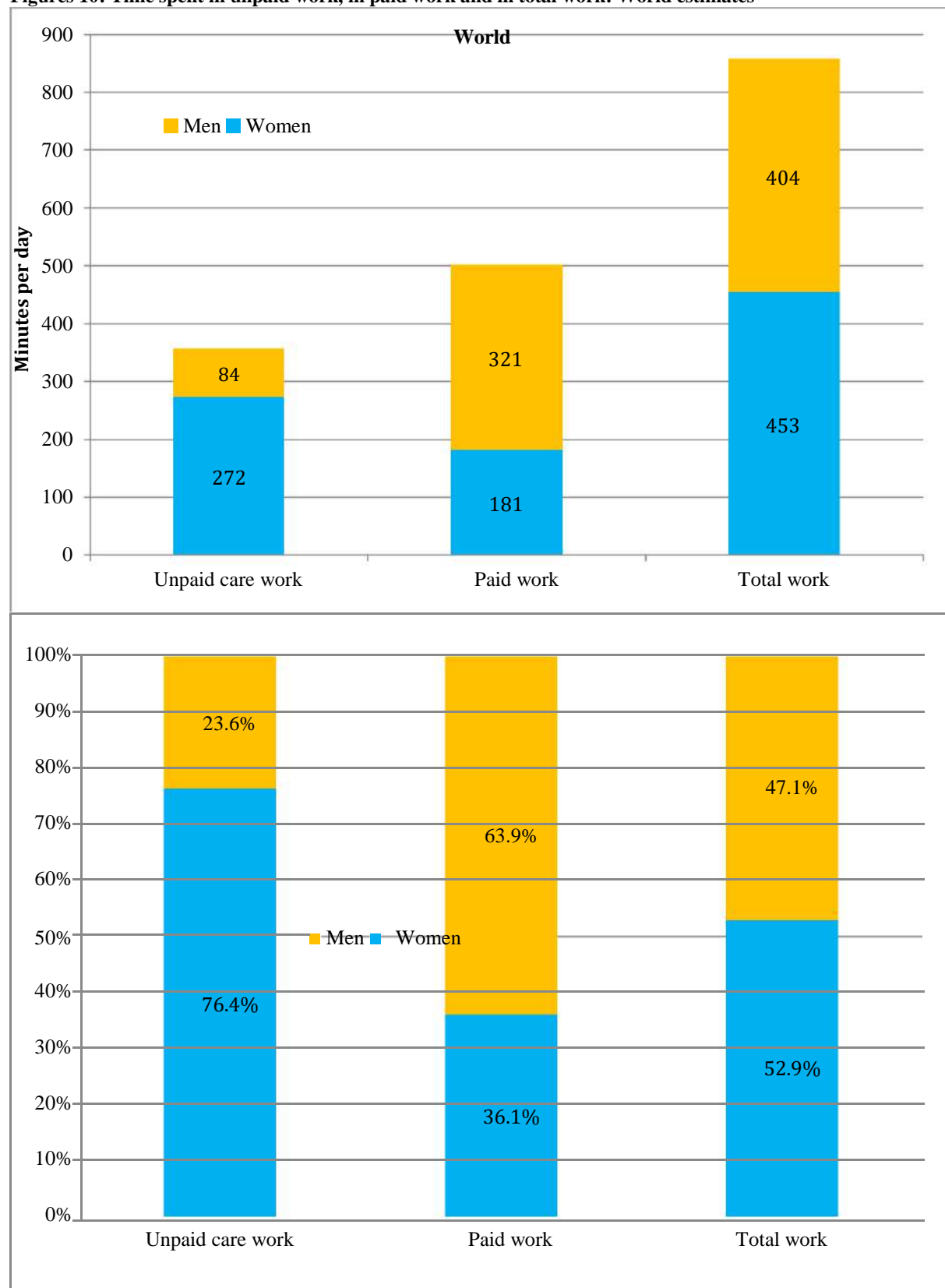


Source: Charmes (2019b)



Source: Charmes (2019b)

Figures 10: Time spent in unpaid work, in paid work and in total work: World estimates



Source : Charmes 2019b

Figures 11 compare the Maghreb with the other regions of the world. Northern Africa is the region where the gender gap is the most severe in terms of contribution to unpaid care work (only Southern Asia is doing worse) with women’s time spent in unpaid care work higher than

men's by more than 6 times (6.18 against 3.24 for the world average), contribution to paid work (only Arab countries are doing worse) with women's time spent in paid work representing only 0.24 of men's (against 0.56 for the world average). This leads the region to the higher level for women's time spent in all forms of work (1.19 time more than men's), just a little better than sub-Saharan Africa (where women are involved in long hours of paid work (mostly informal) as well as of unpaid care work) and Arab countries, and far from the world average (1.12).

In addition, Figure 12 shows that, over the life cycle, women increase much the time they spend in unpaid care work in the adult age (with marriage and maternity) until they enter in the old age, whereas men do not change much their participation to domestic tasks: the slopes are the sharpest for women and the flattest for men, among all regions.

In conclusion, the combination of low participation rates and long hours spent in unpaid care work for women in the Maghreb countries can be interpreted in two opposite directions. One may argue that women spend so much time in unpaid care work because they stay – or are kept - away from paid employment in the labour market. Conversely (and this is the usual explanation in other contexts - especially for explaining the situations of feminization of poverty) women's involvement into unpaid care work – allegedly not substitutable with men or with market equivalent services - prevents them from seeking paid work opportunities. It is true that in the Maghreb countries, social and religious norms tend to assign women in their gender role of spouse and mother within the household. Both Figures 6 on women's labour force participation rates by age group, and 12 on time spent in unpaid care work over the life cycle perfectly illustrate their assigned status.

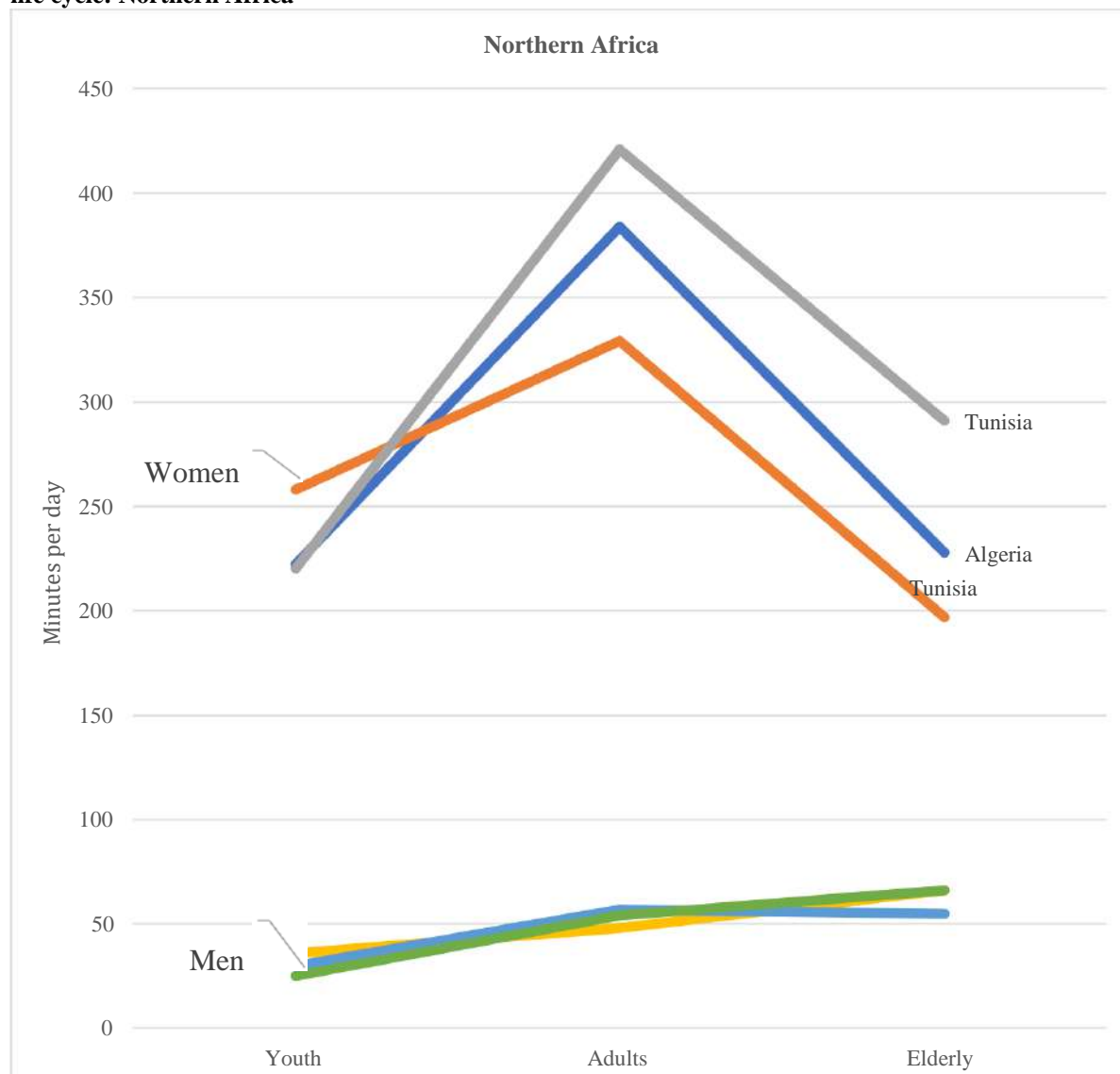
The International Labour Organization (ILO 2018b) recently developed a “5Rs of care” framework and strategy towards achieving gender equality in this domain: Recognising, Reducing and Redistributing unpaid care work, Rewarding paid care work and Representing care workers in social dialogue. The changing thoughts and conceptions on the real load, meaning and character of such unpaid work, as an inherent part of the national production, constitute a first step towards this due recognition.

Figures 11: Ratio Women to Men of unpaid care work, paid work and total work by regions



Source: Charmes 2019b, based on 75 countries.

Figure 12: Patterns of change in time spent by women and men in unpaid care work by age group over the life cycle: Northern Africa



Source : Charmes 2019b.

3. The need for change in our conceptions and concepts of economic activity, production and work

The definition of production is a subject of debate since a long time among the economists. For long the concept of production as defined by the economists did not include the services. Adam Smith (1723-1790), influenced by the Physiocrats (late 1750s), circumscribed the definition of production to the sole goods. This conception continued with Marx (1818-1883) and the material balances (equivalent to the national accounts) used in the former socialist countries. But the definition of production, and of work, extended to services, will be introduced by Alfred Marshall (1842-1924) who, in its *Economics of Industry* (a work from 1879 written with Mary Paley Marshall, but it is in its 4th edition in 1909 that the question at stake was raised) laid the foundations of the modern conception of the national production (GDP): “Everything that is produced in the course of a year, every service rendered, every fresh utility brought about is a part of the national income. Thus, it includes the benefit derived from the advice of a physician, the pleasure got from hearing a professional singer, and the enjoyment of *all other services which one person may be hired to perform for another*”. Later on, in 1920, in “*The Economics of Welfare*”, his student Arthur C. Pigou (1877-1959) drew the consequences of the limitative

interpretation of Marshall's ideas, by those who were interested in the measurement of production, to the sole services transiting to the market. He pointed out the paradox of the gentleman who lowers the national welfare when marrying his maid (Part 1, Chapter 3 of his "Economics of Welfare").

The extension of the notion of production (and subsequently of the notion of work) to the whole category of services was taken over by feminist economists such as Margaret Reid in her "*Economics of Household Production*" in 1934 where she states that "if an activity is of such character that it might be delegated to a paid worker, then that activity shall be deemed productive". Some of the economists who founded the system of national accounts, addressed the issue of housework valuation (Kuznets, 1941; Clark, 1958), but it was up to Gary Becker's (1965, 1981) theoretical works to root them into the framework of economic theory.

Ironmonger (1989, 1996 and 2000) defines the concept of household production as "the production of goods and services by the members of a household, for their own consumption, using their own capital and their own unpaid labour. Goods and services produced by households for their own use include accommodation, meals, clean clothes, and childcare. The process of household production involves the transformation of purchased intermediate commodities (for example, supermarket groceries and power-utility electricity) into final consumption commodities (meals and clean clothes). Households use their own capital (kitchen equipment, tables and chairs, kitchen and dining room space) and their own labour (hours spent in shopping, cooking, laundry and ironing)".

Marilyn Waring (1988) is the author of an influential book ("*If Women Counted: A New Feminist Economics*") later republished (1999) under the title "*Counting for Nothing: What Men Value and What Women Are Worth*") that summarises the situation: women's work is neglected by the National Accountants ('what men value') who do not take into account the entire domestic and care work mainly done by women ('what women are worth'). But how to measure domestic and care work as there is no price fixed by the markets? Marshall's vision, however, opened the door to such a valuation provided that these services are subjects of transactions on the market. Still had to be measured the quantities of services or at least the number of hours and days dedicated to these activities. Time-use surveys that the Beijing Conference's Platform of Action (UN 1995) contributed to put back on the front of the stage have become today the essential tool for accurately assessing women's unrecognized and unregistered work, and the past recent years have seen the rapid development of this type of surveys.

Among the obstacles toward achieving gender equality on the labour market and breaking the glass ceiling that prevents women to progress as rapidly as men in their job and career, the burden of homework and care-work is one of the most insidious because it remains widely invisible, is still not well informed and is not actually taken into account by policies.

The 2013 ICLS resolution I (ILO 2013) tentatively addressed the potential and often existing divergences between SNA and the labour force concepts by distinguishing several forms of work and especially: employment, own-use production work (including own use production of goods and services), volunteer work (including organization-based and direct volunteering to produce goods and services for others). Separately, the labour force classification determines the labour force status of the population with reference to a person's relation to employment (as more narrowly defined). The SNA 2008 framework excludes services from the measurement of GDP for these two latter sets (Figure 13 below). Although the application of these new definitions currently creates much confusion in the production of labour market indicators and may be consequently misleading (the Maghreb countries did not yet embarked into this process), they could mark a step towards the future enlargement of the scope of SNA to the

production of services for own consumption by the households (the unpaid care work). Though, it does not yet appear among the points in discussion for the future revisions of the SNA.

Figure 13: Forms of work and the System of National Accounts 2008

<i>Intended destination of production</i>	<i>for own final use</i>		<i>for use by others</i>			
	Own-use production work	Employment (work for pay or profit)	Unpaid trainee work	Other work activities	Volunteer work	
of services					of goods	in market and non-market units
<i>Relation to 2008 SNA</i>	Activities within the SNA production boundary					
	Activities inside the SNA General production boundary					

Source: Resolution 1 concerning statistics of work, employment and labour underutilization, 19th ICLS, ILO Geneva, 2013.

Finally, international statistical frameworks have become more flexible to meet multiple uses without prioritizing one over another. This means they are no longer being designed to be 1-to-1 match between, say employment and SNA production, but rather built as building blocks, with categories that can be re-grouped to enable mapping to different economic or social classifications, and to produce different types of indicators as relevant for macro-economic, employment, social policy purposes, etc.

In all regions of the world and in all countries, women’s contribution to “unpaid work” - that is these activities provided by household members for own use by the household and not being taken into account for the compilation of GDP – surpasses men’s by a factor that ranges from 2 to 8 (see section 2 above). Consequently, women’s total work (including paid work) exceeds men’s by far, illustrating what is commonly qualified as “time poverty”: because of their home duties, women have less time to dedicate to paid work so that they earn less income than their male counterparts and are individually poorer.

Conclusion

The aim of this paper was to show the importance of gender disparities existing on the labour markets of Maghreb countries and their trends, as compared with other regions of the world. Northern Africa shares with Arab countries, and often with Southern Asia, the lowest levels in labour market indicators referring to gender, but in contrast with most regions, women in these countries do not represent the bulk of the labour force engaged in the informal economy and the informal economy does not constitute for women the main entry door to the labour market. Gender disparities are nonetheless important in the informal economy of Maghreb countries. Correlatively these countries are characterized by the highest levels of unpaid care work, which translates not necessarily into the highest workloads for women, but the highest indicators of gender disparity in sharing the overall workload.

Such acute disparities make of the Maghreb countries the archetypes on which the current changes in labour force concepts definitions (with a narrower definition of employment and a broader definition of work) could have the greatest impact in terms of better understanding of the functioning of the labour market and in terms of recognition of unpaid care work as a significant contribution to the overall wellbeing but also as an obstacle to the full access of women to decent paid jobs.

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Policies addressing the formalisation of informality in North Africa: issues and outcomesPhilippe ADAIR¹

Received date: 15/04/2022

Accepted paper: 09/05/2022

Abstract:

According to standard definitions, the informal economy (or informality) includes three components, i.e. informal employment within the informal sector, the formal sector and households. Data sources prove disparate and statistical coverage remains poor in Algeria, Egypt, and Tunisia, as well as in Morocco. A threefold spectrum of theories addresses informality, dualism, structuralism and institutionalism. The persistence of informality translates into segmentation with respect to income gaps along the formal/informal divide, despite the mobility of workers on the labour market. Formalisation policies encapsulate conflicting issues and strategies as well as distinct methods. The moderate impact of formalisation policies proves more significant regarding the compliance of informal businesses than it extends social protection to informal workers, although enforced overall policies are more cost-effective than focused policies, due to economies of scale and spillover effects.

Keywords: businesses; employment; impact assessment; informal economy; policies; segmentation.

JEL:E26, J46, O17

Politiques de formalisation de l'informalité en Afrique du Nord : enjeux et résultats**Résumé**

Selon les définitions standard, l'économie informelle (ou informalité) comprend trois composantes : l'emploi informel au sein du secteur informel, du secteur formel et des ménages. Les sources de données se révèlent disparates et la couverture statistique demeure médiocre en Algérie, en Égypte et en Tunisie, ainsi qu'au Maroc. Un triple éventail de théories aborde l'informalité, le dualisme, le structuralisme et l'institutionnalisme. La persistance de l'informalité se traduit par une segmentation des écarts de revenu selon la division formel/informel, malgré la mobilité des travailleurs sur le marché du travail. Les politiques de formalisation recouvrent des enjeux et des stratégies contradictoires ainsi que des méthodes distinctes. L'impact modéré des politiques de formalisation s'avère plus significatif concernant la conformité des entreprises informelles qu'il n'étend la protection sociale aux travailleurs informels, bien que les politiques globales renforcées soient plus rentables que les politiques ciblées, en raison des économies d'échelle et de leurs retombées.

Mots clés : économie informelle, emploi, entreprises, évaluation, politiques, segmentation.

Introduction

Despite the fact that Algeria is an oil-exporting upper middle-income country, whereas Egypt, Morocco and Tunisia are oil-importing lower middle-income countries, these countries share many common characteristics. Female participation rate to the labour market is significantly, whereas unemployment rate is dramatically high, especially among youth, small-scale informal businesses provide most jobs and tend to operate in low productivity sectors, and

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informal employment constitutes half the labour force (Purfield et al, 2018,; Charmes, 2019). Hence, we focus upon the informal economy in these four countries from North Africa.

The informal economy (henceforth informality) has been a controversial issue since the discovery of the informal sector as of the early 1970s, half a century ago in Sub Saharan Africa (Charmes, 2019). Major stages of the definitions of informality will not dry up the controversy that feeds on the diversity of interpretations: the segmentation theory (Fields, 1975; 1990), the structuralist theory (Portes et al., 1989) and the institutionalist theory (De Soto, 1986). A first comparative analysis (Turnham et al., 1990) and the definition of the informal sector appeared in the early 1990s. In the 2000s, the informal component of the “Non-Observed Economy” (OECD, 2002) alongside the concept of informal employment (ILO, 2003) were coined, while comparative analyses multiplied. In the 2010s, the ILO (2013) provided a comprehensive definition of the informal economy and recommended transition towards the formal economy, while the World Bank designed and assessed formalisation policies targeting the informal sector (Benjamin et al, 2014).

Informality displays a contradictory prism of advantages and disadvantages: unfair competition from informal micro-enterprises *vis-à-vis* formal firms, tax shortfalls and subsistence jobs. Does formalisation make it possible to combine tax consent, the removal of barriers to entry and compliance with labour regulations? Can it reconcile the need not to curb entrepreneurship advocated by the World Bank, the Organisation for Economic Co-operation and Development - OECD and the International Monetary Fund –IMF, with the required social protection of workers according to the International Labour Office -ILO?

Section 1 addresses the definitions of informality including its three components, the informal sector and informal employment within the formal sector and households. Data sources are disparate and coverage is poor in Algeria, Egypt and Tunisia, and slightly improved in Morocco. Section 2 presents the threefold spectrum of theories addressing informality, i.e. dualism, structuralism and institutionalism, and discusses their differences and shortcomings. In Section 3, the persistence of informality translates into a segmentation in terms of income gaps, which may explain the mobility of workers on the labour market, and sketches an overview of the various methods investigating earnings differentials. Section 4 displays the conflicting issues and strategies as well as the various approaches of formalisation policies. Section 5 is devoted to impact assessment of such formalisation policies, the moderate impact of which proves more significant regarding the compliance of informal businesses than it extends social protection to informal workers.

1. The informal economy: definitions and stylised facts, sources and measurements

Informality encapsulates three components, i.e. the informal sector and informal activities within the formal sector and households. Despite standard definitions, data sources prove disparate and coverage remains poor in Algeria, Egypt and Tunisia, and to a lesser extent in Morocco.

1.1. Russian-dolls definitions and stylised facts in North Africa

The informal sector, coined by the ILO in 1993, includes the unincorporated enterprises, a subset of the institutional household sector, gathering both own-account workers and employers. These economic units, which provide some legal market output, are not registered or their employees or their size stands below five permanent paid employees.

Informal employment, again coined by the ILO in 2003, encapsulates all jobs carried out in both informal as well as in formal enterprises by workers who are not subject to labour regulation, income taxation or social protection. This is due to the absence of declaration of the jobs or the employees, whether casual or short duration jobs, jobs with hours or wages below a specified threshold, work place outside the premises of the employer’s business. The extensive definition is based on non-payment of social contribution rather than the absence of

social protection, in as much as individuals may access to social protection thanks to the contribution of another family member (Charmes, 2019, 18). Theoretically, the informal sector is included within informal employment like Russian dolls.

Informal employment or employment in the informal economy includes three components: (i) employment in the informal sector (the largest component), (ii) informal employment in the formal sector and (iii) informal employment in households (domestic workers and household members producing goods and services for their own final use). Components are consistent with National Accounts, although there is no linear relationship between jobs and output with respect to labour productivity, the measurement of which remains disputable (Adair, 2020).

According to the expert benchmarking provided by Charmes (2019), North Africa is the region wherein which macroeconomic estimates of the informal economy are the most numerous since the 1970s. Taking stock, three stylised facts are worth mentioning.

First, average (non-agricultural) employment in the informal economy throughout North Africa has been growing slightly over 50 per cent in the 2000s and declining slightly below 50 per cent since the early 2010s. This suggest that informal employment is a lasting or structural phenomenon (Charmes, 2019, p. 41).

Second, informal employment is countercyclical: on rise when economic growth slows down until the late 2000s, it contracts with upgraded economic growth, hence experiencing a reversal in trend in the early 2010s. However, this general pattern requires a thorough inspection with respect to the behaviour of the various components of informal employment in North Africa. Furthermore, the trends as well as the level may differ across countries, according to the impact of economic shocks (structural adjustment and crises) and the employment policies designed to absorb these (See Adair and Souag, 2019, as for Algeria).

A last stylised fact is that employment in the informal economy is negatively related to GDP per capita; in this respect, Morocco experiences the lowest GDP per capita among North African countries and the highest share of employment in the informal economy.

Turning to a restricted picture of informality, i.e. the informal sector subset, it is noteworthy that labour productivity in the informal sector is weak; its contribution to GDP is low, whether or not agriculture is included (Charmes, 2019, pp. 72 & 74). As for Tunisia, apparent labour productivity in micro-enterprises in the informal sector is significantly lower than in other informal activities (Charmes and Ben Cheikh, 2016).

1.2. Disparate data sources and poor coverage

There are several discrepancies and deficiencies across countries with respect to data sources, coverage and thresholds regarding the components of the informal economy.

The informal sector enjoys consistent coverage only in Morocco, which reaches higher figures than in any other North African country (Charmes, 2019). *Informal employment* is gauged from retrieving labour force surveys, if relevant questions are included, though countries use different criteria for social protection coverage.

Algeria has recently updated the LFS. So far, no national household survey has addressed informal employment. Four household surveys investigated non-agricultural informal employment, using the same questionnaire. The survey of 1,499 active people from five regions in 2000 (Adair, 2002) was non-representative. A representative survey of 1,252 active people from the region of Bejaia was designed in 2007, and it was repeated in 2012 upon an enlarged sample of 2,026 active people from the same region (Adair & Bellache, 2018). A representative survey of 1,267 active people from the region of Tizi-Ouzou in 2013 was pooled with the Bejaia survey (Bellache et al, 2020). The sample of these last three surveys was representative at regional level, although not representative at nationwide level.

No business statistics regarding the informal sector and microenterprises were provided. Only a piecemeal survey took place in Tizi-Ouzou (Babou & Adair, 2016).

As for *Egypt*, the same comment applies: no national household survey was devoted to informal employment.

Business data on Micro- and Small and Medium size Enterprises (MSMEs) prove scarce and the informal sector did not benefit from any specific survey. However, Central Agency for Public Mobilization and Statistics (CAPMAS) and the Economic research forum (ERF) surveyed a representative sample of 3,550 household firms in 2012 and 2018. 62.5 per cent of the sample include self-employed (one-person firms), 31 per cent are micro firms (with 2- to 4 workers), and 6.5 per cent are small firms (with at least five workers). Most of the firms in the sample are informal (67.8%) and their rate is increasing over time. Worth mentioning is that the threshold for microenterprises (five employees at most) is inconsistent with recommendations from the ILO, and it overlaps the threshold of the World Bank Enterprise Survey (WBES), i.e. below five employees.

Morocco is the only country that did achieve three representative surveys (1999, 2007 and 2013) devoted to the informal sector. The informal production units (IPU) come from a representative household survey (HCP, 2016); three out of four units including only one worker.

As for *Tunisia*, there were neither attempts to measure informality from a range of questions in the employment surveys, nor specific surveys on the informal sector since the late 1980s (Charmes & Ben Cheikh, 2016). A five-year survey of microenterprises took place in 1997, 2002, 2007, 2012 and 2016. Unfortunately, the threshold for microenterprises (fewer than 6 employees) is inconsistent with the thresholds below five employees (ILO and the WBES).

A survey was exclusively devoted in 2015 to youth (16-29 age group) upon a balanced sample of 3,027 active people from five MENA countries, among which Algeria, Egypt, Morocco, and Tunisia were investigated. Merouani et al (2018) notice that young workers do not enjoy (and look for) social protection. The high prevalence of informal employment among youth cannot extrapolate to all age groups (Gherbi et al, 2019; Gherbi and Adair; 2020). However, it may prove consistent with the U-shaped prevalence, declining from youth to maturity and rising again for the older age group in Algeria (Adair & Bellache, 2018). It confirms the conclusion from Gatti et al (2014) using different data sources upon youth aged 16-24. In Tunisia, less than one in three young workers enjoyed a formal work contract and access to social protection (World Bank, 2014).

2. A threefold spectrum of theories tackling informality

In as much as theories provide the underpinnings of (formalisation) policies, it is worth presenting the threefold spectrum of theories that tackle informality, namely dualism, structuralism and institutionalism, as well as discussing their analytical differences and shortcomings. In addition, we pinpoint main causes of informality, which stem from jobless growth and institutional deficiencies.

2.1. Dualism, persistent informality and segmentation

Informality is not included in the first generation of dualistic models, be it the Ricardian macroeconomic model (Lewis, 1954; Fei and Ranis, 1964) or the job-search microeconomics model (Harris and Todaro, 1970). They explain from the labour supply-side the process of labour migration from the traditional/agricultural or rural sector to the modern industrial/urban sector. If informality is an archaic remain, the determination of the real wage in the modern sector depends on the real wage in the traditional subsistence sector and it rises alongside the productivity in the traditional sector. Informality is doomed to disappear because of growth and modernisation absorbing the labour surplus (disguised unemployment). However, if informality proves persistent, the determination of the real wage in the modern sector does not depend on the real wage in the traditional subsistence sector, and it stands above the competitive level, especially due to barriers to entry. According to Fields (2004,

2006), informality is grounded on the dualistic model of Lewis (1954), which defends these two opposing interpretations of the demise vs. persistence of informality.

Wu & Schneider (2019) run against the optimistic conclusion of the Lewis model according to which the informal economy will disappear once the economy has reached a given level of development.

Persistence fits the less optimistic interpretation of the Lewis model, leaving room enough for the segmentation theory, workers entering informal employment by choice or necessity. Labour market segmentation would better explain the gap of 30% between wages in the modern (formal) sector and subsistence incomes in the traditional (informal) sector initially that Lewis (1954) first identified.

2.2. Structuralism and informal/formal subjection

The structuralist thesis (Castells &Portes, 1989) considers that the informal economy is subjected to the formal economy through subcontracting, which reduces production costs (including labour costs). For instance, it applies to the textile industry or call centres in Tunisia or in Morocco. This is a large framework, which proves uneasy to test.

2.3. Institutionalism and the promotion of microenterprises

The legalistic/institutionalist approach (de Soto, 1986; 2013) addresses small firms, in particular the informal sector, from the business side perspective. It advocates the formalisation of existing informal possession, and claims the necessity to reducing radically the time and costs borne by start-ups to obtain a license to operate a business legally. Main assumption is that informality is the product of bad regulation from the State and excessive bureaucracy harnessing the development of these small firms, which applies especially to Tunisia (de Soto, 2012). Hence, informal entrepreneurs (i) voluntarily step outside the formal economy, a rational economic decision resulting from the rejection of bureaucratic obstacles, or (ii) are excluded from access to institutions that are supposed to protect private property, but prove corrupted or failing

This approach is part of the World Bank's studies devoted to entrepreneurship indicators (e.g. *Doing Business*) since 2003, which identify barriers to entry and rank countries accordingly. Morocco ranks fairly high among North African countries.

However, World Bank Enterprise Surveys (WBES) pay little attention to micro-enterprises. For instance, the 2019-2020 WBES devoted to Moroccan companies covers very few micro-enterprises (10% of the 1,096 businesses sample), although they account for more than 90% of all businesses. All WBES conducted in Morocco (2006, 2013 and 2019), as well as in Egypt and Tunisia (Berguiga & Adair, 2019) lack of representativeness, are strongly biased and cannot be used to investigate the informal sector.

2.4. What causes persistent or even rising informality?

Among multiple drivers of informality, macroeconomic and institutional factors play a major role.

The first main cause of persistent/rising informality is low growth or jobless growth, the formal economy being less able to provide jobs to an increasing labour force (Chen & Harvey, 2017). Hence, economies have not reached the Lewis "turning point", which occurs when labour surplus is fully absorbed (Ranis, 2004). This cause fits in the segmentation model, which require some additional explanation in terms of productivity differentials and gaps in human capital.

The other main cause is inadequacy of regulatory framework and weak enforcement of labour contracts and social security inspectorate. Excessive regulation by the State, which creates incentives for economic activity to operate outside the purview of regulations. It fits in the institutionalist approach. Regulation may explain the level of informality, a disputable

assumption with respect to public goods provisioning vs. corruption. It does not explain the increasing trend in the informal sector, unless the regulatory burden is rising. This explanation is mostly focusing on the informal sector and microenterprises, although it could be extended to informal employment

For analytical purposes and policy issues, it is worth emphasizing that theories of informality do not stand either on the same market or on the same side of the market (See Figure 1). Segmentation theory stands on the supply-side of the labour market, whereas institutionalist theory stands on the demand-side of the labour market (alongside structuralist theory), hence on the supply-side of the market for goods and on the demand-side of the credit market.

Figure 1. Theories of informality and markets

	Dualistic theory	Institutionalist theory	Structuralist theory
Markets for factors			
Labour market	Supply-side	Demand-side	Demand-side
Markets for factors			
Credit market	Supply-side	Supply-side	Supply-side
Markets for goods & services	Demand-side	Supply-side	Supply-side

Source: Author

3. Labour market segmentation and occupational mobility: Assessing earnings differentials

The concept of segmentation here refers to differences in labour income, which cannot be explained by the individual attributes of labour supply (human capital, for example), and which would be associated with certain characteristics of labour demand, employment itself. This is the case where two workers with equivalent personal attributes receive a different remuneration, because of one working in the formal sector and the other in the informal sector or in formal or informal employment respectively.

We assess income gaps between informal and formal employment using four distinct methods, which test labour market segmentation.

(i) Earnings functions à la Mincer use Ordinary Least Squares (OLS), estimating the average gaps resulting from differences in human capital (education and experience) between formal and informal employment. Human capital plays a small role in informal employment. Average wages are 20% to 30% higher in the formal sector. Non-wage earnings are poorly measured.

For instance, Adair & Bellache (2018) in a survey conducted in 2012 on a representative sample of 2,026 workers in Algeria estimate, the average monthly wage gap (30%) and median (25%) of employees in the formal sector vis-à-vis informal sector employees in favour of formal employment.

(ii) Quantiles regressions measure the distribution of income gaps. They show whether such differences concentrate or not at the ends of distribution, and whether they remain constant or vary over time. Distribution pattern differs according to female gender and informal jobs concentrated in the lower quantiles vs. male gender and formal work status concentrated in the upper quantiles. Gherbi & Adair (2020) and Babou et al (2020) document this issue with respect to North Africa and Algeria.

(iii) Oaxaca-Blinder decomposition models of formal and informal average income gaps resulting from differences in characteristics (including human capital) and their yields for each category of workers; identifying an unexplained component that is possibly demand-

driven by discrimination. For instance, Gherbi & Adair (2020) and Babou et al (2020) as for respectively North Africa and Algeria.

(iv) An experiment based upon the gap between the average income of an informal worker and income that would be earned from a formal job, i.e. the counterfactual income of an informal worker.

Segmentation between formal and informal employment does not impede occupational mobility

As for Algeria, Adair & Bellache (2018) observe the co-existence of segmentation on the labour market and mobility between segments, including from informal to formal rather than conversely. According to a longitudinal analysis of 445 workers in Algeria between 2007 and 2012, mobility affects almost half of the cohort. This mobility is asymmetrical: nearly three out of four workers in the formal sector (self-employed or salaried) are not mobile, while three out of five workers in the informal sector are mobile. Mobility concerns informal employees and is far more likely to drive from the status of employee to that of self-employed than in the opposite direction, thus corroborating the thesis of Fields (1990) and the theory of segmentation.

In terms of transitions, Gatti et al. (2014) found that informal employment in the Middle East and North Africa region is most prevalent among young people aged 15-24, before the transition to the public sector takes place, and then informality declines rapidly.

Tansel&Ozdemir (2019) use Markov chain models and multinomial logit models over 2006-2012 to address transitions according to gender in Egypt. They observe that most of the individuals except the unemployed in the male sample remain in their initial labour market states.

Woldemichael et al (2019) apply a dynamic random effects estimation of labour market entry and exit in Egypt, whereby gender and education are main significant factors in labour market rigidity in Egypt. Labour market mobility in Egypt over 1996–2006 represent individuals moving from self -employment and unemployment into formal wage/salary sector, mainly into the public sector. Later on, self-employment increases dramatically, absorbing the unemployed and new labour market entrants. Almost 48 percent of the labour market rigidity in Egypt can be explained by individual -level factors, whereas the remaining 52 percent are due to lack in demand and institutional, regulatory, and other factors.

4. Formalising the informal economy: A three-player game

The formalisation of informality raises several issues: Why formalise. Are issues conflicting? What are the targets according to international institutions?

4.1. Why formalise?

(i) As for workers and/or employers, the issue is linked to the labour market, consisting in improved access to rights at work, social security and decent working conditions as well as improved access to representation and national policy dialogue.

(ii) Regarding businesses, there are several issues related to the markets for factors and for goods: enlarged access to credit and other productive factors, including through public programmes; extended access to markets with participation in public procurements, access to imports and exports through formal channels; shrinking the influence of corruption and promoting greater respect for commercial contracts.

(iii) As for society and the State, several issues consist in broadening the tax base (enlarging the scope of public action, reducing tax rates) and improving efficiency and sustainability of preventive and compensative measures to address risks. Also, increasing fairness with respect to the contribution to public budget and to benefits of redistributive policies, as well as competition in national and international markets, which promotes greater social cohesion.

4.2. Are issues conflicting?

The above issues may be conflicting with one another.

(i) A for employees: extending social protection to informal employees constitutes an advantage, which increases labour costs for (informal and formal) enterprises.

(ii) Regarding businesses, unfair competition of informal enterprises *vis-à-vis* formal enterprises concerns provisioning (micro) local markets and subsistence activities, neither public orders, nor exports.

(iii) As for the State, provided the relevant tax target is identified, there is a trade-off between upgrading tax receipts to finance public goods and *laissez-faire* to avoid social unrest (See Box Appendix 1).

4.3. What is the target according to international institutions?

International institutions advocating formalisation are not necessarily targeting the same informal economic agents. Entrepreneurs according to the World Bank vs. employees according to the ILO, this would answer the question: Who is in charge of what and for whom?

Informality is a prism of advantages and disadvantages with respect to competition, subsistence jobs and tax shortfalls. Does formalisation make it possible to combine the removal of barriers to entry, compliance with labour regulations and tax consent? Can the promotion of entrepreneurship, a requirement advocated by the World Bank and the IMF, reconcile with the claim for social protection of workers that the ILO supports?

If entrepreneurs or businesses are the target, formalisation depends on an upgraded access to market for goods and the credit market, as well as training in accounting but also hiring on the labour market (interns and/or apprentices).

Hence, employment is an issue and Recommendation 204 adopted at the 2015 International Labour Conference, (Transition from the Informal to the Formal Economy Recommendation, 2015), includes some key provisions for those informally employed, both self-employed and wage employed. International institutions and governments in charge of implementing appropriate policies should share and promote such key provisions.

As a sign of convergence, in their report to the World Bank on the MENA region, Gatti et al (2014) use as the standard definition of informality the share of the labour force that does not contribute to social security, which is consistent with the definition of informal employment from the worker/ social protection perspective according to the ILO...

However, the IMF set up in 2018 a conference gathering over 20 countries from the MENA region, "Opportunity for All: Promoting Growth, Jobs and Inclusiveness in the Arab World", which does not address explicitly informal employment. It provided a forum for public officials, private sector representatives, and civil society to share their views about low growth, inequality, and government accountability and corruption. (Purfield et al, 2018).

5. Impact assessment of formalisation policies provide mixed evidence

We first address the range of formalisation policies. Second, we review the targets -businesses vs. employment, and the tools -incentives and penalties- of these policies. Last, we sketch a review of formalisation policies in North Africa, a topic that remains little documented. In this perspective, we discuss the scope of formalisation -focused policies vs. overall policy- and the outcome of quasi-experimental testing.

5.1. A broad range of formalisation policies

What is the meaning of formalisation? The answer depends on what problem associated with informality one is trying to solve; or what benefits of formality one is trying to extend to the informal workforce (Chen & Harvey, 2017).

Due to the heterogeneity of informality and several drivers, there is a broad range of policies affecting the transition of informality towards formalisation.

A first distinction should be made between policies that explicitly aim to tackle informality vs. policies that influence formalisation without explicitly aiming at formalization (e.g. growth strategies, education policies). Policies that affect transversal drivers of formalization (e.g. strengthening governance of social security system) is another broad category. Last, policies that target specific categories of economic units (e.g. special schemes for micro and small enterprises), or workers (e.g. bringing domestic work under the scope of labour law), and the component of informality (e.g. undeclared work in formal enterprises).

5.2. Targets and tools: Businesses vs. employment, blending incentives and constraints

We take stock of a recent survey upon impact assessment of formalisation policies (Jessen & Kluge, 2019) to design a double distinction between targets - businesses vs. employment- and tools – a blend of incentives and constraints (carrot and stick).

Formalising businesses using incentives (carrot) is threefold. (i) Information campaigns on the procedures and benefits of business registration, alone, remain ineffective; (ii) single windows simplifying business registration and incentives to reduce taxes as well as social security contributions prove effective; (iii) shrinking registration costs for businesses and providing a bonus to those willing to register, the positive impact of which depends on the amount.

Formalising businesses using penalty (stick) includes (iv) the action of the labour inspectorate to enforce the law, which has a minor but significant impact on the formal employment of workers and persists for several years.

Effectiveness depends on the combination of carrot and stick.

Formalising employment is built on (v) simplification of the registration of workers, reduction of taxes and social security contributions. Extending social protection to informal workers is an issue in Algeria, Morocco and Tunisia (Lapeyre, 2020).

Jessen & Kluge (2019) point out that formalisation policies come from five Latin American countries in more than three out of five cases. Impact assessment is a very recent requirement: about three quarters of (134) interventions were implemented in 2010 or later. Impact study covers a maximum time span of 24 months (80% of cases) and concerns enterprises more than employment, although formalisation policies targeting workers proves more effective than targeting enterprises. Policies implemented on a macro scale yield generally positive and small-scale effects that are more effective than are those resulting from a group or region-specific policy.

5.3. Focused policies vs. more inclusive policies

Hereafter, we provide examples regarding focused policies vs. more inclusive policies. The former is best highlighted by the role of microfinance in funding microenterprises and supporting female entrepreneurship in Egypt, Morocco and Tunisia. The latter is illustrated by case studies of “natural” experiment testing in Algeria and Egypt.

Access to credit is paramount for female entrepreneurs, who are assumed poorer than their male counterparts are. In as much as informal (micro-), enterprises are financially excluded from the banking system due to high costs upon small loan amounts, absence of collateral and expected default risk, the microfinance industry is able to provide financial products to those excluded. Funding provided by the microfinance industry displays a more reliable picture of microenterprises. Berguiga & Adair (2019) point out that World Bank Enterprise Survey (WBES) devoted to North Africa are strongly biased, whereby unrealistic figures for informal firms account for only 8.6 per cent in Egypt (2016) and 3.1 per cent in both Morocco and Tunisia. Among twelve Microfinance Institutions (MFIs) from Morocco, Egypt and Tunisia

(MFIs are missing in Algeria) as of 2012, over eight out of ten active borrowers (almost 1.3 million) are Microenterprises, informal for some of them. Average loan balance per borrower is small (\$520), thus businesses can afford funding only working capital rather than fixed assets, suggesting that they are subsistence activities (See Table 1, Appendix 2).

Egypt passed Law 141 as of 2004, which provided an institutional framework for assisting the growth and development of MSEs and encouraging formal registration. Three-year tax exemption (beginning one year after registration) for new businesses and open tax forgiveness for existing firms leaving the informal economy (Subrahmanyam, 2016). In parallel, penalties for tax evasion were increased. To make the process easier, faster and cheaper, and thereby remove a barrier to formalisation, procedures for business registration were streamlined and simplified. One-stop shops were set up, minimum capital requirements were eliminated, and flat fees were introduced. Tax reforms passed in 2005 reduced the income and corporate tax rates. Thus, the number of businesses formally registering in Egypt grew 35 per cent between 2005 and 2012. However, this carrot and stick policy had limited success in curbing informality because of inefficiencies, high costs and an overly narrow policy focus.

Public policies have tended to focus on informal enterprises – in line with CAPMAS’s ‘enterprise-based approach’ to defining informality – rather than on informal employment, focusing on ways of regulating formal firms that hire workers on an informal basis. Hence, formalisation policies likely resulted in the transfer of workers from the informal sector to the formal sector under informal arrangements. Policies developing the potential of informal sector firms were also unsuccessful, because they failed to target micro and small enterprises and to remove the barriers in accessing credit and thoroughly assess these programmes.

The non-parametric method of matched estimators (Difference in Difference–DiD) identifies the average effect of treatment (impact of a shock or reform) on the category of workers treated compared to the situation of the control group of untreated workers bearing similar characteristics.

Using DiD, Souag et al (2018) conclude that the policy promoting entrepreneurship has a limited impact on the registration (formalisation) of businesses and a small impact on the formalisation of employment in Algeria. The cumulative impact of employment policy measures on unemployment in Algeria from 1997 to 2013 is modest compared to the 300,000 new job seekers per year (university graduates, young people from vocational training and youth drop out of school). In Algeria, informal employment increases when unemployment falls and is therefore not a counter-cyclical variable. Informal employment absorbs unemployment from 2003 to 2011 and it is therefore a solution, not a problem (Adair & Souag, 2019).

A series of studies address the case of Egypt, which faced political turmoil in 2011, alongside Tunisia, as a “natural” experiment.

Elsayed & Wahba (2017) examine informality during the turmoil of the uprising of 2011 in Egypt, focusing on unprotected employment and the extent to which it changed by educational level, suggesting a high level of labour market rigidity. They find that informal employment has increased for both high- and low-educated workers however, through different paths: high educated were more likely to be stuck in informality, whilst low-educated formal workers were more likely to lose their contracts.

Ali & Marouani (2020) find a positive effect of formality on labour productivity although it has a significant negative impact on firm’s profitability and has no effect on employment within firms. Using a propensity score matching and a difference-in-difference estimation, the effect of formality differs across firms in terms of observable characteristics, the timing of the effect, and according to transition in formality status. The positive effect of formality is stronger for microenterprises owned by less educated and female entrepreneurs who do not

have a work social insurance. The positive effect on labour productivity declined significantly after the 2014 economic reforms with an exception of firms that became formal by 2018.

Conclusion

Informality is a major challenge in terms of fostering both employment, absorbing youth in the labour force, and growth, increasing output and the productivity of microenterprises, and extending decent employment standards.

Hence, the topic requires systematic improvement in survey questionnaires (e.g. in labour force surveys), enhanced data collection and dissemination of datasets, alongside a critical review of biases that hamper conclusions.

There is a broad range of formalisation policies, such as macro-level drivers improving inappropriate macroeconomic framework and struggling against inefficient public institutions. Such as extending coverage of labour regulation and social security, promoting minimum wage and enforcing labour contracts, as well as extending the scope of the laws, fostering registration and increased compliance with tax, labour and social security authorities.

Processes may follow several paths towards formalisation, using a blend of stick-and-carrot scheme upon economic units (e.g. micro and small enterprises) and category of workers (e.g. domestic workers).

Youth labor market is a big challenge in North Africa and Active Labor Market Policies (ALMPs), blending education and training, promoting job creation and entrepreneurship, and enforcing formalisation are crucial. Enforced overall policies are more cost-effective than focused policies, due to economies of scale and spillover effects.

Formalisation processes can take quite a long time before proving (moderately) successful. Monitoring and assessing policies are main requirements in this respect. Social acceptance (Duman, 2021) or better, social support is key for success.

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Appendix

Appendix 1. Improving tax returns from companies. What is the target?

According to the doctrine of the IMF, tax reform must combat tax evasion and enhance tax compliance from the informal sector (Kanbur and Keen, 2015).

Three main categories of production units must be distinguished.

1. Micro-businesses, with maximum sales below the tax threshold that report truthfully and pay no taxes, and “opportunists” whose maximum sales would be above the threshold that choose, legally, to operate just below the tax threshold to avoid tax and compliance costs. This category includes the informal sector.

Setting a low threshold in order to include a larger number of informal businesses into the tax system may prove irrelevant.

2. “Cheaters” and “ghosts” producing above the threshold and reporting their sales, only partially below the threshold, or not at all. This category is the target for adjusting relevant tax threshold in terms of optimising tax performance and fairness of the burden.

Targeting “ghosts” in the first place invalidates the argument according to which the tax rate should be set as low as possible, thereby broadening the tax base.

3. Large businesses reporting their sales and paying full taxes.

Source: Author, from Kanbur and Keen, 2015

Appendix 2. Table 1. Selected sample of MFIs in North Africa (2012)

Country	MFIs	NABa	Number of applicants and share (%) of loans granted					Lending rate (%)	Average loan amountb
			MSMEs	Micro Es	SMEs	Solidarity groups	Female borrowers		
Egypt	5	593,112	586,388 (98.86)	82.06	16.8	342,196 (57.69)	384,145 (65.42)	34.3	\$234
Morocco	6	702,212	669,803 (95.38)	87.86	7.52	330,149 (47.23)	394,296 (56.23)	36.35	\$772
Tunisia	1	239,825	191,658 (79.92)	97.91	0.00	0.00	157,364 (67.97)	25.46	\$493
Total		1,535,149	1,447,849 (91.38)	1,295,380 (84.38)	152,469 (9.93)	673,848 (46.58)	935,805 (63.2)		\$520

Note: ^a Number of Active Borrowers. ^b 2014 (MIX, 2015)

Source: Berguiga & Adair (2019) from the MicrofinanceXchange market (MIX).

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Call for papers, 1st International Conference:
The Informal Economy and gender inequalities

The informal economy encapsulates informal employment of the workers in the informal sector, the formal sector and households, who do not benefit from social protection (ILO, 2013, Charmes, 2019). It plays a significant role with respect to job and wealth creation in the MENA countries, wherein it accounts for over half the total of non-agricultural employment (ILO, 2018), but this role is controversial in terms of development. The informal economy exerts a negative influence, regarding low level of productivity and high precariousness of the jobs created, as well as a substantial tax shortfall and a duality in the business environment that endangers the regulatory framework. The informal economy, however, generates jobs and incomes, acting as a safety valve for the least protected segments of the population.

The labour market segmentation dividing formal and informal employment goes hand in hand with an income gap (wage gap) between the men of employed women. Women in North Africa make up on average less than a quarter of the urban labour force, which is one of the lowest rates in the world (World Bank, 2018). Despite a much lower participation rate in labour force, women participate in informal activities at least as much as men (ILO, 2012). In Algeria, the rate of informal female employment (24%) in the private sector is higher than that of men; in Egypt, as in Tunisia, over a quarter of employed women work in the informal sector.

Statistics most often underscore the contribution of women to the informal economy, including within the household, in terms of employment and output as well as income. Since these activities are partly home-based, they are not easily measureable, nor are they investigated or valued as such.

This conference intends to provide a state of the art of the informal economy in Algeria, North Africa and other countries of the MENA region. It will tackle various topics and use different investigation methods. It is part of a gender approach, which aims at identifying the place of women on the labour market in these countries, whereby access to employment allowing them to conquer rights and gain social inclusiveness.

Comparative analysis is strongly encouraged. The communication of this conference will be able to mobilize earnings functions, quantile regressions upon the income distribution and Oaxaca-Blinder models of decomposition, as well as (quasi) experiments of the "before-after" type, with (propensity score) matching and counterfactual, according to gender divide and the formal/informal employment segmentation.

The conference will discuss orientations towards the formalisation of the informal sector and informal employment (taxation, regulation and social protection), as well as gender inequalities on the labour market, with respect to a transition to the formal economy.

Research topics

Contributions will include but are not limited to the following topics:

1. The various approaches (dualist, structuralist, institutional, etc.) as regards the scope, trends and participants of the informal economy: controversies and converging views.
2. Relevance and completeness of measures (direct vs. indirect methods) of the informal economy: Surveys (households vs. enterprises), national accounts and computable general equilibrium, econometric modeling.
3. The determinants of access to the informal sector and informal employment: voluntary choice vs. last resort? What may explain differentiation between men and women: human capital and preferences on the labour supply side and/or profiles requirements on the labour demand side?

4. Female informal wage employment and male / female income differentials: are they industry driven?
5. Informal entrepreneurship and gender: to what extent do aspirations vs. constraints differ?
6. The transition from the informal to the formal economy: tax relief, simplification of regulation and / or extension of social protection? Which devices with respect to efficiency, fairness and costs? Should there be positive discrimination towards women?

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