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The Informal Economy and gender inequalities

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E-mail : labolareiid@yahoo.fr

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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 Hadeffi 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.