

Essay Outline

Essay Question: How significant is the informal sector economy, especially in poorer countries? What kind of legal and policy framework is most likely to be effective in managing the development of this sector? Give examples. Is management actually needed in this sector and, if so, by whom and by what means?

Introduction (300 words) - Present the issue of the informal sector economy and the necessity of government management within the area. Highlight the importance of the informal sector as well as the issues that surround it. Clearly state the thesis that,

“The crucial role played by the informal sector in enabling the survival of millions of people, especially in developing countries, must be protected and developed through government management and policies that will enable a transition to a formal economy that inevitably protects workers.”

Point 1: The Importance of the informal sector economy (700 words) - Highlight the ways in which the informal sector benefits a country and its residents. Provide statistics evidencing the necessity of the informal sector in developing countries. Use the Oshodi Market in Lagos, Nigeria as an example of the importance of the informal economy and how poor policies may affect it. Discuss Modernisation Theory in relation to the sector, providing critiques.

Point 2: Problems facing the Informal Sector (600 words) - Analyse the various issues facing and emanating from the sector, with brief examples from developing countries. Reference the UN’s Sustainable Development Goals where applicable. Include issues such as:

SDG #5 ‘Gender Equality’:

- Gender disparity in the informal economy.

SDG #8 ‘Decent Work and Economic Growth’:

- Lack of social protection for informal workers.
- Effects on national development as a deficit of tax payment.
- Limited access to finance and other barriers to formalisation of work, which prevent development.

Point 3: The necessity of government management (700 words) - Examine the effectiveness of government management in the informal sector with the aid of an example (Farming in St. Vincent and the Grenadines). Discuss specific policies that will enable the development of the sector and mitigate the aforementioned issues. Examine policies such as:

- Increasing access to education
- Labour Market Reforms
- Increasing Access to finance and Digital Reforms
- Fiscal policies (progressive taxes, low pay roll tax)
- Simplify 'new' firm procedures and requirements

Conclusion (200 words)- Provide a summary of the essay, with emphasis placed on the thesis and evidence that has been provided to support it. Briefly establish any recommendations for the future.