

TOWARDS MORE INCLUSIVE BUSINESS FORMALISATION A STUDY ON THE EXPERIENCES AND LESSONS IN BUSINESS FORMALISATION by Donath R.Olomi

Despite past efforts in addressing business informality in developing countries, it continues to expand with millions of mostly poor people engaged in unrecorded and legally unrecognized and unprotected economic activities, with poor access to basic business services. The study examined the nature of informality and lessons from past formalisation initiatives in order to capture new insights and practical ideas for making formalisation more inclusive. Findings suggest that informality is a product of historical, economic, political and cultural factors. The regulatory framework and the public sector service delivery mechanisms are not designed for and therefore do not work for a majority of informal enterprises. As a result, formalisation measures implemented directly by the public sector work for a small fraction of the private sector. A paradigm shift is taking place with governments developing special policy and regulatory frameworks for micro enterprises and adopting an ***indirect approach*** to formalization in which the public sector partners with business associations which facilitate traceability (registration), control (self regulation) and access to workspace and other services for members. Tanzania should embrace this emerging approach to realize more inclusive formalisation. Specific interventions, as well as future research areas, are also presented.