

► Supporting women entrepreneurs through formalization

This overview presents the ILO Women's Entrepreneurship Development Programme's priority area on formalization in line with its 2025–2030 strategic plan.

Unlocking the potential of women entrepreneurs through formalization

A significant majority of women-owned and led enterprises operate in the informal economy globally. In fact, 83.4% of women-owned and led enterprises operate informally, with this figure rising to 95.5% in low-income countries¹. Informality deepens the barriers women face in achieving gender equality and economic independence. It limits access to financial services, legal protections and business support. Furthermore, informal women entrepreneurs are often excluded from social protection, including health insurance and maternity benefits. The absence of collective representation hinders their ability to advocate for their rights and expand their networks².

Women face multiple, interconnected challenges in formalizing their enterprises. Limited asset ownership, unequal property rights, lower education levels³, and caregiving responsibilities restrict their time and capacity to navigate complex formalization procedures. Many women also lack knowledge of regulations and registration procedures, overestimate the costs of formalization and face gaps in technology access⁴. In countries with weak rule of law, formalization can expose women to corrupt officials, harassment and coercion⁵. Importantly, these barriers are not experienced equally as women with disabilities, migrant and Indigenous women, and those from other marginalized groups often face overlapping forms of discrimination and exclusion. Addressing these intersecting vulnerabilities is key to making formalization efforts inclusive and effective.

Despite the barriers, the economic potential is clear: achieving gender parity in entrepreneurship could generate USD \$5–6 trillion globally⁶. ILO experience shows that enterprise formalization can act as a vehicle to level the playing field for women entrepreneurs, by enhancing access to services, networks and market opportunities, thereby significantly increasing their potential for growth. Moreover, because women-led businesses employ, on average, six times more female employees than male-led businesses, formalizing women-led enterprises creates employment opportunities for a substantially larger number of women, further amplifying economic gains⁷.



¹ ILO, 2023. [Women and men in the informal economy: A statistical update](#).

² VSO, 2024. [How can we empower women working in informal sectors?](#)

³ World Bank, 2024. [Tracing global trends in education: A tale of old and new gender gaps](#).

⁴ GSMA, 2023. [The Mobile Gender Gap Report 2023](#).

⁵ ILO, 2016. [Engaging informal women entrepreneurs in East Africa: Approaches to greater formality](#).

⁶ Women Entrepreneurs Finance Initiative, 2022. [The case for investing in women entrepreneurs](#).

⁷ Women Entrepreneurs Finance Initiative, 2022. [The case for investing in women entrepreneurs](#).



Formalization also enables meaningful social outcomes. By enabling women entrepreneurs to access social protection, formalization can significantly reduce persistent gender gaps in coverage and benefits. Evidence shows that women tend to invest their earnings in their children's health and education, thereby improving their families' long-term prospects and expanding national human capital⁸.

⁸ Goldin, G., 2024. 'Chapter 9: The impact of women's empowerment on human capital of the next generation: Looking within the household', in L. Kolovich and M. Newiak (eds.), Gender Equality and Economic Development in Sub-Saharan Africa, International Monetary Fund.

Over 60% of the world's employed population operate in the informal economy.

ILO, 2018 – "Women and Men in the Informal Economy: A Statistical Picture"

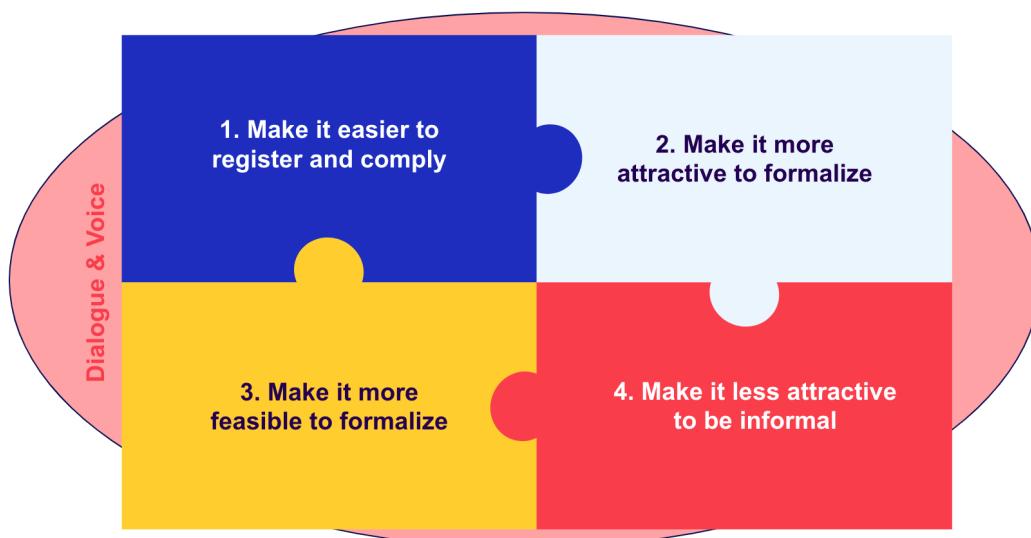
ILO-WED's approach to formalizing women-owned and led enterprises

The ILO has been supporting women entrepreneurs in formalizing their businesses for over two decades and assumed a leadership role in documenting and addressing barriers to the formalization of women-owned and led enterprises.

The ILO's Women's Entrepreneurship Development Programme (ILO-WED) promotes the ILO five-pillar approach (see diagram below) to facilitate the transition of women-owned and led enterprises and their workers from in-

formal to formal operations. This comprehensive approach acknowledges that formalization is a complex, multidimensional process shaped by regulatory, economic and social factors. It requires coordinated contributions and collaboration from a range of actors including government agencies, employers' and workers' organizations, informal sector associations, business support organizations and financial institutions.

ILO's Five Pillars of Formalization



Now I have a social security plan. From that, I have benefits, such as medicine, at a very low cost. I'm protected when I get sick and I make payments so I can receive a pension when I retire."

Dina, Entrepreneur managing a furniture business

CASE STUDY

An integrated approach to formalizing women-owned and led enterprises in Cabo Verde

Since 2011, the ILO has actively promoted enterprise formalization in Cabo Verde. At the macro level, the ILO assisted the Government in developing and reforming the simplified legal regime for micro and small enterprises (REMPE) and creating incentives and support services for formalization.

In 2020, in response to economic disruptions caused by floods and COVID-19, the ILO launched the "Sucupira50" pilot project to promote formalization and resilience among women entrepreneurs in Praia's Sucupira market, the country's largest informal market. ProEmpresa, the national business support organization, established a dedicated service desk at the market, providing women entrepreneurs with essential information on formalization procedures, including benefits like social security for entrepreneurs and their workers. The National Institute of Social Security held targeted sessions on formalization benefits and the practical aspects of social security contributions.

Women entrepreneurs also received sensitization on good tax citizenship, gender-sensitive training on business management and financial literacy,

making the transition to formalization practical and sustainable. Formalization under the REMPE regime enabled women entrepreneurs to access subsidized financing through the government's "Linha Fomento" credit line, offering loans up to USD 14,000 with favourable interest rates and government "ProGarante" guarantees, covering 50-80 per cent of loans, were made available through microfinance institutions and credit unions.

The project resulted in over 2,000 women receiving formalization assistance, with 900 businesses officially registered and 888 loan applications approved, 75% of which were submitted by women-owned and led micro enterprises. Since implementing the REMPE regime, social security registrations also grew significantly, from 3,700 entrepreneurs in 2016 to 25,177 in 2023, with 12,407 being women. The success of the Sucupira50 pilot project led to its replication in other locations across Cabo Verde, highlighting the broader potential of targeted, gender-responsive formalization initiatives.

Learn more [here](#).

► **2,000**
women received
assistance

► **900**
women-owned and led
enterprises formalized

Looking ahead

ILO-WED is committed to dismantling systemic barriers, unlocking the full potential of women entrepreneurs and advancing decent work for all. In the years ahead, the programme will deepen partnerships, scale what works and drive transformative change to ensure women have the tools, opportunities and rights they need to succeed and lead.

We invite governments, social partners, development actors, and other stakeholders to join us in advancing inclusive formalization pathways for women entrepreneurs around the world.

Get in touch to find out more:

Women's Entrepreneurship Development Programme:

- o Website: www.ilo.org/wed
- o Email: wed@ilo.org

Enterprise formalization:

- o Website: www.ilo.org/ef

