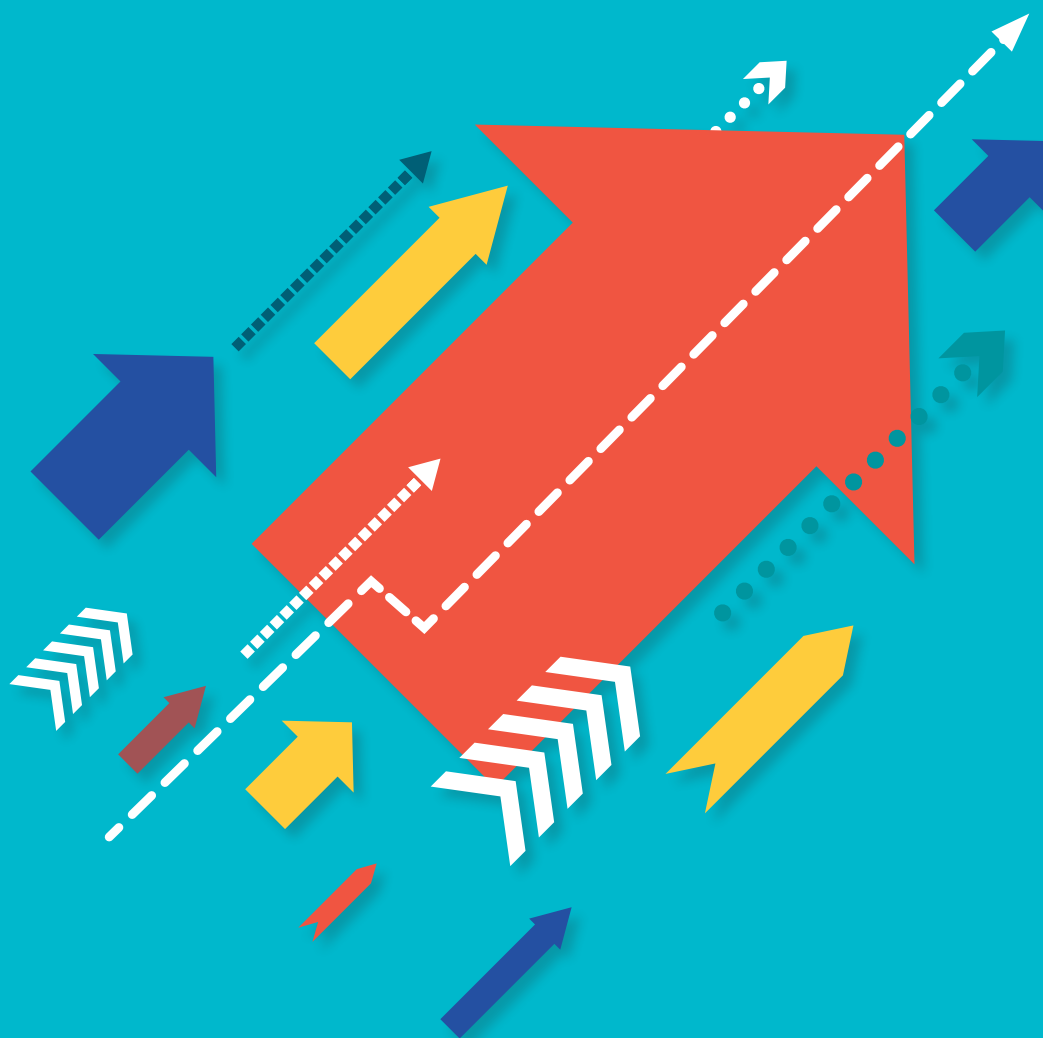




International
Labour
Organization



Enterprise
Formalization



FORMALIZE YOUR BUSINESS

IN THE GAMBIA

LEARNER'S HANDBOOK



AGENZIA ITALIANA
PER LA COOPERAZIONE
ALLO SVILUPPO



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▶ ABOUT THE “FORMALIZE YOUR BUSINESS” TRAINING COURSE

Formalize Your Business is a training module designed to help informal economic units transition to the formal economy. This training module complements the International Labor Office's SIYB (Start and Improve Your Business) training program. Its aim is to raise awareness among male and female entrepreneurs on the importance of formalizing their businesses, on how to achieve that, and on how to address the challenges associated with formalizing micro- and small enterprises. The training also raises awareness on why and how to comply with existing legislations as a formalized business. It is supported by two types of tools: the Trainer's Guide and the Learner's Handbook. The **Learner's Handbook** is divided into four main parts.

Part I provides a range of information on the topic to facilitate the learner's understanding. It is divided into two sections.

Section I is entitled “**General Information on Business Formalization**”. This section helps define what business formalization is about (including the various dimensions of the formalization process and the practical administrative steps to be taken to establish a formal business or formalize an existing venture), presents the rationale for formalizing a micro- or small business, and outlines some of the key challenges that male and female entrepreneurs will have to address as they move through the formalization process.

Section II of the handbook, entitled “**Formalities to be Completed**”, covers all the steps that entrepreneurs, male or female, will need to take as part of the formalization process, from official registration/certification to addressing specific requirements related to the nature of the activity being pursued. This section is organized into four key headings:

- i. “**What I Need to Understand**”, which is some sort of a generic presentation of the formalities to be completed;
- ii. “**How Things Work in The Gambia**”, which provides entrepreneurs with all the key information on how, where and under what conditions they should complete the procedures described in part i);
- iii. “**Useful Addresses**”, which lists a few addresses that entrepreneurs may contact to obtain additional information or complete specific formalities;
- iv. “**Some tips**”, offering some tips from entrepreneurs who have lived through these experiences.

Part II of the handbook is an **activity book** designed to facilitate learning by giving learners an opportunity to gradually apply the knowledge they have acquired. Thus, it includes individual and group activities/exercises, and a self-assessment table that allows learners to not only assess their own knowledge of the subject and their ability to formalize their businesses, but also identify the level they have reached in the process of complying with the law. This chapter also includes a table that allows entrepreneurs to develop an action plan for their individual process of transitioning from informality to formality.

Part III of the handbook is a **glossary** aimed at facilitating understanding. For the convenience of the learner, we have provided practical definitions for selected uncommon concepts that appear in the manual. The goal is not to learn or retain these definitions but to consult them when needed to ensure learners fully grasp the meaning of the text in which they appear. **Part IV** of the handbook, entitled “**Documents**” is an appendix containing additional information to enhance learners' understanding of some of the issues discussed.

While this module is designed to allow entrepreneurs to use it on their own, it is recommended that learners be given initial training on the subject for greater effectiveness. Training may be delivered by business development service providers, small and medium enterprise agencies and their training departments, female entrepreneurs' associations, or employer and business organizations. It may also be delivered by individual consultants and consulting firms with experience in facilitating entrepreneurship training, including SIYB-certified trainers.

The intention of providing entrepreneurs with information on the subject does not have the objective of turning them into experts on formalization. Ultimately, entrepreneurs will benefit from referring to resource persons or entities in the process of facilitating certain formalities or requirements.

AUTHORS AND ACKNOWLEDGEMENTS

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The **International Labour Organization (ILO)** brings together governments, employers and workers of 187 member States, to set labour standards, develop policies and devise programmes promoting decent work for all women and men. The main aims of the ILO are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue on work-related issues.

Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

At its 104th Session (2015), the International Labour Conference (ILC) adopted the **Recommendation concerning the transition from the informal to the formal economy, 2015¹ (No. 204)** based on a strong tripartite consensus. This new Recommendation is of strategic significance for the world of work and for the future of work: it concerns half of the global labour force and more than 80 percent of economic units (including small and medium enterprises) worldwide who are working and operating in conditions of informality. This is the first international labour standard to focus on the informal economy in its entirety and diversity and to point clearly in the direction of transition to the formal economy as the means for achieving decent work for all and inclusive development. The objectives of the Recommendation are to provide guidance to Member States to:

- i. Facilitate the transition of workers and economic units from the informal to the formal economy while respecting the fundamental rights of workers and providing opportunities for income security, livelihood and entrepreneurship.
- ii. Promote the creation of decent enterprises and jobs, their preservation and sustainability in the formal economy, and coherence between macroeconomic, employment, social protection and other social policies.
- iii. Prevent the informalisation of jobs in the formal economy.

1• https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204.

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► WHAT IS IT ABOUT?

Governments in all countries normally work to create the best possible conditions for private sector businesses, regardless of their size and level of activity. Nevertheless, a considerable number of entrepreneurs do not perceive the need to either get registered or take appropriate steps to guarantee, for themselves and their employees, minimal working conditions that are conducive to the development of their businesses and the well-being of the people working there. Under these circumstances, these enterprises are considered to be in the informal sector. Governments take special measures at specific times to help businesses respond to various shocks caused by a crisis such as covid-19. However, it is very difficult to extend substantial assistance to a business selling products and services for profit but that does not have any legal existence or is not fully compliant with government regulations. Under these conditions, formalizing one's business should no longer be considered a luxury for micro and small businesses, but a necessity.

This handbook will help you formalize your business using a structured approach in order to establish it as a legal entity with the advantages conferred on businesses that are recognized by the government or local authorities.

► WHO IS THIS HANDBOOK FOR?

This handbook is intended for use by men and women entrepreneurs who wish to start a business in accordance with the procedures and requirements of their country's applicable legislation. It is also primarily intended for entrepreneurs who are already in business and wish to be established as legal entities and comply with regulations, i.e., move from the informal to the formal sector to avoid the growth constraints and obstacles associated with existing as an informal business while enjoying the advantages associated with the status of a formalized business.

► WHAT IS THE AIM OF THE TRAINING?

At the end of the training, you will be able to:

- Describe the various dimensions of business formalization.
- Identify the benefits of formalizing your business.
- Identify the challenges associated with the process of formalizing your business.
- Understand the process and steps for formalizing your business.
- Develop your own path to formalizing your business.
- Familiarize yourself with your country's administrative procedures and legal requirements.
- Identify the institutions involved in the formalization process and how they can help you comply with regulations.
- Evaluate your formalization process and understand how to take steps to manage identified constraints.

► HOW TO USE THIS HANDBOOK?

This Learner's Handbook provides you with the following:

- Definitions and terms to help you understand what we are talking about.
- Answers about the importance of each step or aspect of the formalization process.
- Information on the benefits of each aspect of the formalization process.
- Text boxes about lessons learned for each unit.
- A list of organizations involved in formalization and business compliance.
- References to your workbook to apply the theory you have learned to your specific case.



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Additional tools and information material on business formalisation are available on our website.



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