

## Women entrepreneurs and formalization in Nigeria:

### Study on barriers and opportunities validated by tripartite constituents and informal sector representatives

“A key outcome of the ILO assessment is to develop recommendations which can be turned into concrete actions which benefit women entrepreneurs.”



Vanessa Phala, Director of the ILO Country Office for Nigeria, made this point during a validation workshop held in Abuja, Nigeria for the ILO-commissioned Study on “Barriers and opportunities to formalize women-led economic units and their workers in Lagos and Rivers States”. A first validation event took place in early October with tripartite constituents. The study, which involved extensive desk research, key informal interviews and focus group discussions, was undertaken in the context of the ILO-funded [project](#) “Promoting Gender Equality and Formalization through Women’s Entrepreneurship Development”.

Vanessa Phala, Director of the ILO Country Office for Nigeria speaks during the tripartite validation workshop of the assessment

### A profile of women entrepreneurs in the informal sector

Most of the 122 women entrepreneurs surveyed in the context of the study in Lagos and Rivers States are middle-aged, economically active, and well-experienced in running businesses in the informal sector. Many of them combine their business activities with unpaid domestic and childcare responsibilities. A main motivation for these women to start their business is the desire to become their own boss and combine income generating activities with daily family responsibilities.

One in three respondents from Lagos State voiced that they had to secure their husband’s consent before starting a business. Moreover, gender-based violence emerged as a principal barrier to women’s economic and entrepreneurship development. One panel member, Ms Suzi Momoh representing the Nigeria Labour Congress (NLC), further called for initiatives to improve access to childcare and other programmes that address women’s real needs.

## Barriers and opportunities to formalize enterprises

Most women surveyed did not have their businesses registered, nor were they or their employees registered with the national tax or social security authorities. However, around a third women entrepreneurs pay local government taxes, such as for shop or trade permits, others pay business premise levies. The most frequent reasons for not registering their businesses appear to be complex and tedious registration process and high



Dr. Dare Akerele, ILO consultant, presents the findings of the assessment to tripartite constituents

costs. Another challenge of non-registration is the requirement to pay taxes regularly once having a formal business status. The majority felt that their businesses were too small to register.

Most of the business owners were aware of the advantages of enterprise formalization, such as access to wider markets, government support programmes, public procurement opportunities and access to credit.) However, they were mostly unaware of specific formalization incentives available to them such as a fund programme offered by the Central Bank of Nigeria, in which 60 percent of funds were earmarked for women entrepreneurs or a dedicated training for women entrepreneurs financed by the government. This suggests, amongst others, a need for creating more awareness and support to women-owned businesses, which build their entrepreneurial capacity and promote their business development and formalization in a holistic manner.

Various stakeholders presented the advisory and support services their organisation is providing to help women entrepreneurs in the informal sector such as business formalization training and financial products to women-owned businesses. Participants actively discussed the contributions and identified opportunities to improve the prominence of the services and facilitate their outreach to women entrepreneurs.

### Next steps

Following this first study, tripartite constituents will be discussing and validating findings from a wider assessment on framework conditions for women's entrepreneurship development (WED). This assessment study, to be presented on November 8, will look at where Nigeria stands in terms of policies and policy coordination, enabling voice and representation of women entrepreneurs, facilitating access to markets and ICTS by women entrepreneurs and accessing financial and business development services. By triangulating information from different sources, the study scores six framework conditions and 17 sub-conditions offering a visual representation of the current situation. It concludes with a set of recommendations to strengthen the overall conditions for women's entrepreneurship.

With these two studies validated, the Project will be in a position to provide, during the first quarter of 2023, technical support to government and social partners to implement the roadmap of recommendations. These recommendations will aim to strengthen policies, practices and dialogue

mechanisms that positively impact women entrepreneurs, their workers and the formalization of their businesses with a view to improve livelihoods and create sustainable enterprises.



Tripartite constituents during the validation workshop held in Abuja, Nigeria in October