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State, Civil Society and Expanding Social and Solidarity Economy among Informal Sector Women in Ethiopia

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Introduction

The paper draws from empirical evidence gathered in Addis Ababa, Ethiopia from April-May 2012, during field research to investigate the social and political dynamics of women’s community activism there.¹ It examines the ways in which women engaged in informal sector work are being organised under savings and credit cooperatives (SACCOs), and through this critique, investigates the potential for expanding social and solidarity economy (SSE) through savings and credit cooperatives. The guiding hypothesis is that the political economy of policy changes in Ethiopia under which the savings and credit cooperatives are being formed delimits the possibility of expanding SSE through this method. Women in Addis Ababa are involved in many forms of informal sector work, most of which offer minimum wage, is dangerous at times, and most importantly, has failed to significantly lift them out of poverty. At the same time, however, women’s organisations in Addis Ababa have shown remarkable initiative with regards to mobilizing women around savings and cooperative schemes aimed at mobilizing women to save and regenerate their own incomes. These schemes enjoy a broad reach, and include women working as coffee sellers, weavers, street vendors, domestic workers, firewood carriers, garbage collectors and even street beggars. There are a number of initiatives to empower women especially those that have no education and income, through savings, loans and income generating activities. Many are organized under self-help groups and cooperatives, which not only have economic objectives but also play an important social and cultural role in bringing together women who previously would not work together due to cultural discrimination and stigma around certain work, like garbage collection, which are identified with a lower caste. The savings and credit schemes, therefore, are viewed as playing an important psychological role, in addition to the economic and social function of instilling self-worth in women. Women working in the informal sector are organised into self-help groups (SHGs) which consist of 15-20 women; cluster-level associations (CLAs) which consist of 6-8 SHGs; and federations (consisting of up to 12 CLAs). This model though advanced, is not unique to Ethiopia. However, it is a demonstrable fact that Ethiopia’s repressive political and economic regime bears significant impact upon the effectiveness of this model. The proposed paper argues that due to the prevailing political conditions in Ethiopia, the cooperatives are being conceptualised and developed around a severely circumscribed *vision* of women’s empowerment and development. The criminalization of community activism under Ethiopia’s Charities and Societies Proclamation law (CSP law) blocks Ethiopian NGOs from accepting more than 10 percent of their funding from foreign sources and imposes strict and unregulated criminal and administrative penalties for violations. The CSP law criminalizes human rights activities undertaken by Ethiopian organisations that receive more than ten percent of their funding from abroad, and also criminalizes human rights activities by foreign NGOs, including campaigning for gender equality. The law also allows government surveillance of, and interference in, the operation and management of civil society organisations and imposes significant barriers to the work of women’s organisations and other civil society organisations. The approaches developed by women’s NGOs are, as a result, antagonised by a combination of state policies and civil society self-censorship which are undermining the effectiveness of women’s NGOs as catalysts for the development of social and solidarity economies among women in the informal sector. The three main

¹ This research was conceptualized and facilitated by the Strategic Initiative for Women in the Horn of Africa – SIHA Network (www.sihanet.org)

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critiques developed in this regard relate to questions of grassroots women’s lack of *autonomy* (due to dominant role of women’s NGOs); secondly to the *ideology* and the fact that the savings and credit cooperatives are struggling for relevance in a political context that depoliticize women’s rights discourses even as it affirms a neoliberal development agenda; and thirdly *alienation* as a result of the separation enforced between the economic spheres of women’s work and socio-political spheres of grassroots women’s activism. The paper’s main objective is to develop a critique of the approaches adopted by women’s rights groups in organising SSE at the local level through cooperatives, which it shall be argued, are circumscribed by the very laws and policies that ostensibly facilitate existence of the cooperatives. The conditions under which the regime has condoned the existence of solidarity economies for women are also paradoxically the same conditions that are resulting in women’s loss of social economies. For instance, the state’s tolerance of a discourse of economic empowerment while silencing the women’s *rights* discourse has the effect of depoliticizing women’s rights. This fact bears long term implications for women’s effective participation in SSE advocacy and governance. Taking a view of the state as an important actor and intermediary between civil society and markets, the paper explores the contradictions outlined above, arguing that any initiatives aimed at expanding women’s SSE through credit and savings cooperatives in Ethiopia must take seriously an analysis of the dialectical relationship between women’s NGOs and the state. The paper is structured into four parts: Part I deals with political economy questions of poverty, human/women’s rights and the neo-liberal state; Part II examines in detail the nature and dynamics of grassroots women’s organising under the savings and credit cooperative schemes; Part III of the paper offers a critique of non-governmental organisations with regards to their role in organising informal sector women and their complex relationship to the state: and Part IV explores ways in which the contradictions identified could be addressed or managed towards expanding the SSE that savings and credit cooperatives aspire towards.

Background: Structural poverty, the neo-liberal state and gender

After a 17-year hiatus of socialist experimentation, the implosion of the socialist military government in 1991 reincorporated Ethiopia into the sphere of neoliberalism accompanied by a social engineering project which brought unprecedented misfortune in the modern history of the country. The Ethiopian People’s Revolutionary Democratic Front (EPRDF), which assumed power, adopted market-oriented structural and institutional reforms as a condition of getting an infusion of transnational capital and credit to resituate the Ethiopian economy which had been stagnant throughout the 1970s and 1980s (Demissie, 2008: 505). Since the early 1990s the neoliberal agenda of the IMF and World Bank began to emphasize good governance and management in the liberalization of the market. Rather than reduce the role of the state in the liberalization of the market, the new emphasis sought to establish a new kind of state in Africa which could undertake public sector reform programmes, capacity-building programmes, information management programmes and a range of training programme and policy mechanisms. In addition, the social infrastructure investment, particularly in road building and other similar projects were encouraged and funded by the World Bank to enhance the capacity of the state to reduce the negative impact of market failures. As Harrison observed, the measures became important for the IMF/World Bank because in the

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1990s it became evident that reducing the state’s ‘unproductive’ involvement in society was not a sufficient condition to ensure the development of ‘properly’ functioning markets. The funding of investments in social infrastructure can be read as a neoliberal reaction to market failure: the state should *ensure the conditions for people to act socially in a market-conforming fashion* (Harrison 2005: 1310, emphasis added).

These shifts and emphases in the thinking of the IMF/World Bank incorporate a range of ‘extra economic’ concerns: from governance to institutions; from social capital to civil society, reflect neoliberalism as it exists today both as an ideology and a science of economic management, a form of social engineering at the disposal of transnational capital and international organizations (Harrison 2005: 1320).² In arguing that the transition in Ethiopia, from socialism to neoliberalism was not a unilinear process of moving from one state to the next, Demissie (2008) has suggested that rather than focusing on predetermined outcomes, it is important to examine the actual ways that the state withdrew from the economy, the process of deregulation, privatization and the changing property relations and state institutions (Demissie 2008: 511). What such an analysis exposes is the wrenching impacts of this transition. The implementation of the IMF/World Bank market orientation programmes required the Ethiopian People’s Revolutionary Defence Force (EPRDF) government to reduce public expenditure and the role of the state in production and distribution, controlling prices and intervening in exchange and product market as well as in the liberalization of the markets, financial sector and privatization. The consequences of privatization and reduction of public expenditure on the urban population, particularly in Addis Ababa and the urban centres, has been acute.³ The unemployment problem in Addis Ababa has increased alarmingly in recent years.⁴

A survey carried out by the Central Statistical Agency (CSA) in 48 major urban centers in 1997 found that three-quarters of a million people were engaged in the informal sector, of which almost two-thirds were women. Four-fifths of the activities were owner-operated. 47% of those were involved in manufacturing of petty commodities, 42% were in trade, hotel and restaurant businesses, and 11% were engaged in various activities, including street vending. Figures for Addis Ababa show that 61% of employment is in the informal sector making the city one of the largest concentrations of informal sector activity in the world, only surpassed by Kinshasa (80%), Accra (70%), Lagos (69%), Mumbai (68%), Delhi (76%), and Abidjan (65%).⁵ The incidence of urban poverty is also deepening in the major cities of the country. According to a study carried out by the Ministry of Finance and Economic Development (MoFED), urban poverty increased by 4 percentage points (from 33 to 37%) during the period 1995 to 1999, while rural poverty declined by 2 percentage points (from 47 to 45%) over the same period. While the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) reported no significant change in rural inequality in the same period, it registered a rising level of urban inequality, with an increase in the Gini coefficient from 0.34 to 0.38 over the period 1995 to

² In Demissie, Fassil (2008), ‘Situated neoliberalism and urban crisis in Addis Ababa, Ethiopia’, *African Identities*, 6(4), p. 510.

³ Ibid, p. 520

⁴ The total unemployment rate in 1976 was 9.6% (Andargatchew 1992). In 1984, the unemployment rate was 10.5% and, in 1994, total unemployment sharply rose to 34.7%. This is an increase of 24.2 percentage points between the two census periods. The unemployment rate is consistently higher for females than males both in 1984 and 1994.

⁵ In Demissie (2008), ‘Situated neoliberalism and urban crisis in Addis Ababa, Ethiopia’, p. 521

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1999 and again to 0.44 in 2004 in urban areas. Yet, the scale and depth of urban poverty in Addis Ababa is generally underestimated by the government.⁶ The most visible manifestation of the urban crisis in Addis Ababa has been in the general degradation of the quality of life of the majority,⁷ and in the appropriation and exploitation especially of female productive and reproductive resources in managing this decay.

In relating this historical representation of Ethiopia’s political economy to the growth of SSE among women, the paper makes two broad claims. Firstly, it argues that the rise of SSE, and the organization and supply of labour within them ought to be read as a constitutive response to this economic and social deterioration under the neoliberal regime – internal to or concomitant with the capitalist imperative for profit that marked the neoliberal turn in Ethiopia. It is thus, not uncharacteristic that majority of women’s groups in urban areas are organized around the informal sector and other marginalized sectors of work in which the government has failed to deliver.⁸ Ghosh (2012) has argued that throughout its history, capitalism has proved adept at causing patterns of labour supply to change in accordance with demand, and nowhere has this particular capacity of capitalism to generate its own labour been more evident than in the case of female labour (Ghosh 2012: 1). The emergence of solidarity economies among women can therefore, be read as a mode of resistance to capital’s appropriation of women’s unpaid or underpaid labour, and at the same time, highlights the limitations that SSE pose to capitalist accumulation. However, following an institutionalist critique, the organization of women through the model of self-help groups (SHGs) and cooperatives adopted by women’s organisations presents one of the primary contradictions to the expansion of social and solidarity economies: that is, while one of the core possibilities of SSE is to be found in the *autonomous* organisation of women’s labour around life-centred, subsistence political economies, this potential is undermined by the institutionalist logic that follows such modes of organizing. For instance, if it is the case that laws that enable the formation of cooperatives do not function autonomously from those laws that regulate capitalist markets, to what extent can a neoliberal legal and policy environment be expected to nurture SSE? This question recalls one of the primary critiques of microcredit, which views micro-lending as a strategy less in the service of poor women and more in service of an exploitative system, ‘which has relied on creating groups of women who benefit in common from loans (in what are euphemistically called “self-help groups”) so that peer pressure for repayment substitutes for the absence of collateral in lending (see Ghosh 2012; Custers 2012).⁹

⁶ Ibid.

⁷ Demissie cites the following social functions as particularly affected: over-crowding and deterioration of housing; inadequate municipal and industrial dry-waste collection and disposal; lack of access to water and sanitation/sewerage service; and flooding (2008: 522-3).

⁸ Custers (2012) notes how the availability of women workers as the reserve army of labour is conditioned by the broader economic conditions, so that the greater poverty or misery of families sends out greater numbers of women (often younger women) in search of paid work (in Ghosh, 2012: 8).

⁹ On this question, the paper adopts the theorizing of neomarxists, who write about the informal economy primarily as a space of resistance. Ironically, these theorists share a bit of neoliberals’ optimism, in that they see the informal economy as the site where the most dynamic alternatives are likely to emerge (Burbach, Nunez, Kagarlitsky 1997; Esteva 1998). The difference, and it is a critical difference, is that these theorists see these alternatives as a form of resistance to the capitalist system, rather than as “engines of the system’s development.” Their logic is based on the notion that the growing masses of the marginalised poor will eventually overload the system by creating alternative survival mechanisms that lie outside of the formal

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Secondly, the argument is made that the nature of state feminism visible in Ethiopia’s gender policies presents an obstacle to the entrenchment of SSE, an expected outcome given the fact that SSEs are being mediated through women’s NGOs which are at the same time *legitimizing* state feminism through compliance with conservative gender policies. The root of this problem is to be found in the imposition of a women’s machinery as a means for the state to access the grassroots, what Biseswar (2008) has argued is the ‘normal procedure from the EPRDF’s/TPLF’s perspective of a top-down process under which all policies, plans, orders and directions move from the top political cadres to the lower rungs of the ladder, finding thier way from there down to society’ (2008:408). The EPRDF/TPLF government sees itself as all-powerful, the supreme authority on women’s emancipation strategies. The EPRDF/TPLF has an intractable perception of the ‘woman question’ in Ethiopia, one in which there is no place for ‘gender’. The state blames Western radicals for attempting to inject alien habits into Ethiopia in the name of ‘gender’ reform. It sincerely fears that if gender issues were to receive attention women would become too radical and rise up against its oppressive rule. Therefore, it has made the *de-politicization* and *deradicalization* of women’s issues one of its main concerns. De-politicization and deradicalization of women’s issues has been backed by the establishment of Ministry of Women’s Affairs. The EPRDF/TPLF stubbornly insists that women’s issues only concern women and should be solved by women alone. Such an attitude translates into giving the ministry little or no political support, following the rationale that as long as women’s issues remain isolated from the rest of society, they will not be a threat to the political rule of the party. Rather, the problem will only emerge if ‘gender’ is allowed to take a front seat and begin a radical politicization of all women’s issues, problems and concerns (Biseswar 2008: 425, emphasis added).

What the state’s formal cooptation of the women’s movement under the rubric of state protection might conceal are thus the relations of economic exploitation and dispossession that persist. To paraphrase Harriss-White’s argument in relation to petty commodity production (PCP) suggests that the state’s relation to informal sector production is better understood as ‘incoherent’ and even ‘contradictory’, simultaneously endorsing actions which destroy informal trade, protect it, promote it and permit it through enforcement failures and neglect (Harriss-White 2012: 137). By way of example, the state’s infrastructural responsibilities to employers are avoided when production is outsourced to petty producers. Labour law is irrelevant or evaded. The state does not enforce laws through which the super-exploitative advantage of petty production would be abolished. In these ways, the state permits and preserves small enterprises it cannot regulate, while doing nothing about the forces restricting accumulation (Ibid, p. 138). In short, the state cannot act as the guarantor of more egalitarian economic and social relations in a society in which it is also the main agent through which exploitative relations of production and exchange are being reproduced. The question appears to be the extent to which the national environment can be fostered that supports ecological sustainability, gender equity and supports locally-centred livelihood systems in resistance to poverty.

capitalist structure. Therefore, the capitalist mode of production will eventually be replaced by an alternative mode of production created in the informal sector

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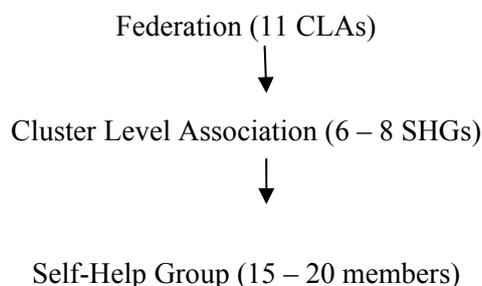
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Nature and dynamics of grassroots women’s organising under savings and credit cooperatives

Women in Ethiopia are involved in all forms of informal sector work, most of which offers minimum wage, is dangerous at times, and most importantly, has failed to significantly lift them out of poverty. At the same time, however, women’s organisations in Addis Ababa have shown remarkable initiative with regards to mobilizing women around savings and cooperative schemes aimed at mobilizing women to save and regenerate their incomes. These schemes enjoy a broad reach, including women working as coffee sellers, weavers, street vendors, domestic workers, firewood carriers, garbage collectors and even beggars. There are a number of initiatives to empower women especially those that have no education and income, through savings, loans and income generating activities. Many are organized under self-help groups and cooperatives, which offer not only economic incentives, but are also playing a significant social and cultural role in bringing together women who previously would not work together due to discrimination and stigma around certain work like garbage collection, which are identified with a lower caste – in other words, challenging the gendered, ethnicized political economy of labour relations in Ethiopia. Many women also previously did not have confidence in the savings schemes, fearing that poverty was their fate and that subjecting their meagre incomes to such schemes would only impoverish them further. The savings and credit schemes therefore can be seen as playing an important sociological as well as psychological function towards empowerment and encouraging self-reliance among women.

The structure of the cooperatives is one that brings together women in self-help groups comprised of 15 – 20 women. For purposes of sustainability, the **SHGs** are further organized upwards into **Cluster Level Associations (CLAs)** which consist of 6 – 8 SHGs, and upwards again into federations which consists of 11 CLAs:



The CLAs function to strengthen the SHGs and have eight main roles: i) forming new SHGs if there

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