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Promoting Transition towards Formalization: Selected Good Practices in Four Sectors



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List of abbreviations

ADWC	Active Domestic Workers Consultancy
BSNL	Bharat Sanchar Nigam Limited
CBTA	Competency Based Training and Assessment
CLRA	Centre for Labour Research and Action
CSO	Civil Society Organization
CWISH	Children and Women in Social Service and Human Rights
DWF	Domestic Workers Forum
DWTU	Domestic Workers Trade Unions
EU	European Union
FEWA	Fazilka Ecocabs Welfare Association
GEFONT	General Federation of Nepalese Trade Union
IDWN	International Domestic Workers' Network
IFTU	International Federation of Trade Unions
ITF	International Transport Workers' Federation
IPT	Intermediate Public Transport
KAS	Kotda Adivasi Sansthan
LEAD	Legal Education and Advocacy
NDWM	National Domestic Workers' Movement
NCEUS	National Commission for Enterprises in the Unorganised Sector
NCOSMW	National Coalition of Organizations for the Security of Migrant Workers
NCW	National Commission of Women
NGO	Non-governmental Organization
NIDWU	Nepal Independent Domestic Workers Union
NMT	Non-motorized Transport
NTVQF	National Technical and Vocational Qualification Framework
OSH	occupational safety and health
RPL	Recognition of Prior Learning
RSBY	Rashtriya Swasthya Bima Yojana
RWA	Residential Welfare Association
SEWA	Self Employed Women's Association
SMEs	Small and Medium-sized Enterprises
TVET	Technical and Vocational Education and Training
TWG	Technical Working Group

Foreword

The informal economy has been identified by the International Labour Organization's (ILO's) constituents as a significant obstacle to achieving the goal of decent work for all. The informal economy remains high on the agenda for most member states of the ILO. Currently ILO constituents are in the process of drafting an instrument to support transitions to formality which, after the initial discussion at the International Labour Conference in 2014, is proposed for adoption in 2015.

In South Asia, more than 80 per cent of the workforce is engaged directly in the informal economy and many more work as informal workers in the formal economy. Formalization of the informal economy is a complex issue, which requires innovative approaches and interventions at different levels. The existing published literature on successful formalization strategies, while growing, remains rather sparse, and many innovative initiatives are poorly documented. With the exception of a few very detailed case studies, research remains very descriptive and rarely provides the kind of details on formalization processes which policy-makers and practitioners could use in the particular context of their own country.

The "Way Out of Informality" sub-regional project is being implemented in India, Bangladesh and Nepal, with funding from the government of Japan. The need for identification of good practices with a particular relevance for South Asia has become clear. The selected cases will serve to illustrate the role of the different labour market partners and effective initiatives which can be replicated in South Asia. The good practices included in this publication cover examples from the sectors linked to the focus of the "Way Out of Informality" project.

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1. Introduction

Around the world, governments and labour market partners are increasingly concerned with the expansion of informal work, and indeed are in the process of developing an international standard which can provide guidance on transitioning out of informality, and which is proposed for adoption at the 2015 International Labour Conference. The informal economy poses a tremendous challenge for trade unions and employer organizations to not only organize and represent informal workers and economic units in such a scenario, but also for policy-makers to keep pace with and enforce appropriate regulations. As a consequence, there is increasing pressure on existing institutions to provide the sorts of inclusive arrangements which can respond to the realities of twenty-first century work and address informality in a comprehensive manner.

Driven by the goal of decent work for all, many countries are responding to the challenges of informality with comprehensive strategies that place great emphasis on capacity building and incentives to encourage movements out of informality. Yet the existing literature on innovative formalization strategies, while growing, remains somewhat sparse, and many advances remain unpublished and poorly documented. With the exception of some detailed case studies, research is often descriptive and rarely provides the kind of details on transitions to formalization which can enable policy-makers and practitioners to adapt and design interventions for use in their own particular country context.

The rationale for this paper is that reviewing and detailing relevant case studies linked to specific sectors will be of significant value for the stakeholders and target groups of the International Labour Organization (ILO) technical cooperation project, “Way Out of Informality: Facilitating Formalization of Informal Economy in South Asia”.

While the issues of informality are gaining renewed attention around the world,¹ this is one of the very few projects that explicitly addresses the phenomenon. Launched in 2012, with the support of the Government of Japan, the project takes as its starting point the ILO’s

¹ Impetus at the national level is also being galvanized by a strong commitment to address informality at the international level. The International Labour Conferences in 2014 and 2015 will hold discussions to adopt a new international instrument on transitioning to formalization.

groundbreaking approach from the 2002 International Labour Conference (ILC) resolution concerning decent work and the informal economy. Using an integrated policy approach, the project not only seeks to encourage the push towards formalization for enterprises and workers but it also seeks to prevent and discourage further informalization of employment.² Importantly, the project recognizes that the way informality manifests itself is very country-specific – it is largely determined by the existing institutions and policies, and the economic and social structures of a country. The issue of formalization is made even more complex by the often blurred national definitions and various measurements of informality for both enterprises and workers. Therefore, tailor-made solutions to meet the challenges of informality are needed to address these complex realities. Within the project, pilot interventions are being designed in specific geographical areas and in specific sub-sectors identified by national constituents during the project launch.

This paper covers four sectors: construction, private transport, hotels and tourism and domestic work. The choice of sectors is related to the needs and priorities identified by the national constituents in each of the three countries in relation to the Way Out of Informality project. More detailed information on these selections is provided in section 1.2.

In collecting these case studies it has become apparent that the workers' side of the formalization process is relatively better documented than the enterprise level. Significant initiatives promoting formalization strategies for informal enterprises, on the other hand, are more scattered and sparsely documented and remain often on a small scale and challenging to replicate. Moreover, approaches towards formalization of enterprises have often been overly concerned with registration. This is shown to be particularly ineffective since it does not take into account the types of incentives and capacity building that would encourage genuine moves towards formality, nor does it take into account the real constraints of enterprises at the margins of the informal economy. There has been a gradual change, and over the last few years, enterprise formalization, which addresses the costs and benefits of formalization amongst other aspects, has become an important area for research and programming.³

² See project description on the ILO webpage: www.ilo.org/saie.

³ For interesting case studies see USAID (2005). See also GTZ (2006).

Regarding the workers' accounts of the formalization process, over the years a large body of research has been created which addresses how unions, cooperatives, social enterprises, or non-governmental organizations (NGOs) mobilize workers and how they frame issues and engage in collective action to secure the rights of the workers and also other entitlements such as social security at the institutional and policy level.⁴

1.1 An integrated framework towards formalization

The study of the informal sector goes back to the early 1970s and it has undergone significant conceptual shifts since then. A critical milestone was reached during the ILC General Discussion on Decent Work and the Informal Economy in 2002 and its subsequent resolution (ILO 2002a). This marked a shift away from the narrower concept of "informal sector" to a broader understanding of the dimensions and diversity of informality encapsulated in the new term "informal economy" (ILO 2002b). The expanded concept includes both enterprises and the various forms of employment relations that are insufficiently covered by formal arrangements.⁵

With its analysis of informality grounded in the Decent Work Agenda, the 2002 ILC resolution was able to provide both a diagnostic analysis of the causes and symptoms of informality as well as the proposed solutions. It recognized that in generalized terms people working in the informal economy are often unprotected or weakly protected by the law; they are often unorganized and under-represented in social dialogue mechanisms; they are often in poorly productive work; and, despite being exposed to serious risks, they are often the least covered by social protection. Thus,

Box 1
Promotion of Decent Work for all

The 2002 ILC resolution and conclusions noted:
'To promote decent work, it is necessary to eliminate the negative aspects of informality while at the same time ensuring that opportunities for livelihood and entrepreneurship are not destroyed, and promoting the protection and incorporation of workers and economic units in the informal economy into the mainstream economy.'

Source: ILC resolutions concerning decent work and the informal economy, para. 13 (ILO, 2002b).

addressing these various vulnerabilities through integrated policies within the Decent Work framework offers the most viable and sustainable

⁴ A significant contributor to the global debate on the informal economy is the international research-policy-action oriented network called Women in Informal Employment: Globalizing and Organizing or WIEGO (see www.wiego.org).

⁵ For a detailed discussion, see Trebilcock (2005).

opportunities for transitioning out of informality (see box 1) (ILO, 2002a, pp. 4-5).

A comprehensive strategy was proposed with immediate, mid-term and long-term perspectives to progressively move towards decent work (see Box 2). The strategy clearly outlines that while the *immediate term* focuses on reforming existing regulations, institutions and policies, which exclude certain worker and enterprise categories from basic entitlements, the emphasis is on coverage and inclusion to ensure universal access to workers' rights, social protection and voice representation. This also includes addressing commercial law and property rights, which are critical to reducing the vulnerabilities of enterprises, in particular micro- and small-scale enterprises. These are first steps towards formalization, as workers and micro-enterprises get statistical and political visibility, are registered and gain access to basic entitlements and rights.

Short- and medium-term interventions seek to effectively change the legal status, therefore formalizing workers and enterprises to access decent jobs with respective legal protection, while enterprises register and gain access to capital, technology and markets to increase their productivity and establish their presence in the competitive market. The long-term perspective

<p style="text-align: center;">Box 2</p> <p style="text-align: center;">An integrated strategy to achieve decent work along the entire continuum</p> <ul style="list-style-type: none">- <i>In the immediate term, give priority to reducing decent work deficits in the informal economy, importantly through ensuring that those who are currently in the informal economy are recognized in the law and have rights, legal and social protection and representation and voice;</i>- <i>in the short and medium term, enable those currently in the informal economy to move upwards along the continuum and at the same time ensure that new jobseekers and potential entrepreneurs are able to enter the more formal, protected and decent parts of the continuum. Priority would be given to ensuring that workers and entrepreneurs have the capacity, flexibility and the conducive legal and policy frameworks to do so. ...</i>- <i>in the longer term, create enough employment opportunities that are formal, protected and decent for all workers and employers. ... new job creation should not be in the informal economy. The emphasis has to be on quality jobs in the upper rather than lower end of the continuum.</i> <p>Source: ILO (2002a, pp. 5).</p>

pursues inclusive macroeconomic policies and strategies, which promote quality employment and formal creation. Furthermore, governance was also emphasized as a key issue during the ILC discussion in 2002.

The growth of the informal economy can be traced to inappropriate, ineffective, misguided, or badly implemented macroeconomic and social policies, often developed without tripartite consultations; the lack of conducive legal and institutional frameworks; and the lack of good governance for proper and effective implementation of policies and laws; and that since decent

work deficits are often traceable to good governance deficits, the government has a primary role to play.⁶

Consequently, laws, policies and programmes leading to exclusion, informality and vulnerability of workers and enterprises require appropriate reforms. Barriers to entry into the mainstream economy need to be removed where they occur. For the informal economy, fundamental principles and rights at work and international labour standards relevant to the informal economy form an essential part of better governance. The importance of involving the social partners and intended beneficiaries in the informal economy in the formulation and implementation was also emphasized (ILO, 2002b, para. 32, pp. 7).

Through the 2002 resolution, ILO constituents confirmed the objective of “moving out of

Box 3

Promote comprehensive responses

Any approach should be ‘comprehensive, involving the promotion of rights, decent employment, social protection and social dialogue. The approach should focus on assisting Member States in revising policies and regulations and addressing governance, employment-generation and poverty-reduction issues’.

ILO (2002c, para. 3 pp 1).

informality” for all as the ultimate goal. It was recognized that embedded in the “Decent Work for all commitment” is the need to address informality through a gradual process, cutting across several macroeconomic and social policy areas, and tackle governance and lack of institutional capacities to meet implementation challenges (ibid.). It is emphasized that any

approach needs to be comprehensive and needs to address rights, decent employment, social protection, and social dialogue (see box 3).

Research during the last decade has contributed to a wider and deeper understanding of these challenges and possible comprehensive responses towards formalization and progression towards decent work for all (ILO, 2013). In 2010, the ILO published a policy brief that fine-tuned the integrated approach established in the 2002 resolution. Seven key policy areas were identified which represent different avenues towards formalization (see figure 1). Depending on the context, formalization efforts may touch upon: (a) growth strategies and quality employment; (b) regulatory environment and ILO Standards and Conventions encouraging registration of workers and enterprises; (c) organizing and social dialogue; (d) reducing various

⁶ For a detailed discussion on ILC, see Trebilcock (2005, p. 8ff.).

forms of discrimination; (e) encouraging skills development and productivity improvement in enterprises; (f) extend coverage through social protection and social security; and (g) provide contextualized answers for rural and urban areas at local levels.

Figure 1. ILO’s integrated strategic framework towards formalization

Source: ILO (2010)



More recently, the ILO published a comprehensive and pragmatic action-oriented guide titled *The Informal Economy and Decent Work: A Policy Resource Guide*, supporting Transitions to formality (ILO 2013). It combines a value-driven, evidence-based and practical perspective with a didactic tool to serve as a one-gate access to a comprehensive set of approaches. Besides identifying critical constraints and challenges faced by specific groups, the guide systematically provides know-how and national and ILO-specific instruments, which address these challenges in a comprehensive way while using specific success cases (ibid.). Evidence from this compilation of good practices reinforces the understanding that strategies need to be anchored in the development of appropriate incentives, as well as providing capacity building to encourage compliance with regulations. Moreover, regulations themselves need to be responsive to the very large diversity of situations of informality and often require substantial reform to cater to the specific needs and constraints of different groups in the informal economy. Not surprisingly, this reinforces the importance of the development of organization and representation for those in the informal economy. Without a flourishing social dialogue, viable solutions to the problems

of informality in different sectors and employment categories cannot be developed. As the ILO Constituents move towards the development of a new instrument on the informal economy, this analysis and experience at country level garnered since the 2002 Resolution will be invaluable in providing information on what has worked and not worked in supporting transitions to formality.

The diversity of strategies applied to address decent work deficits for informal workers and enterprises and the progress on their formalization only reflects the complexity of the challenges ahead. Formalization has different meanings for different segments of the informal economy. Therefore, the formalization debate needs to distinguish between wage workers in informal jobs and the self-employed in informal enterprises. Ideally, it should further distinguish between different segments of the self-employed and wage-employed in the informal economy. It is important to ensure that formalization offers the benefits and protection that come with being formal and does not simply impose the costs of becoming formal. The challenge for the policy-maker therefore is to find the balance: making formality an attractive option through incentives and discouraging informality through appropriate disincentives.

1.2 The scope of the study and selection of cases

This paper is a collection of innovative practices and policies, which address formalization in the sectors selected by the constituents during the inception of the Way Out of Informality project. The scope of this paper is to build a deeper understanding on specific strategies, which facilitate, through an integrated approach, progressive and step-wise formalization of workers and enterprises.

To enable the project to achieve maximum impact and visibility, the ILO constituents opted for a few sector-based interventions, which will be pilot tested in select geographical areas, keeping in mind the time and resource limitations of the project. The selected sectors are construction, private transport, hotels and tourism and domestic work.

High levels of informality, high labour intensity, severe decent work deficit, lack of recognition, exclusion from policy and legislation, and lack of organizational capacity amongst workers or enterprises characterize all these (sub-) sectors. This paper discusses the sector-specific characteristics and introduces innovative cases that use integrated formalization strategies to

address sector-specific challenges, decent work deficits for workers and the growth constraints of enterprises. All the cases discuss a set of policies, institutional innovations and grass-roots interventions which complement each other and jointly contribute to progressive formalization. Access to social protection and health insurance and organizing and building member-based collective and representative structures forms the core of most interventions. Such institutions act as a voice and interface between workers, government and market. They also negotiate for legislative reforms to ensure workers' inclusion, recognition and protection and also for improved employment relationships with employers through collective bargaining. In the context of this project, therefore, the cases discussed here also include a mix of some of the formalization processes for workers and enterprises, as listed in table 1.

Table 1. Select types of formalization

Worker recognition and protection	Firm level formalisation	Organising, Collectivising, Strengthening Social Dialogue and Non-discrimination
<ul style="list-style-type: none"> • Formalizing employment relationships • Extending social security benefits • Recognizing skills level (NVQF) • Finding jobs in the formal economy/reducing risk of informal employment 	<ul style="list-style-type: none"> • Reducing regulatory cost • Incentives to registration & compliance • Facilitating formalization through institutional channels • Helping IE firms to grow & graduate IE 	<ul style="list-style-type: none"> • Enabling environment to form Trade Unions, Cooperatives • Building Associations and Networks • Strengthening Social Dialogue Mechanisms at local and firm levels • Promote Gender Equity and inclusion across interventions

This paper includes a small selection of cases and is by no means comprehensive or representative of the sectors covered. Instead, it sketches out a variety of formalization processes related to employment relationships and enterprise formalization. Some formalization cases address non-standard or informal wage employment in formal enterprises such as hotel and restaurant workers, and point out how collective action, representative institutions and new institutional arrangements can influence labour policies and collective agreements to regularize and protect workers. Other cases address dependent employment and self-employment or micro-enterprises, which require policy and institutional responses to address multiple levels of vulnerabilities and economic, social and legal exclusion as a part of formalization, as is the case with domestic work, informal transport, street food vending or construction work. Enterprise formalization has not been comprehensively covered in this paper. While some aspects of micro-enterprise formalization is included, the cases studies, however, do not engage fully with the existing challenges and obstacles to growth faced by informal enterprises, which itself is too large a task to cover within one single publication. Instead, the project plans to address enterprise formalization and an enabling policy and economic environment in separate workshops, research papers and studies.

Most of the cases are based on a desk review of the literature and Internet research and were substantiated with follow-up discussions with the people and select organizations involved in the projects. Some case studies from Latin America, Europe and South-East Asia were added in situations where important innovations took place. Common for all is that they provide relevant know-how to constituents from Nepal, India and Bangladesh and support the planning and strategizing processes in those countries. This paper also draws from the recently published *The Informal Economy and Decent Work: A Policy Resource Guide, supporting Transitions to formality* (ILO, 2013).

A brief discussion of the specific decent work deficits and the challenges to formalization in each sub-sector is followed by descriptions of three integrated cases and a brief analysis, which in turn is followed by a possible overall sectoral response and the response of the constituents in particular. The paper is divided into different sections – section two covers construction, section three discusses informal private transport, section four covers small hotels, restaurants and

street food vending, and section five focuses on domestic work. The sixth section offers a brief conclusion.

2. Construction

The construction industry in developing and emerging Asian economies has witnessed massive growth over the years, particularly as a result of large infrastructure development projects and housing requirements in fast-growing urban areas. In Nepal and Bangladesh, as well as in India (Planning Commission, 2011a), the construction industry is one of the fastest growing employment generators. The labour-intensive nature of the industry and limited use of technology means that the employment creation per unit of investment, both on and off the building site, is therefore relatively high compared to other sectors. The construction industry plays a major role in combating high levels of unemployment and underemployment, particularly that faced by unskilled workers migrating from rural to urban areas in search of sustainable livelihoods (ILO, 2001). There are numerous occupations within the construction industry, ranging from unskilled labourers to highly skilled craft workers. Typically, they form a hierarchy, with labour contractors having the highest status amongst informal workers. There is evidence across South Asia that women, though significantly represented in construction activities, are concentrated almost exclusively at the bottom of the hierarchy as helpers with hardly any opportunity to professionalize (Spooner and Hopley, 2011). Women are also particularly vulnerable at the worksite as sexual harassment and wage discrimination in the workplace are quite prevalent.



With the fast expansion of construction activities and employment growth there has been a significant shift in employment practices. Construction enterprises around the world have reduced permanent workers in favour of seasonal, casual (often daily) or contractual workers. These workers are hired through intermediaries, who are either informal micro-enterprises or labour contractors.⁷ This is the case for Bangladesh, Nepal and India too, where construction has created the most jobs, though mainly casual employment, in the last five years (Planning Commission, 2011b). Work in construction has become increasingly temporary and insecure in

Box 4
Features of the construction industry in developing countries and emerging economies

Sector-specific features:

- Complex supply chains
- Fast growing
- Increased sub-contracting and casualization
- Weak mechanisms and low enforcement of construction-related legislations and construction codes
- Low building and occupational safety
- Low quality and high wastage of materials
- Large-scale employment creator
- Absorbs many unskilled migrants

Features of informality:

- Lack of comprehensive legislations and protection (health, accident insurance, social security)
- Lack of collective bargaining mechanism and voice
- Lack of clearly defined employer–employee relationships, since workers move from one project to another
- Predominantly casual and informal employment, daily wage work, irregular work
- Low skill levels, no certification
- No recognition (not registered)
- Low and irregular payment
- Dependency on labour contractors (intermediaries), frequently resulting in debt bondage
- Hazardous industry
- Wage discrimination and harassment of women
- Incidence of child labour

nature, and workers’ protection, where it existed, has eroded as large numbers are excluded from protective policies and social security schemes or accident insurance. Employment relationships in the construction sector have become increasingly diverse and complex, with informality being the norm rather than the exception. Construction workers are either self-employed, work as piece-rate or daily wage workers or contract workers, and mostly operate within the informal economy. The increasing use of unskilled migrant workers in place of local construction workers further adds to the workers’ vulnerability. It also makes this group of workers prone to indebtedness and debt bondage.

⁷ For a detailed assessment about employment relationships in the informal construction industry, see Welsh and Jason (2010).

In several countries, the construction sector suffers from significant decent work deficit. Policies and legislation often do not recognize informal construction workers and weak enforcement of existing laws means that workers lack protection. Occupational hazards, lack of safety provisions and often exploitative labour relationships are commonplace, particularly in South Asia. Mechanisms to monitor and protect workers from accidents are rarely enforced and accidents rarely reported. Data from a number of industrialized countries show that construction workers are three to four times more likely than other workers to die from accidents at work (Comaru and Werna, 2013).

Lack of access to market relevant formal training and certification and the absence of career pathways or respective remuneration and decent employment opportunities in the industry contribute to making the sector unattractive for educated and well-trained candidates. The industry sources workers who often have limited employment alternatives. In many cases, migrant workers enter the construction industry fresh, as untrained casual workers (piece-rate or daily wage), where, through on-the-job training, they acquire the skills as helpers by assisting the seniors in the trade. The trade-related skills are usually passed on in an informal manner. As several studies reveal, only rarely have supervisors or labour contractors, or senior construction workers, had any formal training. Instead, most have acquired skills while on the job, over years of work, and risen up the job ladder steadily (Welsh and Jason, 2010, p. 119).

The inability of the industry to attract qualified labour contractors, supervisors and workers has serious repercussions on productivity, safety and quality of construction. Usually, due to poor planning, management and execution, there is a lot of wastage and the quality of the work is often questionable. Skills shortages are a major concern to both employers and workers.⁸

The nature of the industry makes organizing and registration of construction workers difficult, and trade union density and collective bargaining agreements have increasingly been challenged and have deteriorated as a result of increased sub-contracting. Weak government regulation and lack of mechanisms that reach out to construction workers affect every aspect of workers' livelihoods, rights and conditions of work. The absence of a voice of construction workers – most of them being migrant workers within India, Bangladesh or Nepal – requires representative

⁸ <http://www.graam.org.in/sites/graam.org.in/files/Report%20on%20Construction%20workers-final1.pdf> [Sep 2014]

institutions with multiple service provision, which finally can impact workers' safety, protection and rights by law, if not included and through effective channels.

Given the highly fragmented nature of the construction industry, interventions must focus on improving the safety practices and competitiveness of smaller units. In addition, there is a need to increase the levels of registration and protection of workers in this space. In the recent past, some interventions started addressing the specific vulnerabilities construction workers usually face. Jointly with civil society organizations (CSOs), social enterprises and trade unions, governments have taken steps to address some of these decent work deficits in this industry. Many started with recognition and policy inclusion, sector-specific policies and legislation and, most importantly, ensuring access to social welfare schemes and health insurance for construction workers and their families. The following cases discuss the various ways in which informal construction workers can be organized, professionalized and formalized.

2.1 SEWA: Breaking through gender barriers and informality in the construction sector

Established in 1972, the Self Employed Women's Association (SEWA) has grown into a powerful women's trade union. SEWA's strength lies in using comprehensive approaches to address women's needs for full employment, work security, higher incomes, and food and social security. It acts as a union, cooperative and women's movement, and follows the strategy of self-reliance, where the poor build and lead their own organizations to negotiate their rights and entitlements. SEWA provides and facilitates a wide range of services, including mobilization and negotiation within specific industries and sectors, skills training and formation of production and service cooperatives, financial services, and insurance and social security associations. SEWA has a combined membership of more than 1.2 million, covering nine states in India. This also includes

Box 5

SEWA: Formalization focus

- Inclusion and protection of informal sector workers in labour legislation and policies
- Strong, representative trade union and cooperatives, which enable access to banking services, health and microinsurance
- Focus on self-reliance of women's organizations
- Lead agency in establishing national and international informal sector networks (Streetnet, Homenet, Wiego)
- Establishment of construction welfare boards and ensuring registration and access to these entitlements
- Skills training and upgrading of women's skills level
- Redefining employment relationships and gender equality
- Cooperative enterprise development
- Renegotiation with contractors and industry

more than 20,000 construction workers in the city of Ahmedabad alone, many of who were retrenched textile workers who took up construction work as an alternative means of livelihood.

SEWA started organizing female construction workers in 1996, forming a trade committee where the workers' leaders met every month to discuss their problems. The leaders visited all the 150 'Kadianaka' crossroads where the construction workers stand in the mornings in search of work in Ahmedabad. After an assessment of the socio-economic and working conditions of the construction workers, SEWA led negotiations with the Gujarat State Labour and Employment Department to include these informal workers in the national legislation⁵ where the rights of construction workers and access to welfare benefits were recognized. SEWA joined the state-level task force to investigate the issue and was instrumental in the establishment of the Gujarat State Building and Other Construction Workers' Welfare Board. The construction workers, however, still were not able to gain access to welfare benefits, as they had to present a certificate from the employer and contractor for whom they had worked for 90 days in the prior year. Given the nature of daily wage work, where contracts are non-existent and where construction workers are often illiterate and not able to negotiate, these requirements were virtually impossible. SEWA negotiated with the state government of Gujarat to accept a certificate issued by the union as a valid proof of 90-days' work. This ensured access to the welfare benefits for construction workers; however, detailed arrangements are still under negotiation. Nevertheless, an essential principle was established: that SEWA is recognized as a legitimate representative voice of informal construction workers in the state of Gujarat and that there are the established channels for bargaining and consultation⁹.

To establish a self-reliant organization with regular and more formalized income for women construction workers, SEWA formed and supported the building of the Rachaita Construction Workers' Mahila SEWA Cooperative in the late 1990s. With over 350 members, the cooperative independently undertakes construction contracts directly with the clients, collectively provides capital items and a centralized tool and equipment bank, facilitates and encourages vocational training and skills upgrading for its members, and produces and markets low-cost construction materials. It has won a number of construction contracts, as a result of which SEWA's members have been able to access the 'mainstream' construction market. As a cooperative, run and led by

⁹ <http://wiego.org/informal-economy/occupational-groups/construction-workers>

women leaders, they prepare their own business plans, attract investment from banks and build new business skills, which are raising earnings and regularizing their employment. Many workers registered with the cooperative have graduated from ordinary labourers to full-fledged masons with a daily earning increasing from 180 rupees (INR) (US\$ 3.5) to INR 350 (US\$ 6), since the cooperative was registered, with many of them now working as skilled workers rather than ordinary labourers.

2.2 Tamil Nadu workers' unions: Central trade unions' role in promoting social dialogue and formalizing informal sector workers

The ILO projects "Promotion of Decent Work for Rural Informal Economy Workers" and Social Dialogue & Youth Employment" facilitated a Skills Training Initiative, which has jointly been piloted by employers' and workers' organizations in Tamil Nadu. Both pilot initiatives provided a comprehensive intervention package

as support services to unemployed youth and prospective trade union members to find formal employment.

The trade unions conducted an assessment of available courses and training opportunities in government and private recognized institutions, and facilitated candidates' enrolment as trade union members and students

into courses. As a part of the enrolment, the trade unions ensured access to government identity (ID) cards and social protection, social security programmes¹⁰ and registration under the unorganized/manual/construction workers' welfare board.

Trade unions and training providers jointly monitored the courses and the candidates' participation, verified attendance and assisted the candidates in mastering the curriculum.

Box 6

ILO projects: Formalization focus

- Organizing rural youth through trade union enrolment
- Registration, identification cards (IDs) and linking to the welfare board and social security
- In partnership with training providers, trade unions identified occupations in demand and monitored training process
- Training by trade unions on workers' rights and productivity
- Assessment and certification by a recognized agency
- Post-training support by trade unions
- Ensuring signed contracts and placement as regular wage earners in registered enterprises

¹⁰ Benefits available under welfare board schemes for registered workers/their dependents: marriage assistance for men & women; miscarriage/medical termination of pregnancy; accident relief scheme - accidental death & accidental disability (based on extent of disability); natural death assistance; funeral expenses assistance; education assistance with focus on girls' education and further education; reimbursement of cost of spectacles; pension/family pension (applicable only to the Construction Workers' Welfare Board).

Vocational training was offered based on interests and market demand – in mobile phone repair and service, tailoring, driving, air conditioning and refrigerator repair, motor rewinding, basic fitting, and basic welding, and also as computer operators, turners, and electricians. The training also included the rights of the trade union workers, briefings on the ILO and an introduction to questions related to competitiveness and productivity. The course requirement was a minimum attendance of above 75 per cent as well as passing a final examination. The candidates who successfully passed the examination received certificates recognized by the government and affiliated universities. Training institutions and partner unions provided post-training and placement support jointly with employers' organizations and ensured the candidates found suitable employment under a contractual agreement. Overall, a total of 343 youth were trained, out of which 163 were women. This initiative significantly improved the employment perspectives for the job seeking youth, with 72 per cent of the trained candidates finding regular wage employment and 28 per cent pursuing higher studies. The majority of the trained members got employment in formally registered enterprises, earning a decent income. The candidates were also linked to the state-run social security and protection programmes.

In addition to providing direct benefits to unemployed youth, this initiative has increased the capacities of the trade unions and employers' organizations to build networks and linkages with local and government training institutions/service providers, while actively monitoring training and providing post-training support and ensuring fair and transparent employment relationships between employers and workers.¹¹

¹¹ Discussions with All India Trade Union Congress (AITUC), interviews and documents from ILO staff.

2.3 Formalizing skills through recognition of prior learning and formalizing informal apprenticeships in Bangladesh

The Bangladesh Technical and Vocational Education and Training (TVET) Reform Project (2008) is a joint initiative of the Government of Bangladesh and the ILO, funded by the European Union (EU), to formalize and modernize TVET.

In the process, a national skills development policy has been approved by the government, which includes strategies for recognition of skills acquired through informal training, on the job or via life experiences or through “Recognition of Prior Learning (RPL)”. The skills policy also highlights the need for an apprenticeship system (both formal and informal) to

Box 7

Bangladesh TVET project: Formalization focus

- Upgrading and formalizing apprenticeship
- Recognition of prior learning of instructors through a formal qualification system
- Training of instructors on workers’ rights and occupational safety
- Linking certification to national skills standards and the National Skills Qualification Framework
- Micro-enterprise upgradation (through WISE/occupational safety and health [OSH])
- Placement in enterprises

comply with and be covered by legislation and effective regulation. Moreover, measures have been taken to recognize skills under the new National Technical and Vocational Qualification Framework (NTVQF).

One component of the project focuses on the development of structured methodologies to improve access and skills recognition of informal workers through a more inclusive TVET system, taking advantage of informal apprenticeships and existing informal skills from the informal economy to effectively train, assess and enhance the employability of trainees¹². The initiative includes training of master craft workers to upgrade and modernize skills and working techniques across multiple trades, so that occupational safety and health (OSH) and productivity at workplaces would be improved and hazardous working conditions minimized. The master craft workers are trained on Competency Based Training and Assessment (CBTA) methods for three days by ILO and the partner organizations. To facilitate business upgradation, training on productivity improvement and linking to support is provided for easy access to microfinance and business development services.

¹² http://www.ilo.org/dhaka/Whatwedo/Projects/WCMS_106485/lang--en/index.htm [accessed 5 June 2013]

A structured informal apprenticeship programme was piloted, where 500 master craft workers from 500 informal but dynamic businesses were selected and trained in order to impart apprenticeship training to two apprentices in each enterprise over a period of six months. The sectors included the construction industry, air conditioning, appliance and electronics repair, and garment-making. Apprenticeship training was delivered five days a week in the workplace and one day in the nearby technical institute during the apprenticeship period. More than 1,000 apprentices, of whom 58 per cent were female, benefitted from the scheme. Some of the outcomes of the programme include:

- A scalable and replicable model for structured and formalized informal apprenticeships in Bangladesh, which reduces hazardous working conditions in micro-enterprises and small enterprises.
- About 1,000 adolescents/young people were assessed and/or certified under the nationally recognized certificate.
- Around 500 master craft workers are certified and equipped with mentoring skills by effectively utilizing the structured methodology and competency-based training tools to better train young people and minimize hazardous working conditions.
- Master crafts workers follow basic occupational standards and safety rules and have gainfully employed trainees after completion of training.

The project is currently being scaled up and replicated in five districts through collaborations between the government and large NGOs, targeting school drop-outs and young informal sector workers in the service sector, garments and construction industry. It is expected that this training will be integrated into the currently revised “Apprenticeship Rules” of the Bangladesh Labour Act 2006. This would result in formal linkages between formal and non-formal organizations, where apprentices would also finally be formally assessed according to NTVQF skill standards.

2.4 Lessons learnt

The construction industry has increasingly been under pressure to comply with national building and safety standards, as well as environmental standards and workers’ welfare and safety norms. With repeated lapses in building safety in Bangladesh, India and Nepal, there has been much rethinking

Box 8

Ensuring access to welfare board benefits through token system to register and document work of daily wage construction workers in Ahmedabad

The Prayas Centre for Labour Research and Action (CLRA) in Ahmedabad promoted a trade union to register construction workers at their daily pick-up points in the city by issuing a metallic token with a number so that their daily attendance could be documented. Such a database serves as evidence that they have worked in the construction sector for 90 days to be able to register and avail benefits for themselves and their families from the construction welfare board, since employers are not willing to provide proof of their employment. The token system was very successful and expanded across Ahmedabad, reaching out to more than 3,000 construction workers.

Source: Discussions and webpage,

<http://prayaschittor.org/index.php/centre-for-labour-research-action/> [accessed 5 June 2013].

with calls for quick responses in the sector. It is expected that the overall enforcement and monitoring of sector codes for safety, quality, and environmental and social compliance will increase. Efforts to organize and protect construction workers, one of the most vulnerable worker categories, have been significant and unions as well as other member-based organizations have been instrumental in promoting rights and occupational safety for construction workers. Progress has been made towards recognition and protection of construction workers in many countries in the last few years.

There are innovative models to finance welfare schemes in the construction industry, as in the case of India,¹³ where one per cent of the construction costs are taxed through a tax at the state level. These contributions made by the industry provide the financing stream for welfare-related services in the industry. It is overseen by a tripartite construction welfare board and administered by the government, which was established to implement the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and effectively reach out to every construction worker who registered with the welfare board with a broad set of benefits, including social protection, training, accident coverage, housing and education loans and many more.¹⁴ While challenges remain with the design and effective implementation, innovative interventions led by trade unions, such as in the cases of Tamil Nadu and SEWA discussed here (see also box 8), have managed to renegotiate and overcome registration and eligibility challenges and, consequently, ensure access to these benefits.

However, accessing benefits is not the only route towards formalization since industry remains hazardous and often exploitative. Informality and low wages are widespread within the industry, as demand–supply equations determine, in most cases, employer–employee relationships. Skills shortages challenge the entire industry and have led numerous countries, including Bangladesh and India, to explore skills recognition and certification as one option to formalize and professionalize the industry. Registering and reaching out to construction workers brings challenges, given the highly complex and multi-layered industry and mostly migratory nature of the workforce; responses require approaches which meet the very specific and

¹³ For details, see http://hrylabour.gov.in/docs/labourActpdfdocs/Cess_Rules.pdf [accessed 29 Aug. 2014].

¹⁴ For details about the Act and the current implementation see ILO (2010a).

contextualized needs of the construction workers. Many cases suggest that sectoral reforms are critical and should ensure multi-stakeholder involvement to address the shortcomings of the entire industry, which will then impact the welfare and safety of workers. Policy inclusion and an enabling legislative framework includes solutions on construction safety norms, skills recognition and skills development, financing of welfare schemes and social security for the workforce through the private sector, besides establishing a constructive mechanism for collective bargaining and social dialogue at various levels.

A proactive national and local government is essential for effective implementation. The government could be a model case in promoting fair labour practices, while setting an example in their public infrastructure projects, where contracts are issued based on whether enterprises follow a code of conduct and are ready to be inspected and monitored at any level of operation. Joint- or third-party inspections, possibly involving NGOs or trade unions, could be explored to make compliance more bottom-up and sustainable.

Social partners play critical roles in the formalization process, as shown in box 9. The cases show that intermediary and representative organizations like cooperatives, trade unions, associations, social enterprises or NGOs play a significant role and can act as a single-window agency representing workers while negotiating with the government. Through their outreach, trade unions and employers' organizations can register and formalize workers and micro-enterprises. As shown in the case of SEWA, cooperatives and organized workers can also get formed and strengthened to start bidding and accessing projects and contracts. They can also deliver or link workers to skills development, certification and banking and welfare schemes. Importantly, as most construction workers today are migrant workers, support services at both source and destination remain vital. Building national networks to ensure collective bargaining agreements, enforcement of policies and regulations and social protection schemes are critical. Third parties and trade unions could be involved in enforcing compliance and safety and health standards on sites. Upskilling, training and assessment finally provide some opportunities for upward mobility and better wage negotiation and can, as shown in the case of SEWA, even break gender barriers in the construction sector.

Finally, employers' organizations play a critical role in strengthening social dialogue mechanisms and promoting a code of conduct within the industry, and supporting effective implementation. Such a code should also include housing and other facilities for workers at the worksites. The promotion of skills development and certification can further contribute to the overall improvement of the image of the industry.

Box 9

What government and social partners can do

Government

- Create an enabling environment where social dialogue can flourish in the sector
- Promote employment concerns and workers' protection in sector policies and planning
- Ensure recognition of construction work as an occupation and its integration into employment policy and national qualification frameworks
- Draft a national bill and policy with participation of representative organizations. Address workers' conditions, social protection and welfare-related schemes and housing
- Provide incentives for innovations and platforms which support effective implementation of legislation on the ground
- Integrate the principles of Decent Work into the code of conduct of any public infrastructure project
- Facilitate collective bargaining agreements and establish effective conflict resolution mechanisms between workers and employers
- Enable third-party inspection on construction worksites

Trade Unions: Act as single-window service providers with the following approach:

- Reach out, enrol and register construction workers at source and destination (provision of ID cards)
- Ensure access to social protection and social security, insurance, banking, and housing
- Provide training on rights, occupational safety and responsibility
- Provide legal advice and support on labour disputes; establish a helpline
- Facilitate referrals, contractual agreements and inspection
- Refer to existing trade union initiatives and link them with formal central trade unions and informal workers' trade unions for voice representation and collective bargaining at the national level

Employers

- Contribute to social dialogue with workers' organizations and government to promote inclusion in laws and regulations as well as collective bargaining agreements
- Proactively reach out to organizations/companies/networks of employers of construction workers
- Establish a code of conduct for the construction sector and encourage employers to comply
- Support employment agencies and contractors to comply with the law and with regulations that protect construction workers within the country or while going abroad

3. Informal private transport

Only a few South Asian cities offer organized mass public transport, and if they do, provisions are rarely able to meet the fast-growing demand. As a result, various road transport solutions have emerged to fill the gap. These may be classified as intermediate public transport (IPT) or “para transit” and cover the space



between private and mass public transport. IPT operate mainly in one of two ways: (a) commuters can hire them for door-to-door trips or (b) they can operate as informal public transport by carving out fixed routes and fares (share cabs, or minibuses). These vehicles operate largely informally and therefore their service levels, reliability and accountability, and the working conditions of the drivers often remain poor. In small and medium towns, IPT is frequently the dominant mode of transport, with cycle rickshaws, autorickshaws and taxis being the dominant and affordable means of transport for urban commuters. In recent years, these modes of transport have been a topic of endless controversy in many Asian countries. Those in favour of IPT emphasize its requirement as a vital mode of transport in large cities and, more importantly, smaller towns. For them, IPT offers low-cost mobility and connects travellers to mass transit. However, autorickshaws are responsible for high levels of CO₂ emissions and can be unsafe. As cities attempt to develop their transportation systems and simultaneously struggle with increasing car use and congestion, some have adopted caps on the number of autorickshaws. With an increased demand for transport in fast-growing cities such regulations are mostly ineffective.

It is increasingly acknowledged that IPT and informal transport operates as an important complementary service to the formal public transport system. Informal transport providers can fill the gaps left by public transport and extend the coverage of public transport to areas not usually covered. A number of surveys have shown that IPT typically caters to low-, lower- and middle-income groups (Arora, Jarnhammar and Jawed, 2010). IPT also provides a critical source

of livelihood for the poor. While the daily earnings of cycle-rickshaw drivers are low, this occupation often provides the first entry point into the labour market for many migrant labourers. Consequently, there is a need for an active and holistic approach towards improving informal modes of transport, from both a service delivery point of view and quality of employment perspective so that complementary services to the public transport system are optimized.

The road transport sector is highly diversified when it comes to employment, which ranges from different categories of drivers, pullers, head-loaders and other porters to Sherpas or other trekking workers. The working conditions of these people are, with some exceptions, very poor.

As one analyst put it:

In Bangladesh, whereas only 1,500 buses and 27,000 trucks belong to the state-run Bangladesh Road Transport Corporation, some 80,000 trucks are owned in the private sector. The wages and working conditions are abysmally low for the over 500,000 workers in the private, informal transport sector with no appointment letters, irregular wage payment, and 16–20 working hours per day. Worse still is the condition of some 70,000 mini truck and minibus

Box 10
Features of informal transport

Sector-specific

- Unfriendly political environment for cycle rickshaws and rickshaws
- Often no location to park
- Easy entry for migrant workers: overcrowded
- Unsafe (roads, vehicles and driving)
- Non-transparent tariffs

Features of informality

- Lack of policies recognizing the role of informal transport
- Licensing challenges for drivers
- Limited knowledge about road and vehicle safety
- Not organized: lack of intermediary institutions coordinating drivers and transport workers
- Lack of access to loans for vehicles
- Absence of contractual agreements for drivers without vehicles
- Irregular employment, long working hours, unregulated timings
- Mostly exploitative (drivers not owners of vehicles)
- Unsafe vehicles
- No access to social protection and health services
- Low driving skills levels and communication skills

drivers and employees, the 120,000 odd auto rickshaw drivers, 50,000 taxi drivers and the over 250,000 cycle rickshaw (non-motorised) pullers. The bulk of these workers are employed in a highly fragmented and exploited industry. (Bonner, 2006)

Since many drivers cannot afford to buy rickshaws, or because they are seasonal migrants, they

instead rent the rickshaws in the informal market at high rates on a daily basis. The driver pays a fixed daily rental and covers the fuel cost and incidental expenses but not repairs. The balance money is the driver's take-home pay.

To date, IPT has been largely ignored and little attention has been paid to last mile connectivity. With the exception of some taxi fleets,¹⁵ the vast majority of IPT vehicles operate informally with most local governments taking an indifferent, if not hostile, approach to them. Informal transport work is characterized by long work hours. According to a detailed survey carried out in The Philippines,¹⁶ 41 per cent of drivers report work hours of 10–12 hours a day, with a six- to seven-day working week as the norm. In addition, informal transport workers have weak bargaining power, operating as independent units in competition with each other. The rapid growth in the number of vehicles in many cities has resulted in declining earnings, forcing drivers to extend the day's shift in the hope of earning enough to sustain their families. Informal transport workers are among the poorest of the working poor.

According to several studies in Asia, municipalities rarely provide an enabling infrastructure for IPT such as demarcated taxi or rickshaw stands or lanes for non-motorized transport (NMT). Rather, local governments often have a cap on issuing permits, often due to legacy regulations or concerns that IPT causes traffic congestion. One of the biggest challenges for regulators with regard to IPT is road, vehicle and passenger safety. Often, informal transport evades the safety regulations that apply to official public transport vehicles. Besides permit issuance, there are other forms of regulatory uncertainty (Arora, Jarnhammar and Jawed, 2010). In the case of India, some cities disallow the renting of rickshaws; the owner has to be the driver (ibid.). In 2011, the Supreme Court clarified that any type of vehicles providing transport must be registered and pay taxes or they can be seized (IDFC, 2012). This creates opportunities for rent-seeking and does little to address informality in the sector. More importantly, it increases vulnerability of the informal operators. Under such conditions, it becomes imperative for informal transport workers to organize themselves to realize their bargaining power and to be able to defend their

¹⁵ Even in the case of taxi fleets, taxi drivers, though registered either as owners of taxis or as drivers driving company cars, operate fairly informally. Though a part of a large network, they are usually casual workers with independent status and are not employed as regular wage employees. A typical driver often has very long working hours, has irregular work and is not covered under any social security, accident insurance or life insurance.

¹⁶ See, for further details, Pasqual (2006).

livelihoods. The following cases discuss a variety of approaches to organize, professionalize and integrate informal transport workers into the existing transport system.

3.1 Ecocabs: Cycle rickshaw enterprise with call centre service

Fazilka Ecocabs “Dial-a-Rickshaw” is a cycle rickshaw scheme started in a small town in the Indian state of Punjab, where cycle rickshaws have always been the primary mode of transport, but where services have been poor. Rickshaw drivers frequently overcharged, maintenance was variable, availability of autos was uneven throughout the city, and the municipal council did not enforce service quality norms. In June 2008, Ecocabs was registered as a social enterprise to strengthen and professionalize the unorganized network of cycle-rickshaw drivers and to promote it as an affordable and environmentally sustainable means of urban transport for short distance travelling requirements¹⁷.

To increase access and guarantee service quality, rickshaw drivers were trained in road safety and customer orientation and also as tourist guides – the latter being an additional source of income. A “Code of Conduct” is usually signed at the time of enrolment, which requires drivers to comply with road safety rules and the customer values of the company. A prompt response to complaints of overcharging or misbehaviour results in temporary suspension or revoking of the driver’s membership from the scheme. To facilitate rickshaw access, Ecocabs mapped typical rickshaw routes and divided the city into nine zones.

Box 11

Fazilka Ecocabs: Formalization focus

- Rickshaw stands integrated into zonal planning and set up by municipal council
- Policy-level discussions to protect rickshaw drivers under the Punjab Cycle Rickshaw Act, 1976
- More transparent costing
- Access to low-cost phone services and market linkages
- Organizing and registration as driver who follows the “Code of Conduct”
- Access to loans at 4 per cent in nationalized banks
- Access to health service, free legal aid and educational support
- Training of drivers (road safety, customer orientation and as tour guides)
- Safer rickshaws

The quality of the driving and service orientation has improved with the introduction of

¹⁷ http://ecocabs.org/media/resources/1326173998_5855_wg_urban_Transport.pdf [8 August 2013]
<http://www.cseindia.org/userfiles/Navdeeepercent20Asija.pdf> [8 August 2013]
http://ecocabs.org/media/resources/1351760432_7424_Policy_Group_Qtly_no_17_Sep2012_IPT.pdf [8 August 2013]

innovative technology design. Bharat Sanchar Nigam Limited (BSNL), the national telephone provider, sponsors all Ecocabs phone connections under a closed user group (CUG) scheme, where calls within the group are free of charge. An android application for bookings has been promoted, but few avail of this given the still low level of smartphone use in Fazilka. Ecocabs has also worked closely with rickshaw manufacturers and research institutes (Massachusetts Institute of Technology, USA) to develop more spacious, ergonomically designed and safer rickshaws.

The municipal council created rickshaw stands in five zones for the Fazilka Ecocabs Welfare Association (FEWA), which runs the scheme. The stands have toilet facilities and a tea stall. The larger stands also have a repair shop and canteen. In return for a rent-free space at the stand and a captive market of drivers, the tea vendor often acts as a coordinator of the call centre service, responsible for answering calls and dispatching rickshaws. Approximately 300 of the 450 cycle rickshaws in Fazilka are members of the scheme. Those not participating are either seasonal drivers or drivers expelled due to discipline issues.

The intervention has contributed to the formalization of drivers through their association with the social enterprise. The schemes have directly or indirectly increased drivers' incomes and reduced medical costs. For clients it has provided greater access, accountability, comfort, safety (especially for women and children), price transparency and reliability. The initiative has also contributed to road safety and smoother flow of traffic by providing driver training and, in the case of Fazilka, rickshaw stands and car-free zones. Furthermore, it has given dignity to the rickshaw drivers, whose service has changed from being considered as a cheap and low-end transport provider to a trained service provider with significantly improved working conditions, and safer and comfortable rickshaws.

The success of Fazilka prompted the replication of Ecocabs in other cities in Punjab and Haryana and in the Union Territory of Chandigarh. Through collaboration, Ecocabs is now successfully working in 22 cities in Punjab, and is expected to cover more than 300,000 cycle-rickshaw drivers. Ecocabs has established management committees to implement enforcement mechanisms, which ensure that amendments made in the Punjab Cycle Rickshaw Act, 1976 effectively protect the rickshaw drivers.

3.2 G-Auto Nirmal Foundation in Ahmedabad

G-Auto, a social enterprise, organizes autorickshaws and was started in Ahmedabad in response to poor safety and the city's poor autorickshaw service; in particular, there was no price transparency and autorickshaw drivers charged ad hoc fares. From the beginning, the autorickshaw drivers were offered free medical insurance in exchange for the assurance that they would charge the officially set tariff by the state transport commissioner. Within a few months, about 6,500 drivers (of 100,000 autorickshaws) in the city had joined this scheme.

G-Auto launched a subsequent and more limited “dial-a-rickshaw” scheme in which the registered drivers provide service on-call for customers from the entire city of Ahmedabad. To qualify, drivers must have basic English literacy skills and should have received behavioural and road safety training. Passengers can book the rickshaws online or through the G-Auto call centre. For a prompt response, drivers have informally organized themselves into four zones. A

Box 12

G-Auto: Formalization focus

- Supportive local government and strategic partnerships with the municipality
- Registration of drivers into a formal network, which follows the Code of Conduct
- Transparent pricing and rates
- Access to free medical insurance, children's education
- Access to formal banking and credit facilities
- Upgrading skills and services for entrepreneurship through training (as guides, and in attitude and road safety)
- Tracking services of vehicle (safety and transparency) for drivers and passengers
- Feedback system through telephone and SMS
- Empowering the passenger while empowering the driver too through third-party agency
- Significant increase in income through effective marketing

computerized system at the call centre sends a text message to all the drivers in the relevant zone and the first to respond is assigned the ride. There is an INR 15 (US\$ 0.2) fee for standard bookings. For the airport, G-auto has an “Airport Express” service and runs a booking stand outside the airport; each booking charges INR 20 (US\$ 0.4). G-Auto and the airport authority share this fee equally. Crucially, the majority of G-Auto's income comes from advertising revenue, supplemented by booking fees.

The use of technology has improved the monitoring of the vehicles. The rickshaws now have computerized meters that cannot be tweaked. As is done with a radio taxi, customers can request a G-auto from a call centre or through a free mobile phone app. They can also book their G-auto through innovative services like the Any Time Rickshaw (ATR), a call auto service that provides booking counters at places of high traffic such as the airport, railway station and bus stops. G-

auto has begun to collaborate with the public bus system, creating transport hubs for auto rickshaws for last-point connection for commuters. This system also tracks booking fees and follows up on complaints. Drivers who misbehave could be blacklisted for 15 days and their misdemeanours are publicized amongst their peers.

The government of Gujarat has been a critical patron and driver of G-Auto and more than 20 financial institutions and organizations have extended financial or other kinds of support to the initiative. The Gujarat Tourism Corporation and the Ahmedabad Municipal Corporation are strategic partners with G-Auto to train autorickshaw drivers to be tourist guides. G-Auto closely collaborates with the Gujarat government and was initially supported through advertising contracts and in the enforcement of law and order to counter the rickshaw mafia–police nexus that would have impeded these operations. Today, revenue comes from mixed sources, including income from government, from the corporate sector and from advertisements. The income is partially shared with the autorickshaw drivers.

The G-auto concept gave a brand identity to the autorickshaw community in Ahmedabad. The drivers respect the brand and try to maintain the dignity and quality of the brand. Brand loyalty of passengers has also started to develop. The difference in the service provided by the autorickshaw drivers of G-Auto is noted by the customers and business is increasing, including for late night travel from airports or railway stations where trust is often an issue. The initiative has brought about behavioural changes, such as increased professionalism, honesty and dedication towards better services, amongst the drivers associated with the project. Through the scheme, drivers receive more benefits like subsidized health care, death and accidental insurance, education allowances for their children, in addition to access to financial services and training. Schemes are also being explored which would enable rickshaw drivers to invest in their own vehicle. Through more organized planning and the use of the call centre facility more trips are booked. The higher volume compensates for the low margins. Overall, it has resulted in an increase in income, in addition to the other social benefits that have been made available.

G-Auto covers four major cities in the state of Gujarat (Ahmedabad, Surat, Rajkot, Gandhinagar) and has over 10,000 members under its umbrella. It has plans to expand its scheme to Delhi in the future. G-Auto has a long-term vision to provide compressed natural gas (CNG) conversion linkages to rickshaws to solve the pollution problem associated with rickshaws. Rajkot

and Ahmedabad have already introduced CNG autorickshaws¹⁸.

3.3 Nepal's trade unions: Organizing and campaigning for the political rights of informal transport workers

In Nepal, transport and tourism unions have been organizing taxi drivers, rickshaw-pullers, and trekking and mountain guides for over 20 years. In 1999, with pressure from the unions, the government amended the existing labour law to allow for the formalization of unions of informal workers, including wage and own-account workers. Legal requirements were changed to overcome the difficulties to form informal workers' trade unions, as they had previously had to mobilize a minimum of 5,000 members instead of the minimum of 50 in formal establishments.

In 2004, the Nepal National Transport Union or Yatayat Mazdoor Sangh

(NETWON), which is affiliated with the International Transport Workers' Federation (ITF), decided to launch a campaign to recruit informal taxi drivers in Kathmandu. After mobilizing 600 drivers, a three-day leadership training programme was held by the International Federation of Trade Unions (IFTU). They discussed worker problems, the strengths and weaknesses of employers and the transport union, and strategies to organize and improve the recruitment campaign. In 2004, with the help of ITF, a Road Transport Day of Action was organized in Nepal. The transport union issued press statements, took photographs and arranged a symposium on transport workers' problems, issues and challenges. At the same time, NETWON held its first conference of taxi drivers and opened the first taxi branch. Ever since, the union has broadened its membership and conducts trade union education programmes. With strong support from the IFTU, NETWON has been expanding throughout Nepal with union education and mobilization. With increased membership, the union set up a fund for welfare programmes. The fund covers police custody

Box 13

Nepal trade unions: Formalization focus

- Inclusion of occupations in labour laws
- Campaigning and workers' education
- Setting up welfare funds for social protection and accident/life insurance, assistance to workers in case of accidents and dismissal
- Organizing and training on union rights
- Nodal point for taxi drivers and other transport workers
- Collective bargaining for minimum wages and social protection at the national level, with contribution from government and employers' associations

¹⁸ <http://www.slideshare.net/EMBARQNetwork/6-nirG-Auto>
<http://www.idfc.com/pdf/publications/Policy-Group-Qtly-no-17-Sep2012-IPT.pdf>
<http://www.g-auto.org>

allowances, medical allowances, accident costs, legal assistance and also provides assistance to families in case of death as well as accident and life insurance. There is also a provision for contingency costs such as assistance to dismissed workers, hospital allowances, sickness benefits, passenger treatment cost, and assistance to the seriously injured and disabled¹⁹.

3.4 Lessons learnt

The three innovative cases only reflect a small part of the diversity of transport sector interventions and indicate how challenging it would be to propose one single valid approach for formalization. The interventions can be grouped into three types: the rights-based unionization focus, the social protection focus and the market-based focus. Most of the initiatives include one or two aspects and have some points in common.

Box 14

Formalization of informal transport workers

Enabling Policy environment

- Enabling regulation and licensing system for independent drivers
- Inclusive city and transport planning, zoning
- Supportive local environment (licensing/infrastructure etc.)
- Provide access to welfare and social security, insurance to all drivers
- Enforce safety standards of vehicles

Registering, other support services and upgrading skills and professionalism of Drivers

- Enrolment and Registration and regularisation of informal drivers (e.g. bus drivers)
- Insurance, social security
- Training in service, OSH, and road safety
- Client servicing (attitude)
- Banking linkages and services
- Technology based value addition (GPS/mobile phone services)

Association/ Trade Union/Cooperative

- Act as single-window /one-stop service provider
- Awareness raising/lobbying with Government for integration into urban planning
- Running upgrading services for Drivers)
- Access to comprehensive Social Security

¹⁹ NETWON, 2004. Presentation: Organising Taxi Drivers in Nepal. Strategic Campaign Planning Steps 2012: <http://www.itfglobal.org/news-online/index.cfm/newsdetail/8091>
- IFT: <https://www.itfglobal.org/education/organising-manual.cfm>

In all the three cases the role of organizing and creating a platform for being heard have been critical entry points for both informal transport workers and independent drivers to gain visibility and recognition and to be able to negotiate an improvement in their rights and protection. Similarly, within a collective forum, the service quality can be systematically upgraded ensuring workers' safety both in the vehicle and on the road, and professionalization through training and technology upgradation; this can also include introduction of new management systems or technologies, which can redefine the terms of engagement between customers and service providers and provide a dignified identity to the driver/transport worker.

In the case of independent drivers, a prerequisite for success is the political and institutional support of the local bodies and the municipal council to acknowledge their role and integrate informal transport into the development plan while also making efforts to formalize the informal operators. In this regard, regulatory and registration issues need to be addressed and amendments made in regulations, which otherwise tend to force drivers to operate outside the system. Further, organizing IPT initiatives across the country cannot rely on NGOs alone and trade unions can play a critical role. The government needs to create an enabling environment for private players to enter.

Most interventions help informal drivers and their families to access government schemes, and also provide banking and insurance support to reduce their risks and vulnerabilities and provide them with the possibility to invest in their privately-owned vehicles.

As summarized briefly in Box 15, the social partners play a crucial role in the formalization process.

<p>Box 15</p> <p>What government and social partners can do</p>
<p>Government</p> <ul style="list-style-type: none"> - Ensure recognition and inclusion of transport workers (formal registration/licensing through simplified and enabling environment) in urban transport planning and development - Empower, train and incentivize local governments to proactively support transport workers - Address working conditions of drivers; introduce social protection and welfare-related schemes - Provide incentives for innovations and platforms which support effective implementation of legislation on the ground - Incentivize vehicle and road safety and environment-friendly investments and loans - Establish and enable mechanisms for collective bargaining and other social dialogue processes <p>Trade unions</p> <ul style="list-style-type: none"> - Act as a single-window service provider with the following approach: - Reach out and enrol and register transport workers/drivers (provide ID cards) - Ensure access to social protection and social security

- Provide training on rights, occupational safety, road safety, and customer orientation
- Facilitate referrals and inspection
- Refer to existing trade union initiatives and link them with formal central trade unions and informal workers' trade unions for voice representation and collective bargaining at national levels

Employers

- Support enterprise registration
 - Contribute to social dialogue with workers' organizations and government to promote inclusion in laws and regulations as well as collective bargaining agreements
 - Mentor and support transport network businesses, in branding, business development and marketing
 - Proactively reach out to organizations/companies/networks of employers of transport workers
- Establish code of conduct within the transport sector and encourage employers to comply

4. Hotels, small restaurants and street food vending

The hotels, restaurants and catering sector covers a wide range of economic activities, including hotels, bars, pubs, restaurants, street food stalls, tea stalls, contract caterers, dining halls and canteens and related support staff. The sector is an important creator of jobs and also acts as an entry point for low-



skilled labour into the labour market. In the case of Nepal, more than eight per cent of the total employment is created through the tourism industry (Blanke and Chiesa, 2013, pp. 102–103, 197–98, 264–65). For India, employment in the tourism sector accounts for one in every ten jobs, and is expected to increase to some 58 million jobs or some 10.4 per cent of total employment by 2020. In Bangladesh, where the tourism sector is not yet as well developed as in Nepal or India, hotels and restaurants account for some 4.1 per cent of total employment.²⁰

This section is divided into two parts. The first discusses features and formalization strategies of non-standard or informal employment in the hotel/restaurant industry, while the subsequent section addresses formalization of owner-operated micro enterprises in the small restaurants/food stalls.

Informal employment relationships in hotels and restaurants

Many hotels and restaurants are increasingly dependent on migrant workers to lower operating costs. In the case of South Asia, many small restaurant and hotel owners themselves have migrated to urban areas and hire people from their own communities. The sector also continues to suffer from issues of child labour.

²⁰ According to the ILO (2010b), the sector accounted for more than 235 million jobs in 2010, about eight per cent or one in every 12.3 jobs worldwide.

The industry is highly diverse and fragmented, with around 20 per cent of the workforce located within multinational enterprises and 80 per cent in small and medium-sized enterprises (SMEs) (ILO, 2010b). The hotel and restaurant sector worldwide is dominated by small enterprises employing around ten people or less.

The sector is characterized by low wages, and in many instances, below minimum wages. Being a seasonal sector, the work is irregular and with atypical and informal employment, often with poor working conditions and long non-standard working hours. Despite the scarcity of data, indicative estimates suggest that in many industrialized countries, more than 50 per cent of people working in the industry have no regular employment, while in South Asia, the percentage of informal and casual workers is even higher. This is even more so in the SMEs that dominate the industry (ibid.). The work is often physically demanding, as it requires prolonged standing and static postures, carrying and lifting and repetitive movements, which are often combined with other unfavourable and unsafe working conditions such as poor design or poor lighting and ventilation in workplaces.

Box 16
Features of the hotel and restaurant sector

Sector-specific features

- Fast growing yet sensitive to global economic conditions
- Seasonal
- Easy entry for low-skilled migrant workers
- Fragmented and diversified
- High levels of subcontracting
- Low level of enforcement of labour standards
- Low union density

Features of informality

- No collective bargaining agreements which reach out to informal workers
- Lack of law enforcement of labour laws
- High percentage of undeclared/informal and irregular employment
- High dependency on employer (as employment is often not declared)
- No contractual agreements
- Low pay
- Long working hours
- Exposure to occupational safety and health risks
- No access to health services and social protection
- Workers are often “invisible” and find it difficult to reach (child labour)
- No organizing capacities

For many trade unions, the hotel/restaurant and tourism industry is a problem sector for organizing workers. Frequently, workers stay in the work premises and, given the very long working hours and high dependency on the employer, have limited opportunities to leave the work premises, which in turn makes it difficult for the trade unions to engage with the workers.

Trade unions are concerned that the sector's enterprises are not sufficiently engaged in social dialogue and is instead marked by limited communication between management and workforce, weak representation of workers and low union density. The problem is compounded by the short-term or seasonal nature of employment in the SMEs, which dominate the sector. Another reason is the diversity of enterprises engaged and associated with in the tourism and hotel industry and their diverse subcontracting arrangements, which makes organizing of workers difficult.

To tackle undeclared or informal work in the hotel and restaurant industry, many countries have started to address the issue of migration in the sector. Significant progress has been made in addressing workers' low organizational capacities through collective bargaining agreements at the national level. As experiences in some European countries show, the existence of collective agreements in bigger enterprises and the extension of sectoral collective agreements to cover all companies and employees can create conditions for social partners to play a role in improving the overall working conditions in the sector.²¹

Experiences from Asia have shown that similar measures can be introduced here. In Nepal, the trade unions secured an agreement between the Hotel Association of Nepal and the trade unions, in which workers gained access to 68 per cent of the 10 per cent service charge.

Box 17
Nepal hotel workers claim success over service charge agreement

Unions representing hotel, catering and tourism workers in Nepal, after five years of negotiation, secured a phased introduction of a ten per cent service charge through a bipartite agreement in January 2007. The agreement was reached between the hotel owners group (Hotel Association of Nepal, HAN) and five unions representing hotel workers. It will benefit approximately 200,000 workers and their families. The service charge is divided between a 68 per cent share going to workers and a 32 per cent share being retained by the owners. Moreover, the service charge plays a very important role in distributing more fairly the revenues earned in the tourism industries.

Source: <http://asianfoodworker.net/?p=76>

4.1 Aajeevika Bureau, Rajasthan, India: Formalizes migrant workers and provides legal and livelihood support

The Aajeevika Bureau was registered in 2005 to improve livelihoods, rights and social security for

²¹ Eurofound (2012).

2003/578/EC: Council Decision of 22 July 2003 on guidelines for the employment policies of the Member States, Official Journal of the European Union, L 197/13.

migrant workers, most of who work in construction, transport, domestic work, small hotels and restaurants, and informal manufacturing. Aajeevika operates in Ahmedabad (Gujarat) and Jaipur (southern Rajasthan), where each year an estimated 800,000 rural workers migrate to Gujarat, Maharashtra and Karnataka. It is estimated that around 40,000 people work for hotels and hospitality-related establishments in Ahmedabad. Despite the existence of policies and legal frameworks, such as the Inter-State Migrant Workers Act, 1979, enforcement and outreach to this vulnerable group through legal or social protection is weak. The Aajeevika Bureau provides a comprehensive set of services to solve the economic and sociologic problems of migrant workers by creating replicable models offering services and social security. A unique aspect of Aajeevika’s work is its presence in both “source” and “destination” regions.

The *walk-in resource centres* for migrant workers form the core of the initiative, and act as the operational nodes of the model, offering pre-departure counselling, access to information and targeted services to workers. The bureau provides an array of services including registration of migrants, issuance of photo identification cards (with unique ID numbers), skills training, career counselling, legal training and advice, and social security for the workers and their families so as to make migration more

Box 18
Aajeevika: Formalization focus

At source

- Registration (ID cards)
- Skills development at source and placement services
- Introducing written contracts incorporating the interests of both migrant sharecroppers and farmers
- Linking families to government schemes and social protection

Destination services

- Accessing social security (pension/insurance linkages)
- Accessing financial services: credit, savings, remittances, bank linkages
- Organizing/collectivizing, leadership development
- Solving food, health and shelter crises for migrant workers
- Training on workplace behaviour, upskilling and certification
- Placement support and contractual negotiations
- Legal aid/public hearing/dispute settlement (labour helpline)
- Public advocacy and dialogue: promoting labour unions, worker’ rights
- Increased visibility and public participation through the ID cards

secure and dignified. According to Aajeevika Bureau, the ID card is recognized by the Rajasthan labour department. It acts as a valid legal document, and also as an entry point for access to banking and insurance services. It is useful for getting a mobile SIM card and gas connection at residence. Further, it reduces harassment from police and civic authorities and can be used for voter ID registration and participation in elections. The most important contribution of the card

to migrant workers is their increased visibility in the urban space. The bureau has also created a detailed database at the block level, which is shared with the Rajasthan labour department on a quarterly basis, thus building strong data and evidence on inter-state labour mobility from southern Rajasthan to other states to influence the policy agenda of the state.

Introducing written contracts: Collaboration between Aajeevika Bureau and Kotda Adivasi Sansthan (KAS) has led to the drafting of a written contract, which incorporates the interests of the migrant sharecroppers and farmers. There has been a visible impact on the account-keeping habits of the sharecroppers. Employment contracts are also explored in occupations in small hotels and restaurants.

Training and skills development: To increase employability, Aajeevika offers short-term courses, mainly through hands-on training, with more than 60 per cent of the training conducted on worksites. Imparting life skills, client-orientation skills, and legal and safety-related training is a vital component of this programme. Training courses are conducted in partnership with local governments and businesses and include trades such as carpentry, masonry, plumbing, wiring, housekeeping, and food and hotel service. Till May 2013, Aajeevika had trained close to 2,739 youth and provided job placements to 1,793 youth.

Legal protection for workers: Most disputes are related to payment and worksite accidents, unreasonable work hours, and physical and mental exploitation. Workers are largely unfamiliar with appropriate workplace conduct, legal rights and processes, and are therefore unable to adapt accordingly, which might also contribute to the disputes. Aajeevika trains workers in legal education to increase workers' capacities to claim their legal entitlements and rights, while at the same time they are committed to perform their duties as a reliable workforce. Through the Legal Education and Advocacy (LEAD) cell, which was established in June 2010, Aajeevika provides a mediation and dispute resolution and advocacy platform for workers to communicate their issues, and to sensitize the labour department and local officials on interventions and formalized organization of migrant workers through trade unions and workers' collectives. The legal clinic and a newly added Labour Help Line act as a platform between disputing parties where a trained lawyer gives advice.

Providing networking platforms for collective voice representation: The Aajeevika team has promoted 32 workers' collectives and three registered trade unions. Most collectives were formed among construction workers, followed by head-loaders and porters, hotel and restaurant workers, and small manufacturing workers. The collectives help in health and insurance claims, legal advice and banking support. The collectives receive regular training on leadership building, legal and financial literacy and providing legal counselling at labour congregation points. Inter-collective workshops, leadership training and exposure visits further strengthen their capacities.

Organizing workers in hotels and restaurants is challenging, as workers usually live and work in the same premises. A collective of hotel workers was formed across four regions in Ahmedabad. The collective is an informal, unregistered body, but it organizes regular meetings and events and has a stable and active membership of 200 workers with a good number of floating members. Although it is not yet a union, it has growing clout in the hotel industry and immense potential for expansion into a full-scale workers' association at the city level. The hotel workers' collective also works on child labour and forced work in the sector and addresses the following areas:

- Enrolment of new members and access to ID cards, banking and social protection.
- Assistance and mediation in cases related to workplace disputes between employers and workers/staff.
- Identification and mobilization of hotel workers for enrolment in a training and certification programme managed by a reputed hotel management institute.
- Placement assistance and exchange between hotels/restaurants.

To gain access to more formal and better jobs, unskilled and semi-skilled workers with working experiences take short-term courses and get certified for their work experience, while new entrants are trained and certified after their vocational training by the Institute of Hotel Management (IHM), a government enterprise. After training support has led to better wages and, in quite a few instances, where workers were absorbed in larger hotels, they have been provided an appointment letter and social protection coverage.

More than 60,000 ultra-poor seasonal migrants have increased their income by 50–80 per cent, have valid ID cards and access to social protection, access to legal protection and advice, and formal banking besides other citizenship entitlements. The Aajeevika model has been replicated by more than 23 CSOs in seven states. The Aajeevika Bureau was instrumental in

forming a National Coalition of Organizations for the Security of Migrant Workers (NCOSMW), which has a member base of over 20 large CSOs in India²².

4.2 Lessons Learnt

The case represented here clearly illustrates the challenge of organising workers in the hotel and restaurant sector. The sector is characterised by a high competition level, which can lead employers to seek cost reductions wherever possible. Furthermore, it often acts as an entry point for migrant labourers due to the low skills requirement. As with other sectors the outreach to the workers by the trade unions is hampered by the fact that workers frequently live and work in the same premises. However, the cases demonstrate that raising awareness can impact workers' rights and that providing access to services can lower the decent work deficit. Issuing ID cards recognised by the State Labour Department also contributes to a lowering of the workers' vulnerability and assists in obtaining bank accounts and other financial services. The case of the Nepali hotel workers illustrates the importance of joint action by all three labour market partners to achieve a successful and sustainable solution.

ILO constituents have a crucial role to facilitate the formalization process. Their possible roles include:

Box 19

What government and social partners can do

Role of government

- Ensure an enabling environment where social dialogue can flourish in the sector
- Promote employment concerns for informal workers' protection in sector policies and planning
- Ensure recognition of all working categories in tourism, hotel and restaurants and their integration into the employment policy
- Draft a national bill and policy with participation of representative organizations. Address migration, workers' conditions, social protection and welfare-related schemes
- Provide incentives for innovations and platforms, which support effective implementation of legislation on the ground
- Facilitate collective bargaining agreements and establish an effective conflict resolution mechanism between workers and employers, reaching out to small hotels and restaurants
- Strengthen and expand labour inspection mechanisms through partnerships and involvement of

²² <http://www.aajeevika.org/>, accessed 10 June 2013

- <http://www.samarthan.org/migrant-labour/>, accessed 10 June 2013
- <http://migrantscape.wordpress.com/2012/10/05/creative-practices-and-policies-for-better-inclusion-of-migrant-workers-the-experience-of-aajeevika-bureau/>, accessed 10 June 2013
- http://publications.iom.int/bookstore/free/MigrationPolicyPracticeJournal_11Sept2012.pdf, accessed 10 June 2013
- <http://www.bizjournals.com/albany/stories/2002/07/15/focus1.html?page=all>, accessed 10 June 2013

workers' representatives

Role of trade unions

- Promote collective bargaining agreements
- Promote inclusion of informal workers into the labour movement
- Play an active role in training and skills upgradation, certification and placement
- Act as a single-point agency to ensure registration and formalization of workers and migrant workers from the hotel and restaurant industry.

Role of employers

- To play an active role in social dialogue and collective bargaining agreements
- Contribute to social dialogue with workers' organizations and government to promote inclusion in laws and regulations as well as collective bargaining agreements
- Proactively enable formation of SMEs and reach out to organizations/companies/networks of employers of hotel and restaurant workers
- Establish a code of conduct for the hotel and restaurant sector and encourage employers to comply
- Support employment agencies and contractors to comply with law and regulations that protect hotel and restaurant workers within the country or while going abroad.

5. Domestic work

Domestic work plays a noticeable role in the global economy. According to the ILO, the worldwide demand for domestic work has resulted in a steady increase in these jobs over the past two decades, especially for women. According to the latest ILO estimates, domestic workers represent four to ten per cent of the



total workforce in developing countries and 1 to 2.5 per cent of the total workforce in developed countries (ILO, 2010c). Despite data limitations, the ILO now estimates that there are at least 52.6 million men and women across the world in 2010. It accounts for around 7.5 per cent of women's wage employment world-wide, and a far greater share in some regions (ILO, 2013a). Their work is a valuable social and economic foundation, providing vital services to their employers, the ageing and growing urban middle class. The service they provide includes cleaning, cooking, caring for children and the elderly, repair and maintenance work, gardening, driving, and caring for household animals. Most of these activities are not recognized and remain unaccounted for by law and regulations, as they are scattered and isolated in private homes. While there are live-in maids, domestic workers increasingly work on a part-time basis, often for multiple employers,

Box 20 Features of domestic work

Sector-specific features

- Growing support sector to the regularly wage employed and ageing population
- Very limited data availability on domestic workers

Features of informality

- Workers often not covered by legislation or social protection
- Lack of regulated employer–employee relationships
- Lack of professional platforms and intermediaries that are service oriented AND protect workers
- Absence of policies and legislations defining working conditions and employer–employee relationships
- Often multiple employers
- Long working hours/no leave
- Workers are low skilled and not certified
- Low wages
- Prevalence of indebtedness/non-payment and exploitation (including child labour)
- Invisible work (e.g., work in private houses), difficult to organize
- No registration

who very rarely assure worker rights or any social protection.

Organizing workers and monitoring their workplaces, therefore, remains challenging. The nature of their work confines them to remain invisible and unprotected. Poor and often far from home, the overwhelming majority of domestic workers are young women with low education levels, who view the work as an opportunity to earn a living, often in cities, but too often find themselves vulnerable to abuse – from low wages and long hours to sexual and physical abuse, and, in even worse instances, human trafficking.

There are business and social initiatives which address these demand and supply issues, meeting the growing demand for trained and certified reliable workers on the one hand, while seeking to regulate domestic work by ensuring social security, registration and inspection in the workplace to protect the workers on the other. Most initiatives, however, face challenges in scaling and professionalizing the sector. Established trade unions and CSOs have over the years joined hands with domestic worker unions to advocate for domestic workers by getting them recognized as a profession, ensuring access to social and labour law protection, and creating an enabling environment for organizing and a public voice. National and international alliances and trade unions organizing²³ domestic workers have for years lobbied for the rights of domestic workers and for effective policies and legislations to protect them. Increasingly, they have taken up international migration to protect the rights of migrant domestic workers, with the result that the ILO Governing Body agreed to place an item regarding decent work for domestic workers on the agenda of the 2010–11 International Labour Conference (ILC). In the 100th session of the ILC in June 2011, the ILO Domestic Workers Convention, 2011 (No. 189) adopted a set of standards and an important policy instrument aimed at

Box 21

India: Formalization focus

- Pending National Bill for Domestic Workers
- Policy inclusion (recognition of domestic work as an occupation)
- Registration and ID card
- Access to health insurance and social security
- Selected state-level legislation and comprehensive coverage
- Large-scale social mobilization and organizing (at state, national and international levels)

²³ Important drivers in this movement are WIEGO, SEWA and IDWN.

improving the working and living conditions of millions of domestic workers worldwide. Since 2011, seven countries have ratified Convention 189.²⁴ The following three cases discuss a variety of integrated responses to organizing and formalizing domestic workers.

5.1 Formalizing domestic workers in India: Inclusive policy development and regulation to ensure access to social protection, minimum wages and work-time regulation

In 2006, the National Commission for Enterprises in the Unorganised Sector (NCEUS) proposed measures to protect the workers in the informal economy through labour regulation and social security coverage. As a result, in 2008, the Indian Parliament passed the Unorganised Workers Social Security Bill, where domestic work was recognized as a form of unorganized employment. The bill addresses the issues of pensions, maternity insurance, general insurance, and health insurance. It also established a new decision-making body, the National Social Security Board, headed by the Union labour minister, as well as similar boards at the state level to recommend suitable welfare schemes. In 2008, a Domestic Workers' (Registration, Social Security and Welfare) Bill was proposed by India's National Commission of Women (NCW), which, in its statement of objectives, refers to the severe exploitation faced by domestic workers in the absence of national legal protection and, in the case of child labour, the lack of enforcement machinery. The central government issued directives to the respective state governments to extend the existing health insurance scheme, the Rashtriya Swasthya Bima Yojana (RSBY), to the domestic workers in 2011. According to estimations of the Ministry of Labour, the scheme expects to cover an estimated 4.75 million domestic workers in the country.²⁵ According to other estimates, however, up to 90 million domestic workers are active in India.

Some state governments, such as those in Karnataka, Tamil Nadu, Andhra Pradesh, Kerala, Bihar, Jharkhand and Rajasthan, have taken legislative measures to include domestic workers into the schedule of the Minimum Wages Act, 1948 (WSM, 2011: 11). The ministry also directs the states to delegate the responsibility of registration of domestic workers to domestic workers' trade unions (DWTUs), residential welfare associations (RWA), or employers of domestic workers. Labour departments in the southern states (Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu) revised the certification mechanism. They made the physical presence of individual domestic

²⁴ Plurinational State of Bolivia, Italy, Mauritius, Nicaragua, Paraguay, The Philippines, Uruguay.

²⁵ The difference in numbers only indicates the level of informality and lack of visibility of domestic workers. The stigma attached to domestic work also leads to underreporting. See WSM (2011).

workers mandatory for registration at the labour department of the various states. This decision of the labour departments was opposed by some of the trade unions in Tamil Nadu and Karnataka. However, the various labour departments have not withdrawn their decision but extended these requirements from domestic workers to unorganized workers across all sectors.

A few states have also formed State Welfare Boards for Domestic Workers to register this group of workers and give them access to social benefits and minimum social security. The Maharashtra Domestic Workers Welfare Board Act, 2008 provides pension, health insurance, maternity leave and other welfare benefits to domestic workers. This state law gives domestic workers the same status as other workers in the unorganized sector. It also contains provisions on daily wages, paid annual leave and weekly days off. This is one of the most far-reaching pieces of state-level legislation; however, its practical implementation is yet to be further promoted and expanded. In the case of Kerala, more than 35,000 domestic workers were registered in 2012 under the scheme and Jharkhand issued smart cards to 2,966 domestic workers in 2012. In these two states, the necessary institutional mechanism was established to ensure domestic workers' access to RSBY. In other states, the state governments are working towards collecting data to assess the size of domestic workers in their respective states. The aim is to establish a mechanism to register workers with the labour departments, identify the insurance agencies, call for tenders, notify the hospitals and so on. According to the Ministry of Labour, current efforts need to be significantly intensified and nodal agencies strengthened across different states so that RSBY and other programmes for domestic workers and other unorganized sector workers can be effectively delivered.

Despite the significant progress made in some states, the National Domestic Workers' Movement (NDWM)²⁶, SEWA and other Indian domestic worker networks and trade unions emphasize that it remains critical that a nationally binding domestic worker bill and legislation gets passed, which expressly recognizes domestic work as an occupation and regulates minimum wages and working conditions accordingly, besides allowing their unionization. With over two million members at present, the NDWM is a force to be reckoned with (ibid.). The NCW, together with the NDWM and the National Platform for Domestic Workers, representing 16 unions for domestic workers and five support organizations from 23 Indian states, are working

²⁶ IDWN Webpage: <http://domesticworkerrights.org/?q=node/11>

towards a comprehensive legislation and comprehensive social security schemes, establishing a registry of workers, employers and employment agencies, and setting up state and district boards to monitor and support domestic workers with their day-to-day struggles.

5.2 Domestic work in The Philippines: Batas Kasambahay or The Magna Carta

As the second country to ratify the ILO Domestic Workers Convention, 2011 (No. 189), The Philippines has been a pioneer and a long-term and key partner of the ILO in advocating for an international framework on protecting the rights of domestic workers. The number of domestic workers in The Philippines is estimated to be approximately

Box 22

The Philippines: Formalization focus

- Strong local and national civil society involvement
- Government's support at highest levels
- National Day for domestic workers
- Recognition of domestic work as occupation
- Awareness campaigns on rights and dignity
- Comprehensive legislation protecting the rights of domestic workers
- Local government commitment

2.5 million, with approximately 1 million children working in this occupation.²⁷ Domestic work accounts for over 11 per cent of female employment and for more than 5.3 per cent of total employment. The Philippines is also a major country of origin for migrant domestic workers, with 96,583 searching work overseas in other Asian countries and the Arab states in 2010. SUMAPI (1995), a national organization for domestic workers run by women, along with a strong civil society, the Visayan Forum Foundation and other groups spearheaded the campaign not just for a new law, but also for a changed attitude towards domestic workers. Three national summits were held and Technical Working Groups (TWGs) formed which, together with the National Commission of Women, have been instrumental in drafting, jointly with the government, the Batas Kasambahay or Magna Carta for domestic workers who are employed in The Philippines. Leading politicians, including President Benigno Aquino III, have championed the Magna Carta for Domestic Workers. Secretary of Labour Hon. Rosalinda Baldoz, who was also personally involved in promoting the Convention 189, launched the "I Support Kasambahay" Campaign of the Department of Labour and Employment to raise awareness of the government's plan to push for ratification of the ILO Convention and the speedy passage of the Bill. It was signed into a law on 18 January 2013.

²⁷ See estimates made by Visayan Forum Foundation, http://sumapi.weebly.com/uploads/1/0/5/3/10536320/basic_facts_on_filipino_domestic_workers-pdf.pdf [accessed 29 Aug. 2014].

The Domestic Workers Act is a landmark piece of labour and social legislation that extends labour rights, benefits and protection to an estimated 1.9 million domestic workers in The Philippines. The Act provides for the protection of domestic workers against abuse, debt bondage and the abolition of child labour. It sets minimum standards for wages, hours and days of rest, and other benefits for domestic workers (see box 23). Furthermore, it extends social security and public health insurance to the sector and provides for mechanisms for quick response to abuses and accessible means to redress grievances. The law also provides for strict rules regarding the recruitment of domestic workers and draws from the already existing protective legal provisions for Filipino migrant domestic workers (employment contracts with fair working and living conditions).

Box 23

Key protections in The Philippines Magna Carta for Domestic Workers

1. A written contract signed before starting work, in a dialect or language understood by both worker and employer;
2. Regularly paid minimum wages and registration of employment with local government;
3. Five days incentive leaves per year in addition to one rest day per week and maximum daily working hours with provisions for overtime pay;
4. Workers' coverage under the social security system, including health insurance;
5. Basic accommodation and meals for live-in domestic workers;
6. Paid annual leave and maternity and paternity leave for domestic workers; and
7. Protection against abuse and violence, forced labour, debt, bondage and trafficking in persons and clear penalties in case of violation of the law.

Source: UN WOMEN and IUTC (2013, p. 27).

Since 2005, local government units have been passing local ordinances to register and provide programmes for domestic workers in major cities (UN Women and IUTC, 2013). Changing the name for domestic work has also transformed public attitudes towards the profession. In 2006, the government declared 30 April as the National Domestic Workers' Day, which civil society groups actively celebrate every year. Visayan Forum Foundation and SUMAPI also co-launched a TWG for the Batas Kasambahay, advocating for their own version. They co-organized a national Domestic Workers' Summit, launching their campaign to ratify the ILO Convention and pass the Bill into law. The new law also improves the provisions of the Labour Code of The Philippines on household helpers and other related social legislation.

5.3 Nepal Independent Domestic Workers Union (NIDWU) formalizes their members

The Nepal Independent Domestic Workers Union (NIDWU) was established in February 2006 as a national federation of domestic workers with an initial number of 533 registered workers. The First National Congress was held in Kathmandu in 2010. Today, it has 15 local committees or chapters with more than 1,500

workers organized. Nationally, the NIDWU is affiliated with the General Federation of Nepalese Trade Union (GEFONT). With the support of the GEFONT, a national trade union centre of Nepal focusing on the plight of domestic workers, the NIDWU organizes and campaigns for such key issues as: registration of all domestic workers under municipal and local development authorities; employment contracts for domestic workers; minimum wage legislation; work benefits such as medical insurance, social security, and fixed 8-hour working day and holidays; family visit vacation twice a year with transportation costs provided by the employer; and a prohibition on children below 14 years to be employed as domestic workers.

The Active Domestic Workers Consultancy (ADWC), founded on 16 May 2010, is directly involved in skills training and job placement of domestic workers. Their main objective is to create an environment for promoting professional domestic workers. ADWC's working method allows domestic work to professionalize and support workers in finding a decent work environment. NIDWU and GEFONT are also involved in advocacy work to promote the adoption of a new ILO international standard on domestic work. "Other conventions are to be ratified, such as Convention 87 on freedom of association and the right to organise, which could benefit all workers, but the adoption and ratification of a convention on domestic workers would mean that they are recognised as workers and protected by specific legislation, which is not the case at present," underlines Pemba Lama, Deputy General Secretary of GEFONT²⁸.

Box 24

Nepal: Formalization focus

- Registration and ID cards
- Legislation
- Employment contract
- Inspection
- Workers' rights
- Social protection
- Skills development
- Placement services

²⁸ *Nepal Independent Domestic Workers Union*: <http://domesticworkerrights.org/?q=node/11>.
http://www.gefont.org/affiliates_list.php?id=102

5.4 Lessons learnt

Significant progress has been made towards protection of domestic workers in many countries during the last few years. Such steps include recognition of domestic work as an occupation, inclusion of domestic work in labour policies and specific regulatory provisions to ensure minimum wages, access to social security or fixed working hours, employment contracts and so on. However, informality and low wages remain widespread within the industry, as enforcement of these regulations remains challenging and demand–supply equations determine the traditional employer–employee relationships in most cases.

There is no single correct solution to regulating domestic work. Strategic decisions have to be made within the context of each country, taking into account existing laws and prevailing legislative practices, the country’s industrial relations system, and obligations under relevant international labour and human rights law. However, in most cases, labour law reforms on domestic work, consultations with workers’ and employers’ organizations, including organizations of domestic workers and those of employers of domestic workers, where they exist, are desirable and required as stated in ILO Convention No. 189 (ILO, 2012).

That is why collective platforms and representational organizations are so critical. In many cases, single-window solutions can be conducive for formalization, as the pooling of resources and services gives the required institutional capacity for a collective bargaining agreement, based on which wages and contracts can be negotiated. The specific challenge with domestic work lies in the nature of the work, where most of the workers have multiple employers and multiple informal working agreements. Single-window services can simplify and facilitate such employment relationships and also provide suitable solutions for both employers and domestic workers, while at the same

Box 25

Redefining employer–employee relationships for domestic workers through intermediary agency in Belgium

In a tripartite initiative the government in Belgium facilitated the setting up of “services check companies” which act as a third-party employer, hiring and contracting domestic workers through a written contract. The company links domestic workers with clients. A major advantage of the system is that it breaks the unilateral relationship between the worker and the employer, which is open to abuse and exploitation. Both the worker and the employer become visible through the system: workers can be reached and organized by Belgian trade unions; and the same applies for the service cheque companies. Further, the worker gets a decent wage per hour including contributions to the social security office through which the worker can take paid leave, enjoy maternity leave, receive sickness benefits, etc.

Source: ITUC (2010).

time ensuring that working conditions are maintained, domestic workers are registered and social security and welfare are well coordinated and accessible (see box 25).

As figure 2 illustrates, such intermediary organizations can have the legal status of businesses, cooperatives, NGOs or trade unions, but need to have organizing as a clear mandate to act as an interface between the workers, employers and the government, with a true representational role for workers. Such a single-window agency will identify, organize, register workers, link them to existing government schemes, and, more importantly, guarantee them protection. Upskilling of workers and monitoring in the workplace through third-party inspection and the setting up of a helpline can also be facilitated. Most of all, contractual agreements, which represent the formalization of domestic workers, can be negotiated through such platforms (see box 26).

Box 26

Collective bargaining agreements

Germany, Uruguay and France are some examples of countries having collective bargaining mechanisms for domestic workers with a combination of the following: a domestic workers' union or another union representing domestic workers; an employer bargaining entity; an institutional monitoring framework for bargaining facilitated by government; a collective bargaining process that successfully ended in a collective agreement.

The domestic worker collective bargaining agreement in Uruguay was reached through a tripartite structure bringing together the Domestic Workers Union, the Uruguayan League of Homemakers and Consumers that undertook to represent employers of domestic workers in wage negotiations, and the Ministry of Labour and Social Security Ministry (MTSS).

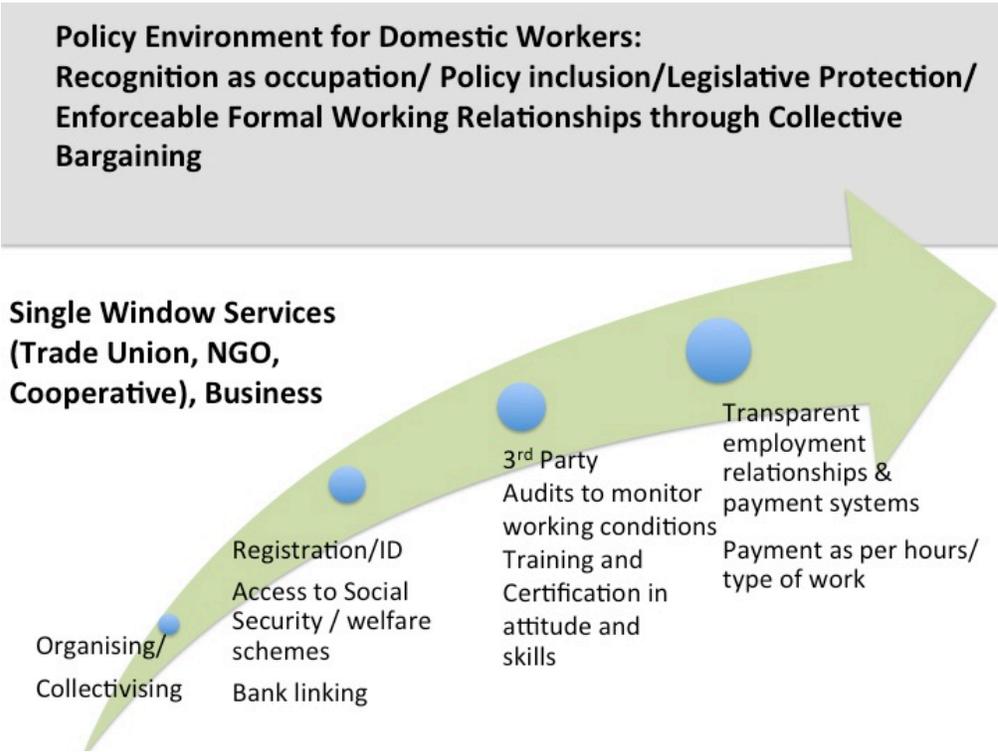
Source: UN Women and IUTC (2013, p. 63).

Finally, such an agency can facilitate the formation of employers' networks, which are ready to sign into collective agreements and promote basic minimum compliances with the help of a Code of Practice that sets out standards of behaviour expected of agencies, employers and employees. A clear and accessible Code of Practice would bring greater clarity and make employers better aware of their duties.²⁹ It should be written by the government in collaboration with agencies, domestic worker organizations and trade unions. With such bottom-up approaches, where workers and employers build respective institutions, the laws and regulations can be better enforced and implemented.

²⁹ Ireland's Industrial Relations Act 1990 (Code of Practice for Protecting Persons Employed in Other People's Homes) (Declaration) Order 2007 is an existing example of this sort of document, <http://www.lrc.ie/documents/publications/codes/10PersonsEmployedinHomes.pdf> [accessed on 29 Aug. 2014].

One of the recurring issues in the debate about labour formalization is the increase in the cost of hiring domestic services, which may lead to a reduction in demand and reduce employment opportunities for workers in this sector (Domingues and de Souza, 2012). Recent research in Brazil suggests the contrary, as empirical evidence could be established that between 2005–11, the demand for domestic labour remained stable in Brazil, while the average salary for the surveyed category during this period increased by approximately ten per cent per year. Therefore, the study shows that the gains in income generate benefits for the welfare of society as a whole; the demand for domestic services remains stable even when there are increased costs for this type of work (ibid.).

Figure 2. Steps facilitating formalization of domestic workers



In brief, the ILO constituents can play critical roles in the formalisation process.

Box 27

What government and social partners can do

Government

- **Encourage the development of social dialogue in the sector**
- Ensure recognition of domestic work as an occupation
- Draft National Bill and Policy with participation of representative organizations. Address workers' conditions, social protection, employment relations and welfare-related schemes
- Ensure enactment and follow up on implementation
- Provide incentives for innovations and platforms, which support effective implementation of legislation on the ground
- Incentivize nationally valid skills recognition and skills upgradation
- Enable third-party inspection in households

Trade unions: Act as single-window service provider with the following approach:

- o Reach out, enrol and register domestic workers (provision of ID cards)
- o Ensure access to social protection and social security
- o Provide training and placement, including training on rights and occupational safety
- o Facilitate referrals, contractual arrangements and inspection
- o Refer to existing trade union initiatives and link with the formal central trade unions and informal workers' trade unions for voice representation, and collective bargaining at national levels

Employers

- Contribute to social dialogue with workers' organizations and government to promote inclusion in laws and regulations as well as collective bargaining agreements
- Proactively reach out to organizations/companies/networks of employers of domestic workers
- Establish a code of conduct for the domestic sector and encourage employers to comply
- Support and monitor employment agencies to comply with laws and regulations that protect domestic workers within the country or while going abroad

6. Conclusions

This paper shows that there are several good practices for the formalization of the informal economy. The cases outlined here have covered a number of different issues and approaches, but there are several common denominators. All have enjoyed a strong commitment from the government. The cases also clearly illustrate that transitions to formality require the joint engagement of all three labour market partners. Time and again it has been proven that strong organization and social dialogue are the cornerstones for developing sustainable solutions for specific groups and sectors. Only through the active engagement by representatives of the concerned informal economy actors can interventions take into account the specific constraints and needs of that sector and ensure a successful solution. A key issue in this regard is that for any response to be effective, an integrated approach is required which is not only explicitly oriented towards formalization but is also coherently linked. For any sector or informal economy group, a multiple policy approach will be required to address the many and varied dimensions of informality.

In the absence of strong labour market mechanisms or institutions protecting informal workers and promoting informal enterprises, an enabling policy environment is required, which encourages representative organizations, which can act as trade unions, cooperatives or social enterprises, as interfaces and single-point agencies between informal workers and enterprises on one hand, and the government and formal enterprises on the other.

All social partners have critical roles to play in this undertaking and need to acknowledge that informal economy workers and enterprises are important actors to be taken seriously. Trade unions have started consolidating their efforts and including informal and non-standard workers in their collective bargaining agreements overall and in specific sectors. They need to find innovative ways to effectively reach out and redefine their roles in servicing their larger constituency.

Employers' organizations can act as representative institutions and interest groups in policy dialogues, and strengthen supply chains and organizational capacity within associations to promote codes of conduct and fair labour practices within the supply chains.

Governments can play an equally important role in reaching out to their constituencies, promoting policy inclusion, effective social dialogue and collective bargaining, skills recognition and certification, besides strengthening inspection mechanisms through the involvement of third-party actors in monitoring. Strengthened involvement will alter the direction of policies and the regulatory environment towards being more inclusive and ensuring that actors in the informal economy are, through stronger linkages and formal representation, recognized as important contributors to the economy. Such an environment will not only improve the performance, it will also protect all workers and enterprises.

Another striking commonality of the good practices described is the limited use of punitive sanctions. Rather, the cases illustrate the concerted effort to identify the types of incentives and capacity building which would encourage a genuine movement out of informality. Well-crafted interventions are able to balance the positive incentives to transition to the formal economy with appropriate disincentives to remain informal.

The case studies provide rich and varied experience in addressing formality successfully and give fresh insights into the different dimensions of informality as they appear in specific contexts. The recommendations reflect learning from empirical cases and the ongoing policy debates. However, they do not claim to be blueprint solutions but rather the basis for problem-oriented discussions amongst the ILO constituents when they plan and strategize their policies and interventions. In the context of the proposed instrument on transitioning the informal economy, which may be adopted at the 2015 International Labour Conference, these case studies can deepen understanding of what has worked in specific contexts, and thus be of valuable support to the guidance provided in the proposed standard.

Appendix

Useful Reading Material

Chapter 1: Introduction

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Chapter 4: Hotels, small restaurants and street food vending

Tackling informal employment/undeclared employment in hotels and restaurants

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