

Way Out of Informality

Project launching

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KATHMANDU (ILO News) – The International Labour Organization (ILO) and the Ministry of Labour and Employment, Government of Nepal, is jointly hosting a national tripartite workshop to share experiences focusing on ‘Way Out of Informality’ at Hotel Himalaya, Kathmandu on 10th December 2012. Participants will include senior government officials, employers, trade unions, civil organizations, bi-lateral and multi-lateral organizations, international and national experts, practitioners and media.

Nepal’s labour market scenario has been characterized by increasing informal employment and reached, as per the latest National Labour Force Survey (NLFS) of 2008, 96%, of which a significant share is unpaid work and highly vulnerable. It is estimated that 38.4 % GDP is being generated by the Informal Economy, which shows the importance it has with regard to the overall economy in Nepal. Nepal’s commitment to address the challenge of growing informalisation and high level of vulnerability faced by the majority of the workforce and Micro, Small and Medium Enterprises (MSMEs) is reflected in the priority given in the 12th 3-year Development Plan.

It is against this background that the ILO has initiated a Programme “Way Out Of Informality: Facilitating Formalization of Informal Economy” in South Asia. The five year project is implemented in India, Nepal and Bangladesh.

The project intends to address the problem by facilitating formalization of informal businesses and workers, and discouraging further informalization of the formal economy firms and jobs. The ILO has also been active in building capacity of the social partners, which includes Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and the major trade unions. Recent capacity building projects with chambers of commerce and trade unions include support in organizing enterprises and workers in the informal economy, holding workshops and producing publications. Manuals and guides to promote small business associations and organize workers have been produced, which will prove useful for supporting similar interventions under the project.

The project will build on the on-going activities of the government, the private sector and the social partners to enhance the chance of sustaining the same activities promoted under the project. Once the impact of the integrated support to formalization combined with a job-rich growth strategy is demonstrated at the local level, the local stakeholders participating in the local level forum can continue implementing the activities.

The project is funded by the Government of Japan through the ILO/Japan Multilateral-Bilateral Programme. Moreover, the local resource leveraging is part of the project core strategies. The project will actively seek partnerships with relevant local stakeholders including those who have financial resources.

The project will choose a few districts and sector in Nepal where the suggested integrated approaches will be implemented. The selection of the districts will take into account priorities of Nepal, the existence of studies and activities that are relevant to the project and the existence of strong partner organizations along with technical criteria to be developed.

This initial workshop launches the project in Nepal and shares international good practices of integrated and sectoral approaches promoting and enabling formalization. This workshop kick-starts the project and facilitates policy dialogue amongst the stakeholders to prioritize policies and interventions during its implementation phase.

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