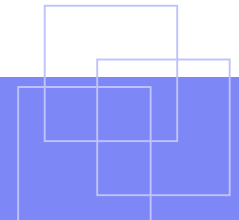


Towards formalization:

Experiences from Way out of Informality Project in Bangladesh, India & Nepal

5 August 2016
Colombo, Sri Lanka



Project Overview

Objectives

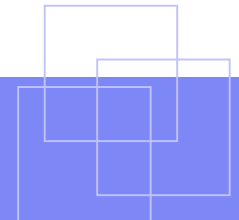
- Facilitate formalization of informal businesses and employment relationships
- Discourage informalization of formal economy firms and jobs

Key Outcomes

- 1.The regulatory and policy environment in the target local areas made more conducive to formalization and protective to the risks of informalization*
- 2.Formal job growth promoted through job-rich growth strategies and an integrated formalization assistance in the target local areas*
- 3.Good practices and tools of promoting formalization better understood by the constituents and key stakeholders at the national level in South Asia*

Priority Sectors

- Bangladesh: Construction Sector (priority), Transport Sector
- India: Small Scale Manufacturing (linked to the automobile sector)
- Nepal: Construction Sector, Hotel & Tourism



Key Achievements

- **Recognition of the significance of addressing informal economy issues at policy level:**

Nepal:

- National Employment Policy (Objective 2 on informality to formality) & addressing informality in National Development Plan
- Addressing informality in draft National Labour Law & Social Security Act
- Policy on addressing informal economy issues by 3 trade unions (ANTUF, GEFONT and NTUC)

Bangladesh:

- New 'Bangladesh Labour Rules-2015' – ensuring rights and privileges equally applicable for all workers & increased age of apprentices
- Draft ID Card policy for construction workers (pilot scheme: on-going)
- Skills certification for informal workers/dependents (*Informal apprenticeships & Vocational Training*)
- Expansion of social security scheme in 2015 (Workers' Welfare Foundation Act (Amendment)' & Group Insurance Scheme for construction workers (2012)– applicable for informal workers if member of a trade union)

India:

- The significance of addressing informality often mentioned in policy dialogues
- Voluntary Code of Conduct for Employers on Contract Labour

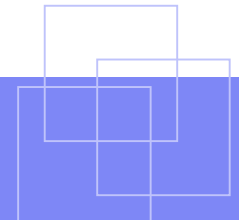
- **Availability of data related to informal economy:**

- Improving statistics to better capture informality (Nepal)
- Improved understanding on informality in selected sectors in the project countries through research



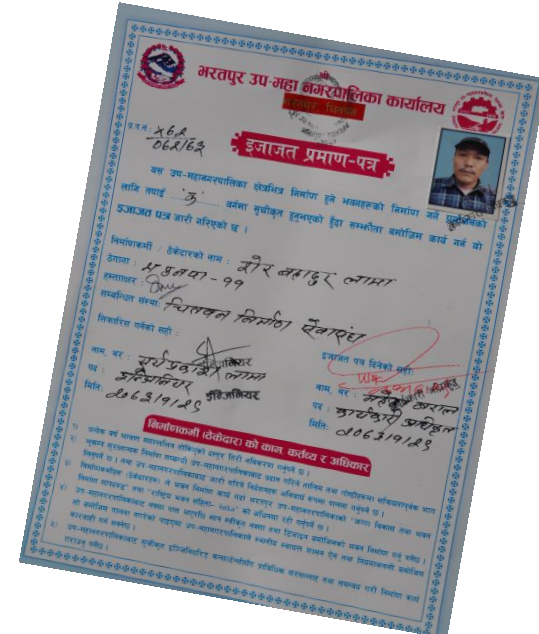
Key Achievements

- **Strengthened capacity of employers' and workers' organizations to address informal economy issues:**
 - Awareness raising and education to workers by trade union focal points and members (Bangladesh, India & Nepal)
 - Facilitate formalization of informal businesses and employment relationships (Bangladesh)
 - Awareness raising and education to enterprise owners & sub-contractors by Trade Unions and Employers organizations on:
 - Formalization: Establishment of a Business Help Desk at Employers' Organization (Nepal) & Labour law compliance among enterprises (India)
 - Working conditions such as contract, occupational safety and health (Bangladesh, Nepal)
 - Facilitating informal economy workers to organize or become members of trade unions
 - Health and Accident Fund set up by the association of sub-contractors to extend health and accident insurance to construction workers engaged by them (Nepal)



Key Achievements

- Improved recognition & visibility of workers and informal enterprises
 - Identity card for workers (Bangladesh + emerging in Nepal)
 - National ID card for atypical workers (over 500 workers including 236 women in Pune, India)
 - Skills certification of workers (Bangladesh, Nepal): Bangladesh – Competency Skills Log Books (CSLBs) developed on six major occupations (recognized by BMET), 1,778 workers trained and registered with the Government Apprenticeships Authority and qualified for certification
 - Registration of sub-contractors by local municipalities (e.g. 3,500 Small and Medium Enterprises registered in 7 districts in Nepal. Registration require for house construction).



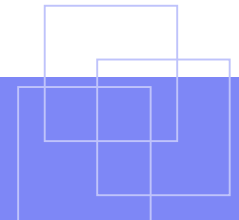
Key Achievements

- **Improved knowledge and capacity to improve working conditions by workers & enterprises:**
 - Occupational safety and health
 - Work contract
 - Knowledge on labour law, and application of knowledge (1,399 workers including 160 women trained on labour law in India: Training of Trainers, and cascading training for others) – negotiating with their employers



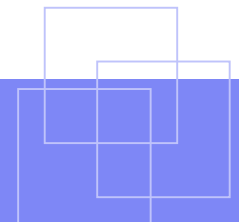
Key Achievements

- **Increased access to social protection by informal economy workers:**
 - Contributory group Insurance scheme for construction workers initiated by MOLE (Two of the project implementing partners: Bangladesh Nirman Sramik League and INSUB joined the scheme and signed MOU with MOLE. Till date, about 3,000 construction workers have been insured and approved by the *Jiban Bima Corporation* (Life Insurance Corporation); 7 injured/dead workers received insured amount from insurance company through MOLE (Bangladesh)
 - Subcontractors' association establishing fund on Health, Accident and Death Insurance for construction workers (Nepal)
- **Formalizing practices at enterprise level:**
 - Workers and sub-contractors using Attendance Card to document work hours and remuneration (Nepal)



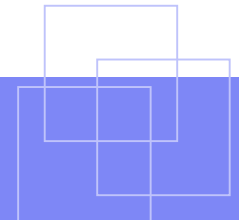
Good Practices

- **Active engagement of the tripartite constituents**
 - Project Advisory Committee members (Nepal & Bangladesh)
- **Capacity building of the tripartite constituents and their members**
 - Technical seminar, policy dialogue, policy advocacy etc on addressing informality
 - Policy dialogue, develop fliers, information book, translating R204, organizing a number of meetings, training programmes for leaders. Training on R204, issues on informal workers, issues related to informality, formalization, minimum wage, gender issues, Nepal
 - Policy on informal economy workers in Nepal by Trade Unions
 - Establishing resource person/ focal point/coordinator system and building their capacity
 - Bangladesh: 1 focal point to address informal economy issues for MOLE, BEF & NCCWE. Trade Unions (BNSL, INSUB, BBWWF, BJNSD) having National Coordinators to support the transition towards formality (organizing skills training, OSH training, etc)
 - Technical collaboration with JILAF & ITUC-BC on vocational training & certification
 - Bangladesh: Enterprise owners trained on WISCON (Work Improvement in Small Construction Enterprises) and OSH Guidelines
 - 25 master trainers from 13 National Trade Union Federations on workers' rights at work
 - Building the capacity of workers and informal enterprises to promote decent work
 - Enterprise Development training (e.g. SIYB, CBED)
 - OSH Training (e.g WISCON)



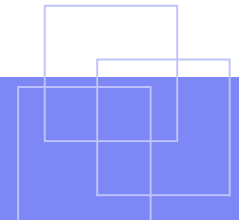
Good Practices

- **Awareness raising**
 - Training on issues on informality, workers' rights and responsibilities
 - Training on OSH at workplace for enterprises (Bangladesh & Nepal)
 - Developing and disseminating educational and informational materials for informal economy workers (e.g. A booklet on labour laws for contract workers in Marathi, India, Training documents and handbooks on workers' rights & organizing informal workers in Bangla & Nepali, Bangladesh & Nepal)
- **Outreach & Organization**
 - Extending support to informal economy workers/enterprises for organization/association (e.g. Mobilizing informal/unorganized workers of the construction sector in Dhaka, Chittagong and Rajshahi to be active Trade Union members in Bangladesh)
 - Supporting the formation of a network (Bangladesh) and association (Nepal) of construction sub-contractors to promote decent work



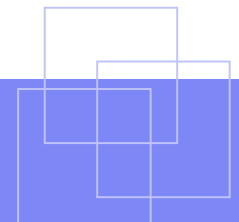
Good Practices

- **Developing linkages and collaborate with relevant stakeholders to support the transition from the informal to formal economy (e.g. Skills certification – trade union, Municipality – registration, etc)**
 - Facilitating access to social protection schemes and financial institutions:
 - Facilitating registration
 - Facilitating skills certification: E.g. National Skills Testing Board (Nepal), BMET recognizing the system of apprenticeships certification for formalizing of informal skills
 - Facilitating the issuance of Identity Cards: e.g. National Identity Card for Construction Sector Workers (Bangladesh)
 - Formalizing system: e.g. Nepal – requiring registration for doing business (e.g. building a house)
 - Promoting use of written contracts/work records
 - In local planning and development process to mainstream informality issues (Nepal)
- **Carrying out data collection & research to better understand the situation of informal economy and opportunities for formalization**
 - Technical support to improve statistics
 - Research on target sector: e.g. Tourism Sector in Nepal
 - Database of informal economy workers/enterprises



Lessons

- Develop linkages and collaborate with relevant stakeholders to provide integrated support for the transition from informality to formality (e.g. Ministry of Labour, other line Ministries (e.g. Enterprise development, agriculture, women empowerment, etc), Employers and Workers' Organizations, Skills Board, Microfinance Institutions, Local Business Development Support Services, etc)
- Policies need to be translated into concrete action with budget
- Active role of national trade unions federations is essential in supporting organization at grass-roots level and advocacy at policy level
- Continuous awareness raising, education, and capacity building needed on informal economy issues for the tripartite constituents since informal economy issues are still new to many.
- Informal economy workers are diverse group with different characteristics: Each target group requires integrated and pragmatic support responding to their needs



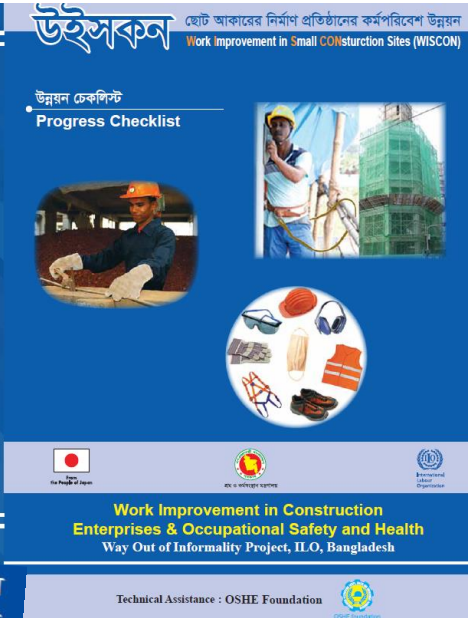
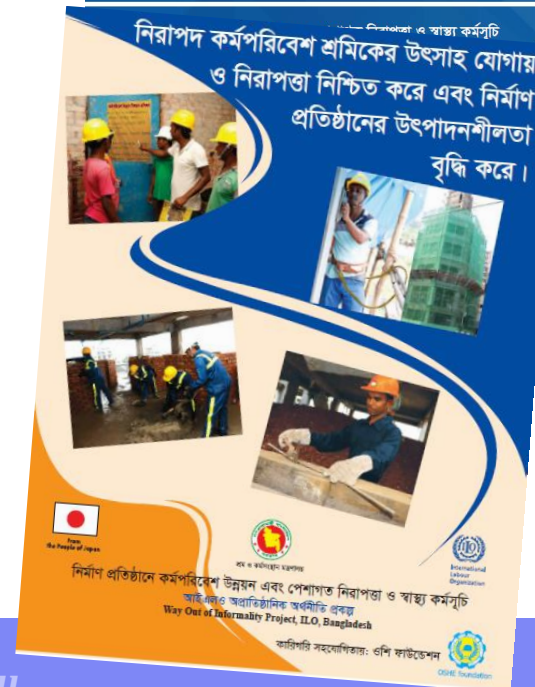
Lessons

- Women still underrepresented in efforts towards formality - Needs strengthened efforts to mainstream gender and promote gender equality:
 - Gender analysis
 - Target group (e.g. homeworkers, self-employed, domestic workers, etc) & Partners
 - Gender responsive strategies, indicators, outputs, activities (including gender specific action, advocacy)
 - Gender budget

Some Tools & Knowledge Products

Bangladesh

- Training manual on Workers' Rights at Work Titled: 'Promoting rights of construction workers' and decent work' in *Bangla*
- Work Improvement in Small Construction Enterprises (WISCON) in *Bangla*
- Occupational safety & Health (OSH) Guidelines in *Bangla* for Bangladesh Construction Sector
- Competency Skills Log Books (CSLBs): Construction trade based curriculum and skills acquisition documentation (as per new TVET tools for applicable for apprenticeships training)
- Poster: Awareness among workplace stakeholders
- Leaflet: Awareness among individual workers
- Video documentary: Promotion of good practice and up scaling



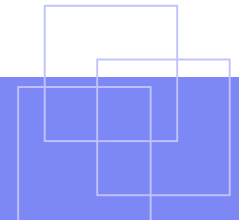
Some Tools & Knowledge Products

India

- Labour law booklet in Marathi
- Trainers' manual on compliance management for enterprises
- Code of Conduct for Engaging Contract Labour
- Community-based Enterprise Development (CBED) in Marathi
- Informality among small scale manufacturing enterprises in the automobile sector: A study in three states of Haryana, Maharashtra and Tamil Nadu

Nepal

- Trade Union Manual for Organizing Informal Economy Workers in Nepali
- Policy Brief on Formalisation of informal Small and Micro Enterprises in Nepal
- R204 - Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204) - Nepali version
- Formalization Video “Yatra”: Promotion of good practice and up scaling



Others

- Labour Laws, the Business Environment and Growth of Micro and Small Enterprises (India, Bangladesh, Nepal & Sri Lanka)
- Trade Union Manual for Organizing Informal Economy Workers
- Employment Relationships and Working Conditions of Home-Based Workers in an IKEA Rattan Supply Chain
- Home-based workers: Decent work and social protection through organization and empowerment: Experiences, good practices, and lessons from home-based workers and their organizations (covering Chile, India, Indonesia, Philippines, and Thailand)
- Training Manual on Community-based Childcare (Indonesia)
- GET Ahead for Women in Enterprise
- Women Workers' Rights and Gender Equality
- Gender Mainstreaming Toolkit: GEMS Toolkit

Thank you.

Contacts

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