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► Assessment of activity-based learning (ABL) programmes for informal businesses and workers

Lessons learned from Cambodia and the Lao People's Democratic Republic, with their relevance for India

Regional Programme on Formalization Pathways



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Foreword

More than 60 per cent of the global workforce operates in the informal economy. In the Asia-Pacific Region, 68.8 per cent of the employed population earn their living there.

During the COVID-19 pandemic, labour laws, expanded government wage subsidy programmes, and social protection measures have sustained the jobs of many formal workers. Most informal workers, on the other hand, have been left to their own devices. Lockdown periods have blocked their capacity to generate sales or take up the daily jobs that had formerly sustained them, pushing many of them over the threshold into poverty. This situation has been exacerbated by the fact that many formal workers lost their jobs during the crisis only to then swell the ranks of the informally employed, a situation that may be expected to continue until economic recovery eventually revives the expansion of formal job opportunities.

In response, the ILO Regional Office for Asia and the Pacific aims to accelerate its support for formalizing informal workers and firms through the Regional Programme on Formalization Pathways (FORAP) initiative, aligning with the objectives and scope laid out in the ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

A number of interventions are needed to accelerate formalization. ILO's activity-based learning (ABL) is one such measure. By describing the impact of ILO's ABL programmes in the Kingdom of Cambodia and the Lao People's Democratic Republic, and by discussing ways in which this approach can promote the welfare of informal enterprises and workers in the Republic of India, this impact assessment report expects to add evidence for potential development pathways for entrepreneurs and micro, small, and medium enterprises in the informal economy.

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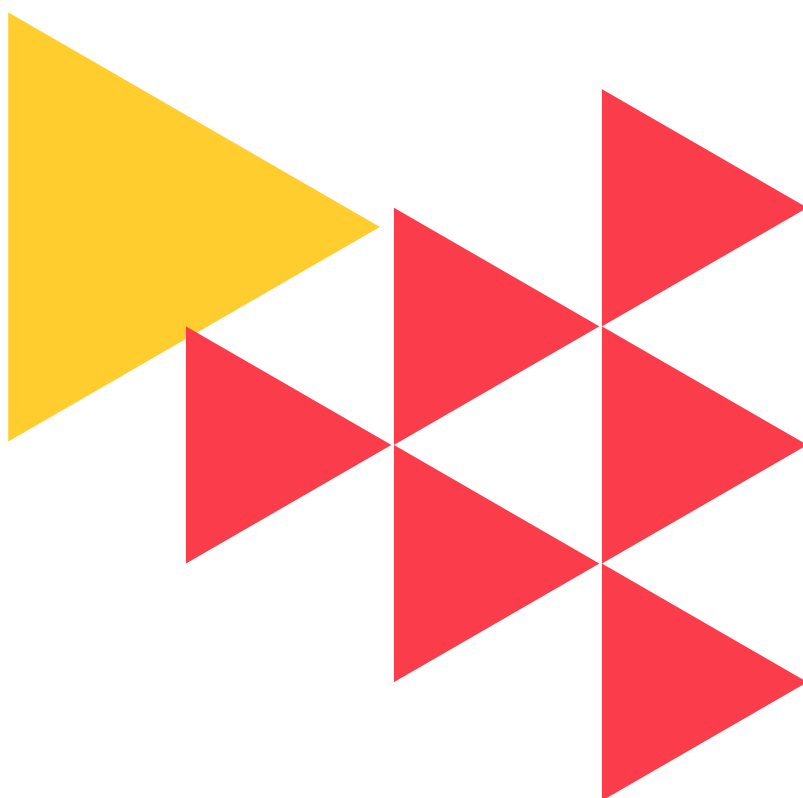


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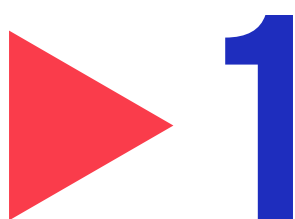
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Acronyms

ABL	activity-based learning
BDS	business development service
CBED	Community-Based Enterprise Development
CBED-AE	Community-Based Enterprise Development–Aspiring Entrepreneurs
CED	Community Entrepreneurship Day
FIT	Factory Improvement Toolset
FORAP	Formalization for Asia Pacific
GIZ	German Agency for International Cooperation
ILO	International Labour Organization
INGO	International non-governmental organization
IOM	International Organization for Migration
ITI	Industrial Training Institute
JILAF	Japan International Labour Foundation
LFTU	Lao Federation of Trade Unions
LNCCI	Lao National Chamber of Commerce and Industry
MFI	microfinance institution
MoIC	Ministry of Commerce and Industry
MSDE	Ministry of Skill Development and Entrepreneurship (India)
MSME	micro, small, and medium enterprise
NGO	non-governmental organization
NIEI	National Institute of Entrepreneurship & Innovation
NSDC	National Skill Development Corporation (India)
OECD	Organisation of Economic Cooperation and Development
PI	Plan International
R4B	Ready for Business
SBC	Small Business Competitiveness
SMEs	small and medium-sized enterprises
TPTD	Tourism Professional Training Department (Ministry of Tourism of Cambodia)
TVET	technical and vocational education and training
VTDYP	Vocational Training for Disadvantaged Young People
WEEA	Women’s Economic Empowerment in Agriculture





Introduction

According to the ILO, more than half of the employed population in the Asia Pacific Region (59.2 per cent, or 68.8 per cent excluding the People's Republic of China) works in non-agricultural informal employment. Informality in the region ranges from 94.3 per cent in the Federal Democratic Republic of Nepal, 93.6 per cent in the Lao People's Democratic Republic and 93.1 per cent in the Kingdom of Cambodia to 20 per cent in Japan.

Informal workers pursue diverse learning pathways. Most of these workers, who often lack access to formal education and training, accumulate knowledge and skills by other means, through informal apprenticeship, or "learning by doing", at the workplace, in the community, and at home.

At the same time, informal economy workers frequently face challenges in accessing and participating in skills and lifelong learning opportunities. Such barriers include the following: lower levels of foundational skills for formal education entry requirements; training costs; and such opportunity costs as foregone income. Location- and gender-specific factors can further impede access to learning opportunities for young women and people in rural areas.

ABL training programmes can help to overcome some of these barriers by allowing participants to learn at their own pace, with limited entry requirements, in a friendly environment at a low cost.

In 2011, using an approach based on self- and group-learning, the ILO began developing a set of tools that facilitate access to learning and skills development. These learning tools are intended to help participants develop such professional skills as practical business skills, soft skills¹, and organizational skills.

¹ Soft skills refer to interpersonal attributes that can be performed in workplaces. Examples include leadership, problem-solving, teamwork, time management, vision-setting and negotiation.

- The learning materials are structured in such a way that participants in the learning events can self-manage the activities. These tools are inspired by Montessori (activity-based learning) and Reggio Emilia (participant-initiated activity) approaches. The focus is on allowing participants to learn from one another, minimizing the need for “teachers” or instructors.
- Many of the exercises have been adapted from other successful ILO development trainings, so that the training programmes facilitate the learning process by means of reciprocity, empowerment, continuity and exchange.

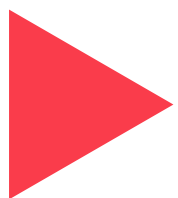
During the learning events, homogeneous groups engage in discussions and exercises where they both share their experiences, notably successful cases from their own communities, and listen to the experiences of people in situations similar to their own.

To date, six training programmes have been developed, each oriented to a different group: vulnerable people; micro-entrepreneurs; young people; farmers; cooperative members factory worker; and business owners. Some tools and/or exercises have been translated into as many as 15 languages, and have been tested or used in over 20 countries, including Cambodia, India, the Lao People’s Democratic Republic, the Republic of the Philippines and the Socialist Republic of Viet Nam. The following table presents a variety of ILO ABL programmes.

► **Table 1. ILO activity-based learning programmes**

	CBED Community- based enterprise development	SBC Small business competitiveness	R4B Ready for business	Our.COOP	In Business	FIT Factory improvement toolset
Targets	Vulnerable, hard to reach communities	SMEs (tourism)	Youth	Cooperatives for those interested	Enterprises of all size (formal)	Factories
Key topics	Entrepreneurship financial literacy	Small business improvement	Entrepreneurship soft skills	How to start and improve your COOP	Access to finance, Business development, Soft skills	Factory improvement
Key partners	NGOs, ministries	NGOs, training institutions, ministries	Educational institutions, development partners	NGOs, ministries	Employers and business membership organizations	Development partners, sectorial associations, private sector

This report presents the findings of a study conducted in India to estimate (a) the extent of informality in the country and (b) ABL potential for addressing some of the skills development needs among workers and business owners operating in the informal economy. To this end, the report describes the national level of informality and outlines the challenges faced by informal economy businesses and workers in accessing opportunities to learn. Furthermore, with reference to the cases of Cambodia and the Lao People’s Democratic Republic, the report proposes ways in which ILO ABLs may be applied in India. The report concludes with recommendations for how ILO ABLs can be successfully introduced in India.



2

Informality in the Asia-Pacific region

High rates of informal employment prevail in the Asia-Pacific. However, considerable variation is apparent within this vast region. South Asia, South-East Asia and the Pacific have higher shares of informal employment than the global average. The share of informal employment in South Asia is 87.8 per cent of total employment, while in South-East Asia and the Pacific it is 75.2 per cent. Shares of informal employment decrease slightly if agriculture is excluded.²

The share of informal employment also varies according to level of economic development. This share is on average 71.4 per cent in developing and emerging Asian countries, and 21.7 per cent in developed Asian countries.

► **Table 2. ILO activity-based learning programmes**

	Asia and the Pacific	South Asia	South-East Asia and the Pacific
Share of informal employment in total employment	68.2	87.8	75.2
In the informal economy	58.8	77.4	57.4
In the formal economy	6.9	6.9	9.7
In households	2.5	3.5	6.9

Source: ILO, *Women and Men in the Informal Economy. A Statistical Picture*, Third edition (2018).

2 ILO, *Women and Men in the Informal Economy: A Statistical Picture*, 2018

At 58.8 per cent, informal employment in the informal economy comprises the major component of informal employment in the Asia and Pacific region. Informal employment in the formal economy amounts to 6.9 per cent, while 2.5 per cent comprises informal employment in the household sector. In South Asia, a 77.4 per cent share of informal employment is found in the informal economy, while 6.9 per cent is found in the formal economy and 3.5 per cent in the household sector. Excluding agriculture, the share of informal employment in the formal economy comes to almost 13 per cent. In South-East Asia, the share of informal employment in total employment is 75.2 per cent. Of this, the share of informal employment in the informal economy is 57.4 per cent. Furthermore, the share of informal employment in the formal economy is 9.7 per cent and 6.9 per cent in households, higher than in other regions.

In the Asia-Pacific region, men are more likely to be in informal employment than women, with 70.5 per cent of all men in employment in informal employment compared to 64.1 per cent of women. In South Asia, on the other hand, 86.8 per cent of all men in employment are in informal employment (77.6 per cent excluding agriculture) and a staggering 90.7 per cent of women in employment are in informal employment (reduced to 76.9 per cent when agriculture is excluded). South-East Asia has similar proportions of men and women in informal employment, with 75.2 per cent of all men in employment in informal employment (64.6 per cent excluding agriculture) and 75.4 per cent of women in informal employment (decreasing to 62.9 per cent when agriculture is excluded).

A total of 86.6 per cent of young employed people (15–24 years) are in informal employment in the Asia-Pacific, compared with 67.1 per cent of the adult population. Almost 96 per cent of young people are informally employed in South Asia, decreasing to 90 per cent among adults. In South-East Asia and the Pacific, almost 90 per cent of young people in employment work in the informal economy, decreasing to 76 per cent among adults.

The level of education has a significant impact on whether employment status is formal or informal. The proportion of people employed informally decreases significantly with higher levels of education. For instance, a small difference in informal employment rates is apparent between those with no education (94.9 per cent) and those with primary education (89.7 per cent). For those with secondary education, however, the informal employment rates decrease to 58.9 per cent, and even further to only 30.7 per cent for those with tertiary education.

The differences are not so stark in South Asia, where the informal employment rate of those with no formal education is 95.2 per cent, decreasing only to 72.0 per cent among those with tertiary education. In South-East Asia, the informal employment rate of those with no formal education is 95 per cent, decreasing to 43.5 per cent among people with tertiary education.

Similarly, significant differences in informal employment rates appear between rural and urban areas. Informal employment predominates in rural areas, representing 85.2 per cent, while in urban areas, at 47.4 per cent, which is nearly half of employment. At 92.8 per cent in South Asia, almost all rural employment is informal, decreasing to 75.1 per cent in urban areas. In contrast, in South-East Asia, informal employment in rural areas represents 75.5 per cent of all employment, decreasing to 55.3 per cent in urban areas, closer to the regional average.

Almost all agricultural employment in the region is informal, with 94.7 per cent of people working in agriculture doing so informally. This rate increases in South Asia to 99.3 per cent of people employed, and decreases to 91.7 per cent in South-East Asia and the Pacific. In the manufacturing sector, the average rate of informal employment in South-East Asia and the Pacific is 67.8 per cent, close to the overall average for the Asia-Pacific at 68.8 per cent, while in South Asia it stands at 82 per cent. In the services sector, the average rate of informal employment is 54.1 per cent, just over half the people employed in this sector. In the South Asia sub-region, the proportion is much higher, at three quarters of the people employed in the sector (75.7 per cent). In South-East Asia and the Pacific, meanwhile, it is 60.6 per cent, just under two thirds of the people employed in the sector.

► **Table 3. Demographics of the informal economy in the Asia-Pacific, 2016 (%)**

	Asia-Pacific	South Asia	South-East Asia and the Pacific
Share of informal employment in total employment	68.2	87.8	75.2
Male	70.5	86.8	75.2
Female	64.1	90.7	75.4
Youth (15–24)	86.3	95.5	89.6
Adults	67.1	89.6	76.0
No education	94.9	95.2	95.0
Primary education	89.7	92.7	88.7
Secondary education	58.9	84.2	70.3
Tertiary education	30.7	72.0	43.5
Rural	85.2	92.8	75.5
Urban	47.7	75.1	55.3
Agriculture	94.7	99.3	91.7
Industry	68.8	81.9	67.8
Services	54.1	75.7	60.6

Source: ILO, Women and Men in the Informal Economy: A Statistical Picture, 2018

Informality and access to skills development in India

Since the 2000s, India has made remarkable progress in reducing absolute poverty. Between 2011 and 2015, more than 90 million people were lifted out of extreme poverty.³ However, the informal economy in India still accounts for more than 80 per cent of non-agricultural employment.⁴ Informality is found in both the traditional informal economy and, more and more, in the formal economy. The growing level of informal employment in the formal economy is largely due to the growing use of contract labour and outsourcing of production.

Informality in India, as in many countries, has a gender bias. Women are more likely to be engaged in the informal economy but significantly more likely than men to be working as informal workers in the formal economy.⁵

Limited employment creation in the formal economy means that, for many people, the only alternative is to seek employment in the informal economy.

3 “World Bank: An Overview”.

4 ILO, “Informal Economy in South Asia”.

5 ILO, “Informal Economy in South Asia”.

► **Table 4. Size of the informal economy in total employment by sex, 2016 (%)**

	Share of informal employment in total employment									
	Total	Men			Women			Total		
		In the informal economy	In the formal economy	In house-holds	In the informal economy	In the formal economy	In house-holds	In the informal economy	In the formal economy	In house-holds
India	88.2	80.9	6.5	0.8	80.7	6.7	0.4	81.6	5.9	2.5
Cambodia	93.1	77.5	14.5	1.0	77.8	12.6	0.4	77.2	16.6	1.7
Lao PDR	93.6	86.1	6.8	0.1	83.1	8.5	0.0	90.4	5.1	0.1

Source: ILO, Women and Men in the Informal Economy: A Statistical Picture, 2018.

The COVID-19 pandemic led India's economy into a contraction of 7.3 per cent in 2021.⁶ The informal economy, where the vast majority of India's labour force is employed, has been particularly affected. As in most countries, the pandemic exacerbated vulnerabilities for such traditionally excluded groups as youth, women and migrants.

In India, the supply of skills development opportunities is mainly designed to service the so-called organized segments (formal enterprises).⁷ However, this system also provides skills development programmes to the so-called unorganized segments (informal economy) as well. The supply of skills development opportunities for formal and informal workers is concentrated around five options: (a) vocational education in schools and higher education; (b) vocational education by the National Skill Development Corporation's private training partners; (c) public and private Industrial Training Institutes (ITIs); (d) in-house training by enterprises; and (e) the skills development schemes of 16 government ministries.

Furthermore, the skills training provided by these channels is often of poor quality. A number of reasons account for this: (a) a shortage of trainers and instructors, which leads to poor-quality training outcomes; (b) apprenticeships are not properly integrated into the education system; and (c) skills that workers may have acquired on the job in the informal economy are too often not recognized as qualifications that might help them transition to formal economy employment (and hence to better skills development opportunities).

A number of training programmes focus on training people from and for the informal economy. These include community polytechnics; People's Learning Centres, the National Institute of Open Schooling; the Prime Minister Kaushal Vikas Yojana Programme; and the Modular Employable Skills Scheme. Despite these laudable efforts, the supply of vocational and other training is insufficient to meet the demands of the large pool of workers in the informal economy, including many young people who enter the labour market every year.

ILO ABL programmes can potentially fit with existing skills development programmes for informal workers in India, helping to increase the supply of learning opportunities in a cost-effective manner. One ABL strength is that such programmes feature open-source curricula that other entities can readily adopt and implement. The following sections will provide examples from Cambodia and the Lao People's Democratic Republic that illustrate ways in which ILO ABLs can be used by different organizations and oriented towards different target groups.

► Informal workers in India



Fruit vendor in India. © ILO

⁶ World Bank, "The World Bank in India".

⁷ The following paragraphs are based on Akiko Sakamoto and Johnny Sung (eds), *Skills and the Future of Work: Strategies for Inclusive Growth in Asia and the Pacific*. (ILO, 2018).

 3

Research methods

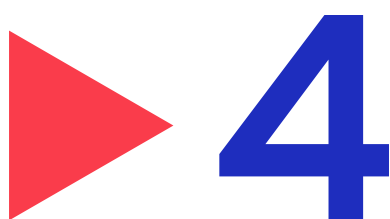
A desk review was conducted on informality in the Asia and Pacific region, in particular in South Asia and South-East Asia, with a focus on Cambodia, India, and the Lao People's Democratic Republic.

Interviews were conducted with the following respondents: (a) ILO staff; (b) government officials from the Ministry of Labour and Vocational Training, the Ministry of Education, Youth and Sport, and the Ministry of Tourism in Cambodia; (c) the Ministry of Industry and Commerce and the Lao National Chamber of Commerce and Industry (LNCCI) in the Lao People's Democratic Republic; and (d) people working for international non-governmental organizations (INGOs) and development partners, including Plan International, Oxfam and the German Agency for International Cooperation (GIZ) in Cambodia. Several private sector business service providers in the Lao People's Democratic Republic were also interviewed. The interviews aimed to understand, from the perspective of people and organizations using the tools, what their impact has been and how can they might be improved to ensure that they achieve their objectives.

► **Figure 1. Training of CBED facilitators in Cambodia**



Community-Based Enterprise Development workshop in Cambodia. © ILO



Case studies

4.1 ABL in Cambodia

While unemployment rates in Cambodia are low, at 93.1 per cent the country has one of highest levels of informal employment in the South-East Asia and Pacific region, just surpassed by Nepal and the Lao People's Democratic Republic.⁸ The poor quality of many jobs causes a large proportion of the labour force to live just above the poverty line.⁹ The vast majority of informal employment (77.5 per cent) in the country is found in the informal economy, with only 14.5 per cent of informal employment in the formal economy.¹⁰ COVID-19 has exacerbated this situation, with growing unemployment pushing many formal workers into the informal economy.¹¹

Access to training and/or skills development for informal workers in Cambodia is scarce to non-existent, hence perpetuating their situation by limiting access to better-paid formal jobs. To address this situation, ILO has been working with a number of partners in Cambodia to develop training programmes suitable for informal workers. The following section provides a few examples of government ministries and NGOs that have applied ILO ABLs in providing skill development opportunities to various target groups.

⁸ ILO, *Women and Men in the Informal Economy: A Statistical Picture* (2018).

⁹ OECD, *Social Protection System Review of Cambodia* - OECD Development Pathways, 2017.

¹⁰ ILO, *Informality. A statistical View*, 2018.

¹¹ Dany Vinh, *Counting the Cost of COVID-19 to Cambodia's Informal Workers* (UNDP Cambodia/ ILO, 2021).

CBED and TVET (technical and vocational education and training)

Through the National Institute of Entrepreneurship and Innovation, in partnership with the ILO, the Ministry of Labour and Vocational Training developed a tailored programme called CBED – Aspiring Entrepreneurs (AE). CBED-AE is a programme based on the ILO CBED ABL programme. The programme aims to provide business skills to vocational students, who among other things learn practical steps and lessons needed to start a business, also learning how to refine business ideas, develop marketing plans and set prices.

Initially piloted in 2016 in six Provincial Training Centres with 100 participants per centre, the training programme has been scaled up since 2021 to 38 TVET institutions in the country. Each school has two to three coordinators in charge of facilitating the trainings, trainers who previously participated in a dissemination workshop conducted by the ILO. The training is now part of the curricula in all TVET schools, and students receive credits for participating.

To date, an estimated 2,500 young people have participated in learning events using CBED-AE. The National Institute of Entrepreneurship & Innovation (NIEI) sees this tool as a low-cost, time-saving tool to help young students develop entrepreneurial skills. Feedback from participants and facilitators indicates that the tool is indeed effective.

During the interviews conducted for this study, NIEI and facilitators provided recommendations to improve CBED-AE. For instance, they believed that more training was required in financial management and accessing capital, if students were to succeed in starting viable enterprises. To address this, they recommended that more training in these two areas be provided. Furthermore, NIEI was considering whether to invite successful entrepreneurs to talk to students, as well as microfinance institutions (MFIs) to explain to students how they could access loans to start their businesses.

When restrictions on movement were implemented to limit the spread of COVID-19, some facilitator orientations and youth trainings were conducted online. While the facilitator trainings and youth trainings were completed, facilitators agreed that it was better to conduct these learning events face-to-face, where people could interact and share ideas more easily.

CBED-AE will continue to be delivered nation-wide in the TVET school system in Cambodia, benefitting thousands of young students, many of whom will inevitably work in the informal economy, bringing their new entrepreneurship and business management skills with them.

► CBED training in Cambodia



CBED Training for TVET students in Cambodia. © ILO

► Results of group work during CBED training



Idea brief activity in CBED Training for TVET students. © ILO

CBED and disadvantaged young people

Plan International (PI) starting using CBED in 2013 in its Vocational Training for Disadvantaged Young People (VTDYP) project, implemented in three provinces in Cambodia: Siem Reap, Kampong Cham/Tbong Khmum and Ratanakiri. The project aimed to provide skills and an internship opportunities to disadvantaged out-of-school young people. In addition to participating in CBED training, target youth participated in Level 1 courses in sewing, tailoring, machine repair, cooking and other areas.

The CBED training programme aimed to help the target group develop entrepreneurship skills. ILO CBED experts trained and certified 40 facilitators from Regional and Provincial Training Centres and the Krousar Yueung Association in the use of the tool. The facilitators then conducted learning events with the project's target group. In the first phase of the project (2013–17), more than 1,800 young people participated in CBED learning events.

PI considered the experience a success, with young people from disadvantaged backgrounds obtaining essential skills for their future development. Facilitators found that participants in CBED learning events were able to learn quickly and express themselves, given that the learning came from discussions and other activities with people like themselves. When participants were unable to read or write, other people in the sessions helped them understand the exercises. This made them feel involved, and encouraged further participation.

Based on this experience, CBED was adapted for a new PI project providing TVET education to young disadvantaged out-of-work youth. The new toolkit includes more practical exercises, and tries to help participants develop more skills. It is expected that more young people will participate in these learning events in Siem Reap and Tbong Khmum provinces.

Cambodia Entrepreneurship Day

Since 2018, the Ministry of Education, Youth and Sport of Cambodia, in partnership with the ILO, has organized Cambodia Entrepreneurship Day. This annual event aims to help Cambodia's youth (a) understand what entrepreneurship represents, and (b) recognize this opportunity for professional development. This event is traditionally attended by thousands of young people, and is conducted simultaneously in several cities around the country, with help of trained facilitators.

Due to COVID-19, the event was held online in 2020 and 2021, with many young people from all over the country participating. CED participants usually came from a wide variety of backgrounds: in-school and out-of-school young people; students from TVET schools; students with disabilities; and young entrepreneurs. The large majority of participants were between 16 and 20 years of age.

In 2021, over 4,400 young people gathered online to celebrate Cambodia Entrepreneurship Day. Before the event, about 1,000 groups developed business ideas and plans based on the ILO Ready for Business (R4B) programme. A community enterprise development (CED) committee selected 25 business ideas, and each group pitched their ideas to the committee during a virtual demo day.

This event, led by the Ministry, is likely to continue for years to come, encouraging and supporting young people to develop their entrepreneurship skills

► Young winners of business ideas competition



Winners of business contest in CED event. © ILO

► Online training of R4B Cambodia



Online Ready for Business (R4B) training in CED. © ILO

SBC in the tourism sector

The Tourism Professional Training Department (TPTD) of the Ministry of Tourism of the Government of Cambodia partnered with the ILO to use the Small Business Competitiveness (SBC) learning programme to develop the entrepreneurial and business management skills of aspiring businesses in the tourism sector.

A pilot training with 45 participants was conducted in 2020 in Kampot Province. Based on this experience in 2021, more than 50 people from 25 provinces were trained in facilitation of SBC for the tourism sector.

► Trained facilitators, MoT of Cambodia



Training of facilitators from the Ministry of Tourism on SBC for Tourism sector. © ILO

The TPTD found SBC and its accompanying manual to be easy to use. The associated activities kept people involved and triggered plenty of group discussions.

As one government official said, “The manual is like a recipe; you just need to follow it step-by-step.”

TPTD officials believe that communities and enterprises working in the tourism sector will recover more quickly from the economic downturn caused by COVID-19 with the skills they gain by attending SBC learning events.

Our.Coop

Oxfam started using CBED and Our.COOP in 2011 in its Women’s Economic Empowerment in Agriculture (WEEA) project. ILO trained a number of facilitators from Oxfam and local organizations to organize and facilitate learning events. Our.COOP was piloted in five provinces, reaching more than 300 farmers.

CBED for entrepreneurship skills

More recently, GIZ in Cambodia was planning to use CBED and R4B to strengthen the entrepreneurial skills of young people from disadvantaged backgrounds in Battambang Province. GIZ’s Micro, Small, and Medium Enterprises Development Programme (MSME) aims to reach young students enrolled in TVET and art schools in the province.

GIZ has sought ILO support to train and certify a facilitator, who will then capacitate a team of five independent facilitators that will roll out the learning events among young students. The MSME programme has decided to use CBED because it is a proven tool that will allow them to provide skills in entrepreneurship and business management to their target population. This will be complemented with GIZ’s own training tools.

4.2 ABL in the Lao People's Democratic Republic

The Lao People's Democratic Republic, as do other countries in South-East Asia, has a high level of informal employment. Informal workers comprise 93.6 per cent of the total in employment, with the share of women in total employment working informally at 95.5 per cent compared to men at 91.7 per cent. Most people employed informally work in the informal economy (86.7 per cent), with only 6.8 per cent working in the formal economy. This level of informal employment is the highest in the sub-region, followed by Cambodia (93.1 per cent) and the Federal Democratic Republic of Nepal (94.3 per cent).

The COVID-19 pandemic has made this situation more challenging, with unemployment increasing and/or pushing many formal economy workers and firms into the informal economy. Furthermore, due to the pandemic an estimated 250,000 Laotians living and working in Thailand have returned to the Lao People's Democratic Republic with no clear prospect of finding a formal job in the near future.¹²

Opportunities for skills development for workers and firms operating in the informal economy in the Lao People's Democratic Republic are limited. Most initiatives are project-based, and as such are time limited. In this context, there is clear need for a greater supply of institutionalized, and therefore more sustainable, skills development opportunities. In this section, two cases of government or public organizations providing ILO ABL trainings to their target groups show how skills development opportunities can be provided in a sustainable way.

Lao People's Democratic Republic in business

In 2018, the Ministry of Industry and Commerce (MoIC) of the Lao People's Democratic Republic approached the ILO to propose the development of a training package to help standardize the business and financial planning of firms wishing to apply for credit from financial institutions. In partnership with LNCCI, they established Laos In Business, a four-day training programme to help firms standardize their business and financial plans in line with national financial accounting regulations.

Ten business development services (BDS) enterprises were selected to conduct training with business owners around the country. Facilitators from these BDS firms were trained by the ILO in the use of the training programme. Firms were encouraged to enroll in Laos in Business training so that they could learn how to prepare a business plan and, in that way, increase their chances of being approved for a credit. The cost of this training was subsidized, such that firms had to pay only 25 per cent of the full cost. Between 2019 and 2020, a total of 800 enterprises participated in training events in eight provinces. Importantly, more than half of all participating firms were unregistered enterprises, demonstrating the appeal of this opportunity to firms in the informal economy.

► Lao People's Democratic Republic in business training in Pakse



Business training in Pakse. © ILO

► SME training in Vientiane



SME training in Vientiane. © ILO

12 International Organization for Migration (IOM), *The Lao People's Democratic Republic Returning Migrants Survey*, 2020.

After the project finished in 2020, the Government of the Lao People's Democratic Republic and LNCCI agreed to continue providing this training, which as of this writing was managed by the LNCCI's SME Service Centre. In 2021, the Government made it a requirement for firms to attend the training before they could apply for credit from any government-funded programme. Furthermore, since the emergence of COVID-19, the Government decided to fully subsidize the cost of the training, which has also allowed struggling firms to participate in the training.

It is important for the MoIC that firms, in particular smaller firms, improve and standardize their financial planning and management as a way of increasing their productivity and competitiveness. The training programme incentivizes small firms to learn how to improve their financial planning.

CBED training for informal workers

Since 2014, the Japan International Labour Foundation (JILAF) has used CBED in a number of South-East Asian countries to conduct trainings with informal economy workers. Since 2019, JILAF has conducted CBED trainings in Cambodia, the Lao People's Democratic Republic, and the Kingdom of Thailand.

In the Lao People's Democratic Republic, JILAF engaged with the ILO in conducting seminars on the use of CBED with the Lao Federation of Trade Unions (LFTU) and LNCCI. Before COVID-19, CBED trainings were conducted with *tuk-tuk* drivers in Vientiane Capital and with vegetable farmers in Savannakhet Province.

According to JILAF, the benefits of using a training programme such as CBED include the fact that training events become mutual self-help groups, where people with similar characteristics exchange their problems and solutions. Discussions conducted during the learning events allow them to understand their problems with greater clarity. Participants also identify what they want to improve, and share ideas on how to achieve these improvements.

After the learning event, JILAF provides further support to participants, including instruction regarding technical (TVET) skills or other, more specialized skills.

► CBED training with LFTU in Savannakhet



CBED training with LFTU in Savannakhet. © JILAF

► CBED training with LFTU in Savannakhet



CBED training with LFTU in Savannakhet. © JILAF

4.3 Opportunities for ILO ABL adoption in India

ILO ABL programmes offer clear advantages. For instance, governments can effectively reach out to marginalized populations, despite prevailing scarcities of quality teachers and trainers. They can target informal workers by incorporating modules for different programmes into multiple trainings. INGOs can use programmes such as CBED or R4B to enhance skills among informal workers such as retailers, small-scale manufacturers and shop owners, as exemplified by PI in Cambodia and JILAF in the Lao People's Democratic Republic or by measures implemented in other South-East Asian countries. Governments can collaborate with business associations to tailor training to improve management skills among small business owners, as the Government of the Lao People's Democratic Republic, with the support of the ILO, did with LNCCI to develop Laos In Business.

The examples presented above illustrate ways in which ILO ABL programmes can help reach a large number of business owners and workers operating in different contexts, including those in the informal economy. One strength of the programmes, as shown in the cases presented above, is that they can be adapted to the particular needs of specific target groups. As such, government agencies, educational institutions, civil society organizations, and the private sector can use the programmes to provide skills development opportunities to a variety of groups in need of training. It is essential however, that different stakeholders work together to integrate learning programmes into existing policies and projects that aim to reach informal firms and workers.

As part of this research, a small survey conducted among government ministries, non-governmental organizations (NGOs) and business associations in India¹³ revealed an appetite in the sector for testing ABL approaches to increase and improve the supply of skill development opportunities for people operating in the informal economy. In India, for instance, integrating ABLs into TVET programmes such as the National Skill Development Corporation (NSDC) would enhance the capacity of private training providers for informal business owners. Another possibility would be to use the ABL tools to nurture digital skills for informal workers by adopting ABLs into innovation and technology initiatives under the Ministry of Skill Development and Entrepreneurship (MSDE).

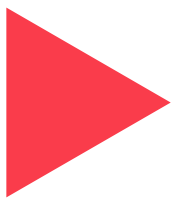
LO ABL programmes are “open-source”, freely available to any organization or individual. Their participant-driven, no-expert-needed approach enables organizations to implement the trainings at little or no cost. Finally, all the tools are customizable, easily tailored to meet the needs of specific local communities. Given those features, the ABL approach has much potential to increase productivity, innovation and access to decent employment in India's informal economy.

► Rickshaw drivers in India



Rickshaw drivers in India. © ILO

13 Survey conducted by ILO Consultant Mr Rajveer Singh for nine stakeholders in India: Action for Food Production (AFPRO); IamSME of India; Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA); Rajesh Bheda Consulting Private Limited; Indian Industries Association (IIA); Ministry of MSME; World Association for Small and Medium Enterprises (WASME); Centre for Entrepreneurship Development Madhya Pradesh (CEDMAP); and Entrepreneurship



Conclusion

This study describes (a) the challenge of addressing skills development in the informal economy in India, and, using examples from Cambodia and the Lao People's Democratic Republic; and (b) ways in which ILO ABL programmes can help effectively address that challenge.

This report shows that informal workers represent a sizeable proportion of India's economy, and that opportunities for skills development among these workers remain limited for the following reasons: (a) existing programmes lack sufficient reach; (b) insufficient qualified trainers or teachers are available; and (c) more training programmes are needed to address specific informal-worker requirements.

Over the last decade, ILO has developed six ABL programmes that aim to increase the supply of skill development options, in particular for populations that usually have limited or no access to formal training. These ABL programmes, available in 15 languages, have been piloted and implemented in over 20 countries.

The experiences of governments, INGOs, business associations and other organizations using ILO ABL programmes can serve as useful examples of ways in which ABL programmes may be used in India to increase skills among informal workers. The cases described in this report show that ILO ABLs can help to accomplish the following ends:

- provide opportunities for skills development in communities wanting to work together (for example in the tourism sector) to start enterprises, as in the case of Cambodia's SBC;
- develop business skills among such informal workers as tuk-tuk drivers, as JILAF and LFTU have done with CBED in the Lao People's Democratic Republic;
- enhance the business and financial management skills of small business owners, as the MoIC and LNNCI have done in the Lao People's Democratic Republic;

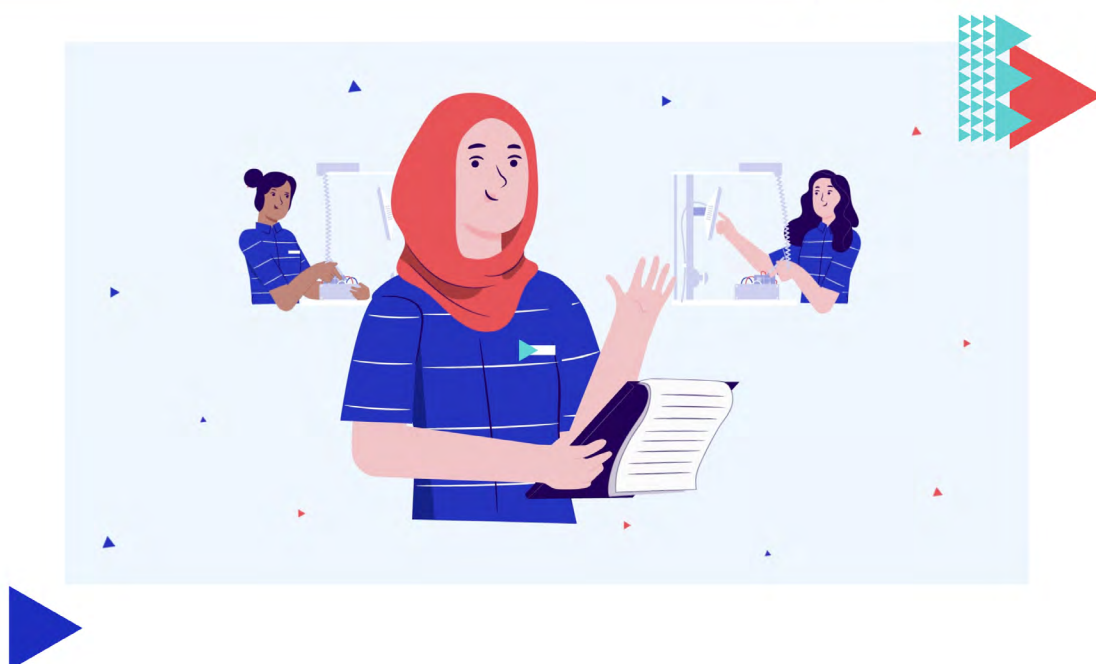
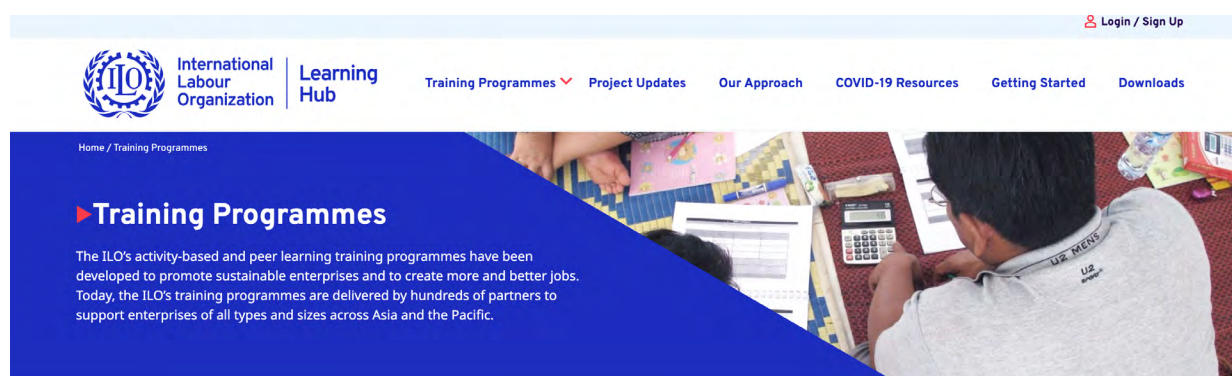
- raise awareness among young people regarding the importance of acquiring entrepreneurship skills, as the Cambodia Entrepreneurship Day has done over several years;
- provide business skills to young people from disadvantaged backgrounds, as PI has accomplished with CBED in Cambodia.

The cases presented here also show the importance, in promoting successful ABL programmes that are sustainable over the long term, of having local partners able to support the target communities in efforts to develop the needed skills.

ILO's ABL programmes present a low-cost, flexible, participatory and easy to use set of tools specifically designed to allow groups of people who have traditionally been excluded from access to more formal education to increase and strengthen their skills, thereby improving their chances of gaining decent employment and bettering their income. Thus, these programmes can prove of great utility in the Indian context.

For more information regarding ILO's ABL tools visit the [ILO Learning Hub: Training Programmes](#).

- ILO Learning HUB : Training Programmes's website



► **Assessment of activity-based learning (ABL) programmes for informal businesses and workers**

Lessons learned from Cambodia and the Lao People's Democratic Republic, with their relevance for India

In Asia and the Pacific, 68.8 per cent of the employed population works in the informal economy, which is typically characterized by high incidence of poverty and severe decent work deficits. The ILO has been supporting informal businesses and workers in the region through activity-based learning (ABL) programmes which adopt innovative, sustainable, participatory and low-cost methodology. This report refers to specific cases of capacity building support in Cambodia and the Lao People's Democratic Republic to identify impact of the ABL programmes and indicate applicability of the programmes to support informal businesses and workers in India given the size of the informal economy in the country.

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