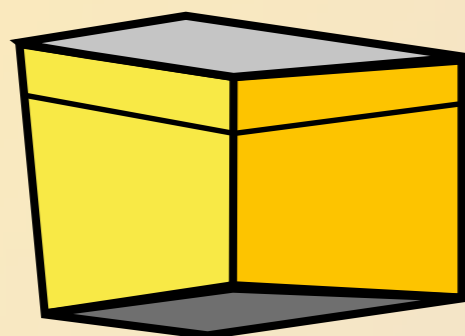
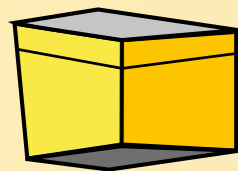


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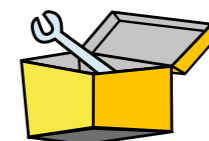
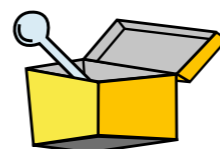
TOOLKIT

Learning and working in the informal economy



TOOLKIT

Learning and working in the informal economy

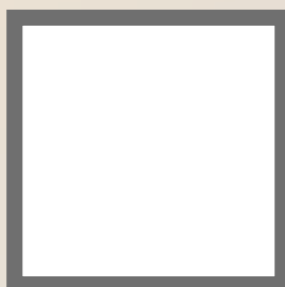


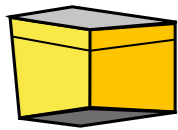
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TOOLKIT

LEARNING AND WORKING IN THE INFORMAL ECONOMY – ACCESS, SKILLS DEVELOPMENT AND TRANSITION

For many people living in developing countries, the informal economy is the only prospect they have of **access** to productive employment and an income. Through **skill development** and advice, vocational education and training can help people to become more employable, easing their gradual **transition** to productive and dignified work and supporting them in moving out of poverty into an independent life.

The ‘Learning and working in the formal economy’ toolkit offers a structured overview of the latest research and current development policy practice in the area of vocational education and training in and for the informal economy.

Foreword

The informal economy is the only prospect of employment that many people living in developing countries have. Promoting vocational education and training to improve working conditions and boost incomes for workers in the informal economy is, therefore, a key approach to combating poverty. A substantial body of research has shown that better education and training for people in informal employment achieves two things: it paves the way to better opportunities within the informal economy and facilitates the transition to formal employment. In both cases, the outcome is often higher incomes and better working conditions.

For many young people, the informal economy represents their sole prospect of entering the world of work and is where they can acquire ‘on the job’ the skills they need for further employment. Securing recognition of these skills and supporting provision of initial and continuing vocational education and training can also open up prospects within the formal education sector.

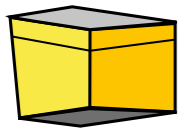
The surge in the number of refugees worldwide has focused international attention on the employment prospects of this specific group. For a variety of reasons, refugees often have to rely on the informal economy to secure a livelihood. Their particularly precarious situation can be improved through training measures.

Global problems such as poverty and youth unemployment cannot be solved without more in-depth consideration of the informal economy. Many international organisations have recognised this and are currently working in this area. The 2030 Agenda and its 17 Sustainable Development Goals (SDGs) aim to support companies in the informal economy and their gradual formalisation (SDG 8) and to empower young people and adults in developing vocational and entrepreneurial skills (SDG 4).

This toolkit aims to provide a stimulus and instruments with which to further drive development cooperation in the area of vocational education and training in and for the informal economy. To do this, the Technical and Vocational Education and Training (TVET) sector project has systematically evaluated relevant literature and both current and completed German and international development cooperation projects. The findings of this evaluation have been summarised in the form of short overview articles accompanied by references to further reading. A number of articles have been written by renowned international experts who have worked in this field for many years.

The toolkit offers all users – from practitioners in German development cooperation and their local partners to the staff of international organisations – a comprehensive overview of the theoretical framework and strategies used in development cooperation and examples on the ground. The aim is that those involved in this area can address the issues in greater depth and engage with lessons learned from the past, making it easier to develop solutions for current practice.





TOOLKIT

Introduction – relevance and challenges

For many people living in developing countries, informal employment – whether in the informal or the formal sector – is their only prospect of earning an income. It is also often the only opportunity they have to secure their own future, albeit under often precarious and undignified conditions. This is particularly true of young people, women, ethnic minorities, people with disabilities, refugees and, more generally, groups in society who lack adequate access to education and training and to capital.

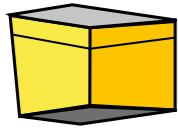
The informal economy and informal employment are not just a passing phenomenon. On the contrary: the percentage of the workforce employed in non-registered jobs not governed by employment contracts is on the rise in almost all regions throughout the world. The informal economy accounts for more than half of the working population worldwide and for over 90 per cent of SMEs (ILO 2012). The exodus from rural areas, population growth and increasing numbers of refugees are fuelling this trend, which is further intensified by the dwindling number of jobs in the public sector. Meanwhile, the number of those working informally within the formal economy is also growing.

UNESCO's 2013 'Education for All Global Monitoring Report' and the education strategy published by the German Federal Ministry for Economic Cooperation and Development (BMZ) in 2015 underline the key importance for wider social development of vocational education and training and employment in the informal economy. Learning in and for the informal economy is one of the focal points of BMZ's strategy paper. The World Bank's 2018 World Development Report stresses the particular relevance of vocational education and training in informal enterprises for developing countries: for young people from disadvantaged backgrounds in particular, vocational training in the informal economy has positive employment effects.

The informal economy requires many different skills, and these vary according to individual target group: as well as practical expertise, they may include basic skills such as reading and writing, life skills, and business acumen. Additionally, digital transformation poses new challenges that also affect the informal economy. Most of the necessary skills are acquired through non-formal or informal learning, such as traditional apprenticeships or informal exchange in social networks. If it is to meet the needs of these individual groups adequately, labour market-oriented vocational education and training must:

- offer diverse provision
- be flexible with regard to time and location
- be delivered by skilled trainers
- involve all social partners in the planning, implementation and evaluation processes
- take account of a range of learning styles and learning locations and validate informal and non-formal learning
- as far as possible, be coordinated with other labour market interventions and the social security area (Adam 2012)





TOOLKIT

More information within the toolkit:

Tools > Life skills approach

Informal Employment > Digitalisation

Vocational Education and Training > Skills development > Non-formal vocational education and training

Vocational Education and Training > Skills development > Informal learning

Vocational Education and Training > Skills development > Traditional apprenticeship

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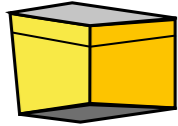
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TOOLKIT

KEY ACTORS IN GERMAN DEVELOPMENT COOPERATION

Short title: Actors

The informal economy plays a key role in providing employment and income in developing countries, accounting for large swathes of the 'everyday economy', such as retail trade, person-to-person services and the craft sector. Having become 'normal', the informal economy is not set to disappear any time soon. It would, therefore, seem essential to gear development policy projects, and particularly those relating to vocational education and training, better to the needs of the individuals and the labour market within the informal economy.

Official German development cooperation has been increasing its focus on the informal economy for a number of years, especially in the area of employment promotion and vocational education and training. In its 2012 position paper on technical and vocational education and training, the German Federal Ministry for Economic Cooperation and Development (BMZ) prioritised support for those working in the informal economy. In the past, non-governmental organisations and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) have also implemented numerous projects with the same focus. A look at the past and current activities of German development cooperation actors reveals the diverse range of approaches and experiences in this area.

More information within the toolkit:

Actors > BMZ – Vocational Education and Training in Development Cooperation

Actors > GIZ – Vocational Education and Training in and for the informal Economy

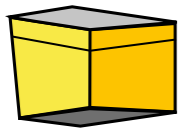
Actors > NGO's – Non-governmental organisations

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TOOLKIT

BMZ – VOCATIONAL EDUCATION AND TRAINING IN DEVELOPMENT COOPERATION

Germany has a long-established tradition of development cooperation in the field of vocational education and training. According to figures from the Organisation for Economic Co-operation and Development (OECD), it is the leading donor country in terms of provision of official development assistance (ODA) in vocational education and training. In 2016, German ODA disbursements for vocational training amounted to a total of EUR 216.5 million, of which EUR 209.3 million came from the budget of the Federal Ministry for Economic Cooperation and Development (BMZ). In view of the key role played by the informal economy in reducing poverty, BMZ recognises the great importance of skills development and employment promotion in and for the informal economy.

Growing awareness of the importance of the informal economy

In its early days, cooperation on vocational education and training focused on setting up vocational training centres with modern equipment in cooperation countries. These centres were to be used to train specialists and managers in the latest technologies who, in turn, would then drive economic and social development in their own countries. However, focusing on the skills development needs of a non-existent or embryonic formal economy did not always yield the desired results. In particular, this approach failed to reach poorer segments of the population and to strengthen the local economy. Consequently, there was a rethinking in the early 1980s, which led BMZ to include the informal economy explicitly in its concepts by the 1990s (Clement 2012).

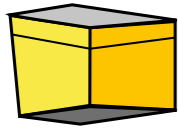
The ‘Vocational Education’ concept published in 1992 made the first mention of target group-specific measures for those working in the informal economy. It stated that skills development in and for the informal economy should be closely linked to efforts to promote economic development. This aim is also found in 1990s concepts for basic education and the promotion of skilled trades and small business enterprises. The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ, now GIZ) was commissioned to draw up and implement projects in this area.

The importance of employment promotion in fighting poverty was again stressed in the 2005 concept ‘Technical and Vocational Education and Training and the Labour Market in Development Cooperation’ (BMZ 2005). This concept sought to integrate and systematise new insights and experience regarding labour-market orientation within vocational education and training. It stated with regard to the informal economy:

Vocational training for the informal labour market: women and men who have to earn a living in the informal sector require training services which are precisely tailored to their circumstances and sphere of life, as well as appropriate guidance and counselling. The inclusion of the target groups at the planning stage and a focus on disadvantaged groups and on micro, small and medium-sized enterprises (MSMEs) require a tailor-made approach. For informal markets in particular, training should not only aim to prepare workers for dependent employment; it should also facilitate a move into self-employment. In this context, the linkage of training with business start-up advice and an appropriate range of financial services (microfinancing) are prerequisites for the employment relevance of the training measures. Here too, besides safeguarding and increasing income, technical and vocational education and training contributes to the empowerment of these target groups as part of civil society.

The concept listed important principles for effective and sustainable cooperation in the area of vocational education and training that benefit those working informally. These principles included a consistent target-group orientation, links with financial services and counselling, and empowerment in vocational education and training. In practice, however, little consideration was given to the informal economy.





TOOLKIT

The 2011 meta-evaluation report commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in the area of vocational education and training found that: 'At the level of higher aggregated results, virtually all projects aim to reduce poverty. At the same time, most of the projects are geared towards improving formal training offers. Only a very small number relate explicitly to the informal sector in which pro-poor results are most likely to be achieved. Thus, the verifiable contribution made by the projects to poverty reduction is low.' (Stockmann and Silvestrini 2012: 143). This report is based on analysis of evaluations of development projects implemented by GIZ and its predecessor organisations GTZ, InWEnt and the German Development Service (DED) between 1996 and 2010.

The strategic framework for skills development and employment promotion in the informal economy

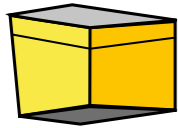
BMZ gave its backing to the findings of the meta-evaluation and stated in its 2012 position paper on technical and vocational education and training that there was a lack of needs-oriented offerings for target groups in the informal sector. It argued that too little consideration was being given to continuing vocational training, non-formal vocational education and training provision and informal learning in the sense of lifelong learning (BMZ 2012). Learning in and for the informal economy has since become one of the four priority areas of BMZ's strategy for vocational education and training.

BMZ's 2012 position paper on technical and vocational education and training explains and specifies the Ministry's position on this matter. It is based on BMZ's development policy guidelines 'Minds for Change – Enhancing Opportunities' (2011) and its education strategy 'Ten Objectives for More Education' (2012), and also makes reference to key international documents from the International Labour Organization (ILO), the G20, the European Union, the World Bank and UNESCO. The contents of the position paper have been taken up again in the current 'BMZ Education Strategy – Creating equitable opportunities for quality education' (BMZ 2015).

BMZ refers to vocational education and training as the cornerstone of development and self-confident social participation. The 2012 position paper further strengthens the pro-poor focus of German development cooperation in the area of vocational education and training. The aim is that vocational education and training helps to lift people out of poverty by giving them the knowledge and skills they need for productive employment and developing their identity as well as social skills. In countries where very few jobs are available in the formal economy, this means that there needs to be a greater focus on the requirements of the informal economy and the skills development needs of those who earn their living within it.

The position paper takes tried and tested approaches to pro-poor vocational education and training and develops them in accordance with the principles of progression, lifelong learning and a holistic approach. For example, efforts are being made not only to improve traditional apprenticeship training but also to create needs-based, modular skills development provision for further training and to supplement company-based learning. Formal recognition of skills acquired in an informal and non-formal context should provide individuals with further education and training opportunities and the prospect of better jobs. Adopting a holistic approach, vocational education and training provision would be supplemented with basic education, career guidance and support for business start-ups. Closer cooperation is required with businesses, including firms in the informal sector, in order to focus more effectively on the skills development needs of the self-employed and small enterprises. Partnerships with non-governmental organisations are also considered highly valuable, as local organisations in particular often already have good access to the target groups. All in all, BMZ believes that development cooperation actors need to strike the right balance between promoting the formal economy on the one hand and the informal economy on the other and to overcome incompatibilities between learning forms, for example, by introducing national qualification frameworks.





TOOLKIT

More information within the toolkit:

Actors > GIZ

Actors > NGO's – Non-governmental organisations

Tools > Traditional apprenticeships

Tools > Recognition of informally acquired skills

Tools > VET for business start-ups

Sources and further information:

Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (2018), Berufliche Bildung – Qualifizierte Fachkräfte für nachhaltige Entwicklung, Bonn.

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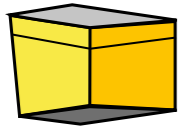
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TOOLKIT

GIZ – VOCATIONAL EDUCATION AND TRAINING IN AND FOR THE INFORMAL ECONOMY

For 40 years now, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), established in 2011, and its predecessor organisations (the German Development Service (DED), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and Internationale Weiterbildung und Entwicklung gGmbH (InWEnt)) have been involved in vocational education and training, with a focus on the modern, industrial sector. Nonetheless, since the late 1980s, there has also been increasing concern with the informal economy, both at conceptual level and in new measures, in response to criticism that the initial cooperation strategy was reaching only a small proportion of the relevant population (Boehm 1997).

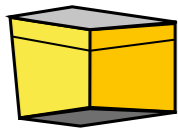
Today, GIZ shares the current international view that the informal economy is not a temporary phenomenon that will be superseded through economic development. The informal economy has been operating for decades and will remain, in the medium term at least: ‘The informal economy is here to stay’ (ILO 2002). In a number of countries, it makes a major contribution to overall economic output and, for much of the population, it provides the best – even the only – opportunity to earn a living. Consequently, GIZ develops its concepts and measures on the assumption that the informal economy is ‘normal’ (OECD 2009) and here to stay. GIZ is committed to improving working conditions in the informal economy, with a particular focus on the working poor who, despite having paid work, live below the poverty line of their respective country.

Looking back: Deutscher Entwicklungsdienst gGmbH (German Development Service – DED)

Established in 1963, the DED was committed both to working with partners in the field of vocational education and training, who aimed to foster graduates’ employability, and to promoting small and medium-sized enterprises with the potential for growth and job creation. The DED did not work alone but was integrated into the programme approaches of German and international development cooperation in line with the idea of concerted development cooperation (known in German as ‘Entwicklungszusammenarbeit aus einem Guss’).

The DED targeted young people, women and girls, entrepreneurs in the informal sector and their employees, economically active individuals from poorer sectors of the population with entrepreneurial potential, and disadvantaged and poor population groups. It worked with intermediaries (partner organisations), such as public and private vocational education and training institutions, local and regional education authorities, initial and ongoing teacher-training institutions, interest groups of private education providers, chambers of industry and commerce, industry associations, and informal sector federations.





TOOLKIT

Looking back: Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)

Established in 1975, GTZ developed the concept of Occupation-oriented Vocational Education and Further Training for Target Groups in the Informal Sector (BAFIS) in the early 1990s. The concept placed the focus on this specific target group, which had only very limited access to the formal vocational education and training system. The aim was to strengthen existing providers of non-formal initial and ongoing training and employment promotion measures through human resources and skills development initiatives. The BAFIS approach was implemented in Pakistan and Laos. However, there was an initial failure to integrate relevant initial and ongoing training approaches into advice on the development of national systems (Boehm 1997). From the mid-1990s onwards, greater consideration was given to the fact that the most effective way to support target groups in the informal sector was through integrated employment-promotion measures, including remedial basic education, efforts to promote economic development, initial and ongoing training, support for business start-ups and loan-brokerage services (Gold and König 1997).

Looking back: Internationale Weiterbildung und Entwicklung gGmbH (InWEnt)

InWEnt was created in the 2002 merger of the Deutsche Stiftung für internationale Entwicklung (DSE) and the Carl-Duisberg-Gesellschaft e.V. (CDG). It provided human resource and organisational development services for international cooperation aimed at decision-makers from government, business and civil society and multipliers from the vocational education and training systems. InWEnt's programmes and measures were designed to promote skills for change at three levels:

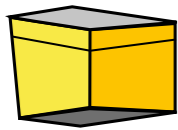
- increase individual skills
- improve the performance of companies, organisations and administrations
- improve capacity for decision-making and policy implementation at political level

Working within the 'Vocational training and employment' business sector, InWEnt promoted the development of effective vocational education and training systems and the practice-oriented improvement of existing vocational training offerings in partner countries. Issues of employment-oriented skills development for the informal economy were taken into account in InWEnt's range of services for education strategy, planning and research within vocational education and training.

Today's role of the GIZ in promoting skills development in and for the informal economy

GIZ's current range of services is based on several decades of development cooperation experience in the field of vocational education in and for the informal economy. Aware that poor population groups in developing countries, emerging economies and transition countries often have no access to formal skills development provision and that the productive and social potential of individuals in the informal economy frequently remains untapped, it promotes the skills development of target groups within the informal economy. In both urban and rural areas, there is a lack of skills development measures that are geared towards the working and living environment of poor population groups and that empower these groups to articulate and represent their interests. With its range of instruments and the product 'Skills development for secure livelihoods', GIZ provides skills development services and advice for these target groups (GIZ 2015).





TOOLKIT

Objectives of skills development promotion and services

The aim of promoting skills development is to achieve the economic and social integration of target groups by enabling them to acquire employment-relevant skills, whether working for others or for themselves. Initial and continuing vocational education and training provision is tailored to their specific needs, giving them better access to employment in the formal and informal economies that secures their livelihood. Target groups should also be enabled and/or helped to make the transition from informal to formal employment.

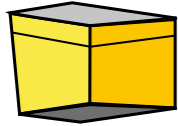
GIZ supports providers of skills development initiatives in partner countries in developing and implementing target group-specific initial and continuing vocational education and training measures and helps to set up, strengthen and link up training providers and self-organised learning groups. Moreover, GIZ promotes traditional apprenticeship structures and forms of job placement that are embedded in the local culture. Advice is provided on financing, management issues, quality assurance and matters relating to working conditions and occupational health and safety. Another aspect of skills development promotion is the improvement of advisory and support provision for business start-ups.

In line with the German Federal Ministry for Economic Cooperation and Development (BMZ)'s position paper on vocational education and training in development cooperation, GIZ encourages inclusion of the informal economy in the provision of advice on reforming national vocational training. It does so with a particular focus on a holistic approach to (vocational) education and training and an integrated approach to employment promotion. This approach underpins the drafting of strategies for promoting high-quality employment. It involves coordinating measures for creating jobs, enhancing employability and improving job placement services on the labour market, linking these measures with designing general economic and political conditions conducive to employment creation. Advisory services are provided locally in close cooperation with other German implementing organisations and with non-governmental organisations. Linking initiatives together at all system levels ensures that advisory and skills development services complement one another and helps promote sustainability.

Impacts of GIZ's skills development measures and advisory services

By making use of the services on offer, individuals will be better placed to participate in economic and social life. This helps to improve their individual prospects: Financially, both workers and the self-employed secure income while, at the same time, individuals have a better chance of making the transition into formal employment. Recognition of informally acquired skills also unlocks access to formal (vocational) education and training offerings. At an overall economic level, this helps to improve value creation in the formal and informal economies and contributes to pro-poor economic growth. Currently, GIZ is implementing projects aimed at target groups in the informal economy in a number of countries, including Ghana and Afghanistan.





TOOLKIT

More information within the toolkit:

Vocational Education and Training > Skills development > Non-formal vocational education and training

Vocational Education and Training > Skills development > Modernized traditional apprenticeships

Tools > Financing approaches

Tools > VET for business start-ups

Actors > NGO's – Non-governmental organisations

Project examples > BAFIS Laos

Project examples > Traditional apprenticeships in Ghana

Sources and further information:

Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (2012), Berufliche Bildung in der Entwicklungszusammenarbeit. Positionspapier, Strategiepapier 8, Bonn.

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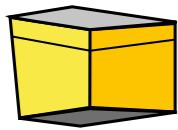
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TOOLKIT

NGO'S – NON-GOVERNMENTAL ORGANISATIONS

Vocational learning and informal micro-businesses – what are German non-governmental organisations doing in this area?

Author: Thomas Gerhards

German non-governmental organisations (NGOs) have been focusing on the informal economy for a long time, aware that the majority of the poor population was working and learning in this ever-growing sector (Bangasser 2000). Learning takes place during the process of employment and has little to do with the general and vocational education systems, some of which were imported during the colonial era (King 1997; Fluitman 2002; Adams 2013). Formal vocational education and training systems largely fail to reach the informal sector. A number of studies (DVV International 2013; Walther 2011; Walther 2007) show that the vast majority of young people in developing countries get their vocational training from small, informal businesses, with vocational schools playing only a minor role in this context. The informal economy is, therefore, continuing the worldwide tradition of company-based apprenticeships, offering practical training to millions of young people each year. There are, however, a number of problems, including a lack of formal qualifications, exploitative and – in some cases – dangerous working conditions, poor equipment, and few opportunities for further training.

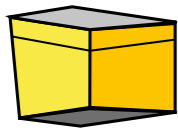
There are numerous motivated civil society initiatives, associations, churches and aid organisations with relevant expertise working to improve vocational education and training in developing countries and emerging economies. They consider vocational training to be a key lever for reducing poverty and discrimination. These German non-governmental organisations (NGOs) are estimated to have supported between 1,000 and 2,000 education and vocational education and training projects in the informal and formal economies in 2013. For some aid agencies, religious orders, associations and foundations, supporting vocational education and training is a key part of their constitution, including Brot für die Welt, Don Bosco Mondo, DVV International, Kindernothilfe, Kolping International, MISEREOR and the Schmitz Foundations. These NGOs finance their activities

through donations as well as public subsidies from the German Federal Ministry for Economic Cooperation and Development (BMZ), the German federal states and the European Union. They are linked in their work through the German NGO umbrella organisation Dachverband Entwicklungspolitik Deutscher Nicht-Regierungsorganisationen (VENRO).

Involvement of German NGOs in vocational education and training in and for the informal economy

Up until the early 1990s, the focus of the work of state development cooperation and German NGOs alike had been on the establishment of modern, well equipped centres for training skilled workers. The majority of training revolved around three-year programmes for technical trades. Since then, existing vocational training centres have been encouraged to include non-formal courses and entrepreneurship in their curricula and to expand their education and training provision for the informal economy (Gerhards 2003). Today, the majority of German NGOs working in vocational education and training focus on non-school based provision for target groups in the informal economy and/or within micro businesses and have revised their funding criteria accordingly. The NGOs emphasise the need to find solutions on a participatory basis and in discussions with the target groups. Many NGOs are gaining positive experience in cities of combining training provision for the formal economy and the informal economy. Nonetheless, training centres in rural areas and small towns continue to face problems in relation to utilisation, quality and self-financing. Since the early 1990s, the NGOs have worked with their project partners to develop, implement and analyse a large number of interesting project approaches for target groups in the informal economy.





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Many of these approaches are described in more detail as tools in this Toolkit:

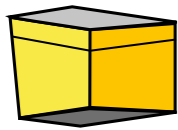
- Provision of courses for the recognition and certification of informally acquired skills
- Introduction of non-formal courses at formal vocational schools for target groups in the informal economy
- Provision of mobile non-formal training programmes in rural areas
- Use of local and regional approaches to cooperative vocational education and training, involving cooperation between vocational schools and small informal businesses
- Enhancement of traditional and informal company apprenticeships
- Provision of help to formalise previously informal jobs
- Issue of education vouchers for informal workers
- Reintegration of specific target groups, street children and child soldiers by placing them in traditional apprenticeships
- Advanced vocational training for micro business owners in the informal sector
- Provision of advisory, dissemination, documentation and training services for 'adapted technologies'
- Development of informal and formal microfinance services, including savings and credit groups, and provision of rotation funds for training loans
- Provision of courses and advice on income-generating activities for self-help groups
- Promotion of self-organisation among informal small businesses
- Provision of business start-up assistance to training centre graduates, to include training, advice, and provision of rooms, loans and tools
- Incorporation of entrepreneurial skills and life skills into the curricula of vocational schools for future work in the informal sector
- Transformation of rural training institutions into production and repair workshops
- Provision of integrated offerings that combine literacy measures with vocational skills development and basic entrepreneurial knowledge
- Running of seminars with project partners at regional level for sharing experiences in approaches to promoting vocational education and training

Experience with these successful approaches has in some cases been evaluated and shared between the NGOs. One general limitation is the lack of broad impact. For example, while effective 'stand-alone solutions' have been devised, changes in the system have only rarely been achieved. NGO-funded training centres often lack access to state financing, particularly in Africa. The approaches promoted also suffer in some cases from a lack of skills on the part of teaching and management staff. Another consequence of 'stand-alone solutions' is that the number of informal workers and the level of competition between them are increasing while the market as a whole is not growing. Only few individuals manage to make the transition to the formal economy: the bureaucratic, quality and social requirements are demanding, with NGOs and their project partners having little influence over them. The establishment of properly functioning service markets has been hindered in some cases by external subsidy of skills development provision for small informal businesses.

These findings led to a change of perspective from 2000 onwards. Instead of focusing on developing the skills of a specific number of small-business owners, actors began to look at the market as a whole and to identify the factors that were hindering or promoting 'pro-poor' market development (ILO 2005). From a current perspective, interventions are designed to stimulate functioning markets for vocational education and training, including traditional apprenticeships, and to facilitate integration of the informal economy into the formal economy. The aim is that the training endeavours of companies, the informal economy, churches and NGOs should be recognised and supported with subsidies by the relevant states.

A sector evaluation by the Protestant Development Service EED (2015) assigned 93 per cent of all vocational training projects audited to the field of non-formal and informal education. The MISEREOR (2016) funding area evaluation carried out shortly thereafter emphasises that two thirds of the projects offer non-formal vocational education and training and about half explicitly qualify for the informal economy. The orientation towards non-formal learning and the informal economy is seen by both as a particular strength of the NGOs.





TOOLKIT

Current Challenges

Current challenges for German NGOs engaged in vocational education and training involve adapting to the labour market, modernising and maintaining existing centres as well as qualification of training staff. Many NGOs are increasingly promoting information-sharing between vocational training centres in partner countries and the establishment of networks for fostering dialogue with state authorities, companies and interest groups in both the formal and the informal sector. In contrast to Asia and Latin America, the focus will shift even more strongly to the African continent. Due to increasing mobility, the certification of non-formally acquired competences will become more important.

A comparative evaluation of results carried out by the EED in West Africa showed the impact of company-based apprenticeship approaches in micro enterprises with regard to relevance and efficiency (Evangelischer Entwicklungsdienst 2010). At the same time, Don Bosco Mondo found that training centres in cities are gaining fresh momentum from dynamic economic growth in emerging economies and from the demand of the formal economy for skilled workers with a practical focus. Approaches which combine learning in firms and training centres appear to be the most effective. German NGOs now expect their project partners to work closely with local companies, to focus on the labour market, and to combine formal and non-formal provision. They face the challenge of working across a spectrum with non-formal short courses for informal workers at one end and advanced formal qualifications at the other. The aim is not only to provide poor and disadvantaged young men and women with a certificate at the end of a course but also to help them find work, an income and prospects for their lives.

Structures for dialogue and information sharing between NGOs and other German development cooperation actors

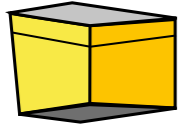
In response to calls from German NGOs and researchers, the informal economy was included in BMZ's sector concept for vocational education for the first time in 1991. Key forums for dialogue between 1996 and 2005 included conferences at the Evangelische Akademie Bad Boll (Protestant Academy Bad Boll), as well as expert groups by FAKT and AGEH. In addition, the 'Education working group' served as an informal forum for NGOs, BMZ and state implementing organi-

sations. The annual workshop discussions on vocational education and training organised by Don Bosco Mondo since 2010 are another important platform for dialogue between German NGOs. BMZ set up the topic team for vocational education at the end of 2010 with a view to promoting dialogue between NGOs, chambers of industry and commerce and state development cooperation actors. This team provided input on several occasions during the preparation of BMZ's position paper on technical and vocational education and training, which was published at the end of 2012. The priority area of cooperation on the informal economy specified in the paper was included at the express wish of the NGOs and advisors involved.

A further important milestone in the discussions between the NGOs was the 2013 International Bonn Conference on Adult Education and Development (BoCAED), which was organised by DVV International and covered the topic of technical and vocational skills development in the urban informal sector (DVV international 2013). It became clear during the conference that there is no one-size-fits-all recipe for success when it comes to development cooperation in the area of vocational education and training in and for the informal economy. Rather, it is necessary to consider all the approaches, select those that are suitable and develop them further. One of the messages from the conference was that vocational training centres will continue to be needed in future but that their role will change fundamentally. The centres will no longer be at the heart of vocational education and training but will be just one component among many others, such as recognition and certification of informally acquired skills, learning within the work process, dual training, and traditional apprenticeships. 'The skills development of the informal economy is only effective and therefore able to increase productivity and earnings if there is a co-partnership between informal and formal skills providers based on a clearly identified social and economic demand.' (Walther 2013).

NGOs thus make an important contribution: directly through courses and indirectly by preparing target groups for participation in the vocational training system and for the needs of the informal and formal economy. NGOs develop and show ways of improving the quality of vocational training in order to reach marginalised and vulnerable target groups.





TOOLKIT

More information within the toolkit:

Vocational Education and Training › Skills development › Non-formal vocational education and training

Vocational Education and Training › Skills development › Recognition of informally acquired occupational skills

Tools › VET for business start-ups

Tools › Mobile VET

Tools › Traditional apprenticeships

Tools › Financing approaches

Tools › Life skills approach

Tools › Local economy institutions

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EMPLOYMENT IN THE INFORMAL ECONOMY

Short title: Informal Employment

In many developing and emerging countries, the majority of employees work informally. The informal economy's share of total employment reaches record levels of 94.5 and 94.6 per cent respectively (ILO 2018). A substantial proportion of national income in these countries is generated in the informal economy: people are working day in and day out on the streets, in markets or in the fields to earn a livelihood and secure an income. The question put by Jütting and Laiglesia in 2009 is now more relevant than ever: is informal normal?

The working conditions and pay typically associated with informal employment are driving up the number of working poor: around 1.2 billion individuals working informally currently live below the poverty line of USD 2 per day per person (Jütting and Laiglesia 2009). Moreover, the existence of an informal economy has substantial negative effects on society as a whole: the state loses out in terms of tax revenue, for example, and loses influence over precarious working conditions. Unproductive informal jobs offer only limited scope to exploit the potential offered by human capital, which cannot be tapped to boost a country's economic and social development. However, informal employment also has a positive impact on both society and individuals in that it offers an opportunity for (steady) income to companies and employees alike. Meanwhile, in many places, the informal economy functions as a kind of 'holding tank' when there is a shortage of high-quality formal employment, thus helping to preserve a country's economic and social systems, especially during times of crisis. Informal companies can also compensate for ineffective state structures, bring innovative ideas into play, tap into new areas of business, and accelerate growth processes (Jütting and Laiglesia 2009).

However, while the informal economy is hugely important, there is very little reliable information on its characteristics and the influences on it. In 2002, the international community agreed on a common definition of informal employment (ILO 2002). Gathering statistics remains a major challenge, however. The sheer diversity of forms of informal employment, the range of conditions under which specific groups, such as women and young people, operate within the informal economy and regional specificities require detailed analysis before any development policy measures can be put in place.

More information within the toolkit:

[Informal Employment > Definitions](#)

[Informal Employment > Statistics](#)

[Informal Employment > Target groups > Forms of employment](#)

[Informal Employment > Target groups > Women](#)

[Informal Employment > Target groups > Youth](#)

[Informal Employment > Regions](#)

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TOOLKIT

DEFINITIONS OF THE INFORMAL ECONOMY

Short title: Definitions

The concept of the ‘informal sector’ was first used by anthropologist Keith Hart during his study of self-employment among unskilled migrants from northern Ghana in the country’s capital, Accra (Hart 1973). Shortly after that, research by the International Labour Organization (ILO) into the Kenyan labour market used the concept to describe primarily self-employed people and those running microbusinesses in urban areas whose activity is characterised, among other things, by the absence of regulation, poor productivity, informal learning, and family ownership of the means of production (ILO 1972). There then followed decades of intensive discussion about how to define and characterise the informal sector. Today, the debate is increasingly about the ‘informal economy’, a concept that takes in not only the activities of informal enterprises but also informal employment within the formal economy (ILO 2002a, ILO 2002b). However, the subject matter is complex, so both terms are still used today by different commentators.

Historic interpretations of the concept of the informal sector

Historically, debate about the informal sector has reflected four main perspectives (Chen 2012):

- The *dualistic perspective* defines the informal sector as involving marginal activities that enable poor individuals to earn a low income and offer a safety net during times of crisis. Seen from this perspective, the informal sector is perceived as entirely separate from and independent of the formal sector.
- The *structuralist perspective* sees the informal sector as a system of microbusinesses and individual workers that is subordinate to the major ‘capitalist’ companies and whose role is to keep labour costs low.
- The *legalistic perspective* sees the informal sector as the sum of all the small entrepreneurs who are excluded from the formal sector because of excessive costs and bureaucratic hindrances.
- The *voluntarist perspective* attributes the decision of small-business owners to operate informally to a cost/benefit analysis.

Each of these perspectives can claim to reflect part of the informal sector. During the 1990s, however, the informal sector grew steadily throughout the world and became increasingly differentiated, partly as a result of the spread of atypical employment conditions in the industrialised countries and the upheavals undergone by the economies of former Communist East European states. Against this backdrop, it seemed sensible to make a distinction between ‘employment in the informal sector’ and ‘informal employment’.

Drawing a distinction between ‘employment in the informal sector’ and ‘informal employment’

The ILO definition, adopted at the 15th International Conference of Labour Statisticians in 1993, set out for the first time criteria for gathering statistics relating to employment in the informal sector that identified the following three defining characteristics:

- The informal sector may be broadly characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production, and on a small scale. Labour relations – where they exist – are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.
- Production units of the informal sector have the characteristic features of household enterprises. The owners have to raise the necessary finance at their own risk. Expenditure for production is often indistinguishable from household expenditure.
- Activities performed by production units of the informal sector are not necessarily performed with the deliberate intention of evading the payment of taxes or social security contributions, or infringing labour or other legislations or administrative provisions. Accordingly, the concept of informal sector activities should be distinguished from the concept of activities in the hidden or underground economy.





This enterprise-based definition of employment in the informal sector excludes those employees who, for example, work informally for employers within the formal sector. As a result, in 2002, the ILO adopted a further definition of informal employment. This definition stipulates that employees are considered to have informal jobs if their employment relationship is, in law or in practice, not subject to national labour legislation or to social protection. Taken together, these two ILO definitions form the basis for gathering statistics relating to informal employment.

The term 'informal economy' is conventionally used as an umbrella term for 'all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements' (ILO 2002). This does not render the concept of the informal sector obsolete, but it does make a clear distinction between employment in the informal sector and informal employment.

More information within the toolkit:

[Informal Employment > Statistics](#)

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CHARACTERISTICS OF THE INFORMAL ECONOMY

Short title: Characteristics

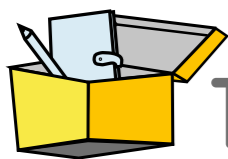
The term ‘informal economy’ is commonly used as an umbrella term for ‘all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements’ (ILO 2002). This negative definition, which relies primarily on the criterion of non-regulation by the state, has the advantage of covering both informal employment, whether in the formal or the informal sector, and businesses operating informally. Nevertheless, it is largely inadequate as a basis for designing strategies for economic development and vocational education and training. Further characteristics have, therefore, been identified in an attempt to reach a better understanding of the informal economy.

Diverse characteristics distinguish the informal economy from the formal economy

The sheer diversity of manifestations of the informal economy makes it very difficult to characterise. What features link a family-run farm producing mostly for its own needs and a small industrial company in a large town or city that supplies an international company? And what do a self-employed craftsman, someone working informally within the formal sector and an unpaid family member have in common? In an attempt to deal with these very different profiles, the informal economy is often described as a continuum along which specific characteristics take on different manifestations (Mehran 2015). The most commonly cited characteristics of the informal economy are:

- **It is dominated by small economic units.** Most informal enterprises have fewer than 10 employees, low productivity and, hence, a small production capacity.
- **Its production methods are labour-intensive.** While the level of technological development varies between sectors and between companies within the same sector, it is rare for enterprises to be equipped with modern machinery.
- **Education and training levels are low.** Although qualified school leavers and graduates in many countries are forced to accept work in the informal sector, at least for a period, many workers in the poorest countries have only low levels of basic education and no or only very poor formal vocational education and training. They acquire their knowledge and skills mostly informally, through learning by doing, or in a traditional apprenticeship. This low level of education and training makes it difficult for companies in the informal sector to access relevant information and to develop their production methods, while the employees themselves find it difficult to access further training and to make the transition to the formal economy.
- **Poor physical production conditions.** These also hamper productivity and can, under some circumstances, put employees’ health at risk. Homeworking, outdoor work, a shortage of secure storage, and restricted access to infrastructure and public services, including the road network, water, electricity and waste disposal, can have a negative impact on production.
- **Inadequate access to capital.** This is a further characteristic of the informal economy. A low income means restricted opportunities to save, and there is usually little distinction between personal and professional resources, while income and expenditure are not documented. Since informal enterprises are not registered and do not offer security, they and their employees have restricted access to publicly available loans. The commercial banks seldom regard these enterprises as creditworthy, so they are reliant on alternative means of funding to start a business or to invest, such as loans from their family or social circle, microloans, or informal money lenders, who generally charge high rates of interest.





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- **There is frequently a lack of access to social security systems.** This does not apply solely to the self-employed: the employer-employee relationship is frequently verbal and informal with little, if any, consideration of labour law.
- **The prime importance of social and family networks.** The prime importance of social and family networks is also typical of the informal economy: for example, such companies are frequently staffed by family members; there is heavy reliance on family and social networks to replace employees unable to work; family savings are used for investments; and personal contacts are essential to the marketing of goods and services. A company's reputation and personal recommendations sometimes replace formal contracts or certificates.

The informal economy itself is fragmented

A range of models and categories have been developed to facilitate better understanding of the diversity represented by the informal economy. Fields (1990) was one of the first to argue that the urban informal sector was essentially dualistic in nature. On the basis of empirical data from Malaysia and Costa Rica, he distinguished between 'easy entry', or the 'lower tier' of the informal economy, and the 'upper tier'. The 'upper tier' includes entrepreneurs or the self-employed, many of whom have previously been employed in the formal sector where they have acquired the skills and the capital to enable them to set up an informal business. Unlike those in the 'lower tier', these individuals are more likely to have chosen to operate within the informal economy than to have been forced to do so.

Ranis and Stewart (1999) represent a variant of this dualistic perspective. Using data from Thailand and the Philippines, they distinguish between the 'traditional' or 'stagnant' sector of the informal economy and the 'modernising' or 'dynamic' sector. The former produces simple goods and services for low-income consumers, has few, if any, links with the formal economy, generates only very low incomes, has little, if any, capital, requires only low-level skills, and is staffed primarily by individuals and family members. The 'modernising' sector, by contrast, includes small enterprises with up to ten employees and produces more complex and more capital-intensive goods and services for the middle and upper classes and for customers within the formal economy. It requires higher skills levels, and incomes in this sector approximate or even exceed average incomes in the formal economy.

Further distinguishing criteria, developed on the basis of Asian and Latin American countries, focus primarily on the informal economy's links with the formal economy or individuals' motives for informal employment. In the poorer African countries, by contrast, the focus is more on performance. Grimm et al. (2012), for example, argue that the informal economy operating in towns and cities in West Africa includes three types of self-employed workers or small enterprises: the successful 'top performers'; the 'constrained gazelles'; and the 'survival entrepreneurs'. The first two groups share many characteristics. 'Constrained gazelles' have similar entrepreneurial skills and motivation to 'top performers' but are hampered in their growth by inadequate access to capital, public services and infrastructure. 'Survival entrepreneurs' face the additional disadvantage of a skills deficit, particularly in business skills. This group is typically made up of women, who also have family responsibilities and/or are able to do only low-paid work because of cultural barriers, and people with disabilities, who are prevented from finding better employment because of social discrimination and stigmatisation.

These different characteristics of the informal economy, which not only vary from region to region but are also influenced by the sector, the target group or the form of employment, have generated a range of development cooperation approaches. In addition to vocational education and training, which is the focus of this Toolkit, these include technology, funding, infrastructure and social security, among others.





More information within the toolkit:

Vocational Education and Training › Skills development › Formal vocational education and training

Vocational Education and Training › Skills development › Informal learning

Vocational Education and Training › Skills development › Traditional apprenticeship

Informal Employment › Target groups › Women

Informal Employment › Regions

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STATISTICS RELATING TO INFORMAL EMPLOYMENT

Short title: Statistics

The informal economy operates outside state regulation and official monitoring, making it by nature difficult to measure. Nevertheless, given its importance in many developing countries, it is essential to form as reliable a picture as possible of the scope, make-up and growth of informal employment and the informal sector. Statistical surveys do not use the concept of the 'informal economy', since only some aspects – such as employment – can actually be measured. However, detailed data about informal employment, for example, is essential as the basis on which to develop and evaluate measures aimed at improving employee protection.

Definition and indicators of informal employment

Definition is the main factor making it difficult to gather statistics relating to informal employment. Early surveys restricted their scope to employment in the informal sector on the basis of the ILO's 1993 company-based definition. This covered employees and entrepreneurs in non-registered companies and/or in small and sole-trader companies. The criterion of company size was used as well as or instead of non-registration on the basis of evidence that most companies in the informal sector have very few employees and that in most developing countries, the self-employed or sole traders are not required to register formally. For methodological and, especially, practical reasons, agricultural activities were excluded from this definition. Subsistence production and the activities of (paid) domestic workers were also excluded.

The attempt to extend coverage to informal employment outside the informal sector produced the ILO's 2002 expanded definition, which categorises workers as follows:

1. Own-account workers employed in their own informal sector enterprises
2. Employers employed in their own informal sector enterprises
3. Contributing family workers, irrespective of whether they work in formal or informal sector enterprises
4. Members of informal producers' cooperatives
5. Employees holding informal jobs (that is, whose employment relationship

is not subject to national labour legislation, income taxation and social protection, etc.)

6. Own-account workers engaged in the production of goods exclusively for own final use by their household

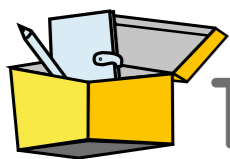
While categories 1, 2 and 4 already formed part of the 1993 definition, the real innovation was the addition of category 5, which covers most informal employees in the formal sector. Mexico is a good example of the scope of informal employment in the formal sector, where it accounts for about 20 per cent of total employment (ILO 2018).

Survey methods

Despite clearer definitions, gathering data remains a significant challenge for most countries. In addition to indirect methods, which use existing official statistical data to estimate the scale of informal employment, there are a number of direct methods for gathering data (ILO 2013a):

- **Targeted surveys**, which include only companies and workers operating within the informal economy. Establishing the sample is, however, very difficult, since there is no official register of these companies and individuals. As a result, surveys of this kind are rare and are confined to the local level.
- **Household surveys**, such as regular labour force surveys or household income and consumer spending surveys, provide information about employment and incomes in the informal economy and individual employee profiles. However, they provide next to no information about informal companies, since employees and their family members are often unable to answer such questions.
- **Company surveys** which – like targeted surveys – are limited in scope if statistical services are unable to identify informal enterprises.
- **"Mixed surveys"** which generally start with a household survey that then serves as the basis for identifying informal companies for a subsequent company survey. 1-2-3 surveys combine a labour force survey with a targeted company survey and an income and consumer spending survey. Surveys of this kind were conducted in Madagascar (1995, 1998) and Cameroon (1993) and in the cities of Yaoundé (1993, 1994), and Antananarivo (1995, 1996) and were reported in detail by the ILO (2013) and the Asian Development Bank (2011).





TOOLKIT

The ILO's new manual (ILO 2013a) is intended to help standardise methods and indicators – most of the current data are not internationally comparable because of the differences listed below:

- differing quantitative survey procedures
- differing geographical scope: rural areas are excluded in some countries for practical reasons
- differing sectors: the agricultural sector is included in some countries, whereas in others, only the craft and industry sectors are surveyed
- differing criteria for defining the informal sector: in some countries, the main criterion is company size (with differing thresholds), in others, it is non-registration, and in yet other countries, both criteria are used
- inclusion or exclusion of paid domestic workers
- inclusion or exclusion of individuals whose main employment is within the formal sector but who have a secondary employment within the informal sector

More information within the toolkit:

[Informal Employment > Definitions](#)

Sources and further information:

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REGIONAL MAPPING – REGIONAL FEATURES

Short title: Regions

The share of informal employment in total non-agricultural employment is estimated at over 50 per cent in almost all developing countries (ILO 2018). The following estimates can be made for the respective regions:

- 77,6 per cent in South Asia
- 76,8 per cent in sub-Saharan Africa
- 56,3 per cent in North Africa
- 67,4 per cent in South-Eastern Asia and the Pacific
- 49 per cent in Latin America and the Caribbean
- 28,3 per cent in Eastern Europe
- 31,2 per cent in Central and Western Asia

However, regional differences relate not just to the size of the informal economy, its importance in employment terms and its contribution to the economic performance of a country but also to other aspects, as described below.

The make-up of informal employment varies widely by sector and region, for example, with informal employment accounting for a much higher proportion of total agricultural employment in Africa than in other regions. The institutional and statutory framework also varies markedly and creates specific incentives for small entrepreneurs to continue to operate informally or to move gradually towards formalising their activity. In addition to other differences in the operation of the labour market and in the rate of economic growth, there are also regional variations in terms of skills requirements and provision of skills development. While literacy is particularly high among young adults in Latin America, North Africa and the transition countries, many workers in the informal economy in sub-Saharan Africa are unable to read or write. This requires specific, low-threshold offers combining vocational education and training with remedial basic education and training in life skills, among other things.

More information within the toolkit:

Tools > Life skills approach

Sources and further information:

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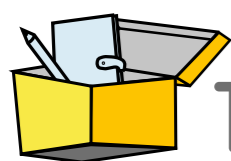
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TOOLKIT

AFRICA

Author: Robert Palmer

The majority of those working in non-agricultural employment in Africa does not have a formal waged job; they work informally in small or very small enterprises, from their homes, in the street or for a wage under informal conditions. Many have multiple income-generating activities. Official unemployment rates in Africa are usually low. In 2017, Sub-Saharan Africa (SSA) had a comparatively low unemployment rate of 7.2 per cent, which is only 1.5 percentage points higher than the average unemployment rate in the developed economies (ILO 2018a). But this gives us a very inadequate understanding of Africa's labour market; unemployment rates cover the formal economy only, and mask the fact that most people in Africa work informally because they can't afford to stay unemployed (ILO 2009; Gyimah-Brempong and Kimenyi 2013; Altenburg 2017).

The informal economy is the main source of employment outside agriculture in Africa

Agriculture remains Africa's main source of employment, and is estimated to account for 57 per cent of total employment (ILO 2018a). The informal economy is more significant in SSA than in North Africa. According to the ILO (2018b), approximately 76.8 per cent of the non-agricultural workforce in sub-Saharan Africa works in the informal economy. The shares in the individual countries range from 34 per cent in South Africa to 90.6 per cent in Benin (ILO 2018b).

Southern Africa, and especially South Africa, tends to have larger formal economies than Western, Central and Eastern Africa. As a result, official unemployment rates tend to be higher in Southern Africa, than in most other parts of SSA (Page 2012). According to the ILO (2018a) the unemployment rate in South Africa is 20.5 percentage points higher than the total unemployment rate of sub-Saharan Africa. Some countries, however, have quite large informal economies and double-digit unemployment rates (e.g. Lesotho and Kenya). In South Africa, the informal economy accounts for 34 per cent of total non-agricultural employment, compared to 69.3 per cent in Tanzania, 82.6 per cent in Ghana and 90 per cent in Togo (ILO 2018b). In North Africa, the informal economy accounts for 56.3

per cent of total non-agricultural employment, 49.8 per cent in Egypt, 53.5 per cent in Tunisia, and 75.6 per cent in Morocco (ILO 2018b).

Employment in Africa's informal economy is predominantly in the informal sector; over 80 per cent of total employment in the informal economy in SSA is in the informal sector (ILO 2018b). In North Africa, this share is also above 80 per cent.

Multiple drivers account for the development of the informal economy

Lack of formal jobs and the type of economic growth experienced: A key driver in the rapid growth of the informal economy in SSA is the weakness of the formal economy to generate employment and income opportunities in the face of rural-urban migration, de-agrarianisation and an expanding labor force due to demographic developments. In the absence of such formal work, most new entrants to the labor market in SSA work in the informal economy. Moreover, where coverage of unemployment insurance is low or inadequate, as is the case in most of SSA, most people simply cannot afford to be unemployed; and so enter into any kind of economic activity they can. In SSA, "the labor force is growing at about 3 per cent per annum, faster than economies can create wage and salary jobs" (Fox and Sohnesen 2012). In SSA, despite two decades of positive economic growth in the 5 per cent range (IMF 2013), there remain insufficient numbers of formal economy jobs and a "growing informalization of work" (Page 2012).

The institutional environment: Inadequate property rights, low quality governance, formal sector regulations (e.g. entry barriers, licensing requirements, employment protection legislation, statutory minimum wages, taxes) and their level of enforcement all impact the development of the informal economy (Andrews et al. 2011; Ncube 2013).

Social and cultural drivers: Social and cultural norms, especially for women, can limit choice of employment and discourage paid work outside the home (Chen 2013), thus driving informal (and especially home-based) activities among these groups.

Lack of access to capital and to quality education: Individuals that have limited access to formal capital or credit lines will be more likely to operate informally. A lack of quality education and skills training can result in a difficulty in accessing





formal employment: “the qualifications of those searching for work [...] constrains opportunities for employment [...] Africa does not offer the large number of low-skilled jobs found in manufacturing and construction observed in East Asia” (Adams et al. 2013). Those without sufficient qualifications find it easier to access informal employment where entry barriers are low.

Using a dataset from four African countries – Cote d’Ivoire, Kenya, Nigeria and Senegal – Gajigo and Hallward-Driemeier (2012) found that better access to bank finance at start-up and education increase the likelihood of switching to formal status after initially being unregistered or informal at start-up.

Corporate behavior: Many small firms choose to stay informal as it helps to “reduce costs related to wages, retirement pensions and other social benefits” (Ncube 2013), as well as the costs of complying with regulations (UNCTAD 2013).

The specificities of the informal economy in Africa

Wage versus self-employment: In SSA, non-agricultural informal employment is dominated by those in self-employment; 55.2 per cent of all workers in the informal economy are self-employed, versus 28.3 per cent who are wage-employed. A further 17.8 per cent belong to the group of contributing family workers (ILO 2018b).

Informal sector heterogeneity: There is a whole continuum of enterprise types in Africa’s informal sector, ranging from micro-ventures (street hawking, selling from a head-pan) and household enterprises to more established micro- and small-enterprises (MSEs) with (semi-)permanent structures, to larger informal firms. While the majority of all firms are MSEs (UNCTAD 2013), it is important to distinguish between smaller and larger informal firms (Benjamin and Ahmadou 2012; Ncube 2013).

Household enterprises are an important source of income in SSA; a survey of eight SSA countries (Burkina Faso, Cameroon, Democratic Republic of the Congo, Ghana, Mozambique, Rwanda, Tanzania, and Uganda) found that 40 per cent of households rely on household enterprises as an income source (Fox and Sohnesen 2012).

While most small- and medium-sized enterprises (SMEs) operate at low levels of productivity – with little capital and generating low profits – and are usually classified as being survivalist, a small proportion are typically more innovative, productive and dynamic. Grimm et al. (2012) identified a third middle group of informal enterprises that operate with little capital but are run by entrepreneurs with skills and behavior resembling upper tier entrepreneurs. They estimate that this middle group accounts for between 1 in 5 and 1 in 3 of informal sector enterprises in Benin, Burkina Faso, Cote D’Ivoire, Mali, Niger, Senegal and Togo (ibid).

Composition: Despite the plethora of studies looking at manufacturing enterprises in the informal economy of SSA, most enterprises are in fact engaged in trade and services, not manufacturing. For example in both Tanzania and Rwanda, about two-thirds of informal sector jobs are in trade and services (Adams et al. 2013).

Location – Urban and rural: The informal economy was traditionally seen as an urban phenomenon (with rural areas being seen as predominantly agricultural), but it is now widely accepted that non-agricultural informal economic activities are found in both the rural and urban areas.

Markets: Many informal enterprises operate in income constrained local domestic markets, with most customers coming from low- to middle-income groups (Böhme, and Thiele 2011). The relatively low purchasing power of most informal economy clientele suppresses demand. Moreover, many informal enterprises operate in geographically-constrained markets, serving mainly clients in local market areas. This small market size results in often severe competition between businesses.

Decent work deficits: Both the self-employed as well as the informal wage workers do not have secure incomes, workers’ benefits, social protection and (often) representation (ILO 2013b; ILO 2009: 11; Ncube 2013).

Gender: In SSA, 82.8 per cent of women (compared to 71.6 per cent of men) are engaged in non-agricultural informal employment (ILO 2018b). Women are not only more numerous, but are more likely to be in “more vulnerable and less profitable occupations and sectors” (Adams et al. 2013). However, in North Africa because labour force participation rates are much lower for females than for males (ILO 2013a), the informal economy is not predominantly female.





Occupational pluralism: Most of those working in the informal economy do not simply have one source of income; rather their employment portfolio is likely to be made up of two or more income-generating activities pursued simultaneously, the composition of which changes at different times of the year and can include both agricultural and non-agricultural activities.

Income and earnings: On average, income from those in the non-agricultural informal sector is lower than those in formal employment, but higher than those in farming (Adams et al. 2013).

Finance and insurance: Most of those in the informal economy don't have access to formal credit or insurance products, and the informal financial and insurance predominates. Informal finance can include finance from relatives and friends, rotating savings and credit associations, and professional and part-time money lenders. Informal insurance mechanisms are usually linked to informal sector associations, community or faith-based networks.

Education and training: Traditionally, those working in the informal economy have been regarded as possessing a low skills base and low levels of education. However, it has been recognised that large numbers of much more educated people are entering the informal economy. There are generally low skill and educational entry requirements to the informal economy; however, this obviously varies by sector and type of work. For example, auto-mechanic mastercraftspeople in Ghana tend to show a preference for apprentices with a complete lower-secondary education, whereas entry to a more traditional trade like dressmaking tends to have lower skill requirements (Darvas and Palmer 2014). Entry to informal retail and food-processing sectors tend to have lower skills/competence requirements compared to informal manufacturing sectors. The vast majority of all learning taking place in the informal economy itself is on-the-job learning; this can be either through a traditional apprenticeship, or simply experiential learning through work.

The informal economy is a durable feature of African economies

The informal economy used to be seen as something temporary that would reduce in size as economic development and industrialization created jobs in the formal sector. It was neglected for a long time both by African policy makers and by development partners (Ncube 2013).

While there are some that still view it as “an obstacle to sustained growth” (Benjamin and Ahmadou 2012), most now see the informal economy as a “significant and durable feature of Africa’s economic landscape” (Adams et al. 2013), one that makes an important contribution to economic development and to poverty reduction.

In SSA, the informal economy is an important source of employment opportunities, income, wealth and livelihoods (Charmes 2012; Fox and Sohnesen 2012). In sub-Saharan Africa, the contribution of the informal economy to gross domestic product varies between 20 per cent in Mauritius and South Africa and 65 per cent in Benin, Tanzania and Nigeria (Medina et al. 2016). Further, it plays an important role in creating employment opportunities; 56.8 per cent of employees have informal jobs in Africa (ILO 2018b).

It is not clear what direction Africa’s informal economies are going in. While some report increasing levels of informality (Schneider 2012; UNCTAD 2013), Charmes (2012) comments that “sub-Saharan Africa could have then entered into a period of reduction of the informal economy” (p.114); available data show a steady growth in the informal economy between the 1970s and the end of the 1990s, with a decrease apparent in the 2000s.





More information within the toolkit:

[Informal Employment > Target groups > Women](#)

[Informal Employment > Target groups > Rural areas](#)

[Tools > Traditional apprenticeships](#)

[Project examples > Traditional apprenticeships in Ghana](#)

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TOOLKIT

ASIA

Author: Robert Palmer

The majority of those working in non-agricultural employment in Asia do not have a formal waged job; they work informally in small or very small enterprises, from their homes, in the street or for a wage under informal conditions. Many have multiple income-generating activities. Official unemployment rates in most of Asia are usually low. In 2017, South Asia, East Asia and South-East Asia had lower official rates of unemployment than developed economies (about 4 per cent versus 5.7 per cent), though in Central and Western Asia unemployment rates are higher at 8.3 per cent (ILO 2018a). However, this gives us a very inadequate understanding of Asia's labour market; unemployment rates cover the formal economy only, and mask the fact that most people in Asia work informally.

The informal economy accounts for the majority of non-agricultural employment in Asia

In Asia, informal employment as a proportion of total non-agricultural employment accounts for an average of 59.2 per cent. This varies considerably from 77.6 per cent in South Asia, to 67.4 per cent in South-East Asia, to 49.1 per cent in Eastern Asia (ILO 2018b).

In most of Asia, the informal sector accounts for the bulk of total employment in the informal economy. The informal sector accounts for 80.5 per cent of total employment in the informal economy in South Asia, 87.6 per cent in East Asia and 72.9 per cent in South-East Asia (ILO 2018b). Over the last two decades, Asia's informal economies have been growing; the share of informal employment as a percentage of local non-agricultural employment rose from 56 per cent between 1985/89 to 70 per cent 2000/07 (Schneider 2012).

A mix of drivers accounts for the development of the informal economy in Asia

Economic growth and the formal economy: While some (Amin 2002) argue that there is a clear relationship between economic growth and the development of the informal economy (i.e. that the size and content of the informal economy are linked to how strong economic growth is), others argue that there is no clear relationship between economic growth and informality. As Chen and Doane (2008) note, even if there is a correlation between economic growth and informality, "it does not answer the question of what is driving what: is low growth driving informality; or is informality driving low growth?" Even in fast-growing Asian economies like India, formal employment has been unable to provide enough opportunities for the growing labour force (Chen and Doane 2008; Maiti and Sen 2010b). In Western Asia, countries like Jordan have also seen over a decade of good economic growth, without sufficient formal jobs being created; in Jordan's case in-migration has also contributed to increasing informality (Fortuny and Hussein 2010).

The heterogeneous nature of the informal economy (see below) means that different segments of the informal economy tend to react in different ways to periods of economic crises or growth (Chen and Doane 2008; Fortuny and Hussein 2010). In East and South-East Asia, the global economic and financial crisis, which began in 2008, caused an influx of workers into the informal economy as formal wage jobs in highly labour-intensive export sectors were culled (e.g. in the garment and footwear industries, electronics, construction, tourism, and farmers of selected crops) (ADB-ILO 2011). These job-losses in export-oriented industries hit women particularly hard, and many shifted into informal economic activities (ibid.). While informality increased overall, levels of vulnerability also increased for many. "The informal sector's 'resilience' to downturns is [now regarded as] a myth. It has not cushioned the impact of the economic crisis" (UN 2009).

The growth of Asia's informal economies (in urban areas) has traditionally been influenced by rural to urban migration, and by the demand for low-cost goods and services for those employed in the formal sector (Amin 2002). However, the growth of formal employment opportunities in urban areas has not kept pace with the supply of migrants to cities; meaning that the urban informal economy is now less driven than it used to be by the demand for goods and services by those employed formally.





Rather, it is more driven by the need of individuals to generate income, no matter how, in the face of a lack of formal jobs (ILO-Japan 2012) and reduced demand for goods and services by those with such jobs. Where coverage of unemployment insurance is low or inadequate, as is the case in most of Asia, most people simply can't afford to be unemployed (Maiti and Sen 2010a).

The institutional environment: Absence of property rights, low quality governance, formal sector regulations (e.g. entry barriers, licensing requirements, employment protection legislation, statutory minimum wages, taxes) and their level of enforcement all impact the development of the informal economy (Andrews et al. 2011). In Nepal, rising informality has been partly attributed to regulatory barriers (Chen and Doane 2008). In Central Asia, the tax system, a “rigid labour market, low institutional quality, and excessive regulation in financial and products markets are the key determinants of the size of the informal economy” (Abdih and Medina 2013). In Vietnam, Rand and Torm (2012) comment on the general perception of the high costs associated with operating officially.

Social and cultural drivers: In many Asian countries marginalised groups may have higher rates of informality due to socio-cultural factors. In South Asia, for example, people from low caste groups are more likely to be informally employed in marginal low-income activities (Chen and Doane 2008). In India, while there are quotas for Scheduled Castes and Tribes in public employment, caste is still a key determinant of what kind of work people do in the private sector (ibid.).

Many women across Asia tend to experience socio-cultural constraints which limit their employment options; for example, many are discouraged to work outside the home (especially if it involves mixing with men) and/or have domestic and care responsibilities (Chen 2013; Chen and Doane 2008). As a result, women are driven to informal economic activities. Indeed, in India, women's participation in such activities, including female ownership of informal firms comes at “magnitude that is mostly responsible for the persistence of India's informal sector” (Ghani 2013).

Lack of access to capital and to quality education: Limited access to credit in many Asian economies is seen as a factor causing increased informality. Moreover, a lack of quality education and skills training can result in a difficulty in accessing formal employment. Both these factors drive individuals to the informal economy.

The specificities of the informal economy in Asia

Informal sector heterogeneity: As in other developing countries, Asia's informal sector is a diverse array of economic ventures broadly spread on a continuum between more survivalist and more dynamic activities. For example, in South Asia the range of non-agricultural informal activities includes: domestic workers, hotel and restaurant workers, handloom weavers (Bangladesh), street traders, craft workers, construction workers, transport workers (e.g. porters, rickshaw pullers), and traditional service providers (e.g. barbers, cobblers, tailors, blacksmiths) (Chen and Doane 2008). Conceptually, the informal economy includes agricultural activities, but is usually discussed in relation to non-agricultural ventures (Charmes 2012).

Employment Status: In South Asia, South-East Asia and East Asia (excluding China) about the same proportion of informal economy workers are wage-employed as self-employed (ILO-WIEGO 2012).

Composition: A large part of the workforce in Asia continues to be employed in agriculture or in traditional, low-productivity service occupations (ILO 2018a). Outside of agriculture, most workers in the informal economy are involved in trade, manufacturing and construction. In South Asia, 29 per cent of employees work in manufacturing, 15 per cent in construction and 27 per cent in retail (Vanek et al. 2014).

Location – urban and rural: Informal economic activities are found in both urban and rural areas (Amin 2002), and in some Asian countries like Bangladesh are in fact “more prevalent in the rural areas than in urban areas” (ADB 2010).





Gender: In South Asia and East and South-East Asia (excluding China), informal employment is a greater source of non-agricultural employment for women than for men (ADB 2012; ADB-ILO 2013; Chen and Doane 2008; ILO-WIEGO 2012). However, in many countries in Western Asia, informal employment is a greater source of employment for men than for women, due to the low labour force participation rates of women (Fortuny and Husseini 2010). For example, in Iraq, Lebanon, Jordan, and Syria, males have a 6-17 per cent higher chance of working in the informal sector than women. “This result is probably due to the fact that female workers (generally educated ones) who participate in the labour force tend to queue for formal jobs in the public sector” (Angel-Urdinola and Tanabe 2012).

- Asian informal economies are characterised by distinct gender segmentation; women are over-represented in some sectors and men over-represented in others (Chen and Doane 2008). Women tend to get the lower income, lower status, more vulnerable work (ADB-ILO 2011; Geetika et al. 2011), including as domestic workers and unpaid contributing family workers (Chen and Doane 2008; ILO-WIEGO 2012), as well as informal wage workers in the textiles, garments, leather and footwear and electronics sectors. The majority of all informally employed women in South Asia work in the manufacturing sector (Vanek et al. 2014). Women are more likely than men to work from their home, and to trade on the street or sidewalk (ADB-ILO 2011).

Occupational pluralism: Most of those working in the informal economy do not simply have one source of income; rather their employment portfolio is likely to be made up of two or more income-generating activities pursued simultaneously, the composition of which changes at different times of the year and can include both agricultural and non-agricultural activities. Individuals from poor households are especially likely to have multiple occupations (Chen and Doane 2008).

Income and earnings: Compared to the formal economy, average earnings in Asia’s informal economies tend to be lower. For example in Sri Lanka, formal employees receive an average hourly wage that is about 40 per cent higher than that of informal employees (Chen and Doane 2008). In Indonesia, workers in formal employment earn about twice as much as those in informal employment (ADB-ILO 2011). Chen and Doane (2008) also comment that a hierarchy of earnings exists in informal economies; in South Asia employers tend to earn the most, “followed by regular informal wage workers, then own account workers, then casual day labourers, and, finally, industrial outworkers or homeworkers”.

Finance and insurance: Most of those in the informal economy do not have access to formal financial or insurance (MacKellar 2009) products, and informal financial and insurance services predominate.

Education and training: Traditionally, those working in the informal economy have been regarded as possessing a low skills base and low levels of education. However, it has been recognised that large numbers of much more educated people are entering the informal economy. Nonetheless, entry to (lower-end) informal economic activities has, as Geetika et al. (2011) put it: “little or almost insignificant barriers of skill, training”. In most, or all, Asian countries, those with no or low levels of education (primary only) are more likely to be in informal work, as the ADB (2012) notes for the case of Bangladesh. The vast majority of all learning taking place in the informal economy itself is on-the-job learning; this can be either through a traditional apprenticeship, or simply experiential learning through work or casual labor.

The informal economy is a source of livelihoods in Asian countries

In many parts of the world, Asia included, there are still broadly two views that policy makers tend to have regarding the role of the informal economy in development. One camp primarily views the informal economy as a place of poverty and poor working conditions or often associates it with illegality (Fortuny and Husseini 2010), while the other sees it as a place of entrepreneurship and economic dynamism. The truth is that both views have merit (Maiti and Sen 2010b), with economic activities on a continuum between more survivalist and more dynamic, as noted above. Asia’s informal economies contribute both to the poverty reduction and economic growth agendas in these countries.

In Asia, “the informal economy provides a vital source of livelihoods... including during tough economic times” (ADB-ILO 2011). Evidence suggests that it contributes to poverty reduction; for example, in Vietnam, Hieu et al. (2013) found that one third of surveyed households would be under the poverty line if informal income sources were not included, compared to 10 per cent if informal income is added up. Asia’s informal economies contribute significantly to GNP; in South Asia this amounts to 25 per cent of GNP, while in East Asia and Pacific the figure is 18 per cent (Schneider et al. 2010).





More information within the toolkit:

Informal Employment › Regions › Central Asia and South Caucasus

Informal Employment › Target groups › Women

Informal Employment › Target groups › Rural areas

Vocational Education and Training › Skills development ›

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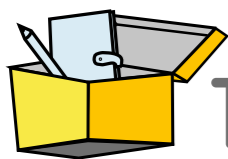
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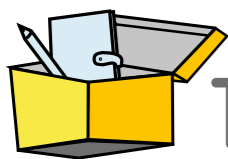




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TOOLKIT

LATIN AMERICA AND THE CARIBBEAN

In common with other regions of the world, not all Latin American countries are able to provide accurate data relating to employment in the informal economy. This makes it difficult to reliably assess the make-up of and trends in the informal sector in this region (Gasparini and Tornarolli 2009). The most recent available estimates suggest that informal employment (excluding agriculture) accounts for 49 per cent of total employment in the region (ILO 2018). The figures range from 24.1 per cent in Uruguay to 75.6 per cent in Bolivia. Countries with comparably high GDP per capita, like Brazil or Argentina, also have a share of informal employment above 40 per cent of total employment. In all countries of Latin America and the Caribbean, the majority of informal workers work in the informal sector (ILO 2018).

A decline in informal employment

After a period of steady growth during the 1980s and 1990s, informal employment has been declining as a percentage of total employment in most Latin American countries since the early 2000s. This decline slowed but continued during the financial crisis in 2008/2009. Favourable economic conditions and extensive government programmes have helped to boost the proportion of employees covered by health and pension insurance over the past ten years from an average of 50 per cent to an average of 60 per cent. Between 2002 and 2013, the proportion of people living on less than USD 1.90 a day in the region fell from 11.7 to 4.5 per cent of the total population (World Bank 2018). However, social inequality remains high. In 2016 in Costa Rica, Paraguay and Honduras, the richest 10 per cent of the population held more than 35 per cent of their country's total income; in Colombia, it was even more than 40 per cent. At the same time, the share of total wealth held by the poorest 20 per cent of the population was less than 5 per cent in most countries (World Bank 2018).

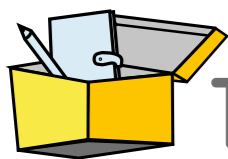
'Exit' and 'exclusion' – two possible explanations for informal employment in the region

In and of itself, the positive correlation between economic growth and a decline in the informal economy is not enough to explain the trends in informal employment in Latin America. A number of theoretical approaches point to additional factors. Some sources, for example, cite exclusion and marginalisation mechanisms, in which labour market segmentation, bureaucratic obstacles and excessive costs deter workers, the self-employed and small enterprises from making the transition to the formal economy, thereby largely excluding them from social security systems (de Soto 1989). Other approaches emphasise the voluntary nature of the decision to remain within the informal economy, which is perceived as the result of unattractive state services ('exit'). In the light of the huge diversity within the region and within the informal economy itself, these two approaches appear to complement each other rather than being mutually exclusive (Perry 2007).

Fields (2004) describes the segmentation of the informal economy into two tiers. The upper, competitive tier includes employees who have made a voluntary decision to opt for some degree of informality. The lower tier brings together workers who cannot afford to be unemployed and those whose lack of skills means that they have no scope for working in the upper tier of the informal economy or in the formal economy.

This theory of segmentation of the informal economy is borne out by many empirical studies conducted in Latin America. Research in Brazil shows, for example, that 30.3 per cent of men and 37.4 per cent of women working informally would not choose to switch to formal employment (Perry 2007). Other research indicates that over 60 per cent of the self-employed and small enterprises have chosen voluntarily to work within the informal economy (Jütting et al. 2008). However, it is important not to over-estimate the significance of 'exit' factors compared with 'exclusion' factors, since many countries do not have robust data to back up these theories and are particularly short of data relating to the very poorest people.





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Education and training play a key role in accessing and remaining in informal employment

In all countries across the region, those with little or no education are most likely to be forced to remain in the informal economy. An individual who has not completed basic education in Bolivia is eight times more likely to have to remain in the informal sector than an individual with secondary school leaving qualifications; for those who have never been to school, this rises to as much as 15 times. In the Dominican Republic, such individuals are twice as likely to be forced to remain in informal employment, while in Argentina, they are six times more likely to be in this position (Perry 2007). Research conducted in Mexico also sheds light on the role of formal education and training in mobility between the formal and the informal economy. Between 2002 and 2005, 26 per cent of employees with fewer than six years' formal education suffered 'negative mobility' in terms of their likelihood of moving from the formal economy into the informal economy, compared with just 14.9 per cent of those with a better education. Meanwhile, scope for 'positive mobility' was higher for the better educated at 23.4 per cent as against 14 per cent for those with a poorer education record (Jütting and Laiglesia 2009).

Diverse target groups within the informal economy

Data from Mexico indicate that informal employment fulfils a number of different functions throughout an individual's life. For young people, informal employment is often a transitional phase during which they acquire work experience or wait for an opportunity for formal employment to arise. The lower barriers to employment in the informal labour market often make it easier for them to find employment there. This is also true of Brazil, where young people ultimately want to work in the formal sector but have first to work in the informal sector. Up to 80 per cent of 15 to 24 year-old Brazilians working in the informal sector would rather be employed in the formal sector (Cunningham 2008). However, without secondary school qualifications, their chances of formal employment are low. For the formalisation of young people's employment in Latin America, the ILO therefore recommends a differentiated strategy in which training measures are combined with instruments such as employment services, support for young entrepreneurs and basic social protection programmes (ILO 2015a).

Social networks are crucial for access to initial employment. Half of all young people working in small businesses in the informal sector in Mexico are children of the business owners. Moreover, very few young people manage to set up in business on their own account, whereas older employees are more successful at making the transition from the formal economy to self-employment, which offers them a better income and greater flexibility (Perry 2007). In the case of Jamaica, the ILO recommends the promotion of cooperatives to enable young people to become entrepreneurs while minimising their risks. Cooperatives proved to be particularly resilient during the 2008/2009 economic crisis (ILO 2015b).

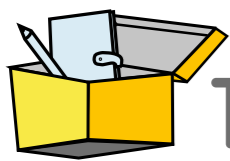
As well as young people, women are often disproportionately likely to be working informally in jobs with poorer conditions than those available to men. While 51.8 per cent of women work informally, only 46.8 per cent of men do, although men still account for the largest proportion of informal workers in the region. This is due to their higher employment rate overall (ILO 2018). Research in Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) found a 25 per cent earnings gap between men and women working in the informal sector compared with a 10 per cent pay gap in the formal sector (Jütting and Laiglesia 2009). The indigenous population, which generally enjoys very poor access to school education and further training, is also more likely to be working in the informal sector and in agriculture. In Ecuador, for example, just 28 per cent of the indigenous population in urban areas is in formal employment as against 51.2 per cent of the non-indigenous population (Patrinos 2007).

Skills development strategies for those employed in the informal sector

Unequal access to formal (vocational) education and training and a lack of vocational knowledge and skills are often seen as the major factors involved in moving into informal employment in Latin America. Inequality in educational opportunities is, however, closely related to the processes of social exclusion and poverty. Education in general and, more specifically, vocational education and training are, therefore, just one element in a broader strategy for improving the situation of those in informal employment.

As well as provision of formal education and training, Latin America has developed a wide range of skills development programmes specifically for disad-





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vantaged groups and those working in the informal economy. The majority of these programmes have had only modest success, partly because they are of poor quality, are not relevant to the labour market and are inadequately linked to the formal education and training system (Jacinto 2012). However, they include some promising approaches:

- The government wants new vocational education and training centres and vocational schools to open and is encouraging them to develop provision for groups that have so far been excluded. This is the case, for example, in Argentina, Brazil, Chile and Colombia. Vocational education and training centres offer evening courses, including courses for those working in the informal economy, for instance.
- Local partnerships involving non-governmental organisations, companies and official bodies, among others, are achieving success by adopting a holistic approach and combining access to education and training with access to additional services, including advice on introducing new production methods.
- Programmes in which vocational education and training is combined with remedial basic education leading to secondary school qualifications are having a positive impact on participants' search for employment and boosting their incomes. In Chile, for example, such provision is being developed as part of the 'Chile Califica' programme.
- Programmes that link continuing training provision with loans and advice on business start-ups or job-seeking measures are provided, for example, in Mexico by the Instituto Nacional para el Desarrollo de Capacidades del Sector Rural (INCA Rural).

More information within the toolkit:

Informal Employment › Statistics

Informal Employment › Target groups › Youth

Informal Employment › Target groups › Women

Informal Employment › Target groups › Rural areas

Vocational Education and Training › Skills development ›
Formal vocational education and training

Tools › Opening training centres

Tools › Financing approaches

Tools › VET for business start-ups





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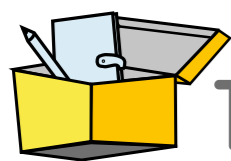
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MIDDLE EAST AND NORTH AFRICA

On average, countries in the Middle East and North Africa (MENA) region generate 27 per cent of their GDP in the informal economy, which accounts for around 67 per cent of total employment. The oil-producing Gulf States – whose informal economy accounts for just 7 per cent of employment – stand out from other countries in the region, where, according to ILO (2018a), this figure ranges from 43 per cent in Jordan to 76 per cent in Morocco. In the Arab states, informal employment accounts for 63.9 per cent of employment in the non-agricultural sector (ILO 2018a). Despite the diversity of national contexts, the job situation of young people is regarded as particularly problematic in the region as a whole. Elevated unemployment rates, coupled with a high percentage of informal employment among 15-24 year olds, show the precariousness of their lives.

Characteristics and scale of the informal economy

Throughout the MENA region, young people between 15 and 24 are most likely to be in informal employment. More than 70 per cent of young men in urban centres in countries such as Egypt, Jordan, Iraq and Morocco work in the informal economy, compared with just 20-30 per cent of men over 45. By contrast with Latin America, employment in the formal, private, SME or start-up sectors in the MENA region rarely increases as men get older. Over their life cycle, individuals traditionally transition from informal employment into public sector employment as they move into prime-age adulthood. However, as the number of jobs now being created in the public sector has slowed and is being outstripped by demographic growth, this pattern is becoming increasingly disrupted (Gatti et al. 2015). Against this backdrop, the informal economy has been growing continuously since the early 1980s, while youth unemployment has reached a record high in recent years (24.9 per cent in the Arab States and 29.5 per cent in North Africa, compared with a worldwide average of 13 per cent (ILO 2018b)). In addition to conflict and political instability, for example, the lack of prospects on the labour market fuels the desire of many young people to move abroad permanently. Surveys show that around one third of 25- to 29-year-olds express this desire, and the trend is growing, particularly in Arab states (ILO 2016). At the same time, it is this very lack of prospects that sows the seeds of dissatisfaction, which came to a head in spectacular fashion during the Arab Spring (Mulderig 2013).

Women also experience large-scale discrimination on the labour market. In countries with a strong agricultural focus, such as Yemen, they are more likely than men to be employed in the informal economy. In Arab countries with a large public sector, on the other hand, they are less likely than men to be employed in the informally (Gatti et al. 2015). One reason for this is the fact that their overall employment rate is very low and that women seeking gainful employment tend to be well educated and to seek employment in the public sector. For many women, finding a job in the private sector is not a socially acceptable alternative and they are excluded from many careers as a result of cultural barriers (McCloughlin 2013). Women are therefore hit by unemployment to an even greater degree than men. In Egypt, unemployment among young women aged between 15 and 24 is 51 per cent higher than among young men (ILO 2018b).

In countries in the MENA region, men with secondary or tertiary qualifications are proportionally less affected than other men by informal employment. However, a university or vocational qualification is no guarantee of a formal employment relationship. In Egypt, for example, 77.8 per cent of all employees who attended primary school or below are employed in the informal economy. Among university graduates, the figure is just 23.7 per cent. In the private sector alone, however, there is a less marked difference (88.7 per cent and 50.1 per cent respectively) (Angel-Urdinola and Tanabe 2012). In countries such as Algeria or Egypt, youth unemployment among university graduates is higher than among graduates of preparatory/general secondary or vocational secondary schools. Education and family income are closely linked, so it would appear that many young people completing non-academic training courses cannot afford to be unemployed and therefore have no choice but to opt for poorly paid employment in the informal economy.

In countries throughout the region, informal employment is linked with an increased risk of poverty. In countries with a very strong informal economy, such as Yemen or Syria, up to two thirds of the richest households earn their income in the informal economy. In Egypt and Morocco, on the other hand, informal employment falls as incomes rise, with a concomitant rise in the unemployment rate.





Drivers and trends

The sharp rise in informal employment in the Middle East and in North Africa since the early 1980s is usually attributed to four factors: demographic growth and concomitant numbers of young people entering the labour market; accelerated urbanisation; stagnation or contraction of public sector employment; and institutional constraints on private sector development (Angel-Urdinola and Tanabe 2012).

A large proportion of private sector companies are set up in the informal economy and are rarely registered; if they are, then this usually occurs much later on. This is in stark contrast to Latin America, for example, where just 10 per cent of companies are set up within the informal economy, compared with 25 per cent in the MENA region. The majority of SMEs in the informal sector remain in that sector, while on average, larger formally registered companies with more than ten employees fail to declare around 20 per cent of their turnover or their staff to the state. Frequently cited reasons include high taxes, corruption and red tape as well as the systematic and preferential treatment given under legislation to state-owned companies (Gatti et al. 2015). Informal enterprises cannot easily access capital to fund investment and are able to tap into international markets to only a very limited extent. The economy is seen as very segmented as a result (World Bank 2014).

Compared with larger, registered businesses, productivity in small companies is low. In manufacturing, entrepreneurs in the informal economy have significantly lower qualifications than those in similar-sized formal businesses. In Egypt, for example, less than 20 per cent of those working in the informal economy have attended university, while around 30 per cent have only completed primary education; for small, registered companies these figures are 70 per cent and less than 1 per cent respectively (Gatti et al. 2015). Workers in the informal economy earn much less than those in the formal sector, even if they have the same qualifications. This is particularly true of workers in the public sector. In Morocco, the income gap for men aged between 15 and 35 is around 50 per cent. A lack of security, of career prospects, of social protection and of training opportunities also increases dissatisfaction among those employed in the informal economy (Gatti et al. 2015). However, mobility between informal and formal employment is low, and the overwhelming majority believe that access to formal employment is possible only with the help of *Wasta* (Arabic for connection and favouritism) (World Bank 2014).

Given the demographic dynamics in the MENA region, additional investment in the quality and availability of education and vocational training is vital throughout the entire region. Although school enrolment rates are high in the region, poor results in international tests such as the Trends in International Mathematics and Science Study (TIMSS) show that the quality of education is well below the international average (Mulderig 2013). Improving initial and continuing vocational training could boost the productivity of companies in the informal economy in particular. At the same time, however, structural reforms are required to facilitate conducive conditions for developing the private sector, formalising informal enterprises and encouraging the establishment of a well-functioning labour market. However, according to World Bank estimates, economic growth of 5 per cent a year between 2014 and 2020 would create 24 million jobs, which would be just enough to keep unemployment at its current level (World Bank 2014).





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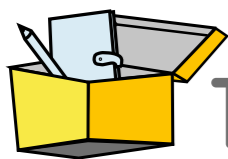
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TOOLKIT

SOUTHEAST EUROPE

The collapse of their planned economies triggered an increase in unemployment and growth in informal employment in the countries of South-East Europe. The proportion of the workforce employed informally in those countries in the region that are not European Union Member States is estimated at over one third (Miheš et al. 2011). Their particular geographical location means that these countries – Albania, the Republic of Moldova and the states of the former Yugoslavia except Slovenia and Croatia – enjoy special status in relation to German and European development cooperation. The South-East European countries that are already EU Member States are not cooperation countries and so are not considered in this Toolkit. Below, we explore in detail the characteristics, drivers and trends in the informal economy in this region.

Characteristics and scale of the informal economy

In common with other regions, South-East Europe lacks robust, internationally comparative statistics relating to the scale of the informal economy. In the Republic of Moldova and in Bosnia-Herzegovina, informal employment is estimated to account for around one third of total employment (Miheš et al. 2011). In Albania, the informal economy accounts for 61 per cent of total employment (ILO 2018). In Kosovo, the informal economy is estimated to account for between 35 per cent and 50 per cent of Gross Domestic Product (Ministry of Finance 2010), while in Montenegro, informal employment is estimated to make up 22.6 per cent of all employment, with the highest proportion (77 per cent) working in the formal sector. In addition, many employees in the formal sector are paid part of their salary informally, meaning no tax is payable on it: the Institute for Strategic Studies and Prognoses estimated that this is the case for 17 per cent of all employees (Miheš et al. 2011). In the outeastern EU member states especially low-skilled and young people work informally. However, the scale of the informal economy varies widely from sector to sector and from region to region. A survey of street vendors in Albania found, for example, that 80 per cent had no trading licence and that 90 per cent were not paying tax (Miheš et al. 2011). In most countries, informal employment is particularly high in the agricultural sector: in the Republic of Moldova, for example, agriculture accounts for more than 60 per cent of all informal employment.

Similar numbers of women and men are working informally in most countries in the region. In Albania, for example, 63.5 per cent of all working women are informally employed (compared to 59 per cent of working men; (ILO 2018)). However, women generally have lower-status jobs than men, despite having similar educational backgrounds (UFTUM 2011). In Macedonia, there are also sectoral differences: men employed informally tend to work in construction and the transport sector, while women are more likely to be employed in the service sector (Mojsoska-Blazevski 2011).

Drivers and trends

Without regular comparative international surveys, it is difficult to describe trends in the informal economy. In all countries in this region, the transition to a market economy has been accompanied by a mushrooming of private companies, but expansion of the regulatory framework and the scope for official monitoring has not kept pace. Corruption, crime, political instability, a lack of trust in the justice system, and rates of taxation and social security contributions are all cited as the main reasons for the rise and persistence of a high degree of informality in employment terms.

For many reasons, the existence of an informal economy is seen in South-East Europe as an evil to be combated. One reason is the perception that informal companies compete with registered companies and distort competition. In Macedonia and Kosovo in particular, a company survey by the World Bank found that more than 60 per cent of registered companies felt under pressure from competition from the informal sector, particularly small companies and those in rural areas; large, export-oriented companies were not particularly affected (Hudson 2012). However, informal employment allows many people without realistic prospects of formal employment to enter or remain within the labour market. Against this backdrop, the European Union's cooperation programmes recommend not repressive and punitive measures but active measures to promote formalisation of companies and jobs through support measures, incentives and education (Eurofound 2013a and 2013b).





Vocational education and training as a spur to formalisation

Young people in South-East Europe find it particularly difficult to obtain their first job. Youth unemployment is high, and in many cases, the knowledge and skills they have acquired in the education system are simply not geared to the needs of the labour market. In absence of an alternative, young people often work informally. In the best-case scenario, this offers a chance to develop employment-related skills. Those with better skills then often use this initial work experience to make the transition to the formal economy, while those with poorer skills tend to remain in the informal economy. In Kosovo, the rate of informal employment correlates inversely with levels of education: while 57 per cent of those with a lower secondary qualification or below are working informally, this figure falls to just 4 per cent of those with a degree (Xhelili Krasniqi 2012). In Moldova, informal employment amongst 16 to 23 year olds has decreased by 40.5 per cent between 2003 and 2013. This is mainly due to a modernisation of the economy and an increase in educational participation (Popa et al. 2016). The self-employed and those working in the informal sector find it particularly difficult to make full use of their skills, while individuals working informally in registered companies have a better chance of formalising their employment position (Miheš 2011).

More information within the toolkit:

[Informal Employment](#) > [Target groups](#) > [Women](#)

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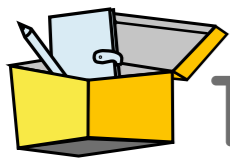
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TOOLKIT

CENTRAL ASIA AND SOUTH CAUCASUS

In the wake of the collapse of the Soviet Union, the informal economy burgeoned throughout Central Asia and the South Caucasus, a trend sustained since 2000 despite the economic growth recorded from the late 1990s onwards (ILO 2013a). The International Monetary Fund estimates that the informal economy accounts for between 15 per cent (Uzbekistan) and 35 per cent (Armenia) of official Gross Domestic Product across the region (IMF 2012).

The scale of informal employment in individual countries

In common with other regions, Central Asia and the South Caucasus also lack reliable and up-to-date comparative data on informal employment. Informal work by individuals registered as unemployed or 'unofficial' payment of part of their salary to formal employees – which is common practice in the mining sector in Kyrgyzstan, for example – make it difficult to gather statistics relating to informal employment (Help Age 2011).

However, surveys in individual countries provide information about the scope of informal employment in the region and the different forms it takes. In Armenia, for example, informal employment is estimated to account for 52.1 per cent of total employment (ILO 2018a). In previous surveys the figure reached 82.1 per cent in rural areas, whereas just 24.5 per cent of those working in urban areas were employed informally (ILO 2013a). In Kyrgyzstan, where informal employment is estimated to account for 48.6 per cent of total employment (ILO 2018a), young people in rural areas face particular difficulties: around 37 per cent of this group are classed as working within a family business six years after leaving the education system (ETF 2013). Proportionally fewer women than men work informally in the informal sector (excluding agriculture) in Central Asia (ILO 2012; ILO 2013a).

Most employees in the informal economy have no access to social security systems offering more than basic cover. In Kyrgyzstan, 71.1 per cent of the working age population (over the age of 15) have no pension insurance; the figure for Armenia and Azerbaijan is 75.0 per cent while for Georgia, it is 77.3 per cent (World Bank 2011). The proportion of employees living below the absolute poverty line (less than USD 2 a day) is 4.6 per cent across the entire region (ILO 2013). However,

relative poverty is much more widespread, with informal employees particularly affected. In Kyrgyzstan, for example, 36.8 per cent of the population was living below the relative poverty line of around EUR 25 a month in 2011. Three quarters of this group live in rural areas, where 80 per cent of the population works informally (National Statistical Committee 2012).

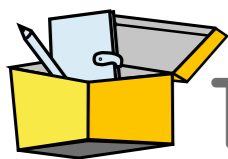
A variety of reasons for informal employment

Demographic trends in individual countries are one major explanation for the scale of the informal economy across the region. In Kyrgyzstan, Tajikistan, Uzbekistan and Armenia, large numbers of young people from high birth-year cohorts are entering a labour market that can offer only a few of them the prospect of formal employment. Economic growth has failed to create jobs on a large scale. As a result, youth unemployment is high, at 16.5 per cent in Western and Central Asia as a whole, 15 per cent in Kyrgyzstan, 18 per cent in Tajikistan, 14.6 per cent in Uzbekistan and 39 per cent in Armenia (ILO 2018c). This forces many young people into either the informal economy or emigration (ILO 2013c). Informal small entrepreneurs and the self-employed often see their situation as an emergency solution. In Georgia, this applies to about 35 per cent of them. In this group, entrepreneurial thinking and the interest in targeted further training are not very prominent (Rudaz 2005).

The political and institutional framework often means that countries are unable to harness the potential that young people offer for development. For example, the tax system, rigid labour markets, corruption and/or inefficient administrative systems, excessive regulation, and an unsophisticated financial and banking system are often to be found alongside an extensive or even expanding informal economy (Abdih 2013). Research by the International Monetary Fund estimates that these factors underpin 75 per cent of the informal economy in the region (IMF 2012), hampering innovation and keeping productivity low. Stringent registration requirements also force many individuals to escape poverty and lack of prospects in the villages by migrating to the towns and cities, where they become illegal residents and remain employed in the informal economy.

The particular importance of the informal economy in rural areas can also be attributed to the dissolution of collective farms (kolkhozes) and privatisation of state-owned land in the 1990s, which triggered high levels of unemployment in





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rural areas. Moreover, part of the agricultural sector has always been, and remains, very traditional, with little state management or regulation. For example, in 2009, 70 per cent of all those working informally in Kazakhstan were living in rural areas and 60 per cent were employed in agriculture. The strategies needed for this area of the informal economy are different to those needed for the urban informal economy, as they have to take into account the specific characteristics of rural areas (Rutkowski 2011). In Armenia, for example, the structure of informal employment differs greatly between rural and urban areas. In rural areas, 68.5 per cent of informal workers work in small, unregistered enterprises, while in urban areas 77.7 per cent work informally in the formal sector (Serrière 2014).

Migrants constitute a particular target group among the informally employed

In the wake of the collapse of the Soviet Union, conflict, unemployment and poverty triggered an exodus from the countryside and large-scale migration both within and out of the region, in particular, to Russia. For example, almost 800,000 people left Tajikistan, nearly 12 per cent of the population (ILO 2009). The majority of these migrants have found work in the informal economy in their host country, for example in construction or retail. Kazakhstan's economy is growing, and the country is another popular destination for migrants from Uzbekistan and Kyrgyzstan: each year, an estimated 250,000 to 1,000,000 people make this journey, most of them illegally (Alembekova, Shabdenov and Baruah 2009).

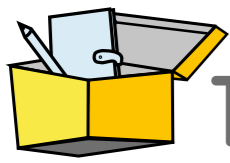
However, while migration represents a brain drain for the sending countries and may trigger tension in the receiving countries, it can also have a positive impact. Transfer payments from migrant workers are one of the most important sources of income for all Central Asian countries except Kazakhstan (World Bank 2013). Remittances can alleviate social tension and create some stability in the sending countries: in Tajikistan and Kyrgyzstan, they accounted for around 26.9 per cent and 30.4 per cent respectively of Gross Domestic Product in 2016 and are forecast to continue to rise (World Bank 2018). As receiving countries, Kazakhstan and Russia benefit from increased human resources, meanwhile, and in some cases specifically target the recruitment of migrant workers from their poorer neighbours, including Uzbekistan and Kyrgyzstan (Russian International Affairs Council 2013).

Against this backdrop, appropriate investment in human resources seems justified in terms both of the general regional economy and of the receiving and sending countries. Individual migrants also benefit from a good specialist training and targeted preparation for migration. For example, Russian language skills are essential if they are to gain access to skilled employment and an official residence permit and to enable them to defend their rights more effectively. Since the first of January 2015, the Russian Government has made knowledge of the Russian language and the country's history and laws a precondition for granting residence and work permits and tests this by examination. The only exceptions are for highly qualified specialists of whom there is a particular shortage on the Russian labour market (The Russian Government 2014). Back in 2010, the Russian-Tajik Slavonic University ran courses for those considering migration (Consulate General of Russia in Tajikistan 2010). In the absence of comprehensive Russian language instruction at schools, young migrants from Tajikistan in particular are poorly prepared and risk either expulsion or exploitation by criminal intermediaries. Language and preparation courses in the country of origin, which are conducted for example by the International Organisation for Migration (IOM) and local NGOs, therefore have a positive effect. In order to positively reinforce the economic effects of labour migration on the society of origin, there are qualification programmes in the region to support the remaining family members in setting up their own businesses. The productive investment of remittances is intended to support the private sector in countries such as Tajikistan (Chiovenda 2013).

Opportunities for initial and continuing education and training for people in informal employment

The states formed after the collapse of the Soviet Union still offer good basic education compared with other countries with a similar level of income. Official national statistics indicate that the average adult literacy rate in Central Asia is almost 99 per cent (UIS 2013). However, vocational education and training systems are in need of substantial reform. Skills development for teachers, teaching methods and equipment are no longer up to date, and many courses are largely irrelevant to the labour market (dvv international 2008). The public in this region, as in many other regions, have a poor image of vocational education and training, and many courses are not geared to the labour market. As a result, completion of initial vocational education and training at secondary level confers only limited





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advantages on the labour market and, unlike post-secondary or tertiary qualifications, is not enough to ensure that the holder does not end up in informal employment (Serrière 2014, ETF 2013, ADB 2011).

In the light of high levels of labour migration, the education and training systems in some countries not only have to provide training for their national labour market but also face the dilemma of deciding whether to provide training for those considering migration as well. For example, in Tajikistan, there is a demand for short courses in the construction sector that may be useful for obtaining employment in Russia. Longer training courses, which form the basis for further training of skilled workers who will contribute to developing the domestic economy, are less attractive in the short term to young people (OECD 2012, p. 83). Many employers are sceptical about investing in continuing training because, once trained, these skilled workers may prefer to use their newly acquired skills abroad (OECD 2012, p. 71). Against this backdrop, reform of initial and continuing vocational education and training systems seems an urgent priority. The strengthening of in-company training in Kazakhstan or the public financing of further training programmes for informal workers and entrepreneurs in Armenia are examples of successful approaches (ILO 2015).

More information within the toolkit:

Informal Employment > Target groups > Rural areas

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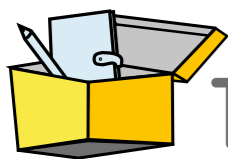
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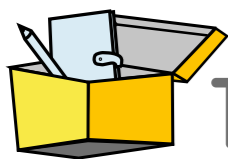
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TOOLKIT

DEVELOPMENT POLICY APPROACHES TO THE INFORMAL ECONOMY

Short title: Development policy

The issue of which approach development policy should take to the informal economy is debated mostly from a ‘formalisation’ perspective. However, formalisation can mean a variety of things. It may mean those working informally making a transition to formal employment, although this presupposes that adequate numbers of appropriate jobs are created. In relation to companies within the informal sector, meanwhile, formalisation is often understood as registration and taxation. Finally, it may also mean that employees working informally are gradually granted employment rights and access to public goods and services. Over recent years, however, donors and multilateral organisations have increasingly come to understand formalisation as a process. This process is, moreover, seen as multidimensional, requiring approaches to supporting the informal economy to be differentiated by target group and context.

Despite extensive consensus about the definition of formalisation, major multilateral organisations, such as the International Labour Organization (ILO), the World Bank, the Organisation for Economic Co-operation and Development (OECD) and the European Union (EU), have different emphases in their strategies for dealing with the informal economy.

The International Labour Organization (ILO)

The ILO prioritises improvements in the working conditions of those working informally as part of its ‘Decent Work’ campaign, which gives it a strong poverty orientation (ILO 2013). The basis of its work is its ‘Resolution Concerning Decent Work and the Informal Economy’, adopted by the ILO Conference in June 2002. The primary aim of the Resolution is the gradual integration of workers in the informal economy and informal companies into the formal economy and social security systems. The ILO (2015) adopted Recommendation No. 204 on the transition from the informal to the formal economy. It sets out guiding principles and framework conditions for effective policies with the following objectives:

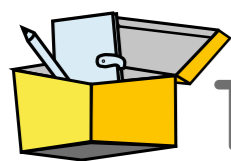
- facilitate the transition of workers and economic units from the informal to the formal economy, while respecting workers’ fundamental rights and ensuring opportunities for income security, livelihoods and entrepreneurship;
- promote the creation, preservation and sustainability of enterprises and decent jobs in the formal economy and the coherence of macroeconomic, employment, social protection and other social policies; and
- prevent the informalization of formal economy jobs.

The ILO believes that the existence and growth of the informal economy can be attributed mainly to deficits in governance. It therefore argues that governments must take a leading role in this area with support from bilateral and multilateral aid organisations. The ILO sees its own role as gathering data and knowledge about the informal economy, advising governments, promoting the sharing of good practice, and helping to implement programmes and projects.

The World Bank

The World Bank’s understanding of the informal economy is summarised in a 2007 report on the informal economy by its Latin America and the Caribbean Regional Unit (Perry 2007). This publication distinguishes between different segments of the informal economy, which are affected to different degrees by exclusion mechanisms (the ‘exclusion’ model) or are prompted by a cost/benefit analysis to opt for informality (the ‘exit’ model). The World Bank recognises the role of the informal economy in providing a buffer against unemployment. It also supports countries in progressively formalising their informal sector. The World Bank recommends a differentiated strategy that takes into account the heterogeneity of the informal economy. For the most successful companies, the focus is on gradual registration and taxation, while for others the focus is on increasing productivity and competitiveness (Benjamin 2015). The World Bank initiative ‘Stepping up skills – for more jobs and higher productivity’, for example, stresses the need to gear measures to the needs of current and future employees in the informal economy. In relation to promoting economic development, the World Bank also explicitly recommends acknowledgement of the informal economy and its active involvement in local economic development strategies. Further recommendations for areas of intervention include better access to infrastructure, public





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services, capital, training and information, and targeted support for informal sectors with growth potential.

The Organisation for Economic Co-operation and Development (OECD)

The OECD's Development Centre makes its expertise and its forum for sharing knowledge and experience available to OECD and non-OECD countries. A research project on informal employment culminated in 2009 in a comprehensive report including a large number of case studies and concrete recommendations for action (Jütting and Laiglesia 2009). The report sees formalisation of the informal economy as the overarching aim but recommends creation of better employment opportunities in the informal economy as a short- and medium-term strategy for reducing poverty. This, the report argues, would also reflect the diversity of forms of employment, motivations and earnings levels. The strategy recommended by the report's authors for tackling the informal economy is based on three main principles:

- The priority is those individuals who have no alternative to informal employment because they are poor. These individuals must be helped to boost their productivity and achieve better working conditions. This can be achieved, for example, through an active labour market policy, initial and continuing vocational education and training, microloans, and better infrastructure.

- Second, it must become more attractive for those who prefer informality on cost grounds to move into the formal sector. To this end, formal structures should be made more efficient and more flexible, and the implementation of regulations and legislation should be tightened: ultimately, informal employment is often the result of inadequate formal employment opportunities within the formal economy.
- This leads to the third requirement – promotion of job creation. The OECD also stresses the importance of citizens having trust and confidence in state institutions, without which it will be impossible to reduce the size of the informal economy in the long term.

The European Union

The European Commission and its development cooperation agency EuropeAid take positions on supporting the informal economy that are broadly in line with those of the ILO. There is a strategic partnership on cooperation between the two organisations, with the European Commission explicitly supporting implementation of the ILO's Decent Work Agenda in its cooperation with partner countries. To produce a coherent development policy, aspects of the Decent Work Agenda are included in individual specific strategies (European Commission 2007). In relation to vocational education and training, for example, this means a strong orientation to the requirements of the labour market, promotion of recognition of informally acquired skills, and emphasis on the concept of lifelong learning.

The importance of the informal economy as a cross-cutting area, particularly in cooperation concerning vocational education and training, was emphasised in UNESCO's 2012 Education for All Global Monitoring report (UNESCO 2012).





More information within the toolkit:

Informal Employment › Target groups

Tools › Financing approaches

Tools › Recognition of informally acquired skills

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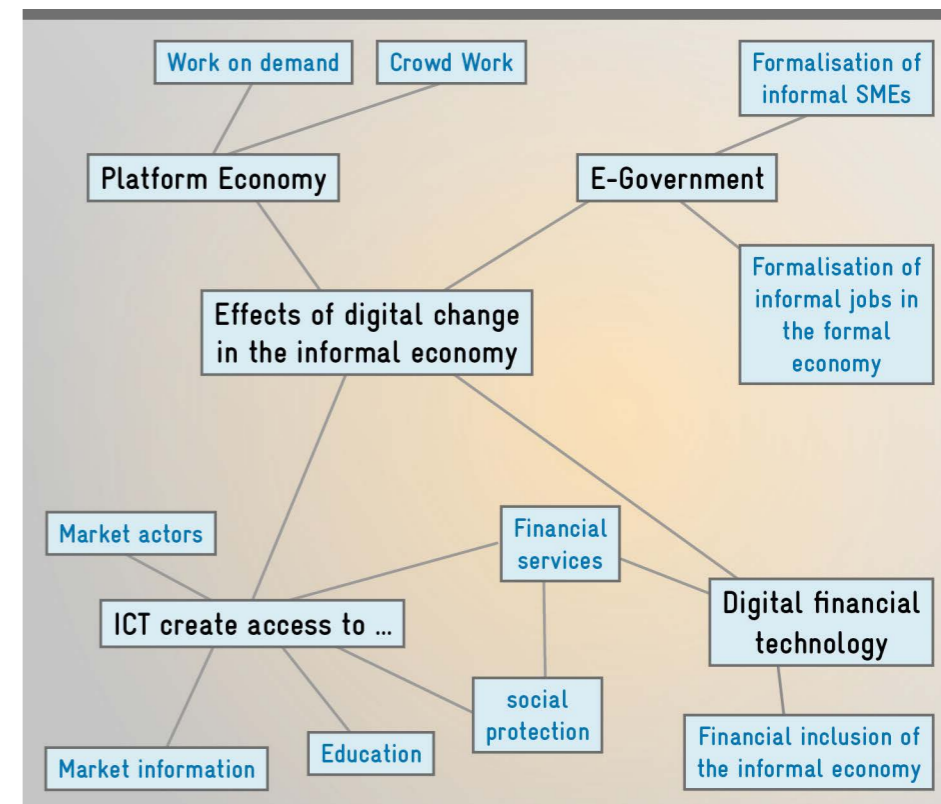


DIGITALISATION AND THE INFORMAL ECONOMY – OPPORTUNITIES AND CHALLENGES

Short title: Digitalisation

Rapid technological change and increasing digitalisation are impacting on all areas of society. Innovations in the areas of artificial intelligence, 3D printing, the internet of things and blockchain technology permeate both society and the economy. These developments, which are also referred to as the Fourth Industrial Revolution, and their effects on new ways of working in the formal economy are being discussed controversially. So far, the informal economy has played a secondary role in this debate. Worldwide, however, 61.2 per cent of all employees work in this sector. In developing countries and emerging economies, this figure is even higher, at 69.6 per cent (ILO 2018a). There is, therefore, an urgent need to look at the impact the accelerating pace of technological change is having on the informal economy and informal employment.

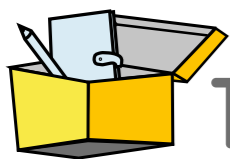
Both the informal economy, with the diverse forms of employment it offers, and the hotly debated issue of digitalisation are multidimensional and complex phenomena. Digital innovations impact on the informal economy and informal employment at different levels. In this section, we will look at three areas in which digital transformation has a disruptive impact on the informal economy.



Market actors

Studies show that digital applications are used in a broad array of sectors within the informal economy (Chen 2016; Mraba et al. 2017). Informal enterprises use apps to access important market information, for example on the availability and prices of goods. Mobile phones and smartphones are frequently a ‘must’ for informal enterprises if they are to communicate with customers, suppliers and other market actors. E-learning and mobile learning offer workers in the informal economy better access to general and vocational education. However, a lack of basic skills, of digital literacy and of access to technology and infrastructure poses significant obstacles for many workers of the informal economy. As a result, use of information and communication technologies (ICT) in informal microenterprises is frequently limited to low-end mobile phones and does not extend to smartphones and computers (Mraba et al. 2017).





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Informal employment in the digital platform economy

Digital innovations play a key role in the platform economy (also known as the ‘gig economy’). Digital technologies and platforms have a tangible impact on forms of work in the informal economy. The ‘platform economy’ is a phenomenon that emerged at the start of this century and refers to the procurement of services via digital platforms. Online platforms act as intermediaries between customers and service providers in certain segments of the labour market (ILO 2018). Customers can use online platforms to hire contractors to provide specific services in a range of areas, from those that require a low level of skills, such as taxi hire, to tasks that require higher qualification levels, such as programming or writing and translating. For workers in the informal economy, the platform economy opens up access to labour markets from which they were previously excluded. At the same time, it leads to more informal employment worldwide, transferring insurance and occupational obligations to freelance workers (World Bank 2016).

ILO (2018b) distinguishes between two types of digital platforms:

- Crowdfunding platforms mediate work such as web design services that are performed or submitted online. Here, work is contracted out to a geographically dispersed crowd.
- Work on demand-platforms, on the other hand, allocate physical work and services such as driving or deliveries. This work is usually performed in a specific geographical area.

Freelancers are also increasingly accepting work via internet platforms in developing countries and emerging economies. Crowdfunding platforms provide increased access to both local and international clients. Access to global labour markets in the services sector can help open up new informal workplaces for better-qualified workers and reduce global wage inequality (Norton 2017; AfDB et al. 2018). An international comparison of rates shows, however, that in practice, workers in the platform economy earn below-average wages (ILO 2018b). Contractors are offered greater flexibility as regards their working hours and work locations, which gives groups who frequently face disadvantages on conventional labour markets – such as workers with disabilities – a market for their services.

In addition to a lack of technological infrastructure and broadband internet, digital literacy and technical and language skills pose barriers to accessing the global crowdfunding market. In this context, general education and vocational training will be vital for developing countries and emerging economies if they are to benefit from access to global labour markets. In addition to these barriers, the global crowdfunding market presents further challenges for employees (and the self-employed). The geographic dispersion of a self-employed labour force across different countries and regions and the ‘distancing effect’ of online platforms make it challenging for trade unions or workers themselves to organise (Norton 2017). Clients and platforms usually do not offer social security benefits, so only a small percentage of freelancers make health insurance or pension contributions (ILO 2018b). Digital platform-based labour markets therefore lead to increasing uncertainty in the evolving world of work (Norton 2017).

Work on demand platforms mediate services with a lower skills profile. Thanks to apps such as the taxi platform Uber, service sectors that traditionally operate within the informal economy in many developing countries and emerging economies are being fundamentally restructured. In this context, on-demand platforms can help increase productivity of the informal economy. They allow workers to connect with the demand more efficiently and reduce the time a person spends searching for clients and is not generating income (AfDB et al. 2018). A lack of protection and failure by contractors to pay social security contributions may also foster the consolidation of precarious, informal employment conditions. However, platforms such as Uber distinguish themselves from traditional, informal working relationships in that the work itself is formalised to a greater degree. Reciprocal impacts often arise between existing, informal labour market segments and new types of informal, platform-based work. In a number of developing countries, for





example, on-demand platform apps have created stiff competition in the public transport sector, which usually has an informal structure. An aggressive pricing policy and easier coordination between passengers and drivers jeopardise the prospects that workers in the informal economy who do not use on-demand platform apps have of earning an income (von Vacano 2017). On-demand platforms create new working relationships that have characteristics of informal employment. At the same time, however, they are restructuring a traditional sub-sector of the informal economy by generating stiff competition.

Digital finance: creating opportunities for financial inclusion in the informal economy

The majority of employees of micro-, small and medium-sized enterprises (MSMEs) in the informal economy are excluded from formal financial services. Large swathes of the population in many developing countries and emerging economies have no access to formal banking systems. For example, in 2017, only around 63 per cent of the population in low- or middle-income countries had a bank account (Demirgüç-Kunt et al. 2018). Around half of the 400 million MSMEs worldwide lack adequate financing to thrive and grow (GPII 2017). Financial institutions often do not have the information they need to assess creditworthiness and risk in the context of the informal economy. Many MSMEs and employees in the informal economy therefore lack a secure means of saving, conducting transactions or generating investment capital. This has a negative impact on equality, productivity and growth in the informal economy.

Digital innovations such as mobile payment apps can support the financial inclusion of actors in the informal economy (GPII 2018; World Bank 2016). Digital financial technology offers significant potential for marginalised sections of the population, particularly women and the rural population. By allowing people to make cashless payments, mobile transfer innovations such as the M-Pesa platform in Kenya open up access to other financial and insurance services for individuals and MSMEs unable to open a bank account due to a lack of creditworthiness (AfDB et al. 2018). In this way, mobile payment systems can help improve access to social protection for workers in the informal economy (ILO 2018). Informally employed workers can, for example, use digital payment systems to take out voluntary health and social insurance policies. The data generated when using mobile payment apps enable lenders and credit institutions to assess the creditworthiness of MSMEs and workers in the informal economy, thereby improving their access to credit.

Digital financial services allow informal MSMEs to boost their productivity, for example by reducing transaction costs and providing microfinance as investment capital. In the long term, this can help formalise the informal economy (GPII 2018). However, to create the framework for this, financial literacy and capability training must be provided for those operating in the informal economy.





TOOLKIT

Formalisation through technological innovation? New ways for development cooperation to deal with the informal economy

Digital transformation also offers new opportunities for development cooperation to work with the phenomenon represented by the informal economy. Digital technologies play an increasingly important role in safeguarding transitions from the informal to the formal economy in accordance with ILO's recommendations. Governments can use technological innovations and ICT to facilitate and improve the effectiveness of the formalisation of informal enterprises and employment relationships. ILO (2017) therefore recommends the use of ICT to reduce the time required to formalise informal MSMEs and to cut the costs involved.

Worldwide, e-government methods are increasingly being used to facilitate a transition from informal enterprises and employment relationships to the formal economy. E-government refers to the use of ICT by state authorities to improve the effectiveness of its activities. There is a negative correlation between the quality of such e-government measures and the number of informal employees: countries with well-developed e-government structures tend to have a lower share of informal employment. E-government processes can be used, for example, to facilitate the registration (i.e. formalisation) of enterprises. Virtual one-stop shops enable entrepreneurs in the informal economy to register a business electronically, reducing the time and cost involved (Chacaltana et al. 2018). Above all, easy-to-use online registration processes benefit informal enterprises located in remote rural areas, at a considerable distance from the responsible authorities. E-government can provide incentives for formalising informal enterprises. A large proportion of informal MSMEs, which belong to the 'lower tier' of the informal economy, is excluded from the formal economy due to exorbitant costs. The provision of e-government services on their own will not be enough to formalise this group. In addition, workers in the 'lower tier' of the formal economy need social protection measures as well as the means required to boost productivity (Jütting and Laiglesia 2009).

In addition to formalising informal economic units, the number of informal jobs in formal enterprises can be reduced by using digital databases. The electronic transfer of data makes the formal registration of employees easier and more transparent, which in turn improves the ability of the responsible authorities to monitor the situation. This then makes it more difficult for companies to violate labour rights. By requiring firms in Peru, for example, to electronically submit employee data, the Government was able to increase the number of formal jobs from 930,000 to 2,400,000 (Chacaltana et al. 2018).





More information within the toolkit:

Informal Employment > Development policy

Informal Employment > Target groups > Forms of employment

Informal Employment > Target groups > Persons with disabilities

Informal Employment > Target groups > Women

Informal Employment > Target groups > Rural areas

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TOOLKIT

CONTEXT AND GLOBAL INFLUENCES

Short title: Influencing factors

Many theories have been formulated to explain the emergence and development of the informal economy. These theories can be divided into two broad categories according to whether they reflect an 'exclusion' approach, seeing informal employment as the result of a process of exclusion, or an 'exit' approach, seeing informal employment as a decision based on a cost/benefit analysis (Perry 2007). In the light of the many different forms of employment and differences between discrete groups within the informal economy, it seems inadequate, however, to posit a monocausal explanation. A number of influences at national and global level need to be taken into account, together with their interactions with each other.

There is growing acceptance of the view that the informal economy is segmented – that is, it comprises many different labour markets, each with its own modus operandi. An individual's access to a specific segment of the informal economy is determined primarily by his or her human capital (skills and formal qualifications), social capital (networks), and a range of other contextual factors (Jütting et al. 2008). Some of these factors are regarded as particularly important to the development of the informal economy, but they may have a different impact on different sectors within the informal economy:

The statutory and institutional framework: By definition, the informal economy operates either outside the law or at its margins. Four areas of regulation are crucial:

- the regulatory framework governing setting up and running a company,
- property rights,
- labour legislation and
- tax legislation.

The costs and benefits of complying with the legislative framework are one possible decision-making criterion when entrepreneurs and the self-employed opt to operate informally. The costs and benefits are determined, among other factors, by how effective the authorities are at implementing legislation, by the level of taxes and other charges, and by legal security.

Economic growth and job creation: There is a strong correlation between per capita Gross Domestic Product and the proportion of total employment accounted for by informal employment. Economic growth normally helps to reduce the scale of the informal economy, but only to the extent to which growth generates new jobs in the formal economy that keep pace with demographic growth. Strategies for growth that rely on the capital- and knowledge-intensive sectors, for example, have very little effect in countries where the majority of the population still work in agriculture, and can be categorised as 'jobless growth'. This is one reason why strong economic growth in some countries, such as India, may be accompanied by higher informal employment.

Economic and financial crises: Structural adjustments in the wake of economic and financial crises have a major influence on growth in informal employment. Higher unemployment in the formal economy or excessively low pay in the public sector force many people into informal employment or an informal second job.

Poverty: Poverty drives many people into informal employment: without access to unemployment benefits, informal employment is the only way they can survive. However, they frequently cannot earn enough in the informal economy to escape poverty. There is, therefore, a complex interaction between poverty and the informal economy (ILO 2018).

Demographic factors: Demographic growth and migration are important factors in the growth of the informal economy. The informal economy absorbs workers for whom there are not enough jobs in the formal economy, such as refugees and people who move from rural areas to the towns and cities but have little prospect of formal employment because they lack formal qualifications. In some regions, it also absorbs young people, many of whom flock to the informal economy as a stepping-stone to a job in the formal economy.





Globalisation: A number of dimensions of globalisation are thought to account for growth in informal employment. For example, the expansion of international trade relations is argued to be a contributory factor when cheap imported goods put pressure on domestic production. However, globalisation also creates new opportunities to expand the formal economy and, in some cases, helps improve working conditions for those working informally and the self-employed. The key factor seems to be governments' political will and ability to help shape globalisation processes such as foreign direct investment, technological development or expansion of trade relations, to minimise their negative consequences, and to distribute the gains ('pro-poor growth').

Flexible specialisation and global value creation chains: Around the world, the new distribution of labour represented by companies in the formal economy is leading to an increase in 'atypical' forms of employment. In developing countries, complex relationships are being forged between large foreign companies and their subcontractors that do not operate in accordance with the rules of the formal economy, for example in the textiles and electronics industries.

More information within the toolkit:

Informal Employment > Target groups

Informal Employment > Target groups > Refugees

Informal Employment > Target groups > Youth

Informal Employment > Digitalisation

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TOOLKIT

EMPLOYMENT GROUPS AND SECTOR-SPECIFIC INFORMAL EMPLOYMENT

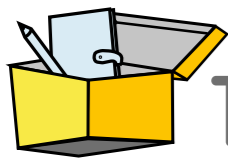
Short title: Target groups

The informal economy is highly heterogeneous, which translates into a wide range of forms of employment and activities in diverse sectors of the economy. Sometimes, it is visible on the streets of major cities, for example, where people earn an arduous living under difficult conditions as street vendors, shoe shiners, rickshaw drivers, porters or waste pickers. At other times, however, it is invisible, operating in remote rural areas or in repair workshops, craft businesses or private households where the working conditions are often just as poor.

A number of distinctions has been made to facilitate a better understanding of the informal economy. These distinctions relate to:

- Form of employment: on the basis of the ILO definition of informal employment, forms of employment are distinguished according to status, such as small entrepreneur, employee or family member, but also according to income and poverty risk.
- Gender: in all countries, the situation of women in the informal economy differs from that of men.
- Age: young people are often employed informally. Research shows that informal employment fulfils a range of functions throughout an individual's life cycle.
- Location (rural or urban): the characteristics of the agricultural sector and the conditions under which non-agricultural activities may develop in rural areas represent particular challenges in terms of development policy.
- Risk factors: Some population groups are effectively excluded from the formal labour market by legal or cultural norms. This is the case, for example, for people with disabilities and for refugees. These target groups earn their livelihoods increasingly in the informal economy.





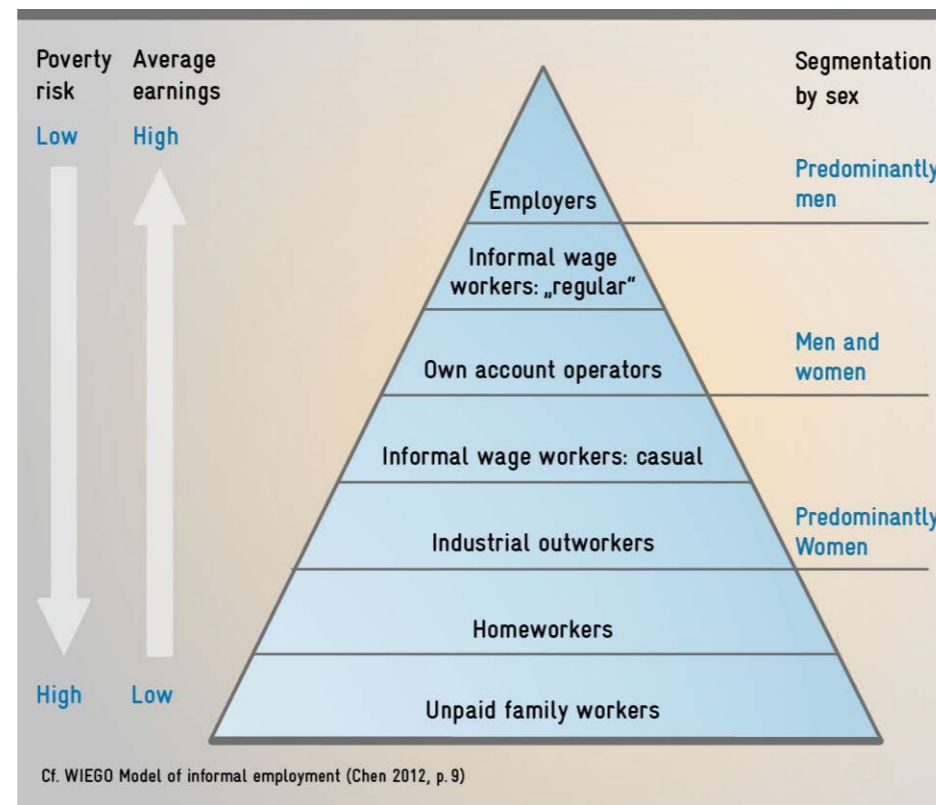
TOOLKIT

DIVERSITY OF FORMS OF EMPLOYMENT

Short title: Forms of employment

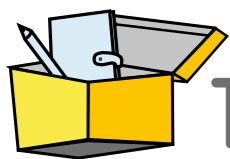
The International Labour Organization's (ILO) 2002 definition of informal employment takes in additional groups alongside the self-employed and micro- and small businesses and their employees. In particular, it records statistics for those employed informally within the formal sector, homeworkers, (unpaid) family members, and domestic workers, to whom greater attention is now paid in development policy strategies and programmes.

On the basis of the ILO categorisation and of further empirical research, the WIEGO network (Women in Informal Employment: Globalizing and Organizing) has devised a model for informal employment. This model distinguishes six different forms of employment that are associated with a greater risk of poverty and in which autonomy in relation to managers and/or clients declines in the following order:



- 1. Informal employers or micro- or small business owners:** These groups employ workers, apprentices and unpaid family members. Some of these unregistered companies have substantial growth potential, but growth is hampered by the typical characteristics of the informal economy, such as a shortage of capital and inadequate infrastructure. In Grimm et al.'s (2002) typology, these are the constrained gazelles who are estimated to make up between 30 per cent and 60 per cent of the population of major towns and cities in West Africa. There are also a few successful top performers and a group of survival entrepreneurs, whose size varies from country to country. This group differs from the other two in its very low skills level and low-paid activity.
- 2. Informal wage workers: "regulars":** This group is also very heterogeneous but usually faces a lower risk of losing employment and income than workers on fixed-term contracts, regardless of whether they are employed by registered or non-registered companies.
- 3. Own account operators:** In many countries, this group of self-employed workers is automatically deemed to be working in the informal sector for statistical purposes. Recent estimates by the ILO (2018) indicate that 46 per cent of informal workers in developing and emerging countries are own account workers. The proportion is, indeed, particularly high in countries where their status is not regulated by statute. In this group, too, there are significant differences in income and in education and training. Biles (2009) identifies three categories of self-employed in Latin America:
 - The best-situated group (the 'autonomous' self-employed) comprises generally well educated individuals who provide professional and technical services, such as estate agents, legal advisors and IT professionals, and earn a medium to good income.
 - The middle group (the 'subordinate' self-employed) comprises individuals who have had a school education but lack formal qualifications. These individuals work, for example, in the construction sector or in manufacturing.
 - The final group (the 'subsistence' self-employed) comprises individuals with the lowest skills levels who are most severely affected by poverty and poor working conditions, such as shoe shiners and street vendors.
- 4. Informal wage workers: casual:** Seasonal workers and day labourers in agriculture make up a key group in this category. They often earn low wages and face a particularly high risk of losing their income for periods of time.





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5. **Industrial outworkers /homeworkers:** This group includes individuals who work from home. A distinction is drawn between the self-employed, who provide goods and services on the free market (home-based workers), and workers employed by a single company that provides them with their raw materials and pays them a piece-rate for what they produce (homeworkers or industrial outworkers). This latter group is mostly made up of women, and their position is generally poorer because they are dependent on a single client. These individuals make craft goods, such as baskets, carpets and clothing, and pack or assemble industrial goods. In many cases, one or more intermediaries complicate their relationship with their client, with a negative impact on earnings.
6. **Domestic workers:** Domestic workers account for a significant proportion of informal employment worldwide. They work for private households and perform household tasks such as cooking, cleaning or caring for children. They often work without formal working conditions and registration. At least 67 million people worldwide work as domestic workers. Eighty per cent of domestic workers are women (ILO 2016). Domestic workers often receive low wages and have to work well over 40 hours a week. Furthermore, they have an increased risk of becoming victims of physical, psychological and sexual violence.
7. **Unpaid family workers:** These are mostly women and children who help out with family businesses. Since their work is wholly informal, they usually enjoy no real protection and have no say in the business.

Given the differences in the working conditions and pay levels within each group of employees, it may be meaningful to consider in greater detail those occupations or sectors that are particularly common. The most recent research has already been summarised for a few occupational groups, including street vendors, domestic workers, waste pickers, and construction and textile workers (WIEGO 2013).

More information within the toolkit:

[Informal Employment > Target groups > Women](#)

[Informal Employment > Target groups > Youth](#)

[Informal Employment > Target groups > Rural areas](#)

[Informal Employment > Target groups > Persons with disabilities](#)

[Informal Employment > Target groups > Refugees](#)

[Informal Employment > Target groups > Definitions](#)

[Informal Employment > Target groups > Characteristics](#)

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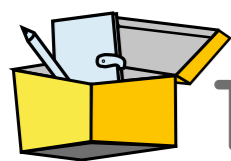
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TOOLKIT

WOMEN

Author: Martha Chen

Most of the working poor are engaged in the informal economy where, on average, earnings are low and risks are high. Women are more likely than men to be engaged in the informal economy, particularly in the lower echelons. This article introduces the official statistical definition of informal employment, presents recent data on women and men in informal employment, suggests reasons why women are over-represented in informal employment, and briefly describes the conditions of three key groups of women informal workers.

Informal Employment: Official Definition & Recent Data

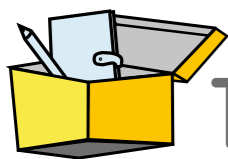
Informal employment includes self-employment in informal enterprises (i.e. unincorporated enterprises) and wage employment in informal jobs (i.e. jobs without employer contributions to social protection). Informal employment comprises more than half of non-agricultural employment in most developing regions and is as high as 78 per cent of non-agricultural employment in South Asia and over 80 per cent in some countries in sub-Saharan Africa. The exceptions are the countries of North Africa where informal employment represents 56 per cent of non-agricultural employment (ILO 2018). If informal employment in agriculture is included, the proportion of informal employment increases substantially.

Women and Men in Informal Employment

In most developing regions, informal employment is a more important source of employment for women than for men. In sub-Saharan Africa, informal employment represents 83 per cent of women's and 72 per cent of men's non-agricultural employment; in Latin America and the Caribbean, 52 per cent in contrast to 47 per cent; in South Asia, 77 per cent in contrast to 78 per cent (ILO 2018). However, in all regions men comprise the majority share of the informal workforce because women's labour force participation rates are lower than men's.

Informal employment in informal enterprises – both self-employment and wage employment – often accounts for a larger share of men's non-agricultural employment than women's, the notable exception being sub-Saharan Africa. The opposite pattern occurs with regard to informal employment outside of informal enterprises – the proportion for women is larger than for men, again with the exception of sub-Saharan Africa. This is because women tend to be disproportionately employed as informal domestic workers in private households and also, but less significantly, as contributing family workers in formal enterprises.





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There are several reasons why women are over-represented in informal employment:

1. The gender division of labour, common across societies, ascribes domestic chores and care responsibilities to women: thus limiting their time and mobility to pursue paid work outside the home.
2. Cultural norms of status and seclusion, more pronounced in some societies than others, also restrict women's mobility outside the home.
3. Around the world, women tend to have lower human, financial, and physical capital and less labour market experience than men.
4. The structure of the labour market and the demand for labour, reflected in hiring, placement, and wages, is often biased against women in favour of men.

Some mix of these factors help shape labour market outcomes for women around the world.

Specific Groups of Women Informal Workers

What the working poor need and want is often sector-specific. Consider three occupations in which large numbers of women informal workers are concentrated:

1. Domestic workers are those who do paid work in or around their employer's home. Their main concern is to be recognized as workers and to enjoy worker benefits, such as minimum wages, regular payments, paid vacation and sick leave, and due procedures for probation and dismissal. If they do not stay in their employer's home, they would also like accessible and affordable transport between where they live and where their employer lives. They would also like skills training – with certification – in the specific tasks for which they are hired: from cleaning to cooking to health or child care.
2. Home-based workers are those who produce goods or services from their own home. Their main concern is secure tenure and basic infrastructure services for their home which doubles as their workplace. If they are self-employed, they need financial services, business development services, and market knowledge and access. If they are sub-contracted, they also need financial services (to buy equipment and supplies) and market knowledge (to bargain for fair piece rates). Both groups need accessible and affordable transport between their homes and the markets where they buy/receive raw materials and sell/return finished goods. Both groups need skills training to keep up

with changes in fashion or demand and to compete with others.

3. Street vendors are those who vend goods and services from the streets or other open spaces. Their main concern is to have a secure place to vend in a good location and to be protected from harassment, bribes, confiscation of merchandise, and evictions by local authorities. They also need accessible and affordable transport between their homes, the markets where they buy goods, and the locations where they sell goods. And they need business skills to forecast market demand as well as cash and stock flows; to determine and set appropriate prices; and to package or advertise their merchandise.

Finally, all women informal workers need to be organized and trained in leadership, advocacy, and collective bargaining. This kind of training is best provided by institutions or individuals who have experience in organizing workers, workers' education, or collective bargaining and are also familiar with the specific conditions of informal workers.

Concluding Thoughts

Since earnings from employment are people's main source of income, the quantity and quality of employment available to women, men and households matter a great deal in determining who is poor and who is not – not only in terms of income poverty but also in terms of other dimensions of poverty. Efforts to combat poverty must, therefore, pay greater attention to needs and constraints faced by the working poor, especially women, in the informal economy. This requires creating more and better formal jobs as well as increasing the earnings of those who continue to work in the informal economy. Improving the skills of the working poor, especially women, in the informal economy in order to increase their earnings, productivity, and employability is of critical importance.





More information within the toolkit:

[Informal Employment > Regions > Africa](#)

[Informal Employment > Regions > Latin America and the Caribbean](#)

[Informal Employment > Regions > Asia](#)

[Tools > Cooperating with and supporting local economy institutions](#)

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TOOLKIT

YOUTH

Author: Richard Walther

The issue of how to help young people find and stay in work is a challenge that all continents face. According to the International Labour Organization (ILO 2018a), 13 per cent of young people from 15 to 24 years old were unemployed worldwide in 2017. Economic forecasts for 2018 and 2019 anticipate that the rate of youth unemployment will remain high. This is due to the slower rate at which jobs are being created in most regions of the world. However, these numbers do not tell the full story of the difficulties young people face in relation to the world of work. Many of those not counted as unemployed are in informal employment, particularly in developing countries, where such work accounts for a major proportion of total employment. This article aims to briefly outline the situation of young people in the informal economy, the types of jobs they do, how they earn their living and how they are ultimately able to acquire the skills they need in order to access stable and skilled employment.

Informal employment in developing countries: an inescapable and inevitable fact of life

Recent research in Southeast Asia, Latin America and Africa clearly shows that, in many countries, most of the workforce is in informal employment. This is particularly the case for young people entering the world of work (Jütting et al. 2009; AFD 2012 and Walther 2007).

Informal employment across the world:

Region	Percentage of informal employment in total employment
Southwest Asia	About 47 per cent in non-agricultural employment
Sub-Saharan Africa	Between 70 per cent and 90 per cent
Latin America	Above 50 per cent
South Asia and South East Asia	About 70 per cent

Source: Jütting u.a., 2009, AFD, 2012 and Walther, 2007

Recent research in Southeast Asia, Latin America and Africa clearly shows that, in many countries, most of the workforce is in informal employment. This is particularly the case for young people entering the world of work (Jütting et al. 2009; AFD 2012 and Walther 2007).

According to ILO (2018b) data 77.1 per cent of young people and young adults worldwide work informally. The proportion is particularly high in sub-Saharan Africa and South Asia, where over 95 per cent of 15 to 24 year olds work in the informal economy. All these young people will most likely continue to have only this sort of work in the coming years, because public sector employment is falling sharply and the formal private sector is too small and growing too slowly to employ the increasing number of youth finishing their education in any significant numbers.





TOOLKIT

How a person's level of education determines the nature of their job

Analysis of data provided by surveys of African households (Adams 2013) and the results of the 2010 Gallup World Poll of all five continents (AEO 2012) shows that there is a certain degree of correlation between the level of education attained by young people and the activities or jobs they end up doing. Undereducated young people and those who have only been to primary school tend to have subsistence jobs in agriculture or do unskilled trading or service work in urban or rural areas. In almost all circumstances, they learn their trade on the job, unless they have an opportunity to become an apprentice and acquire vocational skills that will enable them to work in a more qualified trading or service occupation. Young people who have been through general or technical secondary education are more likely than others to become self-employed or even, after a certain period of time, enter employment of a formal nature. However, to do so, they need to be able to continue learning, which is not very likely, given that existing training schemes fail to cater for skills needs in the informal sector.

Informal employment: both a means of subsistence and a platform for career development and entrepreneurship

The structure of informal employment, as defined by the Delhi Group – the group of experts on informal sector statistics set up in 1997 – broadly distinguishes between family workers, own-account workers, employees of small and micro-businesses and the employers in these businesses (ILO 2012). However, a field assessment of the activities and income of several hundred young people and adults in informal employment (Savadogo and Walther 2012) identifies two main categories:

- subsistence jobs which barely generate enough income to cover necessary expenses on a day-to-day basis
- employment that is more stable, that generates enough income to invest in technical, financial and human resources, and that thus offers a long-term perspective for developing a sustainable income

An analysis of these two types of employments shows that initial education is a strong predictor for determining who will end up in what segment of the informal economy, while being in the more competitive segment also enhances the chances of receiving further training (Jütting et al. 2009).

Training to boost and professionalise informal employment

Studies on existing formal training systems in developing countries clearly demonstrate that training policy and provision is mostly failing to meet the needs of young people in informal employment. This is the case in Africa (Adams 2013; STATECO 2005), Latin America and Asia (Jütting et al. 2009; European Commission 2012). These studies also show that when young people are able to access training that meets their specific skills needs, they not only increase their income, but also benefit from more stable employment and career development leading to formal employment. The design and development of such training schemes should be part of a comprehensive policy framework taking into account the needs expressed by local stakeholders. Key lessons learned to be considered here are:

1. Give priority to training for employers and master craftsmen who take on young people to help them develop work skills on the job.
2. Improve and update existing training schemes for young people, as well as traditional apprenticeship, which will benefit the great majority of young people working in the informal sector.
3. Train young people to provide them with the skills required in informal jobs (flexibility, entrepreneurship, etc.) in partnership with business organisations and professional associations in the sector.
4. Ensure that the skills acquired by young people are recognized and valued, both at a social and economic level, so that they are supported in their efforts to increase their level of qualification.

Such measures should go hand in hand with urgent investment in schemes to raise the educational level of young people entering the labour market, because this predetermines the nature of their employment and above all ensures that they will be able to engage in further training and thus earn a better living from increasingly stable and long-term jobs.





More information within the toolkit:

Informal Employment › Regions › Asia

Informal Employment › Regions › Latin America and the Caribbean

Informal Employment › Regions › Africa

Tools › Traditional apprenticeships

Tools › Recognition of informally acquired skills

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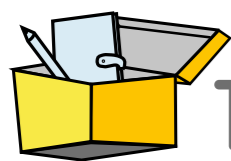
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TOOLKIT

THE INFORMAL ECONOMY IN RURAL AREAS

Short title: Rural areas

Author: Ewald Gold

Rural areas are home to almost half the world's population and to 76 per cent of its poorest people, those earning less than USD 1.25 a day (World Bank 2013). These people are disadvantaged through having difficulty in accessing education, training and employment and through poor working conditions, inadequate medical care, and a lack of legal security. For many of them, employment in the informal sector is their only option, because they have low levels of education and no training or because the regional economy offers no alternatives. Development cooperation needs to take these specific circumstances into consideration.

The characteristics of the rural and urban economies

There are no fundamental differences between the rural and the urban economy. Rural and urban areas alike have formal and informal businesses that employ people both formally and informally. However, informal businesses make up a much higher proportion of all businesses in rural areas and have a disproportionate number of informal employees.

The rural economy is disadvantaged in a number of respects. Its markets are far away in urban areas, they often lack infrastructure, and there is a shortage of skilled workers. In fact, the only advantages that the rural economy has over the urban economy are that it processes local raw materials or foodstuffs and that, because wage costs are low, it can run labour-intensive production processes.

In many developing countries, a combination of economic stagnation, low prices for agricultural produce, and rapid population growth has fragmented the available land, reduced productivity, restricted employment opportunities and, ultimately, caused poverty and hunger among the rural population. It is a paradox that rural areas where food is produced have particularly high proportions of very poor people and problems with famine. The key reason for this is that goods and resources are unequally distributed.

Who participates in the rural economy?

A majority of people in developing countries still work in agriculture; in 2016, agricultural workers accounted for 69 per cent of all employees in developing countries, though the trend is downward (ILO 2018). As workers leave agriculture and as the rural population continues to grow, the demand for jobs far outstrips supply. Formal employment in the non-agricultural sector is rare in rural areas, producing further growth in the informal economy and creating the jobs and incomes that the poor in particular so urgently need.

Typical forms of informal rural employment include often unpaid work in family businesses, street vending, and casual or unskilled labour. Some individuals, though, earn their living from self-employment, producing goods, providing services or starting their own informal business and employing others.

Average earnings in the non-agricultural informal sector are lower than in the formal sector but higher than in agriculture. The informal sector also, however, has pockets of above-average earnings, such as in the IT sector. Women generally earn less than men and are disproportionately likely to be employed in low-wage jobs. Girls and women, along with specific groups such as farmers, adult job-seekers, the poorest families, and people with disabilities, face a particular existential threat from a lack of economic growth.





TOOLKIT

Specific challenges to vocational education and training in rural areas

A good basic education and initial and continuing training in rural areas represent the key to better prospects. For poor and disadvantaged people specifically, they can open up new employment opportunities or the possibility of economic independence. They also underpin higher productivity and better business and household income in the informal sector (Adams et al. 2013).

Most individuals working in the informal sector acquire their knowledge, skills and experience either on the job or through a traditional apprenticeship. However, this is not enough and needs to be supplemented by state provision for initial and continuing training. The primary goal of supporting people in rural areas should be to use good basic education and relevant initial and continuing training to develop their technical, economic and social skills and thereby:

- to facilitate their entry into employment
- to equip them for independent employment
- to prepare them to participate in social and political life

Skills development measures for employment in rural areas should meet the following criteria:

- teach basic technical skills, agricultural techniques and social skills and, where necessary, top up basic education to prepare school-leavers for the labour market in the agricultural, informal or formal sector
- provide in-service training for employees in the informal sector in the form of technical or commercial skills
- offer diversified initial and continuing training programmes including short modular courses, possibly differentiated by group, e.g. boys, girls, the disadvantaged, employed men, and women
- have a simple training model with a low-cost infrastructure and low running costs that is suitable for multiplication and can cater for large numbers of young people, such as mobile training (Gold 2015)

A model for initial and continuing training for a rural area should include the following provision, among other areas:

- vocational induction courses at primary schools to familiarise students with possible forms of employment and to prepare them for ongoing continuing training
- courses for those entering the informal labour market
- involvement of traditional regional teaching, organisation of practical training in companies, and recognition of prior skills development
- courses designed to teach specific technical skills to those already employed in the informal sector

For reasons of cost, provision will have to be restricted to simple training centres in small provincial towns because rural populations vary and are, in some cases, small. To reach those living in remote areas, consideration should be given to setting up mobile training units (Ralitte 1982; Gold 2015) or rural outposts.

The quality of basic education and its relevance to students' future working lives should also be improved. The International Labour Organization (ILO) recommends the following measures to promote education and training in rural areas (ILO 2012):

- school and training timetables that enable students to work in the home or in the fields
- gender-specific adaptation of basic education curricula to include agriculture and horticulture and preparation for entry into working life
- information campaigns to raise parents' awareness of the key importance of education and training
- incentives to encourage parents to send their children to school and teachers to teach in rural areas

From a vocational pedagogy and social policy perspective, general education should be followed by comprehensive training. This training should develop both specialist skills and knowledge and skills that may be categorised as life skills. The design of such training should also address participants who cannot physically attend, should be low-cost, and should reach large numbers of people.





TOOLKIT

Trends and recommendations for rural vocational education and training and its relevance to development cooperation

To sum up, the rural population continues to expand disproportionately, but fewer jobs are available in agriculture and the formal economy is unable to offer enough jobs to meet the burgeoning demand. The rural informal sector therefore functions as a ‘holding tank’ for those individuals who have no alternative as well as for those who choose to organise their lives this way.

In the long term, improving the situation of people in rural areas and halting migration from the countryside to the towns and cities will be possible only if training and skills development measures operate at a range of levels and are planned and implemented on an interdisciplinary basis and with the close involvement of the population. Rural structural reform is also needed. These measures require political will on the part of national governments and the provision of substantial resources over a long period.

A World Bank report (Adams et al. 2013) includes a comprehensive range of practical and policy recommendations for promoting vocational education and training in the informal sector. Most of the recommendations can also be applied to the rural informal economy.

More information within the toolkit:

Informal Employment > Target groups > Women

Tools > Traditional apprenticeships

Tools > Mobile VET

Tools > Recognition of informally acquired skills

Tools > Life skills approach

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TOOLKIT

PERSONS WITH DISABILITIES IN THE INFORMAL ECONOMY

Short title: *Persons with disabilities*

Autorin: *Amina Steinhilber*

An estimated one billion people worldwide, that is 15 per cent of the world population, is affected by some form of disability, the prevalence of disability being higher in developing countries (World Health Organization and World Bank 2011). A significant proportion of these people face the challenge of maintaining a livelihood in a context marked by informality and lack of social protection.

The International Classification of Functioning, Disability, and Health defines disability as difficulties in human functioning regarding the following three inter-related areas:

- Impairments regarding body functions or alteration in its structure, such as blindness
- Limitations regarding the execution of activities, such as walking
- Restrictions regarding the participation in any area of life, for instance discrimination in employment

According to the United Nation's Convention on the Rights of Persons with Disabilities, disability is an evolving concept resulting from the interaction between persons with long-term physical, mental, intellectual or sensory impairments and attitudinal and environmental barriers. The given barriers hinder them from a full and effective participation in society on an equal basis with others (United Nations 2006). These barriers combined with personal factors, such as self-esteem, influence to what extent a person is able to participate in society (World Health Organization and World Bank 2011). To determine the degree of impairment, the Washington Group on Disability Statistics provides a set of questions on disability and measurement tools for data collection (Centers for Disease Control and Prevention 2011).

Inclusion in work and employment: Current situation and consequences

The United Nations Convention on the Rights of Persons with Disabilities (CRPD) recognizes the right of people with disabilities to education (Article 24) and to work and employment (Article 27). It prohibits employment discrimination but also advocates vocational education and training, as well as targeted support to employment and self-employment. The inclusion of persons with disabilities in work and employment needs to be considered separately for the formal economy and the informal economy. Whereas the formal economy is regulated by the government, allowing for instance the enforcement of anti-discrimination laws and employees' access to social benefits, the informal economy remains mostly outside government control. Informal workers are not considered in official labour market statistics, nor are they covered by employment legislation, making it difficult to assess precisely the situation of informal workers with disabilities (World Health Organization and World Bank 2011).

Employment rates of people with disabilities are generally below those of the overall population. In developing countries, however, statistical information is difficult to gather given the size of the informal economy. Working without formal contracts, self-employed or inactive, people with disabilities are seldom registered as unemployed or as recipients of social benefits, and therefore remain invisible in official statistics. Surveys conducted in a few countries reveal huge variations, with employment rates for disabled people ranging between 30 per cent in South Africa and 92 per cent in Malawi. Of those who work, many have no choice but to work informally (World Health Organization and World Bank 2011). In India, a study conducted in 15 villages in Tamil Nadu found that 87 per cent of men with disabilities who work, do so in the informal sector. Interestingly, although there was a gap in employment rates, the authors of the study did not find a significant wage gap between working men with or without disability (Mitra and Sambamoorthi 2008). However, the situation varies greatly among countries due, for instance, to the structure of the labour market. Furthermore, the type and severity of disability as well as other factors such as gender, ethnic status, age and education have a significant impact on variations among individuals within one country. In mostly agrarian economies, for instance, most jobs involve heavy manual work which people with physical disabilities may not be able to perform.





On the other hand, people with hearing impairment or mild intellectual or learning disability might find it easier to find a job there than in urban, more knowledge-intensive economies (Grech and Soldatic 2015).

Informal work is generally associated with low income and a higher risk of poverty and exclusion. A study conducted in 15 developing countries found that disability is significantly associated with higher poverty as well as lower educational attainment, lower employment rates, and higher medical expenditures (Mitra, Posarac and Vick 2013).

Causes for low employment rates and possible approaches

The causes for low employment rates among persons with disabilities are multidimensional, ranging from lack of adequate education and vocational rehabilitation and training, limited financial resources, perceptions of disability and disabled persons among employers, inaccessibility of the workplace to lack of adequate transportation (Handicap International 2006; Miller and Ziegler 2006; World Health Organization and World Bank 2011).

Several approaches to address these low employment rates exist. First of all, laws and regulations eliminating exclusion and facilitating employment should be adopted and implemented on a broader basis. For a long time, vocational rehabilitation and training have also been considered a main approach. Positive effects, however, have been limited in developing countries because the informal economy was neglected. In order to enhance the effects of vocational education and training programmes on employment rates, labour-market orientation should always be a core focus, including for people with disabilities. Further approaches include improved social protection, changes in employers' attitude towards persons with disabilities as well as self-employment promotion through microfinances (Miller and Ziegler, 2006). Self-employment through microfinances seems to be a promising approach for developing countries due to its implementation potential in the informal economy (ILO 2013; Handicap International 2006).

Development cooperation interventions which target the inclusion of persons with disabilities should be implemented in line with the "twin-track approach". This is a combination of disability-specific empowerment and disability mainstreaming (Keogh 2014):

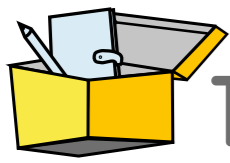
- Disability-specific empowerment is applied when persons with disabilities as well as their families and representing organizations are supported. Means of support are increased access to support services, health care, education, livelihood and social activities as well as political empowerment. One example is the project "Promoting Decent Work for People with Disabilities through a Disability Inclusion Support Service (INCLUDE)" funded by the Irish Government in the framework of the ILO/Irish Aid Partnership Programme. It was implemented from 2008 to 2011 in the regions East and Southern Africa as well as Asia and the Pacific. The project aimed to promote inclusion of persons with disabilities through national policies, laws and programmes on vocational training, enterprise development, employment, and microfinance (ILO 2009).
- Mainstreaming projects can focus on all kinds of societal problems and barriers which persons with disabilities face, such as physical accessibility of the workplace or adequate accommodation. This approach is followed by the ILO project "Women's Entrepreneurship Development", which is implemented in over 25 countries across Africa, the Arab states, Asia and the Pacific, Central Asia and the Caucasus, and Latin America (ILO 2014). The aim of the project is to promote women's entrepreneurship development based on local needs and conditions. One of its aspects is to mainstream disability into women's entrepreneurship development.

Outlook

The inclusion of persons with disabilities in both the formal and the informal economy in developing countries shows a significant need for improvement. In order to provide a comprehensive overview of the situation and subsequently develop effective interventions, more research is needed regarding:

- Reliable assessment of data on employment rates and wages. Especially within the informal economy, data is scarce (ILO 2013). To ensure this, first of all a generally accepted definition of disability and unemployment is needed.
- Evidence-based expertise on which approaches significantly improve the inclusion of persons with disabilities in work and employment, on how these approaches can be implemented in a cost-effective and sustainable way, and on the potential of tools for disabled persons which improve learning and working conditions for those in the informal economy.





TOOLKIT

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TOOLKIT

REFUGEES

Refugees are a very heterogeneous group of people who are characterised first and foremost by the fact that they have been forced to leave their home because of a well-founded fear of being persecuted and are accorded the status of refugees in a third country. According to the United Nations, there were 22.5 million refugees in 2016, 5.3 million of whom were Palestinian. A further 2.8 million individuals were asylum seekers whose status had not yet been clarified. These figures do not include 40.3 million internally displaced persons (IDPs) who are forced to flee and become refugees within their own countries (UNHCR 2017). In the medium and long term, the vast majority of these people face the challenge of earning an income in order to secure their livelihoods. 84 per cent of refugees live in developing countries, where they frequently take up employment in the informal economy.

The right to work

The right to work is a human right laid down for refugees and asylum seekers in the 1951 Geneva Convention Relating to the Status of Refugees. A refugee currently spends an average of 20 years in exile. Humanitarian aid can, however, go some way towards covering basic needs, at least during the initial stages. In Kampala (Uganda), for example, a survey found that just 22 per cent of refugees receive humanitarian aid. With the exception of disadvantaged groups, refugees in Uganda can typically count on access to food rations only for the first five years after arrival (Betts et al. 2014). Despite the fact that the right to work is laid down in a number of additional international agreements and, in some cases, also in national legislation, many refugees face insurmountable obstacles if they wish to work. A study of 15 countries (Canada, Ecuador, Egypt, Germany, Greece, Hong Kong, Iran, Kenya, Malaysia, Morocco, Pakistan, South Africa, Tanzania, Thailand and the United States), which host around 5 million refugees, shows that there is no legal basis enabling them to work in seven of these countries (Asylum Access 2014). As a result, refugees are forced to work illegally and have no access to the formal labour market. Their precarious situation makes them prone to blackmail. Refugees are, therefore, often likely to work under undignified and hazardous conditions.

Even in countries whose laws comply with international standards, refugees face many obstacles to taking up employment. These include, for example, language barriers, xenophobia and discrimination, red tape, and restricted access to the legal system protecting their rights. Young refugees in particular lack proper access to education and training and, as a result, they are denied access to the skilled labour sector (Asylum Access 2014).

Employment of refugees in the informal economy of host countries

Because of the obstacles refugees face in accessing jobs in the formal economy, they very frequently work in the informal economy. This is particularly true in developing countries, although it is also the case in industrialised countries.

Case studies in individual countries show that the massive surge in refugees seeking access to the labour market not only expands the informal economy but can also lead to growth in the formal sector. In Turkey, very few Syrian refugees have a work permit. In 2014, there were around 2.5 million Syrian refugees in Turkey, 85 per cent of whom were living outside refugee camps. In some cases, their arrival displaced Turkish workers from the informal economy, because refugees are usually willing to accept lower wages and poorer working conditions. As a result, for every ten new refugees, up to six Turkish workers lost their job (Del Carpio et al. 2015). At the same time, however, increased demand for consumer goods meant that for every new refugee, three new jobs were created in the formal economy. While some Turkish workers benefited from a move to the formal economy, groups that were already disadvantaged – such as women and the ‘low educated’ – lost out. Work permits need to be allocated to refugees if the informal economy in Turkey is not to expand further (Del Carpio et al. 2015). In Jordan, the arrival of Syrian refugees also led to ‘out-crowding’ on the informal labour market, and had a particularly negative impact on young people and those with low education levels. As a result, the rate of youth unemployment almost doubled from 19 per cent to 35 per cent between 2011 and 2014. Overall, informal employment has become more prevalent since the arrival of refugees, and there is a risk that the situation in Syria will have a permanent negative impact on work conditions, if the Government does not introduce a strategy to integrate refugees into the regulated labour market (Stave and Hillesund 2015).





Around the world, the vast majority of refugees live in private accommodation. In 2016, just 28.6 per cent of refugees were housed in refugee camps (UNHCR 2017). Nevertheless, some refugee camps, above all in the Middle East and sub-Saharan Africa, have become semi-permanent cities under the guardianship of international aid organisations. Here, in addition to a handful of formal jobs in administrative areas such as security or cleaning, there is a thriving informal economy involving an array of different roles, such as vendors who buy and sell goods not provided free of charge under humanitarian aid. Relief supplies are sold to fellow refugees or to others outside the camp, and micro-entrepreneurs produce basic goods or offer a wide range of services. From a social point of view, the informal economy fulfils a key role by encouraging social interaction and fostering a sense of dignity and relative ‘normality’ (Oka 2011). Informal enterprises in refugee camps are often linked with the local and regional economy outside the camp via diverse channels and may even inject cash directly into this economy. This is the case, for example, in the desolate region around the Dadaab refugee complex in Kenya’s North Eastern Province, which now also attracts migrants from other parts of Kenya. Positive impacts of features such as trade and the infrastructure established by aid organisations are, however, offset by increased competition for natural resources such as firewood, building materials and pastureland (Enghoff et al. 2010). Overall, refugee movements have massive consequences for the development of the informal economy in host countries, and very little research has so far been carried out in this area.

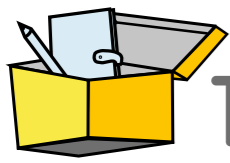
Strengthening resources: capital, networks and competences

In an ideal scenario, the resources refugees have at their disposal to secure a livelihood include their knowledge and expertise, good health, social networks, and financial resources. These resources are not equally distributed, however, and cannot always be used beneficially in the host country. This is particularly the case if people from rural areas seek refuge in cities where they cannot pursue their livelihood, for example (UNHCR 2011).

Refugees rarely arrive in a host country with substantial financial capital. Displacement is expensive: it frequently happens suddenly, and refugees are usually unable to take tools and vehicles with them. Refugee camps are often located in remote locations where banks rarely have branches, so funding for a small start-up, for example, needs to be acquired through alternative channels. Remittances from relatives living abroad are a key initial source of funds. Informal credit networks are another possible source, but not all refugees have access to them because a deposit is frequently required to take out a loan. Borrowing money from ‘loan sharks’ is frequently not an option either, because of the high interest rates they impose. Many very poor refugees have no other choice but to sell some of the aid they receive, although this is rarely enough to generate decent start-up capital. In some cases, aid organisations also offer microfinance or start-up assistance in the form of agricultural land and tools. Experience shows that microfinance programmes must take account of refugees’ particular circumstances – their uncertainty as to how long they will be staying or whether they may be moving on, their lack of knowledge of the local market, or their very varied qualifications and personal criteria (Azorbo 2011). Microfinance can help refugees to start their own businesses and adapt to local requirements, in particular by combining initial credit with the required qualifications. This is particularly useful for refugees who remain in the same location for a long period of time (UNHCR 2011).

Occupational skills are another key resource for those wishing to start their own business. In refugee camps, knowledge of English or French can help refugees find a job with an aid organisation. Outside the camps, a command of the local language is often a major requirement for finding a job. Transferring education and job experience from the home country to the labour market in the host country is often difficult, however. Many refugees do not find a suitable job and feel they have no other choice but to start their own business in a completely new area, for example, as a street vendor or provider of basic services. Social





TOOLKIT

networks play a key role in this context, if refugees are to acquire occupational skills through informal learning (Jacobsen 2005). Having knowledge of markets in a neighbouring country or skills that are not common in the host country are other resources that give refugees a head start in starting their own company. Cross-border networks are also a key to success (Tawodzera et al. 2015). Training young refugees poses a particular challenge. 75 per cent of refugees aged between 12 and 17 are not attending school or undergoing formal training (Global Education Monitoring Report 2016). The diversity of qualifications and experience that refugees have calls for tailor-made learning solutions that take into account other factors such as trauma, interrupted schooling, family background and personal obligations. However, top priority should always be given to gearing measures towards the labour market, taking into account young people's future prospects (integration, onward travel or return to the country of origin). In this context, it is frequently not enough to ask the recipients themselves what job they would like to do: they are usually unable to access relevant information about the labour market (Storen 2016).

International organisations such as the United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM), non-governmental organisations and other actors in development cooperation have already gained a wealth of experience in training refugees. One thing is clear: there is no 'one size fits all' solution. Some general guiding principles for action may be derived for specific target groups, however. For example, UNHCR recommends taking into account the following points when supporting refugees wishing to start up their own business in the host country, particularly in urban areas (UNHCR 2011):

- Provide access to the formal labour market by implementing international rules on the right of refugees to work
- Integrate support measures into local development strategies instead of developing parallel structures for refugees
- Conduct assessment as a basis for establishing target group-oriented programmes
- Create needs-oriented programmes that take account of the individual resources and needs of refugees as well as the framework conditions in the host community
- Set self-reliance as the objective, so that support channels into sustainable livelihoods for refugees by own efforts

- Set up partnership arrangements with local actors from the political, economic and administrative arena and from civil society
- Support participation
- Carry out monitoring and evaluation
- Hand over the structures and processes established to the participants

For returnees, IOM recommends taking account of the following factors when planning support programmes (IOM 2015):

- Ensure that reintegration in the country of origin is sustainable
- Evaluate and monitor the results achieved
- Strike a balance between target-group orientation and take account of the interests and needs of the society of the country of origin
- Ensure that reintegration is complementary to existing support programmes
- Ensure that the planning and implementation of integration schemes is innovative





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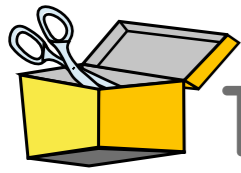
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TOOLKIT

VOCATIONAL EDUCATION AND TRAINING AND EMPLOYMENT PROMOTION FOR THE INFORMAL ECONOMY

Short title: Vocational Education and Training

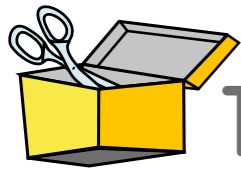
Most of those working in the informal economy possess valuable knowledge and skills. Adept in the art of survival, many of them are highly creative and dedicated individuals with good social skills; yet they frequently lack opportunities to systematically build on the practical knowledge and personal traits they have developed themselves or acquired through traditional apprenticeships. The majority of these workers have no access to vocational schools or to structured forms of continuing training, and this prevents them from obtaining recognised (vocational) qualifications. As a result, they are often unable to develop their businesses and achieve better incomes and working conditions. Meanwhile, young people have difficulty obtaining initial employment.

Against this backdrop, vocational education and training has a key role to play in improving conditions for those working in the informal economy, for example by using needs-based skills development to help boost productivity and improve product and service quality. It can also better equip employees to be proactive, empowering them to campaign more effectively for improvements in their working conditions. All in all, vocational education and training is an important element in an effective strategy for boosting and gradually formalising the informal economy, and can contribute to social development and poverty reduction.

Skills development in and for the informal economy requires a precise definition of skills requirements and the development of training provision to meet them. It should reflect the full spectrum of vocational education and training opportunities:

- Formal vocational education and training provided by the state education system, leading to a recognised qualification. Learning processes in formal vocational education and training are goal-oriented and systematic.
- Non-formal vocational education and training outside the state initial education and training system. This is delivered by education and training providers, companies, social partnership organisations and public-benefit bodies. Learning processes in non-formal vocational education and training are also goal-oriented and systematic.
- Informal learning i.e. non-structured, non-goal oriented learning processes that take place at work or in other areas of everyday life.
- Traditional apprenticeships in which an apprentice acquires knowledge and skills in the workplace under the supervision of a master craftsman, master craftswoman or an experienced employee.
- Recognition of informally acquired skills tested and certified by an accredited institution based on defined criteria.





TOOLKIT

DEFINITIONS OF FORMAL, INFORMAL AND NON-FORMAL LEARNING

Short title: Definitions

Learning is not restricted to school, nor does it cease after childhood or adolescence. There is increasing recognition of the importance of lifelong and lifewide learning in enabling individuals and society as a whole to develop. Nonetheless, there is some confusion surrounding the terms ‘formal’, ‘non-formal’ and ‘informal’ learning and ‘formal’ and ‘non-formal’ vocational education and training and about the differences between them. Debate distinguishes from the learner’s perspective between the different learning processes found along the formal/informal learning spectrum, but also refers to the degree of formalisation of the (vocational) education system, with learning processes being just one defining aspect among many. In the absence of generally accepted definitions, even in international debate, we shall compare a number of frequently cited definitions and explain the terms used in the Toolkit below.

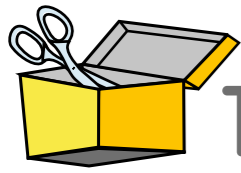
Common definitions of formal, non-formal and informal learning

From the learner’s perspective, learning can take a number of more or less goal-oriented forms, with structured content and a link to an explicit learning intention. The following definitions from international organisations are frequently referred to in literature on this subject:

- **Informal learning:** learning resulting from daily activities related to work, family or leisure. It is not organised or structured in terms of objectives, time or learning support. Informal learning is in most cases unintentional from the learner’s perspective.
- **Non-formal learning:** learning which is embedded in planned activities not explicitly designated as learning (in terms of learning objectives, learning time or learning support). Non-formal learning is intentional from the learner’s point of view.

- **Formal learning:** learning that occurs in an organised and structured environment (in an education or training institution or on the job) and is explicitly designated as learning (in terms of objectives, time or resources). Formal learning is intentional from the learner’s point of view. It typically leads to validation and certification (Cedefop 2011).
- **Informal learning:** learning resulting from daily life activities related to work, family or leisure. It is not structured (in terms of learning objectives, learning time or learning support) and typically does not lead to certification. Informal learning may be intentional but in most cases it is non-intentional (or ‘incidental’/random).
- **Non-formal learning:** learning that is not provided by an education or training institution and typically does not lead to certification. It is, however, structured (in terms of learning objectives, learning time or learning support). Non-formal learning is intentional from the learner’s perspective.
- **Formal learning:** learning typically provided by an education or training institution, structured (in terms of learning objectives, learning time or learning support) and leading to certification. Formal learning is intentional from the learner’s perspective (European Commission 2001).
- **Formal learning** is always organised and structured and has learning objectives. From the learner’s standpoint, it is always intentional: i.e. the learner’s explicit objective is to gain knowledge, skills and/or competences. Typical examples are learning that takes place within the initial education and training system or workplace training arranged by the employer. One can also speak about formal education and/or training or, more accurately speaking, education and/or training in a formal setting. This definition is rather consensual.
- **Informal learning** is never organised, has no set objective in terms of learning outcomes and is never intentional from the learner’s standpoint. Often it is referred to as learning by experience or just as experience. The idea is that the simple fact of existing constantly exposes the individual to learning situations, at work, at home or during leisure time for instance. This definition, with a few exceptions also meets with a fair degree of consensus.
- Mid-way between the first two, non-formal learning is the concept on which there is the least consensus, which is not to say that there is consensus on the other two [but] simply that the wide variety of approaches in this case makes





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consensus even more difficult. Nevertheless, for the majority of authors, it seems clear that non-formal learning is rather organised and can have learning objectives. The advantage of the intermediate concept lies in the fact that such learning may occur at the initiative of the individual but also happens as a by-product of more organised activities, whether or not the activities themselves have learning objectives. In some countries, the entire sector of adult learning falls under non-formal learning; in others, most adult learning is formal. Non-formal learning therefore gives some flexibility between formal and informal learning, which must be strictly defined to be operational, by being mutually exclusive, and avoid overlap (OECD 2018).

Comparing definitions

The definitions quoted above demonstrate that there is wide-ranging consensus on the distinction between formal and informal learning based on the criteria of learning intention and learning-process structure. However, these criteria are insufficient to define non-formal learning, which is typically described as structured and intentional, similar to formal learning. Consequently, a third dimension is used to distinguish non-formal learning from formal learning, namely the context or institutional framework in which learning takes place:

- Is learning explicitly referred to as learning or not?
- Does learning take place within the education and training system or not?
- Does learning lead to certification or not?

These additional criteria place the focus on education and training providers rather than on learners, bringing the definition more closely into line with other terms such as formal and non-formal (vocational) education and training.

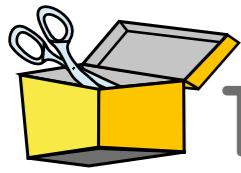
Definitions of formal and non-formal vocational education and training

In defining the different forms of vocational education and training, the focus is not so much on the learning processes as on specific scope for management and the anchoring of these forms in institutional regulatory mechanisms. This means two things: First, the focus is on distinguishing between formal and non-formal vocational education and training. Where there is no institutionalisation dimension at all, as in the case of non-intentional learning during everyday activities, this distinction is not relevant. Second, definition is made significantly more difficult by the wide range of institutional constellations in individual countries. These difficulties are summed up in UNESCO's definition of non-formal education:

Non-formal education is education that is institutionalised, intentional and planned by an education provider. The defining characteristic of non-formal education is that it is an addition, alternative and/or complement to formal education within the process of lifelong learning of individuals. It is often provided in order to guarantee the right of access to education for all. It caters to people of all ages but does not necessarily apply a continuous pathway structure; it may be short in duration and/or low-intensity; and it is typically provided in the form of short courses, workshops or seminars. Non-formal education mostly leads to qualifications that are not recognised as formal or equivalent to formal qualifications by the relevant national or sub-national education authorities or to no qualifications at all (UNESCO 2011).

One pragmatic solution to the problem of distinguishing between formal and non-formal vocational education and training is to adopt the categories applied by the countries in question rather than apply a general definition. While in some countries continuing vocational education and training is highly institutionalised and regulated, for example, and therefore forms an explicit part of the formal vocational education and training system, in other countries it forms part of the adult education system and is designated as non-formal. However, efforts to dismantle the barriers between the various forms of learning, for example by recognising skills acquired in an informal or non-formal context, also serve increasingly to blur these distinctions at national level.





TOOLKIT

Attempting a unique approach as part of this Toolkit

Despite the challenges, it remains difficult to avoid the formal/non-formal and informal categories for learning processes and vocational education and training systems, as these categories still largely reflect the reality in most countries and influence the way the actors operate. Compared with other methods of classification that place a greater focus on the characteristics of national education and training systems, these categories also have the advantage of being relatively simple.

Despite its weaknesses, the UNESCO definition appears to be in very wide circulation in development cooperation literature (usually with no explicit reference to UNESCO).

In terms of this Toolkit, it has the advantage of drawing attention to public policies, to the responsibilities of the different actors and their scope for action, and to the reforms needed in (vocational) education and training institutions. Against this backdrop, the following terms will be used in this Toolkit:

- **Formal vocational education and training:** provided by the state education system and leading to a recognised qualification. Learning processes in formal vocational education and training are intentional and systematic.
- **Non-formal vocational education and training:** not part of the state initial education and training system. Delivered by education and training providers, companies, social partnership organisations and public-benefit bodies. Learning processes in non-formal vocational education and training are also intentional and systematic.
- **Informal learning:** non-structured, non-intentional learning processes that take place at work or in other everyday life contexts.

More information within the toolkit:

Vocational Education and Training > Skills development > Recognition of informally acquired occupational skills

Vocational Education and Training > Skills development > Formal vocational education and training

Vocational Education and Training > Skills development > Non-formal vocational education and training

Vocational Education and Training > Skills development > Informal learning

Sources and further information:

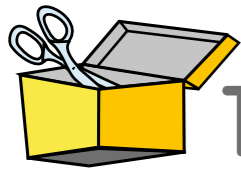
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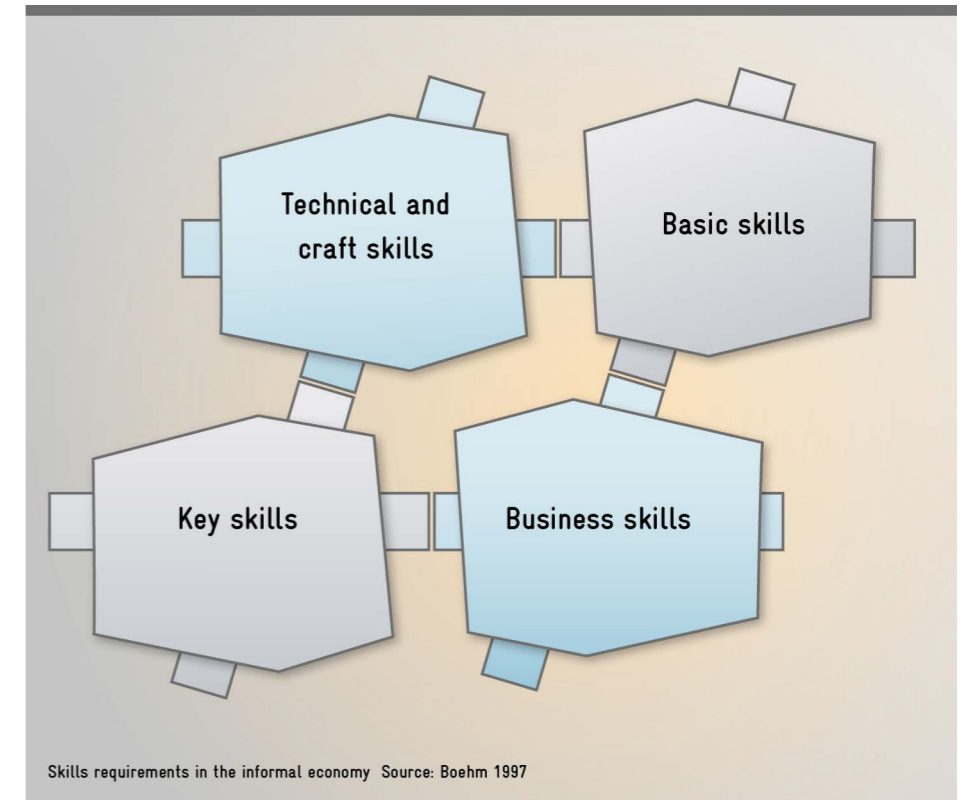
SKILLS REQUIREMENTS IN THE INFORMAL ECONOMY

Short title: Skills requirements

The skills requirements for those employed in the informal economy are as complex and wide-ranging as the activities and forms of employment found within it. Empirical research highlights this diversity and underlines the need to conduct a detailed needs analysis of the target group before any new skills development measure is implemented. While the available literature cannot address specific skills requirements in individual cases, it does provide useful terms and models for designing such a needs analysis.

Definition and categorisation of skills

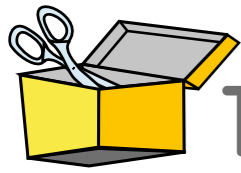
The concept of 'skills' is the subject of intense discussion, but a general and widely accepted definition has yet to emerge. Common to all theoretical approaches is the consideration of skills as complex, context-specific dispositions for performance. Skills consist of knowledge and abilities that pertain to requirements for action in specific situations. One respect in which approaches differ is the extent to which they regard the term 'skills' as including personality traits, which can be difficult to learn or change in some cases. Boehm (1997), for example, lists the following main skills areas for the informal economy:



Basic skills: Literacy and numeracy. These skills provide a key basis for acquiring technical and business skills, but they are unfortunately not a given among many employees in the informal economy. For example, the literacy rate among over-15-year-olds in sub-Saharan Africa, where the share of informally employed is relatively high, is just 64 per cent (World Bank 2018).

Technical and craft skills: Skills in product manufacture, service provision, and the use and repair of tools and machinery. The level of theoretical knowledge required varies according to the area of activity and is, for example, higher for industrial services such as household goods repair than for the manufacture of traditional products, where practical experience appears more relevant.





TOOLKIT

Business skills: Skills and knowledge in production organisation, capacity planning, procurement, negotiation, marketing, accounting, finance, human resource management and corporate governance.

Key skills: Particular character traits, such as creativity, a sense of responsibility, willingness to take risks, communication skills and perseverance.

In addition to learning- and work-related skills, **life skills** also play a key role in fighting poverty. While these skills overlap to some extent with the key skills already mentioned, they relate to all areas of life rather than just to business activities. Life skills (Georgescu 2008) include the capacity to:

- identify problems
- assess risks
- take decisions
- assess the consequences of decisions
- ask for help and help others
- practise self-respect and respect others
- engage constructively with a range of opinions

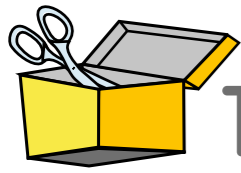
Life skills are sometimes integrated into skills-development approaches for those working in the informal economy, particularly in relation to health matters. For example, courses on HIV/AIDS and hygiene can help learners to pay greater attention to their own health and that of their customers and employees despite difficult living and working conditions.

From skills requirements to skills development needs

Empirical research shows that workers themselves, customers and external observers may all assess skills requirements and training needs in the informal economy subjectively and very differently. A survey of workers and apprentices in Chad revealed that 81 per cent of respondents see a need for technical skills development and 67 per cent for managerial skills development. In Kenya, by contrast, half of the informal sector companies surveyed reported that their employees had no need for skills development, while 23 per cent identified a need for management skills development and 10 per cent a need for training in technical skills (Liimatainen 2002).

Those working in the informal economy often fail to see the benefit of additional training or have no clear idea of the skills required. Entrepreneurs and the self-employed see financial and infrastructure problems as bigger obstacles to the expansion of their businesses than a lack of skills development. Customers have relatively low expectations when it comes to product and service quality and, in particular, are not usually prepared to pay more for better quality. Accordingly, entrepreneurs and the self-employed rarely see any benefit in investing in education and training measures. Consequently, in order to develop the skills of workers in the informal economy more effectively, it is necessary to closely link training to practice, and to clearly illustrate to the target group the benefits of participation at individual, personal and company/business level. In the sense of a holistic approach, teaching of technical skills may be combined with the provision of theoretical knowledge. A comparison of agricultural training programmes in Uganda showed that the willingness of farmers to apply newly acquired technical skills was higher if they had an understanding of the value chain and the long-term economic and environmental consequences of their actions (Wedig 2010).





TOOLKIT

The particular significance of key skills in the informal economy

Even though skills are broken down into specific areas or sub-sets, it is important to recognise that they always represent different aspects of an individual's skills that influence each other. For example, personality traits such as creativity and perseverance are particularly important in mobilising the knowledge and technical skills to solve specific problems. To take account of this multidimensional nature of skills, the German vocational education and training system has developed a holistic skills concept entitled 'Vocational proficiency', which underpins the dual system of vocational education and training (BIBB 2011). The emphasis at international level and in development policy discourse is on key skills. These skills, which are not limited to one area of activity, have proved particularly important in research into the skills requirements of small businesses and the self-employed within the informal economy.

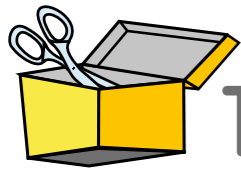
According to Overwien (1999), key skills can be divided into personality-related skills on the one hand and social and organisational skills on the other:

- Personality-related skills include curiosity and creativity, independence and initiative, the capacity to learn, a sense of responsibility, the ability to cope with frustration, the ability to improvise, and the willingness to take risks.
- Social and organisational skills include communication skills and empathy, the ability to work with others, analytical skills, planning skills, and organisational skills.

Overall, these skills are considered more important in the informal economy than specialist skills, since it is typified by a relatively low level of technology. This is often the view of those involved as well. For example, female market traders in Kigali consider social skills in customer service and self-confidence to be the key to their success. Boehm (1997) adds didactic skills and 'collective' skills to the list. Didactic skills are particularly relevant to small businesses that train apprentices, while collective skills refer to the ability of individuals to join together to represent their common interests.

Identifying the skills requirements of the informal economy should determine both the content of training measures and the forms of learning to be used. According to Dehnbostel (2010), there is a direct correlation between forms of learning and learning outcomes: informal learning is suited more to acquiring practical experience, while formal and non-formal learning provide the best context for developing theoretical knowledge (as part of training courses). The vital importance of key skills in turn implies favouring active and situation-based learning methods that focus on the learner rather than on the curriculum or the teacher.





TOOLKIT

More information within the toolkit:

Informal Employment › Target groups

Informal Employment › Regions › Africa

Tools › Life skills approach



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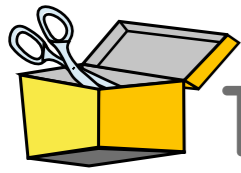
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TOOLKIT

SKILLS DEVELOPMENT IN THE INFORMAL ECONOMY

Short title: Skills development

Those working in the informal economy generally have a lower level of school education than employees working for the state or in the formal economy. It is also less common for them to have completed formal vocational education and training. Research conducted in individual countries shows that these workers have often developed their skills on the job or, at most, benefited from **traditional apprenticeships** or brief training courses offered by private or public-benefit providers.

In Tanzania, for example, 17 per cent of employees in the formal economy have a secondary school-leaving certificate or higher-level qualification compared with just 8 per cent in the informal sector and a mere 2 per cent in the agricultural industry. 31 per cent of agricultural workers have never attended school. Additionally, some 20 per cent of those working in the informal sector have access to non-formal vocational education and training, primarily in the form of traditional apprenticeships. Learning in the agricultural sector takes place predominantly informally, on the job, with just 5 per cent of workers having completed an apprenticeship or vocational education and training course (Adams et al. 2013, p. 67 ff.). Similar patterns emerge in a large number of countries in which formal vocational education and training systems are largely undeveloped and in which those working in the informal economy in particular have few opportunities to engage in continuing education and training (AFD 2007).

In general, it is possible to distinguish between vocational education and training for the informal economy and that in the formal economy. Vocational education and training for the informal economy is offered by state education and training institutions as well as a range of providers, such as local non-governmental organisations, private education and training providers, social partner organisations and international organisations. This **formal** and **non-formal provision** is complemented by vocational education and training in the informal economy. This involves more or less heavily regulated **apprenticeship training** in companies within the informal sector on the one hand and **informal learning** processes that take place 'in the background' at work or in the family on the other.

The strict divide between these different forms of learning is increasingly seen as detrimental to those working in the informal economy. Approaches such as cooperative training that aim to establish in-company training as part of the vocational education and training system are beginning to break down this divide. In order to increase the interaction between the various institutions, forms of learning and labour markets, new approaches are being developed with the aim of achieving **recognition of skills acquired informally and in non-formal contexts**. The aim is to link all forms of vocational education and training together on the basis of national qualification frameworks and to achieve a new understanding of education and training as a lifelong and lifewide process.

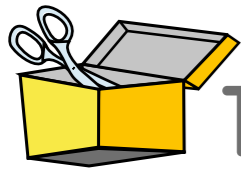
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TOOLKIT

FORMAL VOCATIONAL EDUCATION AND TRAINING

Short title: Formal VET

In almost all developing countries, formal vocational education and training systems are geared to initial education and training for young people, whether at secondary, post-secondary or tertiary level. The vast majority of these systems comprise full-time, classroom-based provision. A small number of countries, such as South Africa, also offer partially state-regulated apprenticeship training schemes that confer state-recognised qualifications.

Those working in the informal economy rarely have formal vocational qualifications

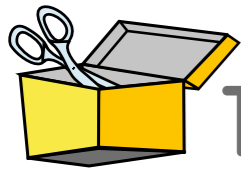
For a number of reasons, formal vocational education and training is still of very limited relevance to (prospective) workers in the informal economy. Firstly, many children and young people drop out of school early and therefore fail to meet the requirements for taking part in vocational education and training at upper secondary level or above. These young people are particularly unlikely to find any other form of work than informal employment. In Rwanda, for example, just 12 per cent of those working in the informal sector in 2006 had continued their education beyond lower secondary level. Secondly, the range of vocational education and training available is limited. With just a few exceptions, the rate of participation in vocational education and training is just a small fraction of that for secondary education as a whole. For South and West Asia the 2009 figure was 4 per cent as against 59 per cent, while for sub-Saharan Africa, it was 16 per cent as against 40 per cent, and, for Latin America and the Caribbean, 21 per cent as against 90 per cent (UNESCO 2011). According to one survey, less than 0.1 per cent of those working in Ethiopia's informal sector had completed formal vocational education and training (Central Statistical Authority of the Federal Democratic Republic of Ethiopia 2004). Finally, curricula and teaching methods in vocational education and training institutions within the formal education system are not generally geared to the needs of the informal economy.

Numerous studies have been carried out into the influence of formal vocational qualifications on employment and income in developing countries, with contradictory findings. In some cases, vocational education and training improves a worker's prospects of formal employment more than a leaving certificate from an intermediate general secondary school. This is true in the African capitals Niamey, Dakar, Bamako, Cotonou and Lomé, whereas in other cities, such as Abidjan and Ouagadougou, it is not the case. The influence of vocational qualifications on the income of informal workers also varies greatly from country to country (Eichhorst et al. 2012). Overall, however, it appears that formal qualifications are becoming increasingly significant on both the formal and the informal labour market. Such qualifications have so far been awarded almost exclusively within the formal education and training system, so many countries are prioritising the expansion of their formal system.

Formal vocational education and training systems are not geared to the needs of the informal economy

Experts are unanimous in criticising formal education and training systems for failing to focus on labour markets, particularly those in the informal economy. Too little attention is given in curriculum development to the needs of informal companies and the skills requirements of the self-employed. Curricula often focus too closely on teaching theoretical knowledge while neglecting the development of practical skills (Liimatainen 2002). Forms of cooperative training are not yet widespread, and existing systems of apprenticeship training are not usually integrated into the formal vocational education and training system. Ultimately, access to formal vocational education and training is often too expensive for children and young people who have to contribute to their families' incomes by working in the informal economy.





TOOLKIT

Approaches and strategies for opening up access to vocational education and training and for improving labour market focus

In many developing countries, national education and training and poverty reduction strategies define the expansion of formal vocational education and its greater focus on the labour market as their top priority. However, a closer look reveals that there is often a lack of specific measures for targeted inclusion of the informal economy and those working within it (Engel 2012). This means that conventional school-based vocational education and training continues to be geared primarily to wealthier sectors of the population and to the needs of the formal economy. Nonetheless, some countries are attempting to overcome this rigid divide between formal and non-formal vocational education and training in order to reach new target groups. This approach was underscored at the 2008 biennial meeting of the Association for the Development of Education in Africa (ADEA) in Maputo, where experts and representatives from 35 African countries agreed that post-primary education and training provision needed to be broad in scope and to offer a wide range of options for formal and non-formal education and training. In this context, calls are being made for the phrase ‘technical and vocational education and training’ (TVET) to be replaced by ‘technical and vocational skills development’ (TVSD). The UNESCO recommends taking skills requirements of the informal sector, like entrepreneurship and business management skills, better into account when developing new programmes. Therefore, representatives from the informal economy should be involved more closely in the design of vocational education and training (Marope et al. 2015).

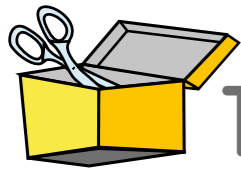
As an example, Ghana’s Shared Growth and Development Agenda (2010-2013) has the explicit aim of creating jobs and improving productivity and working conditions in the informal economy by enhancing vocational education and training. To this end, the National Technical and Vocational Education and Training Policy Framework provides for the introduction of skills-based training measures and a certification system for apprentices trained in the informal economy. Many other countries are also seeking to set up an independent agency to coordinate the various forms of vocational education and training, establish a national qualifications framework, and ensure the quality of vocational education through uniform standards. In Bangladesh, for instance, private and not-for-profit providers of vocational education and training are being accredited and authorised to issue formal qualifications alongside state vocational schools and institutions. This

serves to increase vocational education and training provision and enables more flexible learning formats to be offered.

Since the 1990s, many developing countries have introduced reforms to modernise traditional apprenticeship training. Relevant regulations and partnerships with business associations mean that company apprenticeships can be supplemented by courses at private and state vocational education and training centres and certified with a state-recognised diploma. Despite a number of positive outcomes, experience in Benin, Togo, Mali, Senegal and Tanzania has shown how difficult and time-consuming it is to introduce these cooperative vocational education and training systems and to integrate them into formal systems (Walther 2013).

The deficits in basic education in developing countries remain a significant obstacle to an expansion of formal vocational education and training that benefits those working in the informal economy. Despite considerable progress, there were still 61 million children of primary school age and 60 million youth under 15 years of age not attending school in 2014 (UIS 2016).





TOOLKIT

More information within the toolkit:

Vocational Education and Training › Skills development › Non-formal vocational education and training

Vocational Education and Training › Skills development › Traditional apprenticeship

Project examples › Apprenticeships Ghana

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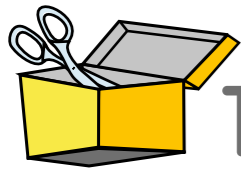
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TOOLKIT

INFORMAL LEARNING

Author: Bernd Overwien

The history of the term 'informal learning'

Back in the late 19th and early 20th century, American educator John Dewey argued that informal education was the basis for all formal education (Dewey 1916; Childs 1976) and spoke of the challenge of maintaining a balance between the two forms of learning. In this quote, he appears to be talking about effectively combining these two forms (Dewey 1916):

Hence one of the weightiest problems with which the philosophy of education has to cope is the method of keeping a proper balance between the informal and the formal, the incidental and the intentional, modes of education.

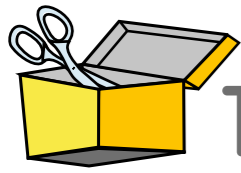
It was not until the 1970s that a broader professional readership was introduced to the term 'informal learning'. UNESCO's Faure Commission submitted its 'Learning to Be' report in 1972, calling for a broadening of education and training prospects. It pointed to the wide-ranging efforts of individuals in developing countries to better themselves through self-education without state support and outside the context of school provision. According to the report, non-institutionalised forms of learning and apprenticeships were the dominant means of education and training in large parts of the world and, for many people, the only relevant ones. The report underscored that valuable learning was taking place within people's immediate surroundings and that this learning also constituted the basis for school-based learning, which in turn provided the necessary means of categorising informally acquired knowledge.

The term 'informal learning' gradually took hold in both industrialised nations and developing countries (Overwien 2011). It is used, for example, in the Delors Report, which stresses the need to combine formal and informal learning opportunities (Delors 1996).

Most informal learning takes place in a non-structured, everyday context within existing social, family, communicative and work settings. Learning is an ever present feature of human activities, which actually makes it rather difficult to classify using the range of organisational forms. Nevertheless, the organisational form is the preferred means of doing so. Learning processes are considered informal if they take place outside formal institutions or do not constitute part of non-formal courses and do not, therefore, receive funding. An EU definition draws the following distinctions between formal, non-formal and informal learning (European Commission 2001):

- Formal learning takes place in education and training institutions, leading to recognised diplomas and qualifications.
- Non-formal learning takes place alongside the mainstream systems of education and training and does not typically lead to formalised certificates. Non-formal learning may be provided in the workplace and through the activities of civil society organisations and groups (such as in youth organisations, trade unions and political parties). It can also be provided through organisations or services that have been set up to complement formal systems (such as arts, music and sports classes or private tutoring to prepare for examinations).
- Informal learning is a natural accompaniment to everyday life. Unlike formal and non-formal learning, informal learning is not necessarily intentional learning, and so may well not be recognised even by individuals themselves as contributing to their knowledge and skills.





TOOLKIT

However, it is clear that the definitions can vary, and this also affects non-formal learning. The OECD points out that, in some countries, the entire adult education sector is classified as providing non-formal learning (OECD 2018). However, if informal learning is viewed as non-goal oriented in this context, then this is partly at odds with the EU perspective and completely at odds with Canadian research, which considers self-directed learning to be an integral part of informal learning (Livingstone 2006).

Informal learning by those working in the informal economy

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The informal economy includes a very heterogeneous range of economic activities, and most individuals working within it have to rely on their own resourcefulness to develop their vocational skills. First and foremost, it is family, neighbourhood and, where relevant, village or urban district that are key to the process of skills acquisition in the context of a particular set of socio-cultural ideals. Individuals develop their skills through a combination of socialisation, schooling and experience in different working environments. Skills are largely adapted to the requirements of everyday life, but considerable gaps develop in some cases, as the acquisition process is governed by random factors. Overall, observation and experimentation are key forms of informal learning.

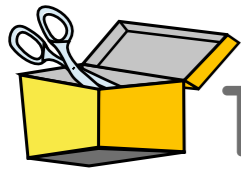
One of the factors to be taken into account when it comes to learning in the informal economy is that those working in it usually have to earn a daily income in order to survive and are, therefore, largely unable to afford to take part in longer term, 'unproductive' learning processes. These individuals also have to fit their learning into their working hours and their workplace. Learning conditions also vary considerably by gender, with girls and women at the greatest disadvantage. Women often face the dual challenge of having primary responsibility for organising day-to-day duties at home and having to earn or contribute to the household income.

A number of studies have been conducted into informal learning in developing countries, though few of them are recent. Coombs and Achmed (1974), for example, produced a study for the World Bank on how education can help to fight rural poverty. They referred to informal learning by rural populations as the life-long process by which every person acquires and accumulates knowledge, skills, attitudes and insights from daily experiences and exposure to the environment.

Education and training provision for rural populations should seek to support this process (Coombs and Achmed 1974). Having researched skills acquisition among tailors in Liberia, Lave (1982) found that, as in other West African countries, skills there were acquired traditionally and informally through a master/apprentice relationship. Similar forms of traditional skills acquisition were identified by Greenfield, who researched the traditional weaving activities of one ethnic group in southern Mexico (Greenfield 1984). Later studies revealed that aspects of similar structures also played an important role in less traditional activities in Latin America (Overwien 1995).

Given the diverse nature of the informal economy, it is often difficult to make generalisations about the skills required to work within it. At the same time, the informal economy includes a range of forms of employment, each requiring different skills and sub-skills. Even running a small business, which can be considered more complex, may involve a greater or lesser degree of complexity depending on the trade and the range of services or products on offer.





TOOLKIT

Development policy challenges relating to informal learning in the context of the informal economy

Organisations engaged in development policy work have traditionally considered the learning processes described above as rather inferior and as imitative learning with little value. This view does not reflect the reality of people in partner countries of development cooperation. The social and commercial learning environment in small enterprises and micro-businesses in these countries may not always be particularly welcoming of innovation, but it reflects the economic realities. If learning is taking place as part of an informal process of ‘participatory experience’, then there is scope for building on this approach and taking specific action to improve the learning situation for those living in this sphere. Indeed, this is already being done in some places, for example past and current efforts to institutionalise traditional apprenticeships in Kenya, Nigeria (Ferej 1996) and Ghana (World Bank 2009). Meanwhile, those living in and making their living from the informal economy are making use of non-formal learning provision wherever they can to improve their knowledge and skills (Overwien 1999). Designing non-formal education and training provision for those working in the informal economy means taking account of their living and working conditions at local and regional level, which affect informal learning. Individuals in the informal economy are, for example, often disconnected from social events outside the immediate context of their everyday lives. They lack access to relevant information and operate in an uncertain legal environment, while family is virtually their only social safety net. Access to education and training, which is equally important for informal learning, is generally limited. The different working and learning situations of the addressees must be used as the starting point for developing learning provision, as the addressees can only make use of learning opportunities they encounter where they are in their everyday lives and work context.

Informal learning processes need to be freed from the stigma of inferiority by linking supporting learning provision to the skills acquired through them. This would allow bridges to be built with the formal education and training system by offering opportunities for non-formal learning and recognising informally acquired skills. This provision should take account of the learning habits of those working in the informal economy in order to avoid discouraging them again with competitive, school-style learning processes.

More information within the toolkit:

Vocational education and training > Skills development > Formal vocational education and training

Vocational Education and Training > Skills development > Non-formal vocational education and training

Vocational education and training > Definitions

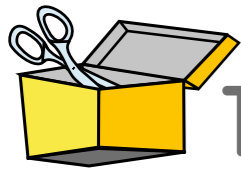
Informal Employment > Target groups

Informal Employment > Target groups > Women

Vocational education and training > Skills development > Traditional apprenticeship

Project examples > Strengthening traditional apprenticeships in Ghana





TOOLKIT

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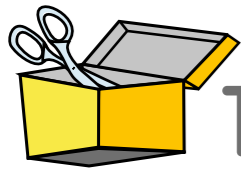
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TOOLKIT

NON-FORMAL VOCATIONAL EDUCATION AND TRAINING

Short title: Non-formal VET

Non-formal learning can be defined as learning 'that is not provided by an education or training institution and typically does not lead to certification. It is, however, structured (in terms of learning objectives, learning time or learning support). Non-formal learning is intentional from the learner's perspective' (European Commission 2001). It therefore differs from formal learning in terms of the general institutional framework – that is, it takes place outside of the state-regulated education and training system. Nonetheless, because it differs from informal learning in terms of its targeted, intentional and planned nature, non-formal learning still requires structures such as defined learning sites, curricula, teachers and trainers.

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Non-formal vocational education and training is characterised by diversity and flexibility

Non-formal vocational education and training is provided by a wide range of organisations, including non-governmental organisations, church institutions, profit-making education and training providers, companies, and employer and employee organisations. Governments also finance and run vocational education and training programmes that operate outside the formal education and training system, for example as part of an active labour market policy or efforts to promote the private sector and reduce poverty. The courses on offer cover a broad range of skills and take many different forms, including distance study programmes, integrated training and coaching, and classroom-based lessons at night school. It is this diverse range of provision and the flexible design of training measures that characterise non-formal vocational education and training and make it so key to the skills development of those working in the informal economy. Options such as flexible scheduling, shorter and more targeted practical courses and, in some cases, financial support make it easier for young people and adults to access vocational education and training. Private and public-benefit training providers also operate where formal education and training institutions do not, such as in rural areas and slums.

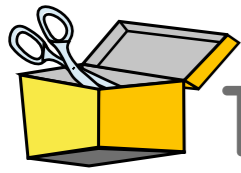
They are often more effective than formal education and training institutions in gearing their training provision to the needs of their target groups and responding to new labour market requirements.

There are usually no statistical records of non-formal vocational education and training in developing countries, as it often involves relatively small providers or largely uncoordinated local projects and programmes that are outside state control. However, a small number of non-formal education and training programmes have been implemented on a large scale and extensively evaluated. One example is the Jóvenes programmes for disadvantaged young people aged 16 to 29 in Latin America. These programmes combine courses and internships with additional support, such as learning materials, medical care and subsidies for travel expenses. Evaluations show that these programmes can increase a participant's chance of employment by up to 21 per cent, depending on the country in question. Those who complete this training also find more secure and better-paid work than those who do not (Adams 2007).

Experience from a whole range of scenarios shows which approaches are particularly effective

Nonetheless, non-formal vocational education and training also involves a number of pitfalls. Quality in particular is not always sufficiently high to generate real added value for learners, who sometimes lack reliable information to enable them to compare different offers. Employers are also very limited in their ability to assess the value of the education and training courses completed by applicants. Against this backdrop, many countries are seeking to introduce recognition mechanisms for certifying skills acquired in a non-formal context. These mechanisms aim to make skills visible by having them identified externally on a standardised basis at the end of training programmes and courses. Formal qualifications should make it easier for individuals to make the transition to the formal vocational education and training system or to higher-quality work.





TOOLKIT

Non-formal vocational training is an important area of work for international donors and non-governmental organisations, which have gained wide experience with projects for the particular target group of the informally employed. Research into completed development cooperation projects shows the importance of a bottom-up approach that encourages the involvement of learners and other actors locally. This is the only way to ensure that offerings are genuinely geared to the personal situations and living environments of the target group. The older the participants, and the less prior learning they have, the more important it is, for example, to use a combination of general education measures, vocational training, and teaching of practical skills relevant to business and everyday life. Generally speaking, it is particularly beneficial to disadvantaged target groups to combine technical and business skills with life skills. The most sustainable impact is achieved by including additional provision such as job placement, assistance for business start-ups and help for individuals in implementing what they have learned in their own company (Adam and Hiltmann 2013).

More information within the toolkit:

Tools > Financing approaches

Informal Employment > Target groups > Refugees

Vocational Education and Training > Skills development > Formal vocational education and training

Informal Employment > Regions > Latin America and the Caribbean

Actors > NGO's – Non-governmental organisations

Tools > Life skills approach

Tools > VET for business start-ups

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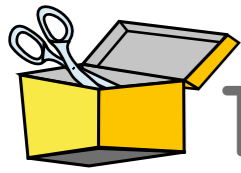
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TOOLKIT

TRADITIONAL APPRENTICESHIP

Author: Richard Walther

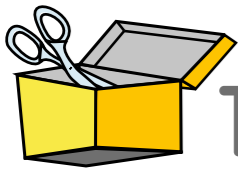
In most countries with a large informal economy, a traditional apprenticeship is the most common option available for young people wanting to acquire the vocational skills they need in order to find work, especially for those with a low level of education. In many of these countries, it is even the main system for training young people who are seeking work. This is the case for many countries in Africa, where formal training is available only for a very small minority of educated young people (ADEA 2008), with learning content and methods that are ill-matched to the skills needs of the informal economy (Adams et al. 2013). It is also the case in countries such as India (Smith et al., 2012) and Pakistan (Bhatti et al. 2011). An analysis of how an improved traditional apprenticeship can increase the level of skills of young people and help them find work and earn a decent living is therefore a strategic challenge. Improvements can help boost the informal sector and thus help subsistence economies make the transition to growth and development (Walther 2007).

Traditional and/or informal apprenticeship: a conceptual clarification

The ILO (ILO 2012a) distinguishes between traditional apprenticeship and informal apprenticeship. Traditional apprenticeship is defined as a system in which skills are transmitted from a father or mother to family members and which usually includes a “moral upbringing” of the apprentice.

Informal apprenticeship, on the other hand, includes the transfer of the required competences to young people outside the family or kin group. This distinction reflects the socialisation of the act of apprenticeship and its evolution from being a family responsibility to being a social responsibility incumbent upon professional organisations. It is a sign of the gradual inclusion of traditional apprenticeship in the structures of the society within which it has evolved. Both concepts are thus legitimate (even if the concept of traditional apprenticeship is most frequently used) and they stress the core role of the contractual relationship between a master craftsman and an apprentice, which enables the latter to acquire a job through a process of training provided in the workplace. In the context of this toolkit, the terms traditional and informal apprenticeship training are therefore used synonymously.





TOOLKIT

Traditional apprenticeship: a real form of training that is poorly recognised by national TVET systems, if at all

Apprenticeship, whether labelled as traditional or informal, is not just on-the-job skills development. It is a real form of training (ILO 2012a; Walther 2007), with the following features:

- objectives: the training of young people in a specific trade or occupation
- rules: the contractual relationship between a master craftsman and an apprentice is guaranteed by social norms and/or the profession
- pedagogy: a process characterised mostly by progress from an introductory phase (observing) to initiation (starting to do), participation (carrying out alongside) and recognition (being able to practice the occupation)
- means: the cost of training is shared between the master craftsman, the apprentice and often a training fund collecting and reallocating at national or sectoral level vocational training taxes paid by the private companies (Ziderman 2003)
- results: a professional certificate or social recognition of the occupation acquired

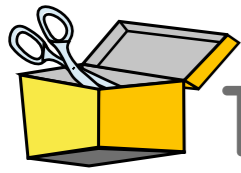
Such apprenticeships, which concern a large majority of young people in many countries, fail to address certain needs, for example there is no access to new skills and technologies (ILO 2012b). However, the great advantage is that it offers young people a path into employment (Adams 2013).

A vital debate: should we improve traditional apprenticeship or formalise it?

Since the 1990s, West Africa has been reforming its traditional apprenticeship schemes with support and encouragement from international development co-operation agencies. This mainly applies to Benin, Mali, Senegal, Togo (Walther 2008) and Ghana (Palmer 2007). These initiatives have led to the establishment of dual apprenticeships, which entail classroom-based training in addition to practical training, training to update the skills of master craftsmen involved in the new apprenticeship schemes and, of course, better preparation of young people for the jobs for which they are being trained. Partial reform of apprenticeship has taken place in East Africa, for example in Tanzania and Kenya (Adams 2013; ILO 2012a; Nübler et al. 2009). In both West and East Africa, it appears that the public authorities have difficulties to implement and promote these reforms. This largely explains their limited implementation within existing training systems.

There is also a debate on the reform of traditional apprenticeship in Asia, particularly in India and Pakistan, where informal employment is as prevalent as in sub-Saharan Africa and where traditional apprenticeship accounts for the training of most young people (UNESCO 2012). A recent debate on the relationship between formal and informal apprenticeship in India (Smith 2012) revived the debate on the dilemma between reform and formalisation: would it be better to improve gradually the existing informal apprenticeship or to transform it as soon as possible into a formal training scheme? The best conclusion on this debate would seem to be the position prepared by the ILO at the G20 in 2012: 'Improved informal apprenticeship systems can also dynamize local economies by contributing to the diversification of products and services and the innovation, productivity and adaptability of micro and small enterprises' (ILO 2012b).





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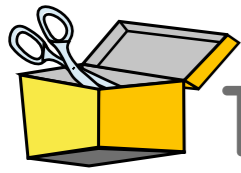
The prerequisites for improved traditional apprenticeship

All referenced studies on the current status of apprenticeship underline the key role it plays in the skills development of urban and rural young people in the informal economy. They also show that this role can and must become more efficient in order to help young people to find better employment while at the same time boosting economic development. This means that countries should recognise apprenticeship as a training system in its own right and include it within their reform policies. For example:

- as in Kenya (Adams 2013) and Benin (Walther 2008), to invest in improving the skills of master craftsmen, who are the real trainers of young people in the urban and rural informal sector, and to enable them to update their occupational and pedagogical skills and knowledge
- to support professional organisations that gather at trade or local level micro and small enterprises and master craftsmen. They have the means to identify new skills requirements and can thus ensure the quality of training through apprenticeship and its relevance to the economic environment and the world of work (ILO 2012a)
- to change the goals and organisation of formal technical and vocational education and training systems, and to ensure that training institutions are partners in the transformation of traditional apprenticeship into dual apprenticeship which has to become part of the national training and qualification framework (UNESCO 2012 and Walther 2011)

Traditional apprenticeship is often the largest producer of skills for young people working in the informal economy. Measures to raise their level of qualification will therefore enable them to both earn a better living and access less precarious work.





TOOLKIT

More information within the toolkit:

Project examples > Strengthening traditional apprenticeships in Ghana

Informal Employment > Target groups > Rural areas

Sources and further information:

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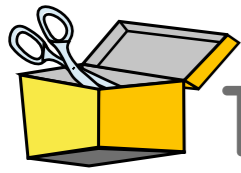
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TOOLKIT

DIGITAL TEACHING AND LEARNING IN TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING (TVET)

Short title: Digital teaching and learning

Digital learning methods play an increasingly important role in TVET. If appropriately adapted, they can be a useful addition to learning on the job and at school. E-learning is a generic term that describes all forms of learning in which digital media is used to present or distribute learning materials or to support communication between learners and teachers (Kerres 2001). There are many different forms of e-learning (BMZ 2018). For example, web-based learning is learning on an internet-enabled device, where learning content is available online and learners acquire it independently. A specific form of web-based learning is mobile learning (m-learning). Learning content is transmitted via SMS or app through mobile devices. Massive Open Online Courses (MOOCs) are free courses that are accessible online to a large number of participants. Blended learning combines traditional classroom learning with digital learning.

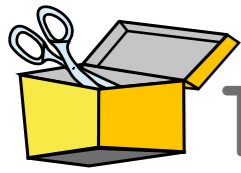
Some fundamental opportunities and challenges for TVET in development cooperation can be identified for these diverse forms of e-learning. For example, e-learning can improve the quality of and the non-discriminatory access to TVET under certain conditions. This is particularly true in the field of non-formal learning. Digital learning tools enable learners and trainees to access learning content flexibly, independent of time and space. This can significantly lower the access barriers to educational content, especially for marginalized target groups such as women, informally employed persons or people in rural areas. Employees in the informal economy often cannot afford to stay away from their workplace for long periods of time, which makes participation in (vocational) training more difficult. The temporal and spatial flexibility of digital learning provision can therefore contribute to better access to education and training for informal workers. Thus, in developing countries, TVET can benefit from digital learning opportunities. Furthermore, trainees can choose between a greater number of learning contents. This makes it possible to adapt training content to the needs and prior knowledge of the target group (Obwoye & Kwamboka 2016).

Nevertheless, digital learning in TVET cannot replace schools and workplaces as learning locations. In order to provide holistic vocational decision-making skills, learning on the job is of central importance. The learning and training process must be designed in such a way that digital learning and face-to-face learning complement each other at the workplace and, if necessary, at school. In order to ensure this coherence, appropriate qualification of teaching and training personnel is crucial.

The use of digital media in TVET requires technical and didactic competences on the part of training staff, which are often not yet given. Continuous training and further education of teachers and trainers, adapted to the constantly changing framework conditions - both in terms of technologies and in terms of didactics and methodology - represent a particular challenge for the TVET systems in many emerging and developing countries (World Bank 2015). Furthermore, the digital infrastructure, i.e. access to broadband internet, electricity and equipment, is often inadequate due to a lack of public funds (Obwoye & Kwamboka 2016). There are also barriers in access to digital learning technologies for trainees. In order to benefit from digital learning content, learners have to have access to digital infrastructure, but also to possess certain prior knowledge. In addition to basic skills such as reading, writing and arithmetic, digital skills are also required in order to make meaningful use of e-learning offerings. Such offerings should therefore be adapted to the technological requirements and prior knowledge of the target group (World Bank 2015).

In the context of the informal economy, digital learning technologies can potentially contribute to improving traditional apprenticeship training. Since apprenticeship training in the informal sector takes place exclusively in companies, the provision of theoretical knowledge can be supplemented by tailor-made e-learning offers. For this, however, the target group must have the technological infrastructure and the above-mentioned prior knowledge. Therefore, in addition to improving basic education, digital education methods should be adapted to the framework conditions and limitations of the target group (World Bank 2015). If the target group uses simple mobile phones, for example, these technologies should also be used in the development of solutions, for example by conveying learning content via SMS. Access to new knowledge and technologies is usually limited in the context of traditional apprenticeship training, which takes place in informal micro-enterprises with limited resources. The provision of new skills is therefore a key instrument in the modernization of apprenticeship training in the informal





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economy (ILO 2012). The continuing training of trainers can improve access to new knowledge in the context of traditional apprenticeship training.

The continuing training of trainers can also be supported by e-learning, which may have a multiplier effect, as they pass on their knowledge to trainees and other employees in their companies (ILO 2012). Above all, e-learning is an effective tool for imparting theoretical and business management background knowledge, for example in the field of bookkeeping.

If trainees and employees in the informal economy possess the technical prerequisites and the necessary basic skills, digital learning can thus contribute to improving the skills and the opportunities for income and decent work.

More information within the toolkit:

Informal Employment › Digitalisation

Informal Employment › Women

Informal Employment › Rural areas

Vocational education and training › Skills acquisition › Non-formal vocational education and training

Vocational education and training › Acquisition of competences › Traditional apprenticeship training

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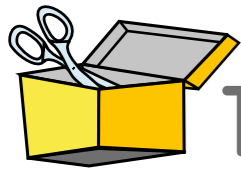
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TOOLKIT

RECOGNITION OF INFORMALLY ACQUIRED OCCUPATIONAL SKILLS

Short title: *Recognition of informally acquired skills*

Author: Patrick Werquin

Recognition of non-formal and informal learning outcomes – a survey

Recognising non-formal and informal learning outcomes is about giving currency – in the labour market, in the lifelong learning system and in the society in general – to all competences, wherever and however acquired. There are many approaches to recognising such competences acquired outside of schools, training centres and universities – for assessing, validating and recognising them – and there are many objectives – for access to formal studies, for entry and/or promotion in the labour market, or for access to the formal economy – but the principle is always the same: recognising that human beings learn everywhere and all the time!

This chapter of the Toolkit is about showing why this learning should, and how this learning could, be given currency so that individuals can reap the benefits from it, and so that the society at large benefits from it. It is a matter of economic efficiency because otherwise there is a potentially huge reserve of untapped human capital. It is also a matter of equity in a world where 264 million children were not attending school in 2015 and where many more do not go to school on a regular basis; and where 750 million adults cannot read or write (UNESCO 2017).

This chapter starts from the point of view that working in the informal economy is not desirable: ‘Informal employment [is] problematic at both the individual and society levels’ (OECD 2009). It therefore aims at providing one possible policy tool to practitioners so that they can help bringing [potential] workers into formal employment. The awarding of a qualification that has societal recognition, in order to make competences visible and to give them currency, is the ultimate objective of the approach. It may not be an immediate outcome – e.g. if the assessment shows that further learning is necessary – but it is the main aim of recognition of non-formal and informal learning outcomes that individuals eventually achieve a qualification.

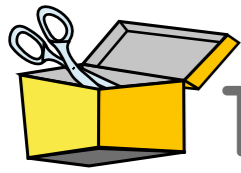
Owning a recognised qualification is a visa for work in the formal economy

Evidence suggests that qualifications are demanded for an increasing number of jobs, both in the formal and in the informal economy. In fact, it is a necessary condition to enter formal employment (Recotillet and Werquin 2007; Grubb and Lazerson 2004).

A qualification is a document that describes the competences (knowledge, skills and attributes) of the owner of the qualification. It could be a diploma, a degree, a certificate or any sort of award delivered by a competent and preferably legitimate authority, typically the Ministry of Education. It is sometimes called a recognised qualification to avoid a possible confusion with the many certificates delivered outside of the control of competent authorities, such as international vendors certificates (e.g. Microsoft, Oracle ...) or private training providers’ certificates.

In short, a qualification is at the same time the parchment and the competences that are described on this parchment. The issue is that many competences are not visible because many competent individuals have never been awarded a qualification: they have learnt on their own throughout their life and have acquired competences outside of the formal learning system. They thus have little ways to prove their competence other than by being hired and by proving themselves on the job; which is risky and therefore too costly for employers.





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New routes to qualifications – a question of equity

The current situation contributes to increasing social inequality because, until recently, the initial education and training formal system was almost the only one delivering qualifications, and to young people only. However, statistics show that a large fraction of children do not have access to school, or not regularly enough, or not to quality schooling. As mentioned above, 264 million children of primary and secondary school age worldwide did not attend school in 2015 (UNESCO 2017). As a consequence, many children and youths never meet the assessment standards to achieve a qualification.

Those who can access school, but could not make it long enough or well enough to succeed in being awarded a qualification, often have no second chance to achieve a qualification. Since, in addition, most adults undertaking learning activities do not get a qualification, the second chance for qualification is more of a severe problem than the second chance for education. And since it is the qualification that opens the gate to work, especially in the formal economy, the situation is inequitable.

The situation is not very efficient either because, if one assumes that the individual talent is uniformly distributed among all individuals, regardless of the opportunities they have had to attend school on a regular basis, then countries are deprived of a potentially huge reserve of human capital, just because it is hidden. If the learning taking place in the informal economy is not recognised, then it is double penalty: individuals do not have a decent job and the investment – in time and money – in learning activities is lost.

New concepts and some misconceptions – it is societal recognition that matters

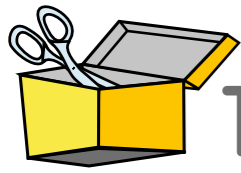
The vocabulary is somewhat complex because the concepts are rather new to the broad public and because some of the keywords have different meanings. It will be explained here, but ought to be simplified in the relation to end users (applicants, employers...) and only used among researchers, practitioners and policymakers.

The most obvious polysemous term is the adjective 'formal' that qualifies one of the two sectors of the economy – there is a formal and informal economy – and one of the three generally accepted learning settings – there is formal, non-formal and informal learning (Werquin 2007). The two senses of the term are central to this chapter since it focuses on the recognition of non-formal and informal learning in the informal economy. When it comes to learning, it is the learning setting that is more or less formal. Formal learning is intentional, organised, structured, financed and it has learning objectives. Informal learning is experience-based learning: it is the learning that takes place every day and everywhere, just because people are faced with learning situations in many facets of their life. It is never intentional. Non-formal learning is somewhere in between formal learning and informal learning, and its position in between the two varies from one country to another. In some countries, it is second chance education for early school leavers and young people; in others it is the adult learning sector; it could be all the side learning going on at the workplace (e.g. behaviour...). The objective of the approach described here is to help people and the society to effectively tap into this potentially huge reserve of hidden human capital.

This chapter introduces a third sense of the term 'formal' to qualify the nature of the validation process. According to the objective(s) of the applicant – from self-consumption for leisure, to applying for a regulated occupation and to resuming formal studies – the validation process may range from a short simple process (portfolio of competences with minimum guidance, and no assessment) to a heavy quality-assured validation process leading to a recognised qualification, where a thorough assessment is a must. The level of formalisation of the validation process is a key decision because it has a major impact on the cost of the process. It is a policy tool because, once it is accepted that the validation process can also be more or less formal, a full set of approaches can be implemented in order to meet the needs of the individuals and of the society.

Worthy of note is that it is the learning outcomes that are documented, assessed, validated, and recognised. The input/learning process can also be documented but what is critical to the approach is the assessment, validation and recognition of the learning outcomes. In other words, it is the competences acquired non-formally and informally that matter to assessors, and the end users (employers...). Achieving a qualification is about meeting predefined standards in an assessment.





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The word recognition itself has two meanings in this context. The recognition of learning outcomes is different from the recognition of qualifications. Recognition of learning outcomes takes place when an applicant is successful in meeting pre-defined (preferably widely agreed) standards. Recognition of qualifications is a societal issue. In other words, and this is also crucial for practitioners and policy-makers, it is not because an assessor has validated the learning outcomes of an applicant that the employers, for instance, and the rest of the society at large (families, peers, university recruiters...) will accept this qualification as evidence for competence(s).

Documentation, assessment, validation and the delivery of a qualification, or any other possible awards (credit, partial qualification, exemption of academic prerequisite to enter a formal study programme, exemption of all or part of a formal study programme...) is a technical process. The recognition of the award is a societal process. This is what matters and therefore it is sometimes suitable to use the terms “recognised qualification” to stress this aspect. It requires a lot of preparatory work for this societal recognition to exist; and for instance that all stakeholders are involved in defining the competence and assessment standards.

Implementation, results and examples of practice

Many countries, including in the developing world, have implemented systems for the recognition of non-formal and informal learning outcomes. In Mexico, people may achieve the upper secondary qualification (Bachillerato) on the basis of an assessment. In Namibia, where tourism is becoming an important component of the economy and where security issues with foreign visitors have become a clear concern, tour guides are being assessed so that they may be awarded a license to practice. In Haiti, recognition of non-formal and informal learning outcomes is considered one of the key options to allow individuals to enter and leave the technical and vocational education and training system at any point in time, i.e. for modular training.

All countries implementing systems to recognise non-formal and informal learning outcomes have witnessed a renewed interest for life-long learning from the part of the successful applicants, a greater self-esteem and a willingness to achieve a qualification. This approach is also an option to address the gender gap where girls and young women often have less access to formal learning opportunities.

Finally it is relevant in the many countries where there are a large number of private training providers and a fragmented system. Indeed, the relative opacity of such a system and the difficulty to identify competences may be improved with the assessment methods proposed in the context of the validation of non-formal and informal learning outcomes.

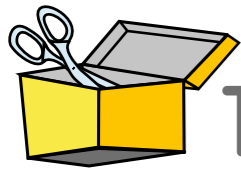
Beyond the technical difficulties and the costs of setting up and running a system for the recognition of non-formal and informal learning outcomes, there are, however, some particular pitfalls with regard to the recognition of learning outcomes achieved by workers in the informal economy.

First, the level of learning that takes place in the informal economy may not be very high – making it difficult to meet the expected standards during the validation process. This is because the context plays a key role in the learning experience. In the informal economy, there is perhaps less commitment to the personal development of the workers. Workers are less organised. There is no employment tenure. Workers have tasks rather than a trade job, making it difficult for them to embrace all the components of a competence. There is less transfer of competence, less tutoring, by fear of being overtaken. Employers are hesitant in making competences visible, by fear of poaching, in a probably fierce labour market.

In addition, there is less access to state-of-the-art tools and devices. There is less access to up-to-date technology, less information and even less guidance. Workers are less familiar with assessment, as personal appraisal is not customary. Finally, informal economy may mean low levels of literacy, which render access to the appropriate pieces of information and the necessary paperwork very cumbersome.

All in all, working in the informal sector of the economy is a strong deterrent to engaging in a process of recognition of non-formal and informal learning outcomes. Nevertheless, if a country is ready for it, that is if its population is ready to accept that learning may also take place outside of formal learning settings, if stakeholders are willing to commit to the design and promotion of the approach, and if policy makers have a vision and are willing to organise a large consultation process, and to fund the recognition system at least in part, then recognition of non-formal and informal learning outcomes is a real option. Otherwise, chances are high that relevant stakeholders will not support the necessary processes.





TOOLKIT

More information within the toolkit:

Vocational Education and Training > Skills development > Formal vocational education and training

Vocational Education and Training > Skills development > Non-formal vocational education and training

Vocational education and training > Informal learning

Informal Employment > Target groups > Women

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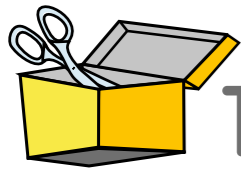
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TOOLKIT

PRINCIPLES OF VOCATIONAL EDUCATION AND TRAINING IN THE INFORMAL ECONOMY

Short title: Recommendations

The wide-ranging problems and differing conditions in individual countries make it virtually impossible to develop and formulate standardised concepts of vocational education and training for the informal economy. This presents some major challenges when it comes to providing relevant advice in a development cooperation context. Nonetheless, a number of general principles are frequently cited in literature and may serve as a useful checklist for highlighting certain aspects of vocational education and training provision for those in the informal economy. However, the following list is by no means exhaustive.

Identifying and providing information to the target group

- The principle of target-group orientation requires a target group to be identified and an understanding to be reached of their living conditions and learning needs. There are a number of research methods that can be used to this end in addition to cooperation with local organisations. Establishing and developing statistical systems is a key activity in this context, and it is particularly important to include ‘invisible’ groups, that is, groups that receive little political and social attention or those that are not recorded in existing statistics. These may include domestic workers, members of marginalised groups such as refugees and ethnic minorities, family members working in informal small businesses, people in remote regions, and people with disabilities, for example.

Some target groups live in extreme isolation, with limited access to information and high illiteracy rates. For this reason, it is also important to find suitable information channels for making people aware about vocational education and training provision. Information can be provided through cooperation arrangements with local non-governmental organisations, interest groups, professional organisations within the informal economy, and other multipliers.

Cooperation and participation

Working together with actors at different levels and ensuring participation by the target group can increase quality, effectiveness and sustainability throughout a project, from conception to implementation.

Experience shows that it is often helpful to link up with and build on existing practice and structures in vocational education and training. For example, many countries have a traditional apprenticeship training model within their informal economy. The quality and effectiveness of this model can be enhanced by providing additional training modules for apprentices, further training for trainers, work tools and certification systems. (Informal) business associations and professional organisations should be included in the process wherever possible. In some cases, it is also possible to bring schools and vocational education and training centres on board as cooperation partners.

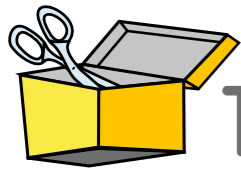
International and local non-governmental organisations (NGO's) often have good access to the target groups, making them key partners.

Organising vocational education and training measures

Because of their precarious income situation, those working in the informal economy are generally unable to spend long periods of time away from work. Self-employment is particularly demanding from a time point of view. In many cases, women and girls often also bear the main responsibility for raising children and looking after the home. Under these circumstances, the time and duration of training measures should be tailored to the time available to the target group. Short courses and modularised provision, for instance, seem to be particularly suited to adults.

Limited mobility resulting, for example, from transport costs, childcare commitments and a lack of transport or limited transport options means that learning should take place in the vicinity of people's homes or workplaces wherever possible.





TOOLKIT

Learning objectives and content

Learning provision should relate to the work and learning situations of the target group so that participants can put their newly acquired skills into practice as quickly as possible.

Those working in the informal economy are often required to manage many different tasks. Moreover, many of these individuals are or wish to become entrepreneurs and so they require key skills and basic knowledge in the area of management as well as technical skills and knowledge. In some cases, they need to complete remedial basic education in order to acquire the skills and knowledge they require for their work.

Literature in this field often warns of the danger of focusing too narrowly on instrumental skills. The particular living conditions of those working in the informal economy make traits like self-confidence, flexibility and responsibility extremely important. Therefore, these should be supported by appropriate training concepts where possible.

Learning methods

The learning habits of the target groups, such as learning by doing, should be taken into account when selecting training methods. It may also be important to give consideration to cultural features when designing learning provision and to adapt it to the specific needs of women and girls and people with disabilities. Developing key skills and personal traits usually requires active learning focused on the learner rather than the curriculum or the instructor.

Recognition and certification

Certification and formal recognition of skills acquired in informal and non-formal contexts appeals to many of the addressees. These processes not only boost self-confidence and self-esteem but also, in some cases, open up prospects for further learning in the formal education system and for obtaining better employment, including in the formal economy.

Sustainability

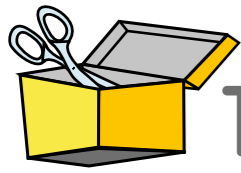
In order to place learning provision on a sustainable footing, it is helpful to embed it in the work of social movements, local organisations and the state education system and to create institutional structures. As part of a multi-level approach, it is frequently recommended that an appropriate vocational education and training policy be formulated at macro level.

In order to ensure long-term effectiveness at individual level, it is often necessary to link training with other measures such as mentoring, tools, capital, job placement and advisory services for business start-ups.

Financing

The situation of the target group should be taken into account in determining how education and training provision is financed. Some participants can be expected to contribute financially to their training; indeed, this may even increase their motivation. For others, however, even indirect costs, such as income lost while completing training, are too great a hurdle. In this case, external financing is required.





TOOLKIT

More information within the toolkit:

Informal Employment › Statistics

Actors › NGO's – Non-governmental organisations

Informal Employment › Target groups › Women

Vocational education and training › Skills development

Tools › Opening training centres

Tools › Recognition of informally acquired skills

Tools › VET for business start-ups

Tools › Financing approaches

Tools › Traditional apprenticeships

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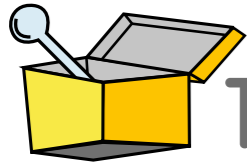
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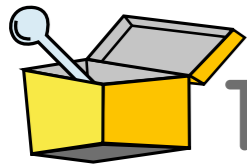


TOOLKIT

TOOLS

The requirements for vocational education and training measures for trainees, employees and employers in the informal economy are complex. This is due to the wide range of production and employment conditions. In this complex and diverse environment, development cooperation actors employ a whole variety of approaches, instruments, projects and methods. These are presented in the following pages as 'Tools'.





TOOLKIT

RECOGNITION OF INFORMALLY ACQUIRED SKILLS

Short title: Informally acquired skills

Those working in the informal economy generally have no proof of the vocational knowledge and skills they have acquired, for example, on the job. Recognition of informally and non-formally acquired skills may help ease a worker's entry into formal employment in the formal economy ('Visa for Work') and provide access to the formal (vocational) education and training system.

The recognition process for non-formally and informally acquired skills can take various forms. However, it is possible to identify several typical phases (Seidel 2011; CEDEFOP 2009):

- **Information, advice and assistance:** Those interested are provided with information on requirements, procedure, duration, available certificates and qualifications, costs and financing possibilities, as well as on available providers.
- **Selection of suitable candidates:** Pre-selection of candidates with regard to minimum requirements for recognition is essential in order to minimise costs for applicants (opportunity costs) and for the system (direct costs).
- **Identification of learning outcomes:** Outcomes of non-formal and informal learning are identified. The process of identifying learning outcomes does not yet lead to formal certification of competences, but can serve as a basis for this.
- **Assessment of learning outcomes:** The candidates' knowledge and competences are assessed according to pre-defined standards. The assessment forms the basis for the validation of qualifications.
- **Validation:** A competent institution confirms that defined outcomes of formal, non-formal or informal learning have been reviewed and confirmed against specific criteria.
- **Certification:** Based on the validation, a formal certificate is issued by an official authority certifying the validated learning outcomes.

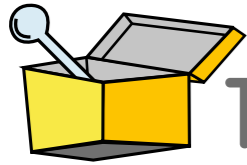
Introducing a recognition and certification system in a country is a highly complex process. In a study into the methodology of the recognition process in South-East Europe (Werquin 2013), the following factors for successful implementation of the approach were analysed:

- start small, awaken curiosity of all involved
- bottom-up approach, conscientious search for suitable partners
- ensure the recognition of certificates by all relevant partners (e.g. employers, training providers)
- informing the general public about certificates
- promotion of real benefits of certificates, such as for job seeking, promotion or access to higher education
- minimisation of costs for the target group
- pilot phase initially addressing people whose skills are comparatively simple to validate, in order to give the recognition system a good reputation and create a snowball effect

It has been observed on several occasions that initially promising approaches were prone to potential failure. According to Werquin (2010), the risks and reasons for failure may result from inadequate attention paid to the following key questions and therefore incomplete preparation for the introduction of a system to recognise informally acquired skills:

1. What knowledge and skills are to be validated and recognised?
2. What is the optimum degree of formalisation of the recognition process?
3. What is the objective of the approach and what type of certificate should be awarded to successful applicants?
4. Will these certificates be recognised by society?





TOOLKIT

Another key risk factor is the high cost of a recognition system, particularly for applicants from the informal economy. In any reform of the vocational education and training system, however, it should be noted that these costs are generally lower in the long term than the cost of providing formal vocational education and training for the majority of young people in a particular age cohort.

In addition to the validation of informally acquired skills, there are also projects geared solely towards making these skills visible. Informally acquired skills and competences are identified and documented through so-called 'skills passports'. The objective is to make the specific knowhow of employees or those seeking employment visible to potential employers, without according it official recognition.

More information within the toolkit:

Project examples > Uganda Worker'sPAS

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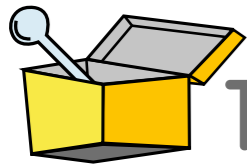
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Learning Assistant is an innovative and cost effective e-portfolio solution that allows colleges and training providers to dramatically improve the delivery of their vocational qualifications (QCF/NVQ/SVQ/VRQ etc).





TOOLKIT

EMPLOYMENT SERVICES AFTER TRAINING

Short title: Employment services

Employment services are an important part of the process for linking labour supply and demand. Labour market measures – such as developing and improving labour market information systems, vocational guidance and counselling, and job placement services – can be of help when it comes to improving the coordination function of the labour market (GIZ 2016).

Job placement is a core function of public labour administration. But it can also be offered as a complement by semi-public or private organisations. Grassroots organisations have an important role to play when it comes to employment in the informal economy (BMZ 2005). The form of job placement depends heavily on specific local or national labour market situations, such as whether the regions are urban or rural in character. A distinction should be made here between conventional or internet-based job fairs, direct contact between companies and jobseekers or placements through public or private organisations.

The effectiveness of job placement processes depends to a large extent on the competence of the placement institution and the availability of labour market information (Kausch and Trommershäuser 2002, p. 76). Placement processes are often restricted in their reliability and performance as a result of problems with data availability in the informal economy.

An integrated service is needed, combining counselling, job placement and vocational guidance. If the effectiveness of employment take-up is to be increased, guidance and counselling on training offers and on occupations must be closely geared to job placement (BMZ 2005). Those who supply training services have an important role to play in this regard. This function is often taken on by those who are also responsible for contact with companies. The quality of cooperation with the private sector is crucial for effective job placement.

Concrete measures to promote job placement after vocational education and training may include the following aspects (Adam 2012):

- development of contacts with potential employers
- support with creating job application documents and forwarding these to potential employers
- sending letters of recommendation
- preparation of information on relevant vacancies
- organisation of career fairs and job fairs

Sources and further information:

Adam, S. (2012), *Skills Development for Secure Livelihoods, Triennale on Education and Training in Africa, Ouagadougou, Burkina Faso.*

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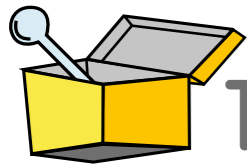
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TOOLKIT

OCCUPATION-ORIENTED VOCATIONAL EDUCATION AND FURTHER TRAINING FOR TARGET GROUPS IN THE INFORMAL SECTOR (BAFIS)

Short title: BAFIS

Developed originally in the 1990s by the then German *Gesellschaft für Technische Zusammenarbeit* (GTZ, now GIZ), projects for ‘Occupation-oriented Vocational Education and Further Training for Target Groups in the Informal Sector’ (BAFIS) are based on the BMZ concept of vocational education and training dating from 1992. This states that assistance with vocational education and training as part of development cooperation should focus more sharply on disadvantaged target groups in the informal sector. At the time, this was widely seen as entering new territory in development terms (GTZ 1998), since it involved significant changes not only to the implementation of projects but also to their planning. Training measures were specifically focused on employment opportunities in the neighbourhood of the target groups. The ‘traditional’ GTZ approach was to be complemented with non-formal practice-oriented courses in vocational education and further training.

A core element of BAFIS is a guideline designed to serve as orientation for the systematic planning and assessment of projects. The recommendations relate mainly to three issues, considered innovative at the time of the guideline’s development:

1. Identification and assessment of factors that have to be counted as relevant parameters
2. Identification of target groups to be prioritised or that should benefit most from the intended project, as well as of their employment-related training needs
3. Identification, evaluation and selection of suitable bodies to fund the project

The guideline addresses the complex range of potential questions raised by the review of a project for disadvantaged people. Selecting partner organisations which work directly with target groups and were prepared to adapt their vocational education and training materials to the target group’s training needs, was considered crucial to the success of such a project. The public bodies with which GTZ had cooperated until that point did not generally meet these conditions.

The BAFIS approach was implemented as a pilot project in two countries. However, the BAFIS method was not used beyond the pilot projects on account of staff changes and lack of implemented knowledge management at the time. Aspects of the approach also received a critical evaluation (Ebeling 1998): the guideline was criticized for following a top-down approach, applying academic logic far removed from implementation practice, and the data used to identify suitable bodies for BAFIS projects were found to be inadequate.

In the current debate surrounding options for better focusing vocational education and training on the needs of informal workers, it may nevertheless be useful to analyse lessons learned from this period and to rethink the BAFIS approach. To this end, a systematic evaluation of projects implemented using BAFIS and an update of the planning and assessment guideline would be helpful. The guideline could also be expanded to include a component on mobile vocational education and training (Gold 2015).

More information within the toolkit:

Project examples > BAFIS Laos

Sources and further information:

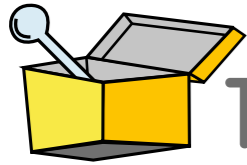
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TOOLKIT

COMMUNITY-BASED TRAINING (CBT)

Short title: Community-based Training

Community-based training (CBT) is an approach developed by the International Labour Organisation (ILO) to provide training for the poorer population in urban and rural areas and is strongly oriented towards local requirements. It is not to be confused with the same abbreviation (CBT) commonly used for computer or competency-based training.

The community-based training approach differs from conventional training programmes in the following three ways (ILO 1994):

- Identification of potential income-generating and concomitant training requirements prior to planning the content and duration of the training unit
- Integration of local communities such as churches, mosques, non-governmental organisations or local government into each phase of the process
- Support through post-training support services, such as the provision of loans to ensure the measure's success

Participation of local groups or communities in all phases of the process – from planning and design to implementation and monitoring– is a fundamental element of community-based training. This is designed to ensure the economic, financial and environmental feasibility of the identified income-generating activities (ILO 2001).

CBT approaches are a feature of ILO's 'Training for Rural Economic Empowerment programme' (TREE). The ILO published a field manual (1994) on the practical implementation of CBT projects; this provides a practical guide divided into the following six modules:

1. Institutional planning and programme preparation
2. Identification of economic opportunities and training needs
3. Training preparation and organisation
4. Training delivery
5. Post-training support services
6. Monitoring, evaluation and documentation

The evaluation of a CBT programme initiated by ILO-UNDP in Bangladesh (ILO 2010) comes to the conclusion that ongoing support following the training measure is of enormous importance. Many graduates from the CBT programme were able to find employment, but almost all of them complained about the lack of support at the start of their job search or self-employment. There was no provision for follow-up training or refresher courses. Similarly, there was no provision of advisory services on financing options. In order to guarantee the sustainability of the programmes, it is recommended that follow-up projects are integrated more fully into national policy guidelines (ILO 2010).

More information within the toolkit:

[Project examples > IWEP Ethiopia](#)

Sources and further information:

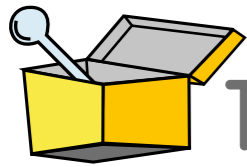
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[ILO \(2013\), Community-based Training for Rural Economic Empowerment \(TREE\) A Manual for Planning and Implementing Programs in Pacific Island Countries.](#)





TOOLKIT

VOCATIONAL EDUCATION AND TRAINING FOR BUSINESS START-UPS

Short title: VET for business starts-ups

Vocational education measures to promote business start-ups may include the following aspects: raising awareness, advising and coaching, funding, vocational education and training, and mentoring. It is important to take an integrated approach and to link various aspects such as vocational, business and social skills. Attention must also be paid to the follow-up of training – continuous support and exchange with other entrepreneurs are key success factors for business start-ups and the self-employed in the informal economy. Coaching and mentoring can help people apply the skills they have acquired through vocational training measures. The objective is to improve the chances of success for potential entrepreneurs and the self-employed.

Training and counselling are key elements to support entrepreneurship in the informal economy. In general, training takes place over a longer period through practice-based individual training, which can also be complemented by demand-based technical training. Coaching will ideally take place at the business start-up location itself, since that is the easiest way to take into account the company's work and production processes. This direct support is beneficial in that implementation of theoretical and abstract content at the workplace is difficult for people who mostly have had little formal education or training (Adam 2012).

These support measures are conducted by experienced and appropriately trained trainers or coaches. Trainers form the link between the entrepreneurs and those who provide the vocational education and training measures, by whom they are employed. Ideally, they possess basic entrepreneurial knowledge in fields such as accountancy, marketing, customer care and the drafting of business plans.

Organising entrepreneurs and creating networks between them is another important aspect in promoting start-ups. This may take the form of business clubs, which offer a platform to meet experts and discuss topics such as access to funding or the role of chambers of commerce and associations. Group mentoring for companies from the same sector can also be a good way to promote and network business start-ups in a targeted way.

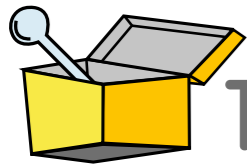
Business incubation centres are another option for providing support to business start-ups. They adopt young companies at an early stage and support them in various ways. In addition to providing infrastructure such as work stations, conference rooms, telecommunications and electricity, they also usually offer comprehensive counselling and guidance services (Khalil and Olafsen 2009).

Competency based Economies through Formation of Enterprise (CEFE)

A tried-and-tested concept for promoting business start-ups is the Competency based Economies through Formation of Enterprise (CEFE) approach, developed as part of German technical cooperation. CEFE is a modular training concept designed to increase the entrepreneurial and commercial skills and key qualifications of (potential) business founders and entrepreneurs (CEFE international n.d.; GTZ 2005).

CEFE attaches particular importance to training the individual. Its objective is to promote individual skills and to empower people to find their own way out of poverty through independent productive employment. Thanks to its modular nature, CEFE can be applied with various target groups from a variety of educational and training backgrounds. CEFE has proved to be particularly effective among participants with a low level of education and low income.





TOOLKIT

The training programme applies six principles geared to improving the ability of participants to act commercially and make sound decisions:

- perception and acceptance of one's own personality, strengths and weaknesses
- motivation and ability to eradicate specific weaknesses and deficits
- improvement of commercial and business knowledge combined with the development of entrepreneurial skills
- development of strategies or action plans and business plans geared to increasing participants' output such as income, turnover or employment
- testing of strategies in real-life situations and structured learning exercises
- empowerment of participants to make their own life and environment more entrepreneurial, more creative and more productive in the future



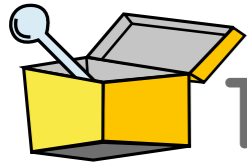
The CEFE concept is based on the principle of action-based participatory adult education: participants acquire their entrepreneurial skills through their own actions and the insights that result from these. This helps them to develop their skills. To this end, CEFE has developed exercises and simulation games in the following fields:

- personality development
- business environment
- marketing
- production
- cost accounting
- financing

A training programme for trainers is used to help private, public, commercial and non-commercial partners to design skills development measures for business start-ups. Advisory services are also provided for partners in tertiary education institutions on integrating elements of the entrepreneurship training into their curricula.

Since 1985, CEFE has been introduced in 145 countries. An evaluation carried out worldwide in 1994 showed that almost 40 per cent of participants in CEFE business start-up courses successfully set up a company. On average, each course participant created 4.5 new jobs. The aggregated gross effect on employment created is therefore enormous. However, the net effect is less after taking into account competitive and displacement processes (Rösler 2013).





TOOLKIT

95 per cent of all CEFE projects are now implemented by ministries, international donors, NGOs and companies without GIZ support. The concept is widely acknowledged and recognized. Nevertheless, here too, recommendations have been made to improve the structure of interventions (Rösler 2013), including:

- increased use to complement other instruments of private sector development
- stronger focus on growth-oriented sectors
- development of CEFE knowledge management
- improved monitoring of outcomes

More information within the toolkit:

Project examples > NAHLA Bosnia and Herzegovina

Sources and further information:

Adam, S. (2012), *Skills Development for Secure Livelihoods*, Triennale on Education and Training in Africa, Ouagadougou, Burkina Faso.

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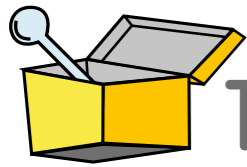
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Südafrika – South African Basic Entrepreneurial Skills Development (BESD) Program – GIZ

Sierra Leone – Beschäftigungsförderung für marginalisierte Jugendliche, „Business-Plan-Wettbewerb für KKMU-Gründung“ – GIZ





TOOLKIT

FINANCING APPROACHES

Financing approaches to support those working in the informal economy may refer both to funding for training measures and to financial support for business start-ups. This article relates primarily to the funding of training measures, whereas the second aspect is dealt with in the skills development for entrepreneurs tool.

Vocational training measures are more expensive than those for general education. The training institutions incur costs, for example, for salaries, workshops, technical equipment, training material and administration. In addition to this, there are costs for assessment and certification, administration of the system and for initial and further education of training staff (Specht 2008). Training providers without access to external funding may run the risk of failing to deliver the required quality on account of funding shortfalls (Adam 2012).

Participation in training measures for vocational education and training places a heavy financial burden on trainees and those in further training, particularly where employment is precarious. Vocational education and training measures offered by private, profit-oriented providers are generally subject to fees and usually exceed the financial possibilities of actors in the informal economy. For participants, it is important to differentiate between the costs of a measure in the form of participation fees, transport costs and possibly assessment or certification fees on the one hand, and opportunity costs arising from training or further training, in other words income lost through absence and subsistence costs, on the other.

With regard to funding, a common approach is to distribute the costs among the various stakeholders or beneficiaries. In addition to the government, whose participation in funding vocational education and training for both the formal and informal economy is widely considered obligatory (BMZ 2012; Atchoarena and Gasperini 2003), a contribution to financing is made both by the participants themselves and, ideally, by their employers. Sustainably funded training providers also make efforts to generate income of their own, for example, through production or providing services to enterprises. When planning pilot projects, it is important to consider financial sustainability from the outset in order to ensure continuous implementation of the measures.

Funding approaches can be divided into two categories: those aimed at the participants, that is, the demand side; and those aimed at the training institutions,

that is, the supply side. Demand-side funding approaches include, for example, voucher programmes and study loans. Supply-side funding approaches include training-cum-production and vocational education and training funds. The tools described here are not exclusively geared to training in and for the informal economy, but they may make a significant contribution to it.

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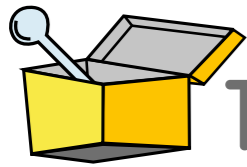
Voucher programmes

In the context of funding for vocational education and training, vouchers are a demand-side tool for subsidising the use of training measures or company-related services. The consumer or trainee 'pays' for a selected measure by using the voucher. The service provider or trainer is then paid to the value of this voucher by an administrative organisation (Specht 2008).

Voucher programmes are used to subsidise public goods for specific target groups on a long-term basis, or to contribute on a temporary basis to the development of service markets. The principal areas of use are in the provision of further training services. It is rare for vouchers to be used for initial vocational training.

The use of vouchers gives the user or the target group the choice of 'buying' the services they want from the provider, which gives the demand side a certain power of decision-making. But on the supply side, too, leverage is applied through targeted competition, which ideally promotes development of the (further) education and training market and the quality of the courses offered, in particular with respect to relevance to employment.





TOOLKIT

The following actors are usually involved in voucher programmes:

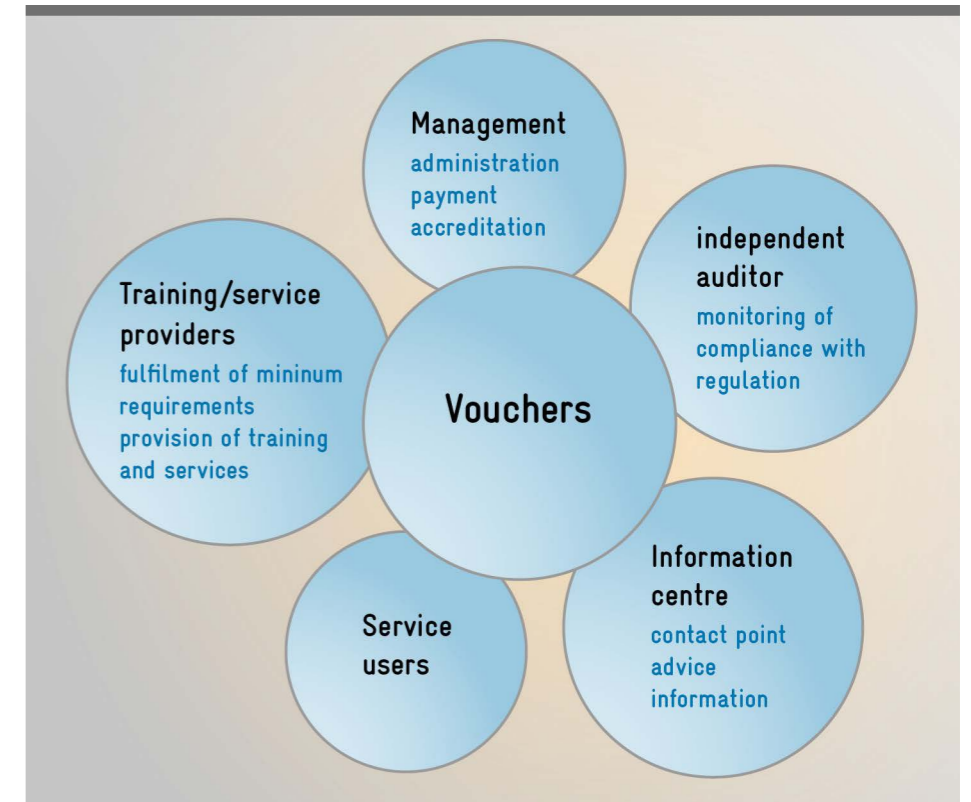
- voucher administration – administration, payment, accreditation
- information centre – contact point, advice, information
- independent auditor – monitoring of compliance with regulations
- training providers/service providers – fulfilment of minimum requirements, provision of services
- demand-side/ users of the service

Civil society organisations can also take on various functions in a voucher programme. Employers and professional associations can be involved, for example, in the certification of training. In collaboration with other organisations such as trade unions or women's rights organisations, they can also exercise an information and advisory function and play a part in the allocation of vouchers.

There is a high risk of abuse where (vocational) education and training vouchers are concerned, for example, through subsidy fraud – the subsidisation of services not fulfilled as a result of an agreement between the provider and the consumer. The associated monitoring costs and high administration costs should not be underestimated. This also represents the biggest problem in terms of practical implementation in developing countries: this often fails as a result of inadequately functioning public administrations, which are ill-equipped – or not at all equipped – to monitor the voucher system (Specht 2008).

The following aspects should be considered before vouchers are put into use:

- Who is responsible for selecting the training providers involved?
- Will users' choice be severely restricted by preselection?
- Who decides on the allocation of vouchers? In other words, to whom and under what conditions are vouchers awarded?
- How is the countervalue of a voucher calculated?
- Are vouchers worth the same for different training units?

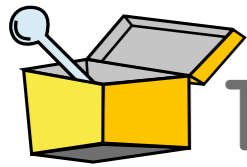


Training credits

Training credits include credits for training, degree courses and further education. They are awarded to provide disadvantaged groups with access to fee-paying courses. This approach is also demand-oriented and strengthens the autonomy of the demand side by offering a free choice of required services. The aim here is to give the training courses greater job orientation. Training credits can help to diminish social discrimination resulting from unequal access to education. They can be implemented for a broad target group. Training credits can be awarded, for example, by commercial lenders (banks) or public bodies.

However, this approach entails risk, particularly with respect to the ability of borrowers to repay their loan. Young people from disadvantaged sectors of the population generally have no security, and in such cases any retention of title on the financed commodity is not possible. In the case of a loan to purchase a car or





TOOLKIT

a house, the lender can reclaim the car/house in the event of repayment difficulties, but this option is not available when the ‘commodity’ concerned is education. Unlike consumer loans, training credits are awarded with long-term contracts, which further increases the already high risk of repayment default. For this reason, measures to limit risk, such as comprehensive advisory services, credit assessment, recommendation of training institutions or achievement records, should be carried out during training.

This leads, however, to high administration costs, which are considered a serious hindering factor alongside costs for subsidised interest, waiting periods, repayment exemptions or defaults. It should also be noted here that the main burden of finance is borne by the trainees themselves. The entry thresholds and dropout rates are commensurately high and the repayment quotas low.

For those employed in the informal economy, the coupling of training credits with existing microfinance projects is highly recommended as a means of creating micro loans for the needs-based selection of non-formal training measures. This also makes it possible to promote traditional forms of training (Specht 2008).

Training-cum-production

This approach is similar to that used by production schools. Often these are state-run schools, although sometimes they come under the responsibility of NGOs, as is the case with the Don Bosco Schools of Arts and Crafts. With this approach, the funding of a vocational education and training measure is supported by profits from the sale of products produced by participants during training. The training provider sells the products on the local market and is then able to refinance to some extent any costs arising from implementation of the measure. The product may also be the provision of advisory services and specific further training for businesses in the regional economy (Greinert 2000). The creation of an actual product increases the training measure’s practical content. Ideally, a market analysis is conducted in advance and appropriate marketing strategies are developed and implemented. Care must be taken, however, to ensure that vocational training activities are not neglected or adversely affected in terms of quality for the sake of market production, and that the local market is not destabilised as a result of cheaper products from the training providers.

Vocational training funds

Vocational training funds are an instrument for reforming initial and further education and training systems with the objective of making these more demand-oriented, and creating incentives for companies to introduce and develop initial and further training activities (Walther 2014; Specht 2008; World Bank 2003). They are mainly funded through payroll levies paid by companies for the purposes of initial and further training, allocations from the state budget and grants from international donors. In general, setting up a vocational training fund requires fundamental restructuring of the funding system for vocational education and training.

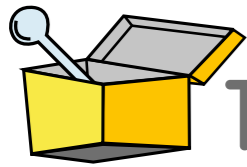
In addition, there are also sectoral vocational training funds created by employers and trade unions using collective agreements (Gasskov 1998; Balzer 2001). Examples of these can be found at the European level in Denmark, the Netherlands, Switzerland and Belgium. In Denmark, for example, there are 15 sectoral vocational training funds, which cover around half of the working population and are stipulated in the tariff agreements through special clauses. Companies contribute industry-specific levies per working hour into a government-funded sectoral fund with the aim of promoting the further development of courses, training analysis and pilot projects. Additionally, there is an annual one-off payment per employee, which is fund-managed by social partners and used to reimburse apprentice wages and travel expenses. The advantage of sectoral vocational training funds is that they promote both collective sectoral vocational training activities and close cooperation between employers and the state.

In the levy disbursement programmes, income is used to refinance business-based training and further training activities or to offset their costs in order to create incentive mechanisms for initial and further training. These can be divided into three types:

- payroll tax reduction or exemption
- training cost reimbursement
- levy grant schemes

However, the outcomes are often unevenly distributed. For example, better trained workers and larger, formal companies often benefit more from this type of programme. Small businesses often do not bother to refinance their levies on account of the administrative barriers. Additionally, they are often not recognised as





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eligible by the funds (Walther 2014). However, it is possible to consider vocational training funds from a broader perspective: along with initial training and further training for the workforce, they can also finance or subsidise measures for those working in the informal economy. In this case, the allocation of funding happens through special programmes and intermediaries (Specht 2008).

The introduction of training levies is associated with significant administrative costs. If they are to be introduced successfully, therefore, it is essential to have efficient public administration and institutions to handle the funding process and monitor training quality. In addition, the companies must be prepared to play a part in training their employees (Specht 2008).

More information within the toolkit:

Tools > VET for business start-ups

Vocational Education and Training > Skills development > Traditional apprenticeship

Project examples > BAFIS Laos

Project examples > VSTP Cambodia

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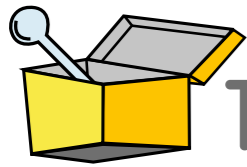
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TOOLKIT

GREEN SKILLS FOR INFORMAL WORKERS

Short title: Green skills

Many countries are endeavouring to introduce resource-efficient technologies and to expand the use of renewable energy. In countries where the vast majority of people is employed informally, a transition of this kind is only conceivable with the involvement of the informal economy. More sustainable forms of industry provide more opportunities for better incomes and improved quality of life also for the poorest, who are often employed in the informal economy.

However, the relationships are complex. Production in low-carbon, or green, sectors such as bioenergy and recycling sometimes substantially infringes workers' rights and workplace safety (Renner et al. 2008). Traditional top-down instruments to promote environmental standards often fail to penetrate the informal economy or can even have a detrimental effect. One example of this is environmental or sustainability certification in the tourism sector, which small informal businesses cannot achieve on account of the high cost and the compulsory documentation (Benson et al. 2014). As well as appropriate qualifications, there is a need for social standards and other support measures so that informal workers can share in sustainable low-carbon economic growth (Rosemberg 2010; Benson et al. 2014). It is essential that policies and programmes are designed using an approach that is differentiated according to sectors and regions (Renner et al. 2008).

The importance of green skills for informal workers is beyond question. Exactly which skills are we talking about here? New qualification profiles are emerging for innovative occupations geared to environmental protection, 'green jobs' such as solar installations technicians and energy consultants. In almost all conventional occupations, there is further potential to operate more sustainably. This can be tapped by enabling workers to gain appropriate qualifications ('greening of jobs').

Some industrial countries have developed green skills frameworks for specific occupations, for example in the construction and energy sectors (Mertineit 2013). However, the International Labour Organisation (ILO) and the European Centre for the Development of Vocational Training (CEDEFOP) point out that these frameworks may only be transferable to a limited extent. For their part, they define cross-cutting core skills for green jobs (ILO/CEDEFOP 2011). In doing this, they are addressing various groups, such as technical experts, and also political and economic decision-makers involved in environmental protection. However,

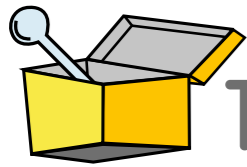
the practical benefit of job-specific skills frameworks such as core skills depends ultimately on how training opportunities are adapted to the needs of the target groups, especially those in the informal economy.

Various programmes and projects show the positive results that can be achieved through training courses for green activities in the informal economy, for example in urban agriculture (UNDP 2013; Benson et al. 2014). In the absence of a systematic evaluation of these measures, however, there is as yet little information about projects that have been established for a long time and evaluated for their transferability.

Integrating initiatives to protect the environment with those to support workers in the informal economy

Putting the stakeholders in touch with one another and raising their awareness of the issue of green jobs and the informal economy, respectively, are crucial first steps. Virtual forms of cooperation and information-sharing such as online learning communities are one possible instrument. At regional level, the ILO provides the Asia Pacific Green Jobs Network (ILO 2018), an information-sharing platform and virtual library with toolkit, for the Asia Pacific region. Other organisations, such as the International Institute for Environment and Development (IIED), are also calling for more information-sharing and consider themselves a forum for the development of research and practice on this subject.





TOOLKIT

Adapting training approaches from the formal sector for informal workers

Many of the programmes developed for workers in the formal sector can also be used in training courses for informal workers with minimal alteration to their content: for example, safety courses for workers in the waste and recycling industry (Kawakami and Khai 2010).

Training organisation should take into account the particular needs of informal workers, for example, in relation to time and place of learning and the involvement of local organisations. Integrated teaching of life skills or supporting provision of basic skills education can boost the impact and attractiveness of the training provision for some target groups.

Combining green skills training with other measures for formalising informal activities

In many places, the informal economy tends to emerge in fields with little regulation or that are neglected by the state, such as waste management. It can indeed make an important contribution to more efficient resource management in such fields. If the work is transferred to large formal companies, informal workers lose their livelihood. Examples from various countries now show that a careful formalisation strategy can succeed both economically and socially. Measures to provide qualifications play an important part in this, especially in technical and management jobs. They should form part of a wider strategy that also raises social acceptance of the sector, promotes or involves cooperatives or other informal organisations and private companies, and creates a reliable statutory framework (GIZ 2011; Ezeah et al. 2013).

More information within the toolkit:

Tools > Life skills approach

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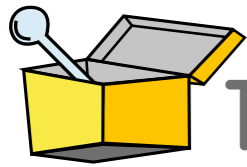
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TOOLKIT

COOPERATING WITH AND SUPPORTING LOCAL ECONOMY INSTITUTIONS

Short title: Local economy institutions

A key condition for sustainable development cooperation in vocational education and training for target groups in the informal economy is the existence of appropriate organisations capable of serving as partners or providers of support measures. Organisations that can represent target groups from the informal economy are also important in terms of their participation in social, political and economic processes within their region and country. Non-governmental organisations can also play a key role in this regard if they offer services for target groups in the informal economy.

By supporting chambers and associations, a large number of enterprises can be reached. Self-help organisations for industry are of great importance in developing countries and emerging economies: they generate social capital, represent the interests of their members and facilitate the introduction of collective standards such as codes of conduct. The improved level of organisation strengthens the market power of small suppliers and producers, which in turn can lead to increased growth and the creation of new jobs (Rösler 2013; Schulenburg 2006; Nadvi and Barrientos 2004).

For target groups in the informal economy, other forms of self-help organisation are important in addition to the 'traditional' chambers of commerce and industrial or regional associations. These include cooperatives, local interest groups and self-help groups or joint ventures between employees and self-employed in the production and service sectors. It is important in this instance to promote exchange and cooperation with associations in the formal economy, for example to obtain information and support for formalisation where possible (Rösler 2013).

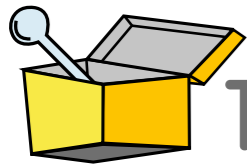
More information within the toolkit:

[Project examples](#) > [Potentials for Palestine](#)

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TOOLKIT

LEARNING NETWORKS APPROACH (LEARNNET)

Short title: Learning Networks Approach

The 'Learning Networks Approach' (LearnNet) is a solution-led approach that seeks appropriate group learning solutions to an existing problem or need. LearnNet empowers disadvantaged people to take responsibility for their learning. It goes beyond the conventional understanding of education and takes into account all forms of learning which impart the skills to take responsibility and control over their lives (Grunwald et al. 2004).

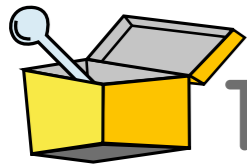
The objective of learning networks is to increase participants' social and human capital. Through the acquisition of organisational and communication skills, members of the learning groups and networks are motivated to engage in self-directed lifelong learning. The LearnNet tool can also be used effectively in crisis and conflict situations thanks to integrated elements for developing and strengthening social structures. The potential for conflict can also be stemmed by building trust networks.

The LearnNet methodology can be used in various projects and programmes, including those geared to regional and local economic development or to reforms and development of vocational education and training systems. A key condition, however, is that the learning process is initiated by the learners themselves and that they are active participants in the development process (Grunwald et al. 2004). LearnNet is used primarily in African countries; in Uganda, for example, it is known by the name 'Local Skills Development' (LSD).

The use of LearnNet requires a clear understanding of the key elements of the tool (Grunwald et al. 2004). These are:

- Initiator: The initiative for implementing a learning network can come from the government, international donors, non-governmental organisations or public-private partnerships.
- Unlimited access: LearnNet is designed to offer everyone access to organised learning. In order to minimise barriers as a result of distance or social restrictions, it is applied where people live and work.
- Acceptance among local rulers: It is vital to ensure acceptance among local rulers and society if all people are to be granted equal access to the network.
- Learning facilitators: The main role of learning facilitators is to mobilise the community at the start of the process, and to provide support with developing networks. In most cases they also live in the area in which they work and therefore are very familiar with it. Learning facilitators support the entire process and are seen as the backbone of the LearnNet tool, since ideally they bring all actors together and take the initiative for further development. Networking and establishing cooperation between the various actors may – where there is the political will, a guarantee of sustainable finance and favourable framework conditions – develop into a formalised overarching system.
- Learning group: The basic organisational structure of the LearnNet approach is the learning group, which determines its own learning process. It is responsible for learning content, resource persons, the finance required, the evaluation process and the project results. Experience has shown that learning groups should be made up of at least ten people, in part to keep individual costs per person down to a minimum.
- Learning groups project: Concrete projects are initiated by the relevant learning groups and organised in line with their individual learning objectives. Each learning process is preceded by an identification of training needs by the learning group. The desired results should have a direct influence on improving their living circumstances and developing their immediate environment. Key elements in the development of projects include the periodic analysis and evaluation of previously achieved objectives.
- Didactic methods: Lifelong learning is a principle of the learning network. Individual learning cycles may be very short, but build on each other. Evaluation at the end of each project ensures that learners discover what they want to learn next.





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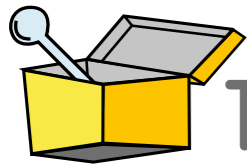
- **Resource staff:** The required skills are not taught by trained teaching staff, but usually by so-called resource staff. These may be experienced craftsmen or farmers, for example. These external seminar leaders play a key role by accompanying and supporting the learning group through the various processes: identification of requirements and learning objectives, talks with vocational education and training service providers and public authorities, evaluation of experiences, and group formation and networking. Resource staff is remunerated by the learning groups themselves.
- **Organisational structures:** There are various possible organisational structures depending on the development stage of the learning network. Initially, the learning groups act on the basis of the group structure. The next stage is based on the community, such as a village or a town. Here, various learning groups join together at the local level to exchange experience and learn from one another. A stage beyond this involves organisation at the regional level and the final stage aims towards a national network.

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TOOLKIT

MOBILE VOCATIONAL EDUCATION AND TRAINING

Short title: **Mobile VET**

The mobile approach to vocational education and training essentially makes vocational education and training available where the trainees work and live. This article does not take into consideration the aspect of e-learning, which is included in the broader definition of ‘mobile vocational education and training’. Mobile vocational education and training is particularly suitable for target groups in remote, rural regions or in poor urban areas, since people there have little access to education and vocational training. Mobile vocational education and training is organised in terms of time and place so as to best suit the needs and constraints of the target group, providing learning opportunities for instance to informal workers and jobseekers.

Mobile training usually takes place locally through trainers travelling in specially equipped vehicles, often referred to variously as mobile training units (MTUs), mobile training vans (India), school-on-wheels (Nigeria) or mobile schools. These MTUs can be deployed in various ways: either for permanent use, for temporary use during or in the aftermath of regional emergency situations, or as an isolated measure financed primarily through donations. Ideally the deployment of mobile training units should be permanent in order to ensure the sustainability of development projects.

Both formal and non-formal initial and further training courses are offered; these closely reflect the immediate needs of the target groups and employment possibilities in the rural area. Training is usually provided by a team of trainers capable of covering various disciplines. The courses offered are either short, stand-alone units or complex initial and further training programmes. Course units last anything from a few weeks to three years. An evaluation of case studies showed the average course duration to be approximately two to six months (Gold 2015).

Mobile vocational education and training is used in many countries as a complement to institutional and company-based vocational education and training. MTUs are probably most widespread in Latin America. There are also many mobile approaches to vocational education and training in Asia; in Africa, they remain relatively rare.

The key advantage of mobile vocational education and training is that it takes place in people’s immediate vicinity and therefore makes it easier for women and girls as well as other disadvantaged groups to take part. In addition, when it is carried out at people’s place of residence, vocational education and training is better accepted by the community. The disadvantages of mobile vocational education and training are the high costs it may entail. One particular challenge where donor-funded individual measures are concerned is to integrate mobile vocational education and training in the long term into existing vocational education and training systems. Another challenge, particularly for short courses, is to achieve and maintain desired learning outcomes. One potential solution is to offer further training or repeat courses at locations where short courses have already been offered.

More information within the toolkit:

[Informal Employment > Digitalisation](#)

[Informal Employment > Target groups > Rural areas](#)

[Informal Employment > Target groups > Women](#)

[Project examples > Mobile classrooms UK](#)

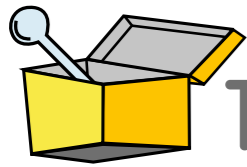
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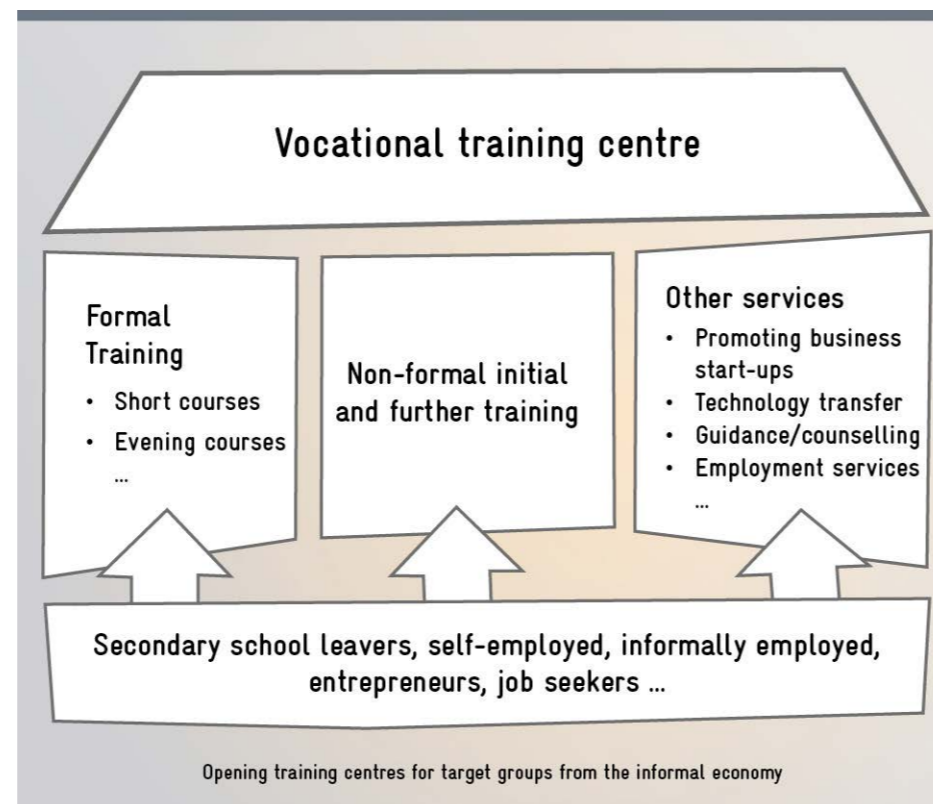


TOOLKIT

OPENING TRAINING CENTRES FOR TARGET GROUPS FROM THE INFORMAL ECONOMY

Short title: Opening training centres

Formal vocational training centres are widespread in developing countries, comparatively well equipped and often run by the government. However, the services they offer rarely reach those who work in the informal economy, since they require formal educational qualifications, and training courses are too long and/or too expensive. To open these training centres for target groups from the informal economy means therefore that the range of training measures offered must be expanded and adapted to the specific needs and educational background of the learners.



Besides special short courses, training centres may also offer tools services or advisory services. Where possible, short courses (modules) should be recognised as partial training towards attaining a formal qualification. It is vital that the courses are oriented to meet local demand and adapted to the context of the informal economy.

Examples of non-formal short courses available for those in informal employment can be found at the Don Bosco training centres in Egypt and Albania, with courses in fields such as basic electronics, electrical installation, washing machine repair and car mechanics. Teaching takes place mainly in small groups and lasts anything from 48 to 360 hours. The courses are financed by a cost-covering fee paid by course participants. The number of registrations and readiness to pay the course fee are regarded as indicators of demands in the labour market (Gerhards 2013).

The advantage of expanding the range of courses offered by existing vocational training centres is that these can make use of existing structures and resources. The utilisation of teaching/training staff, buildings and machinery can also be optimised in this way. The mix of formal and non-formal measures and their geographical proximity help to overcome prejudice and to generate synergies.

More information within the toolkit:

Tools > Financing approaches

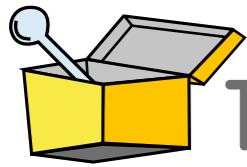
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TOOLKIT

TRADITIONAL APPRENTICESHIPS

This approach is based on the existing structures for traditional apprenticeships that are in place in many developing countries. Within these socially embedded training structures, professional skills, knowledge and competences are passed on from master craftsmen and craftswomen to apprentices.

The promotion and upgrading of existing systems have many advantages (ILO 2011):

- Traditional training systems are widespread and in many regions provide by far the best form of vocational training
- They are an approach to passing on knowledge and skills to the next generation that is accepted by society
- The upgrading of existing vocational education and training practices is a cost-efficient way of improving the employability of young people
- High-quality training contributes to increased productivity and innovativeness of informal enterprises. This may boost the local economy and indirectly contribute to the creation of new jobs.
- Formal education systems are often not in a position to provide training for the majority of young people in a country seeking training. Moreover, training in the formal system is generally not geared to target groups from the informal economy and only takes limited account of the skills required there.

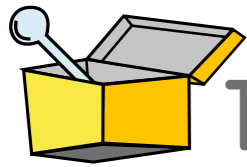
Traditional knowledge transfer offers considerable potential for improvement, since it involves the teaching of little theoretical knowledge and there is little potential for innovation with regard to increasing production and income. In some cases, the principles of decent work are not respected in the context of traditional apprenticeships (see ILO 2002a). These weaknesses in traditional apprenticeships should be addressed by the provision of appropriate advisory services, without destroying well functioning existing structures.

The quality of training depends to a large extent on the competence of the master craftspersons and their readiness to pass on knowledge voluntarily. It is therefore essential to integrate the masters fully into the advisory process. They must first have an interest in and recognise the need for improving apprenticeships. Ultimately, both parties – apprentices and master craftspersons – stand to benefit from qualitative improvements to apprentice training.

According to the ILO (2012), the following factors should be taken into consideration where improvements to traditional apprenticeships are concerned:

- Use of existing systems: any intervention in existing and established systems should be carefully planned, requires precise knowledge of structures and must firmly integrate local associations or business cooperatives
- Strengthening the training contract: even if traditional training contracts are often agreed verbally, these should at least involve a witness and contain the following aspects: working hours, length of contract, rights and obligations of the master craftspersons and apprentices, fees and pay, liability and dealing with disputes or breaches of contract. Support in this respect can be provided by parent councils, associations, community groups or trade unions
- Integration of new technologies and further training for master craftspersons: an apprentice can only be as good as his or her trainer. For this reason, it is important to provide continuous training for master craftspersons on commercial and educational topics and to ensure they are abreast of the latest technological developments. Training requirements can be identified in cooperation with associations of micro and small entrepreneurs





TOOLKIT

- Improving the quality and reputation of vocational education and training: this can be achieved by checking learning outcomes and certification (for example, by local business associations), developing standards for skills requirements or by establishing training suitability standards for master craftspersons. Management of apprenticeship training can be simplified, for example, by creating a programme of training units that offers flexibility in terms of content, hours and methodologies
- Promoting equal access: young women do not generally have the same training opportunities as young men. Other groups, including young people from a migration background and people with disabilities, are also often disadvantaged
- Integration into national training systems: integration of traditional apprenticeship training into a national vocational education and training system can improve the range, financial resources and efficiency of training. This can only lead to a satisfactory outcome if there is close cooperation among all key stakeholders
- Step-by-step approach: the sustainable improvement of an informally organised system takes time and calls for pilot measures, confidence-building, close monitoring and evaluation of lessons learned

More information within the toolkit:

Vocational Education and Training > Skills development > Traditional apprenticeship

Informal Employment > Target groups > Women

Informal Employment > Target groups > Persons with disabilities

Project examples > Strengthening traditional apprenticeships in Ghana

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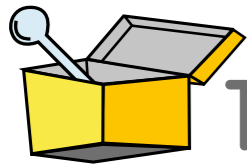
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TOOLKIT

LIFE SKILLS APPROACH

When it comes to skills requirements in the informal economy, reference is often made to the great importance of life skills. WHO defines life skills as ‘abilities for adaptive and positive behaviour, that enable individuals to deal effectively with the demands and challenges of everyday life.’ (WHO 1994).

The term life skills is heavily influenced by its use in the health sector, where it is frequently mentioned in the context of HIV/AIDS prevention (UNESCO-UNEVOC 2005). In the context of vocational training, life skills relate to all areas of life, their purpose being to promote the cognitive, social and personal skills of individuals. In this way they help a person to develop a healthy sense of self-esteem and the confidence to shape his or her life actively and creatively and cope with difficult phases (GIZ 2012).

For those working in the informal economy in particular, life skills are an important aid to coping with everyday life. Given the variety of activities and uncertain nature of employment in the informal economy, the skills required are more than just technical and entrepreneurial in nature. In particular, they include the ability to adapt to new situations and surroundings and to continue pursuing training and education. Life skills are transferable and can be applied across industries and professions (ILO 2002).

Measures to promote life skills are generally not stand-alone, but are integrated into vocational education and training services. The combination of theoretical and practical knowledge, entrepreneurial competence and life skills must be adapted to bring these into line with the requirements and needs of the different target groups. Key elements of life skills training units include:

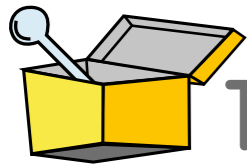
- self-confidence and self-image: self-esteem, self-reflection, handling oneself in a responsible manner
- social awareness: empathy, tolerance, learning to respect differences between groups and individuals
- relationships: standing up to peer pressure, learning to deal with conflicts
- responsible decision-making: gathering information, critical reflection, weighing up consequences
- self-management: dealing with stress and anger, learning to control impulses, setting objectives, learning to handle goods and money (GIZ 2012)

Proper training for trainers and the use of appropriate teaching materials and methodologies are of crucial importance for teaching life skills. Life skills are of great relevance to the environment in which the trainees live. Accordingly, they should be taught by people who are familiar with this environment.

The teaching methods used by trainers play a key role in the teaching of life skills. They should in each case be adapted to the local circumstances and conditions. Teaching methods may include:

- Brainstorming: A technique to generate ideas and solve problems
- Value clarification: Trainees are encouraged to look carefully at the values they hold
- Discussion: Trainees express their own opinions and grapple with the opinions of others on a specific topic
- The narrative method, modelling, role playing: Trainees use role plays to represent real-life situations
- Future’s Wheel and Spider’s Web: Trainees are encouraged to examine the impact of past and current behaviour and actions on future situations and to identify core elements of a topic with a critical eye
- Inquiry: Research or project work
- Games: Trainees take a playful approach to dealing with the course topics (UNESCO-UNEVOC 2005)
- Stories and poetry: Trainees take a creative approach to dealing with certain contents (UNESCO 2012)





TOOLKIT

If possible, teaching materials should be interactive, context-based, gender appropriate, culturally sensitive and adapted to the ability level and age of the target group. The material helps participants to cope with certain situations and topics and to generate appropriate answers and solutions (UNESCO 2012).

In many cases, life skills programmes and training sessions call for a gender-specific approach, since male and female participants have different needs and weaknesses. In some cases, gender-dividing training encourages more open communication when it comes to sensitive issues. For example, the 'Sister 2 Sister' initiative in Malawi promotes the teaching of life skills by adult women to young women aged between 15 and 19 years (UNESCO 2012).

In addition to being familiar with the local context, life skills trainers should also have the following knowledge and skills (UNESCO-UNEVOC 2005):

- Knowledge of educational objectives: Trainers should know national educational targets so as to be able to identify national values and take these into consideration when formulating training objectives.
- Knowledge of educational psychology: Trainers should understand behaviour patterns and the reasons behind them.
- Knowledge of appropriate teaching methods: Trainees should be actively integrated into the teaching process, with less 'chalk and talk' teaching.
- Skills in guiding and advising: Trainers should have training in guiding and advising trainees, so as to provide assistance in difficult situations.
- Knowledge of educational philosophy: Trainers should show an interest in critical analysis of social factors in order to facilitate appropriate improvements and changes.

In addition, trainers should possess specific personal skills and qualities required to teach life skills (Clarke and Aggleton 2012):

- communication and interpersonal skills – including negotiation skills, empathy and team skills
- decision-making ability and critical thinking skills – including conflict resolution and analytical skills
- skills in conflict resolution and self-management – including skills in confidence-building and coping with emotions and stress

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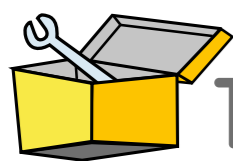
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TOOLKIT

EMPLOYMENT-ORIENTED VOCATIONAL SKILLS DEVELOPMENT (BAFIS) IN LAOS

Short title: BAFIS Laos

Authors: Siegfried J. Gross
(assisted by Hagen von Bloh and Ewald Gold)

Project title: BAFIS, Occupation-oriented Vocational Education and Further Training for Target Groups in the Informal Sector, Laos

One of the key problems in Laos is the very low level of general education and training combined with high and increasing levels of unemployment and under-employment. The worst affected are young people, especially girls and **women**. A large proportion of the urban population makes a living from casual labour, the majority of the rural population from subsistence farming. The labour market in the formal and informal sector can only absorb a fraction of the new job seekers arriving each year.

Despite major efforts to improve literacy, the illiteracy rate among the Lao population was estimated to be around 40 per cent in 2011 (World Bank 2018). Many children of school age, particularly girls, drop out of primary school; around 12 per cent of all schoolchildren do not reach secondary level (UIS 2018). For the majority of the working population lacking a proper education, there are almost no opportunities for vocational training and further education. By supporting non-formal, occupation-oriented vocational education and further training for target groups in the informal sector, the programme aimed at making a significant contribution to the economic, technological and social development of the country.

The programme supplements existing current and completed vocational education and training projects of German development cooperation. In this context, four development workers from the German Development Service (DED) were also sent to Laos. Conducted by German Technical Cooperation (former GTZ, now GIZ) from 2002 on, the 'Human Resource Development for a Market Economy'

project was designed to support the ongoing development and expansion of non-formal occupation-oriented vocational training, in particular with regard to the planned Integrated Vocational Education and Training System (IVETS).

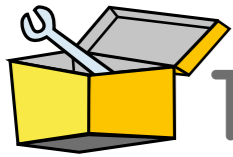
One must also acknowledge the relevant strategies introduced in Laos in the context of implementing the UNESCO 'Education for All' resolution adopted in Dakar in 2000. In the long term, 'Education for All – Skills Development to meet the Learning Needs of the Excluded' involves in particular a reorientation of vocational education and training towards the needs and requirements of the rural population.

Achieved or expected impact of the project

During the six years of implementing the BAFIS programme, from 1998 to 2004, the following impacts were achieved:

- Creation and development of a department within the Non-Formal Education Development Centre; the new department focuses mainly on the design and implementation of occupation-oriented non-formal vocational education programmes, the development of teaching and lesson plans, teaching materials and in-service training for teachers.
- Establishment and further expansion of five non-formal education centres through 'training-cum-construction'. Two such centres have been set up entirely from scratch. This 'training-cum-construction' approach has helped over 1,600 young people to acquire basic building skills. Between 70 and 90 per cent of these participants, 5 per cent of whom were women, subsequently found either employment or a route to economic independence. These programmes also included elements such as solar power generation and construction using interlocking pressed clay bricks.
- Around 1,280 participants – 43 per cent of them women – received training through approximately 130 different staff training programmes. These measures were carried out in the following areas: advanced teacher training, specifically oriented towards non-formal training for young adults, as well as development of curricula and teaching and learning materials; food preparation, particularly conservation, hygiene, child nutrition; agriculture, in crop farming, particularly fruit tree farming and mushroom cultivation; agriculture, in animal husbandry, especially in integrated fish and frog farming, small animal





TOOLKIT

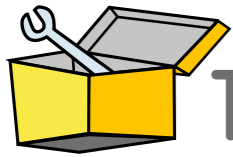
farming, particularly poultry, for both areas: creation of small training farm; textiles processing (tailoring); tourism and crafts, and in the (re-)financing sector (resource management, cost/budget calculation, market analyses and sales strategies).

- The share of female participants has increased from 38 per cent at the outset to currently 48 per cent.
- Thanks to intensive cooperation with over 30 national and international organisations, around 360 training staff attached to these organisations have received training as trainers or multipliers, particularly in teaching techniques.
- Thanks to the centres supported by BAFIS, around 430 different training programmes were carried out. These provided training for around 10,000 participants, 58 per cent of them women. Approximately 33 per cent of all training measures carried out took place in the villages where the target groups lived (village-based training).
- It was important to secure the economic existence of non-formal training centres through regular income, for example through the sale of products and services, the establishment of a revolving fund and training for management and training staff.

Lessons learnt

- One of the most successful modules was ‘training-cum-construction’: vocational non-formal training of construction workers, during which trainees built school buildings, classrooms, hostels, workshops and toilets. Even 10 years after completion of the project a number of the trained trainers were still involved in similar programmes with bilateral organisations such as JICA. They are deployed as experts in training centres or work as individual entrepreneurs.
- A key factor for ensuring economic sustainability and generating income was the economic independence given to centres and their entrepreneurial way of thinking. This was achieved by creating conducive framework conditions at a political level and building capacity at management and trainer level in the centres themselves.
- In order to utilize the training centres to capacity it was necessary to define, develop and promote a regional market for the services they provide. This meant it was possible to adapt training curricula in terms of content, target group and appeal in line with the measures.
- Revolving funds are only successful if they are transparent and management and teaching staff are involved in the financing arrangements. Without transparency, there is a risk of corruption.
- Orientation and business start-ups: here, in particular, simple and rapid agricultural training measures proved to work best when the activity had a good marketing potential. Prime examples include mushroom cultivation, frog, fish and poultry farming, but also fruit farming – particularly mangos.





TOOLKIT

Transferability

The concept is suitable for countries or regions with similar conditions and target groups. BAFIS approaches can be offered equally well in urban areas, where the demands and needs are significantly higher than in remote rural areas. Such projects would be of particular interest in African and Asian towns and cities, with many unemployed young people and a corresponding market for their newly acquired skills.

Promotion of non-formal vocational training, coupled with adapted offers for business start-ups and training seems to make good sense in places where there is either no or little in the way of vocational education provision, and where provision is limited to those who completed (secondary) school. Given the limited provision of school-based vocational education courses in rural areas and in remote regions, this approach makes it possible to offer initial vocational training to many more young people and young adults.

Skills acquired in non-formal vocational training should be recognised in both the formal economy and in the formal education system and facilitate transfers within the education system.

More information within the toolkit:

Tools > BAFIS

Informal Employment > Target groups > Women

Informal Employment > Target groups > Rural areas

Tools > Recognition of informally acquired skills

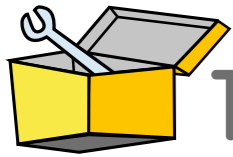
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TOOLKIT

INTEGRATED WOMEN'S EMPOWERMENT PROGRAM IN ETHIOPIA

Short title: *IWEP Ethiopia*

Author: *Sonja Belete*

DVV International's Regional Office, East/Horn of Africa in bilateral agreement with the Ministry of Education in Ethiopia, implemented a pilot program called the Integrated Women's Empowerment Programme (IWEP) from 2008 until 2012. Funded by the Embassy of the Kingdom of the Netherlands, IWEP promoted an integrated approach that combines three traditionally separate components, namely

- functional adult literacy education,
- livelihoods skills/non-formal vocational training and
- entrepreneurial support in the form of business skills training, business development support services and access to start-up capital via small-scale credit.

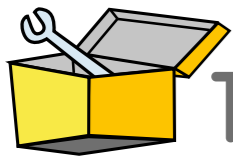
The target group for the program was illiterate, poor and un-skilled or semi-skilled women, in the so-called lower tier of the informal economy. The project was implemented in rural, semi-urban and urban contexts, but due to the nature of Ethiopia, the majority of the 30,000 women in the target group lived in a rural context. Surveys on the informal sector do not always reflect the realities of the agricultural and rural sector (Walther 2013). The realities are, however, similar to the urban sector in that most rural people are self-employed in agricultural production and do not keep track of their training. This training most often takes place through the family or community and is traditional in nature. In this context, IWEP designed and tested a number of conceptual frameworks to understand the complexity of their target group's livelihoods (all aspects) and limited education. The aim was also to create mutual understanding amongst the multitude of partners (from different sectors and both government and NGOs) and ultimately guide program implementation. Since the program had to deliver three separate components in an integrated manner, different partners and sectors offices were required to cooperate to make this happen.

Most IWEP groups (25 women per group) started with the literacy component on topics identified during local situation analysis exercises and using either the "functional adult literacy" or "Reflect" approach (<http://www.reflect-action.org/>). The best practices of these approaches finally culminated in what is now called "Integrated Functional Adult Education" (IFAE). Women started saving immediately so as to build up complementary capital for IWEP's "Women Entrepreneurship Fund", which could be utilized after the skills training. Facilitators were trained and continued with literacy classes 2-3 times a week. Experts from government sector offices such as Trade and Industry, Agriculture, TVET and primary partners (NGOs and Women Affair Offices) received training in IWEP's market assessment approach, a simplified version of value chain analysis. These experts worked together in teams and conducted market assessments for each operational woreda/district of IWEP.

The results of the market assessments then were shared with the women who usually had their own pre-determined ideas on the kind of business they wanted to engage in. The market assessment exercise and alignment with the women's interest therefore directly determined the kind of skills training that was to be conducted and who was the best partner to do so. Experts liaised with other members of the district technical team (mostly agriculture and TVET experts) to conduct skills training that was to enable the women to start these businesses.

Once women had attended the skills training, they became eager to take loans from their group and start their business. It was therefore important to incorporate topics on business skills training as early as possible into the literacy program, so that women gain this knowledge and can start their business having analyzed their competitors, being aware of profit calculations, etc. Business Development Support Services (BDS) were rendered by technical partners who visited the women groups on a monthly basis to follow up on the success of their businesses and identify gaps and further training needs.





TOOLKIT

Achieved or expected impact of the project

IWEP reached out to 6 of Ethiopia's 11 regions and more than 40 districts, reaching 30,000+ women. The majority of the women acquired literacy levels that can assist them in daily literacy tasks including the management and book-keeping of their businesses. They acquired technical and business skills to start and run a business. Many women started with one business and, as they became successful, upgraded into other business ventures that required more capital and even the recruitment of workers.

They developed a savings culture and group cohesion amongst themselves and this supported them to raise capital for their business. IWEP had a 90 per cent plus pay-back rate on loans. Many aspects of the women's lives changed. They acquired more assets, built better houses, sent their children to school, used health packages offered by government, etc. All women groups were legalised as cooperatives at the time of IWEP's phase-out and this enables them to continue to access government support services to manage their businesses and capital. The sustainability of the programme was assessed in 2018 in Addis Ababa as an exemplary case. More than five years after the programme phased out, many groups are still functional, grow their capital base and continue with their businesses. The provision of basic literacy and business skills had a positive and sustainable impact on the income situation of the target group.

Lessons learnt

- The number of women that required a specific skills training: It is not cost-effective to conduct training courses for a few individuals; at the same time, market saturation needs to be considered.
- Consider who will conduct the training and do they have the necessary experts and equipment?
- Where will the training be conducted, e.g. in nearby Community Training Centers? Bearing in mind that the women cannot leave their households for an extended period of time to attend training, most training was conducted in centers within walking distance to the women's homesteads.

- The number of days the training needs: In IWEP's experience, most courses lasted between 2-6 days. The skills training should ideally also not interrupt the attendance of the literacy classes and at the same time consider women's already heavy work load.
- Considering the women's limited literacy skill, course content had to be very practical so that it could be memorized (sometimes with pictures and basic words) and applied immediately.
- Other supporting mechanisms have to be available e.g. access to start-up capital and business development support services.
- Integration and cooperation amongst institutions are crucial and require as much attention as the training of the women itself.

Transferability

The IWEP approach has been scaled up in most regions where IWEP worked. Elements of the IWEP have also been incorporated into the IFAE program implemented by the government of Ethiopia. A similar program is being implemented in Uganda, drawing lessons from the IWEP. Furthermore, the implementing local partner NGOs are still using the IWEP approach in similar projects, even five years after the project phased out.

More information within the toolkit:

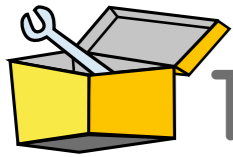
Tools > VET for business start-ups

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TOOLKIT

MOBILE VOCATIONAL TRAINING IN KOSOVO

Short title: [Mobile vocational training Kosovo](#)

Author: Julia Leuther

Project title: Support for Competence Centres in the Context of Vocational Education and Training Reforms in Kosovo

As part of the first module of the vocational education and training program in Kosovo, a Training Center for Green Technologies was established in Mitrovica. The aim is to mainstream training courses in green technologies in Kosovo. These services are flanked by a mobile training facility known as the 'eco-trailer'.

The eco-trailer can be used in the following fields:

- Solar power
- Hydropower
- Wind power
- Mechanical energy and energy storage

Due to its construction, it could be used anywhere; the exhibits, experiments and models were stored in cupboards and assembled as required. This created a "parcours" around the trailer with various stations where the participants could experiment.

The trailer was suitable for use at (vocational) schools, in teacher training and for PR work at a variety of events.

Achieved or expected impact of the project

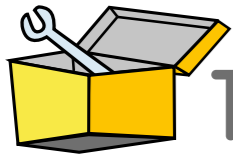
The trailer has been used, on request, at schools and other appropriate venues. GIZ projects in Kosovo and within the region have also made use of it.

Furthermore, trainings have been conducted with local teachers and professionals to enable them to accompany the activities of the trailer and to present the training materials accordingly.

Since the schools did usually not have the necessary equipment to provide knowledge and skills in the field of 'green technologies' and the required expenses were not financially viable, the trailer could make a significant contribution to closing this gap. This was essential, as environmental education has now been integrated into the curriculum. Further, the Eco-Trailer was an additional offer in teacher training.

Additionally, every time the trailer is used it helps raise awareness of the topic of energy conservation among students, teachers and the general public, as well as encouraging them to take a more responsible approach to generating and using it. Private companies are also addressed directly. The trailer offers examples of how renewable energy can be used and thus indicates options for action and fields in which private businesses could engage in the future.





TOOLKIT

Lessons learnt

The following aspects contributed significantly to the success of the project:

- Training local specialists is crucial to the success of the project. Well-trained specialists should be available to present the eco-trailer's offers.
- Modern teaching resources are to be produced for use in various types of schools.
- Ownership is essential. The trained specialists should thus be involved in further developing the trailer.
- Ideally, the eco-trailer would be attached to an organisation that is strongly committed to green technologies. The project has decided that the trailer should be handed over to the Green School in Pristina.
- The trailer should be used as frequently as possible with well-qualified, knowledgeable staff to increase the demand for its services. Imaginative PR is indispensable in publicising and marketing it.

Transferability

Other vocational training projects in the region have already requested a visit from the trailer. The transferability of the eco-trailer to a large number of different target groups is one of its main characteristics and a major advantage. It addresses all types of schools and all age groups and can also be used in non-school-based education. Other institutions and companies can hire the trailer for their exhibitions, trade fairs or projects, and thus reach a wide audience.

More information within the toolkit:

Tools > Mobile VET

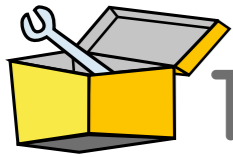
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TOOLKIT

NAHLA: QUALIFICATION FOR FEMALE ENTREPRENEURS

Short title: [NAHLA Bosnia and Herzegovina](#)

Project title: Training for Dressmaker and Seamstress in Bosnia and Herzegovina

Gender disparities in employment rate are remarkably high in Bosnia and Herzegovina. In a context where unemployment rates are high and where the share of the informal economy is estimated between 30 and 50 per cent of GDP, women run a significantly higher risk of being socially excluded than men.

The Center for Education and Research “NAHLA” is a nonprofit organization in Bosnia and Herzegovina dedicated to providing education and support to women and their families, working in accordance with the principles of freedom of thought, conscience and religion in contemporary civil society. NAHLA and DVV International have been cooperating since 2012 to offer vocational trainings and mentorship to women in Bosnia and Herzegovina. Between 2013 and 2015, three training programmes were implemented in Sarajevo and Bihac. They counted 90 participants in total.

The target group of the programme were unemployed women aged between 20 and 45 having completed at least their secondary education. Special attention was paid to single mothers, women with several children, women-victims of war, women-victims of domestic violence as well as wives of disabled veterans and demobilised soldiers, who are all particularly vulnerable.

The goals of the training programme were:

- to improve the skills of women on the labour market as well as their employment and self-employment opportunities in different fields
- to raise the self-confidence and motivation of socially excluded women, as well as women who have been unemployed for a long period of time
- to acquaint women with the opportunities for self-employment and ways of starting a business in their local communities

The training for dressmaker and seamstress conducted from February to July 2015 encompassed 300 hours of theory and practice in the field of tailoring and sewing. In addition, participants also benefited from 90 hours of individually tailored mentorship with the aim of starting a business, as well as internship and employment mediation. The trainees also had the chance to familiarise themselves with the opportunities for self-employment and with business start-ups in the formal sector through a variety of seminars offered by NAHLA such as "Online Marketing: Selling One's Own Products", "From the Photograph to the Buyer", "Business Model Canvas" and "How to Start a Private Business – Rules".

Measured and/or expected impact of the project

Out of 30 trainees, 26 successfully completed the training and received the certificate which proves their skills, meaning a completion rate of 87 per cent.

Almost half of the participants expressed a desire for performing a one-month unpaid part-time professional internship. The internships were conducted in small tailor shops and greatly helped the participants to recognize their abilities and skills. Also, the internships helped the participants to gain new skills and learn about market demands. After the internships, 33 per cent of the participants decided to start their own registered businesses and 67 per cent to start small home businesses (tailoring).





Lessons learnt

The participants who had expressed a desire to establish their own businesses on the basis of skills and competencies acquired in NAHLA's training of tailoring and sewing, that is about one third of all the participants, were involved in the process of mentoring. This process allowed them access to knowledge in the field of administration, market research, creating a business plan, sales and product promotion. They became members in NAHLA's business community, through which they received the possibility of further skills development, networking with other members, and additional strengthening of their self-confidence and motivation to work.

Transfer

The combination of vocational and entrepreneurial skills development is well suited for a transfer to other countries or regions. Mentoring and the membership in a local business community are effective practices to further enhance the impact of the training, but they require the existence or the development of appropriate structures.

More information within the toolkit:

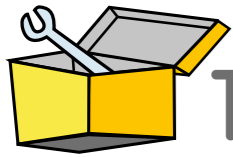
Tools > VET for business start-ups

Sources and further information:

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Smart Start (2018), NAHLA – Social Enterprise for Women.





TOOLKIT

OPENING A CENTRE OF COMPETENCE TO PROVIDE EVENING AND SHORT COURSES

Short title: [Centre of Competence Kosovo](#)

Author: [Julia Leuther](#)

Project title: Support for Competence Centres in the Context of Vocational Education and Training Reforms in Kosovo

• Within the framework of a development partnership with the private enterprise *Heimerer Akademie*, the Centre of Competence for healthcare in Ferizaj will offer evening courses and short courses in the field of social care and nutrition. Selected vocational education and training schools have become Centres of Competence.

Curricula and syllabuses are currently being drawn up and approved by the relevant ministries and authorities. The teaching materials for the in-service training of teaching staff are also being produced.

The courses are to become an integral part of the training services offered in the long term. Using a training of trainers approach, suitable teaching staff for the in-service teacher training in social care and nutrition will be selected. Training of trainers includes didactic and methodological components as well as practical and technical elements.

Once trained, these teaching staff will be offered an additional economic incentive to teach evening and short courses. Not only will they be offered a five-year contract following the programme, they will also have the option of working commercially or in a self-employed capacity for 30 per cent of their working time. Given the generally low salaries for teaching and training staff in Kosovo, most of them appreciate this model.

The further training takes place in the form of modules, the scope and subject matter of which address the specific demand of the target group to be trained. This includes:

- School leavers who wanted to work in the care sector and had registered for the training course 'Home family care & geriatrics' at Ferizaj
- Nurses who were already working in the profession and needed advanced training
- Unemployed and underemployed individuals who wanted to retrain as nurses/nutritional advisors
- Teachers who offered initial, further and advanced training in healthcare and nutrition at the Centre of Competence for healthcare in Ferizaj

Achieved or expected impact of the project

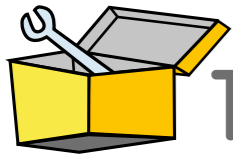
Training in the field of healthcare and nutrition will benefit Kosovo's health sector, as, once the development partnership with the private sector has been successfully implemented, it will be able to draw on a pool of well-trained individuals. However, this is not the only benefit of the training, as it is first and foremost the patients who will benefit from the professional care that will then become available. By improving professional prospects, the project will also be able to help reduce unemployment in Kosovo.

One of the particular strengths of a development partnership lies in its close cooperation with industry. This ensures that training is geared towards the needs of both the private sector and the labour market, thereby making graduates more employable. The modular approach allows the further training courses to explicitly address specialists already working in the sector who have the experience but not the formal certificates.

The Centre of Competence for healthcare in Ferizaj benefits directly from the measure, as its teaching staff receive training and additional income-generating opportunities are created.

Several informative events have been planned to ensure that the services can be successfully marketed.





TOOLKIT

Lessons learnt

The following aspects contributed significantly to the success of the project:

- Directly involving the private sector ensures that training meets labour market needs.
- The quality of the teaching staff selected, their professional and teaching experience and their development potential are crucial to the measure's success.
- To ensure sustainability, incentives should be created with the aim of retaining the freshly trained teaching staff at the Centre of Competence even after the project itself has been completed.
- The measure should be designed effectively from a PR stance, so that the further training courses on offer can be successfully marketed.
- Local state and private-sector actors should be involved in order to achieve a consensus on the training services offered and the subject matter to be covered, ensuring that the courses are compatible with the state vocational education and training system.
- Consistently high quality of the initial and further training offered is to be ensured. The private sector needs to be able to see direct benefits: potential employers will only be willing to continue their involvement in vocational education and training, and in upgrading the system of vocational education and training if they are able to employ course graduates without having to provide them with further training at their own expense.

Transferability

The development partnership is transferable at any time and is essentially linked to the willingness of the private sector to become involved in vocational education and training. With the help of additional private-sector actors, the Centre of Competence for healthcare in Ferizaj is to be upgraded to a health centre to serve the entire region.

The modular structure of further and advanced training courses will allow specialists from other fields and occupations to acquire formal qualifications, on the basis of their professional experience to date. The authorities responsible for formally recognising training courses still need to be convinced of the wealth of opportunities thus offered.

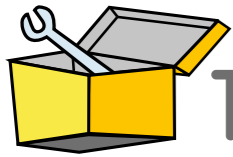
More information within the toolkit:

Tools > Opening training centres

Sources and further information:

GIZ (2018), Förderung von Kompetenzzentren im Rahmen der Berufsbildungsreform in Kosovo.





TOOLKIT

'POTENTIALS' – ADULT EDUCATION FOR DEVELOPMENT

Short title: [Potentials for Palestine](#)

Author: [Katrin Denys](#)

Most people associate Palestine with images of violent demonstrations by masked youths on dusty streets. It is rare for the international public to hear about the activities of highly skilled professionals who have been working for years in Palestine to adapt the education and training system to better meet the needs of the labour market and improve opportunities for young people.

The poverty rate in Palestine is officially at 26 per cent. In the Gaza Strip it is much higher with 39 per cent (Palestinian Central Bureau of Statistics 2016). More than 500,000 refugees and thus more than 25 per cent of the total population of the Gaza Strip live on less than USD 1.74 per day and cover 80 per cent of their nutritional needs through food supplies. In Palestine, poverty and unemployment affect young people in particular: whereas the official unemployment rate for the population as a whole is 23 per cent; 43 per cent of people under the age of 25 are without work (ILO 2018). Around 3 per cent of the population over the age of 15 can neither read nor write (Palestinian Central Bureau of Statistics 2016), although the number of unreported cases is much higher. These people have few opportunities to enter the formal education and training system and to find training for decent work.

Non-governmental organisations (NGOs) offer non-formal training for the unemployed in Palestine. The quality of the provision depends on the organisation. In the larger towns and cities, the further training provided is generally good. But outside these centres, where poverty is more prevalent, there are often only craft and cosmetics courses for housewives, which serve to provide a hobby rather than enable people to find a way out of poverty and unemployment. Small NGOs generally do not have the means to identify training requirements in their catchment area, carry out market analysis, develop courses relevant to the labour market and appoint trained staff.

For this reason, as part of the 'Potentials' project, dvv international supported 15 NGOs operating in the West Bank, the Gaza Strip and East Jerusalem to provide non-formal adult training, in particular for disadvantaged target groups. The measure identified the potential of adult training as a means of combating poverty and carried out labour market analyses. The courses were developed and implemented in line with target groups, and partnerships for employment were created.

The project was largely funded by the European Union; it had an overall term of three years (2012- 2014).

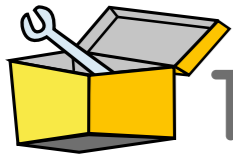
Achieved or expected impact of the project

This approach helps predominantly young adults to free themselves from poverty and unemployment through their own efforts. It empowers young people to generate income in the informal or formal labour market. (Higher) income leads to improved living standards and generally has a positive effect on the health and education and training opportunities as well as promotion of those affected and their families.

The NGOs have significantly improved their know-how and courses for action in the area of adult education. Management and teaching staff are familiar with methods of needs assessment and course development. Curricula and implementation plans have been developed, and quality standards accepted. Teaching staff are familiar with participatory learning methods and are able to apply them. They have learned how to integrate widely differing groups of people into learning experiences and how to compensate for learning difficulties, as well as how to help school dropouts to rediscover the joy of learning.

During the last year of the project, the focus was on courses offered by the NGOs. Around 1,800 people took part. A study carried out about 6 months after completion of the courses concluded that around 40 per cent of the participants had found a job or started their own business with their newly acquired knowledge and skills – a remarkable success, given the difficult labour market situation in the Palestinian Territories and the repeated setbacks caused by the conflict with Israel. Many participants stated that they have also gained valuable skills for their personal development, which benefit them in their daily lives.





TOOLKIT

Moreover, during the final phase of the project, the NGOs received increasing support with implementing accompanying measures designed to help course participants gain a foothold in the labour market. This included, for example, the initiation of internships or visits to potential workplaces, forwarding to job exchanges, microfinance institutions or other actors who can provide advice and financial support for business start-ups. In addition, numerous meetings were held with decision-makers, and learning festivals to raise awareness of adult education as an instrument for education and employment were conducted. Ten of the NGOs involved set up educational partnerships in their communities to give disadvantaged groups access to continuing education beyond the end of the project.

Lessons learnt

- Mobilising local expertise: International trainers introduce new perspectives and ideas and therefore represent a key resource. However, the 'Potentials' project has shown that local experts are better suited, since without need for a translator they can communicate with partners, better assess options and problems locally and accompany and advise NGOs over a longer period. Local expertise, vital for networking and exploiting synergies with other measures, was also brought in through a voluntary advisory body made up of representatives from the relevant ministries, universities and larger NGOs.

Quality not quantity: One of the project's key success factors is the creative and strategic potential of the NGO's management staff. Without a common understanding of the possibilities of reducing poverty through adult education and the consequent readiness to make time and resources available to the project, all training and provision of advisory services is in vain. It makes more sense to cooperate very closely with a limited number of NGOs and to achieve sustainable results than to invest widely.

Transferability

The approach of promoting adult education centres can readily be transferred to other contexts. This is conditional upon each region having institutions with the basic ambition and means to use further education and training as a way of assisting people in their personal development and helping them to enter the labour market. It is very helpful when there are already strong local actors operating in this area, since the local expertise applied is often more effective in the long term than the short-term deployment of external experts. Lastly, a certain autonomy on the part of the organisations and/or a certain degree of political will are also necessary for the approach to show results.

More information within the toolkit:

Tools > Local economy institutions

Actors > NGO's – Non-governmental organisations

Sources and further information:

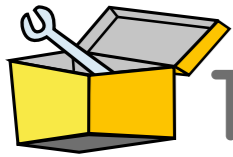
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ILO (2018), WESO data finder, Geneva.

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TOOLKIT

SATRO MOBILE CLASSROOMS – THE CONSTRUCTION BUS

Short title: Mobile classrooms UK

Authors: Rob Riddelsdell, Julia Schmidt

The aim of the program is to teach building trade skills. For some students, this may be a path to employment in construction; for many, it leads to greater self-esteem and confidence. All acquire skills they will find useful for the rest of their lives. It is particularly suited for students who prefer practical teaching or are disengaged from academic schooling. The target group is mainly young people aged 13-25, with most learners being school students aged 14-16. The SATRO Construction Buses operate in the county of Surrey and adjoining areas in South East England.

The training provided is at an introductory level and there are no entry requirements other than an interest or need. Assessment and certification are provided in the following forms:

1. Assessment of students' practical work and evidence of achievement
2. Business and Technology Council (BTEC) Level 1 Certificate/Award in Construction
3. Qualifications and Credit Framework Level 1

Emphasis of the training is on practical hands-on sessions learning carpentry, joinery, brickwork, painting/decorating, plumbing or electrical installation. Practical skills are taught by a craftsperson from the industry – not a teacher. It allows a different relationship with the student and an opportunity to learn more about working life. The duration and frequency are typically one morning or afternoon session (2-3 hours) every week for one to two years. The vehicles are self-contained with all tools, materials and equipment, and sessions are carried out at the playground, in a car-park etc. SATRO employs five tutors for the Construction Bus.

SATRO is a not-for-profit organisation and charges the schools the cost of running the programme. Funds are also raised from companies or charitable trusts when the need arises to buy new (second-hand) vans or to replace major items of equipment. Occasionally charitable trusts will cover the cost of a series of sessions as well.

Achieved or expected impact of the project

The project was successful, as evidenced by numbers achieving qualification and feedback from schools and students. The students' response is tremendous, particularly since many of them had lost interest in school.

By 2013, a total of 2,500 participants received training through the programme. In the 2016/2017 school year, around 32 teaching units were held each week at 25 schools. 100 per cent of the participants successfully passed the examination to obtain the BTEC qualification (SATRO 2018).





Lessons learnt

The programme works very well with students who are not suited to travelling to external training centres or colleges or where their school prefer to keep work in-house. It has proven very successful with young people with learning difficulties or disabilities.

The main limitations are the amount of tools and equipment which needs to be carried, and the distances between schools, which restricts geographic coverage.

Transferability

This program could be carried out anywhere; the main challenge is finding suitable tutors. There are many people with the right practical skills, but very few with the interpersonal skills and commitment to work with the students.

More information within the toolkit:

Tools > Mobile VET

Sources and further information:

Accredited Qualifications (2018), Qualifications and Credit Framework (QCF).

Pearson (2018), Our qualifications.

SATRO (2018), Impact Report 2017.

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Studential Ltd. (2018), Guide to BTEC Qualifications.





STRENGTHENING TRADITIONAL APPRENTICESHIPS IN GHANA

Short title: [Apprenticeships Ghana](#)

Authors:

Jeanette Burmester, Leif Puschmann, Julia Schmidt

Project title: **Ghana Skills Development Initiative**

Country/Region: **Ghana**

82 per cent of Ghana's working population in the non-agricultural-sector are employed informally (ILO 2018). The majority of young people in Ghana undertake training in the form of a traditional apprenticeship, that is, outside the country's formal education system. Traditional apprenticeships last three years on average and are based on an oral or written arrangement between the apprentice and master/madam. In general, there are no entry requirements such as a general school education. Trainees must pay a training fee. Often they receive subsistence costs and sometimes support with travel or accommodation expenses. The master/madam decides on the completion of training, often with involving the relevant employers' association.

Until now, traditional apprenticeships have taken place solely on the job. Training is not subject to any official standards and is not coordinated with other suppliers of initial or continuing training. More recent technological developments are rarely taken into account in the training, since they are not very widespread in the informal economy.

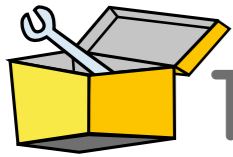
The project seeks to promote the employability of apprentices and those who work in the informal economy. Its aim is to improve the quality of traditional apprenticeships by:

- strengthening the relevant organisations and people
- creating a link to the formal vocational education and training system
- officially recognising qualifications gained

Improved skills among employees broaden development possibilities for micro, small and medium-sized enterprises (MSMEs). The project is implemented in close cooperation with the KfW development bank. In Ghana, KfW is financing modular training programmes for employees of the informal economy through education vouchers. As a result, around 8,000 informally employed persons participated in training and further education at accredited training institutes (KfW 2018).

The project promotes cooperation between MSMEs in the informal economy and private and public providers of initial and continuing vocational education and training. It supports training providers with the provision of needs-based complementary long and short-term training courses for the owners and employees of MSMEs and their apprentices. The long-term training courses should be implemented as part of a cooperative approach and represent around 20 per cent of the entire training period. Needs-based short-term training courses are also offered. The modules are in line with national CBT (competency based training) standards and are certificated accordingly. They comprise vocational training and general education programmes (mathematics and science, English and ICT, entrepreneurship and interpersonal skills). With cooperative training, both learning sites – business and school – comply with the (appropriately differentiated) standards. A common final assessment is conducted, which, if passed, leads to a state-approved certificate. This serves to improve graduates' employment spectrum and to establish compatibility between traditional apprenticeship training and the formal vocational education and training system. The improved traditional apprenticeship thereby boosts the employability of young people and facilitates their access to further vocational education and training courses.





TOOLKIT

The project advises industry associations in the informal economy on how to strengthen their role as mediators between training providers and MSMEs as well as in terms of quality control for traditional apprenticeships, and how to improve their training offers for members. Associations are now already contributing to developing standards that are valid for training in the formal as well as informal economies. At the same time, this improves the knowhow of selected training providers with regard to school management and teacher training, so as to provide the target group from the informal economy with effective training. The project's pilot sectors include electronics, welding, motor mechanics, clothing and cosmetics/hairdressing.

Achieved or expected impact of the project

The objective of the project is to capitalise on the country's existing employment potential. To this end, the national vocational education and training agency COTVET is to implement reforms to improve links between enterprises in the informal economy and the formal vocational education and training system. A new cooperative training model in the traditional training system and needs-based short courses are introduced on a pilot basis since 2014 in four out of ten regions in Ghana. A monitoring process will be set up to check whether the approach can also be rolled out nationwide. The circumstances for this are promising, thanks to highly motivated industrial associations that are ready to assume responsibility.

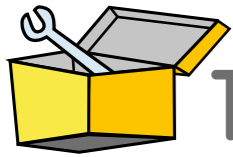
Lessons learnt

All professional associations involved are aware of the decreasing appeal of traditional apprenticeships in Ghana, given the growing skills requirement resulting from technological developments and globalisation. Representatives of the associations at a wide variety of levels have declared their interest in high-quality apprenticeships and further training for master craftspersons and workers, and are demonstrating this through solid commitment to the project in all its aspects. The vocational education and training bodies involved see their interest as knowledge mediators maintained and enhanced through the additional income-generating course provision.

As with most reform initiatives, the stakeholders have a decisive role to play. For this reason, it is particularly important to promote ownership on the part of the partners, in addition to ongoing professional and management training for key figures in the institutions involved. Associations and training providers must be capable of advocating for the modernisation of the apprentice system at political level.

It is also important that reform initiatives are fed into the relevant national strategy papers (national TVET policy, TVET strategy, gender strategy, TVET-NQE, etc.). This is a necessary condition to develop and establish sustainable appropriate mechanisms to promote this form of training and, in particular, to ensure its compatibility with the formal (vocational) education and training system.





TOOLKIT

Transferability

Promoting and strengthening traditional apprenticeship training can be of particular benefit in areas where traditional training is already taking place on a large scale. In such cases, this system can represent an attractive alternative to school-based vocational education and training, since it offers greater prospects of employment and income. In addition, given the limited availability of school-based training places, it provides many more young people with the opportunity to take up some form of training at all.

A key prerequisite for strengthening traditional apprenticeships is that structures and institutions already exist on the employers' side. Without such institutions, which represent many owners of MSMEs in the informal economy, systemic results are difficult to achieve.

In order to guarantee compatibility of traditional apprenticeships with the formal economy and the formal (vocational) education and training system, it is helpful if a country's vocational education and training system is modular and skills-oriented in overall design. Modularity means that courses can complement and round out traditional apprenticeships within the context of existing standards. Skills orientation facilitates the recognition of skills acquired through traditional apprenticeship training.

More information within the toolkit:

Tools > Traditional apprenticeships

Sources and further information:

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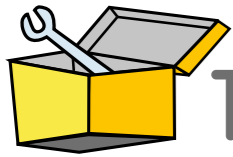
GSDI (2018), The Future of GSDI.

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KfW (2018), Projektinformationen – Berufsbildung – Ghana, Frankfurt am Main.

SDF (2018), Skills development fund.





TOOLKIT

UGANDA WORKER'SPAS – VALIDATION OF INFORMAL AND NON-FORMAL TRAINING

Short title: [Uganda Worker'sPAS](#)

Authors: Julia Schmidt, Christiane Hardt

Worker'sPAS stands for 'Worker's Practically Acquired Skills' and defines a certificate introduced throughout Uganda in 2011 to recognize informally acquired professional skills. The project entitled 'Worker'sPAS – Validation of informal and non-formal training' was implemented from January 2011 to December 2013 in seven provinces in Uganda. It was financed by the European Union and implemented by Fairventures Worldwide (formerly Swisscontact Germany) and Swisscontact Uganda.

The Worker'sPAS certificate is unique in the sense that professional skills acquired without formal training - on the job - are officially recognised by the Ugandan Ministry of Education. The Worker'sPAS also identifies areas where its owner stills has development potential or training needs. Professional skills are assessed according to three proficiency levels:

- a) 'The person is advised to take a refresher course'.
- b) 'The person is able to work under supervision and with support'.
- c) 'The person is able to work independently'.

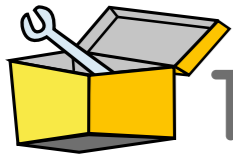
The certificate can be updated and added to at any time. The Worker'sPAS is awarded upon participation in a modular examination designed to assess individual skills. The tests are based on job-specific assessment and training standards which are also valid for the formal education sector and are which are aligned to the Uganda Vocational Qualifications Framework.

The tests can be taken at private vocational training institutions, which must have accreditation from the Ministry of Education. To this end, the ministry cooperates closely with the Uganda Association of Private Vocational Institutions (UGAPRIVI).

Another key partner is the Uganda Small Scale Industries Association (USSIA). As part of a BMZ-financed partnership with the Cologne Chamber of Trade (*Handwerkskammer zu Köln*), USSIA organised 10-day courses with approved vocational training institutions, during which participants prepared for the examination (7 days) before taking the tests immediately afterwards (3 days). Courses and examinations take place in several parts of the country, so that the costs in terms of time and logistics for acquiring the Worker'sPAS are kept to a minimum.

The greatest strength of the Worker'sPAS is that it makes transition from the informal to the formal education and training sector much easier. Vocational experience and skills acquired on the job can be validated and recognised. For those who are awarded the Worker'sPAS, this means that they are more competitive and have better earnings potential. In addition, potential employers and clients have a clearly structured overview of the skills of applicants or service providers. The measure also contributes to lifelong learning.





TOOLKIT

Achieved or expected impact of the project

At least 2,000 participants had been awarded a Worker'sPAS in early 2013. These include:

- unemployed young people who have only received informal training for their job
- young people completing a traditional apprenticeship
- unemployed
- self-employed or salaried employees in the informal economy who had no certificate documenting their professional skills

A survey of young people with a Worker'sPAS, carried out as part of the 'Potentials' project, revealed the following:

- 94 per cent of the participants stated that their (professional) circumstances were better or much better after receiving their Worker'sPAS than before
- 88 per cent said they were unemployed before acquiring the Worker'sPAS. After receiving it, only 5 per cent were unemployed, 64 per cent self-employed and 30 per cent employed
- Monthly wages increased significantly, but remained at a low level in absolute terms

A survey of 82 USSIA members who took part in the training courses and examinations to gain a Worker'sPAS revealed the following:

- 95 per cent of those questioned stated that acquiring the Worker'sPAS helped them to improve their income.
- 30 per cent stated that they were able to get the job they wanted on account of the certificate.
- 41 per cent stated that the Worker'sPAS enabled them to convince customers of their skills.
- 14 per cent were awarded a pay rise on account of the Worker'sPAS;
- 38 per cent stated that they now felt more respected and valued in their community. Some of those questioned reported that they were receiving more financial support from families and friends to develop their own business on account of the Worker'sPAS.

- None of those questioned said that the Worker'sPAS had not helped at all.
- When asked whether all Ugandans should be given access to a Worker'sPAS,
 - 72 per cent of respondents replied 'yes, I strongly agree',
 - and the remaining 28 per cent replied 'yes, I agree'.

A major advantage of the Worker'sPAS is the limited time investment it takes to recognize occupational skills. The self-employed or those employed by others usually lack the time and opportunity to acquire formal certificates.

In the long term, the Worker'sPAS is to become established as an alternative to formal vocational education and training. It is envisaged that vocational schools will develop an appropriate range of courses with administrative fees to cover costs. The aim is also that employers will pay a share of the fees.

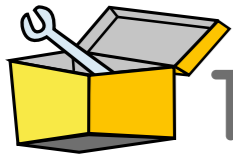
The Worker'sPAS is often used as a form of personal identification, since many Ugandans have no other form of ID.

Lessons learnt

After initial experience with the development and implementation of the preparatory courses and examinations, the following lessons were learned:

- the training and examination content must be as practice-based as possible
- importance should be attached not just to technical skills, but also to business and marketing skills
- the selection and training of trainers and examiners is crucial
- training sessions and testing should also be offered in local languages
- there should be improved public awareness of the Worker'sPAS, for example through publicity, in order to strengthen social recognition of the document





TOOLKIT

Transferability

The approach of validating and recognising informally acquired skills is particularly relevant in areas where a large section of the population has acquired professional skills informally, yet currently has no way of proving this knowhow. It is essential to establish a framework, such as a national qualifications framework, within which the certificates can be issued. It is also important to have appropriate institutions that are able to implement preparatory courses for the examination and the examinations themselves. These may be (private) training providers and chambers or associations.

USSIA carries out preparations for the examination and the examinations themselves under the following financial terms and conditions, with support from Sequa's Chambers and Associations Partnership Programme (KVP): the costs of the two-week courses are EUR 400 – EUR 500 per participant, depending on the sector and number of participants. These include course fees for materials, rent for workshops, remuneration for the trainers, lunch, examination fee and administration costs for the association for preparation and implementation. The costs also include an examination fee of around EUR 15 per participant. The KVP project supports these courses: participants are only required to pay a participation fee of around EUR 60 and their own travel expenses. All other costs are covered by the project.

More information within the toolkit:

Tools > Recognition of informally acquired skills

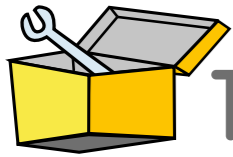
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Sequa gGmbH (2018), KVP und BBP.

Uganda Directorate of Industrial Training (2018), Worker'sPas.





TOOLKIT

VOUCHER SKILLS TRAINING PROGRAM CAMBODIA

Author: Karin Schelzig

Project title: Voucher Skills Training Program (VSTP), Cambodia

The Cambodian Ministry of Labor and Vocational Training (MLVT) implements the Voucher Skills Training Program (VSTP), a nation-wide initiative that provides skills development to disadvantaged groups in Provincial Training Centers (PTCs), in enterprises and in communities. The VSTP supports the Government's strategies to reduce poverty and achieve socioeconomic development for all Cambodians. It was designed and piloted in 7 provinces from 2005 to 2010, and was expanded to all provinces in the subsequent programme phases from 2010 to 2015 and from 2016 to 2021. The program is implemented by the Department of Technical and Vocational Education and Training Management of the Directorate General for Technical and Vocational Education and Training, with grant financing from the Asian Development Bank (ADB).

The VSTP is a non-formal training program that does not require grade 9 completion for enrolment. It aims to address the training needs of rural communities, minorities, school dropouts, and un- and under-employed people. The demand-driven program is offered through three modalities:

1. community-based training that takes place in rural villages
2. enterprise-based training that is similar to internships or on-the-job training
3. residential center-based training courses at the PTCs

The aim is to deliver a technical skill training that improves access to jobs and income generation potential. Although most of the trainees choose to join agriculture and livestock-related training programs, the VSTP also offers non-agriculture skills development programs, in sectors such as construction, manufacturing industry and car mechanics. The official recognition of the acquired certificates provides access to further education and training within the Cambodian National Qualifications Framework.

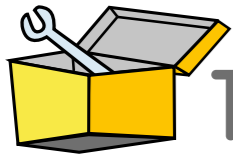
Achieved and expected impact of the project

VSTP has had a positive impact on skills development in rural Cambodia, where 79 per cent of the population resides (World Bank 2018). It can be seen as a model for providing large-scale non-formal skills development to disadvantaged groups. The pilot phase of the VSTP reached more than 161,380 participants. In the current phase, the programme aims to reach out to another 55,000 trainees in all provinces of Cambodia. The selected communes received technical assistance to prepare commune training plans, followed by a voucher to fund training linked to the plans. The program was designed with a gender action plan to ensure equitable benefits for men and women. Targets for women's participation were exceeded: in the pilot phase, 58 per cent of VSTP participants were women. One reason for the high level of women's participation was the delivery of short community-based training linked to daily productive activities. An effectiveness survey found that the training program delivered useful skills—between 65 per cent and 76 per cent of trainees, depending on delivery modality, were using their skills 6 months after training, resulting in higher family incomes. There were spillover benefits as well: more than one third of VSTP trainees reported providing training to family members and neighbors after completing their courses.

Key success indicators for the expected impact of the expanded program, which were to be achieved by 2015, are:

- at least 50 per cent of all participants in the non-formal VSTP programs are women
- 40 per cent of non-formal VSTP training is enterprise- or center-based
- 40 per cent of graduates from enterprise- and center-based VSTP training are employed full-time or self-employed
- the VSTP is extended to other provinces of Cambodia
- especially women and ethnic minorities are encouraged to participate in the management of VSTP (e.g. apprenticeships, community outreach, career guidance)





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Lessons learnt

Lessons derived from a survey of about 4,000 VSTP trainees and PTC directors show that there is still potential for improving the quality of the training, and the distribution of training among the three modalities. In designing the pilot, it was anticipated that training would be 60 per cent community-based, 30 per cent enterprise-based, and 10 per cent PTC-based. At project close in 2010, actual VSTP training output was 96 per cent community-based, slightly under 2 per cent enterprise-based, and slightly more than 2 per cent center-based. The shift toward significantly more community-based training and away from enterprise- and center-based training was the result of challenges in accommodating trainees for enterprise- and center-based training, a problem especially for women; the much higher cost per trainee (13 USD per community-based trainee versus 141 USD per center-based and 156 USD per enterprise-based trainee); and the fact that engaging with local small businesses was a new and challenging concept for the PTCs. While women's participation in the pilot VSTP was 58 per cent overall, women represented 59 per cent of community-based trainees, 46 per cent of enterprise-based trainees, and 40 per cent of center-based trainees.

Plans to revise the VSTP include reducing the group size in community-based training, and placing a greater emphasis on enterprise attachments and center-based training. Further, MLVT will implement a pilot urban VSTP. The program will be adjusted to reduce costs while increasing the number of trainees in the enterprise-based modality. MLVT has introduced basic skills standards and competencies to link training to entry-level certificate standards in the new enterprise-endorsed curricula. New courses, curricula, and standards will be introduced to systematize non-formal training, and trainees will earn a new certificate of competency. The idea is to create more flexible pathways to formal TVET courses and to allow accumulation of credit toward vocational skills certificates.

Transferability

Cambodia's Voucher Skills Training Program is presently being expanded to all provinces of Cambodia, with the goal of reaching an additional 55,000 participants by 2021. Participants from some of the poorest rural communes, and particularly poor women, will directly benefit from the program, thus contributing to more inclusive growth in Cambodia. The VSTP model can be transferred to other countries and regions that seek to improve skills development and employment opportunities for informal sector workers who have not completed basic education.

A similar voucher program in Ghana was launched in 2015 by the KfW Bank on behalf of the Federal Ministry for Economic Cooperation and Development. The program provides financing of demand-oriented short-term courses for the vocational qualification of informal sector target groups. The objective of the program is to increase access to demand-oriented training offers. The courses are designed in cooperation with representatives of the Ghanaian informal economy. In total, around 8,000 workers of the informal economy have taken part in training and further education programmes (KfW 2018). Other similar programs are the Skill Voucher Scheme implemented in India by the Government of Gujarat with the aim of improving access to vocational training, and the Technical and Vocational Voucher Program launched in Kenya in 2008 by the World Bank in cooperation with the Kenyan Ministry of Youth.





More information within the toolkit:

Tools > Community-based training

Tools > Financing approaches

Project examples > Apprenticeships Ghana

Sources and further information:

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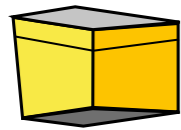
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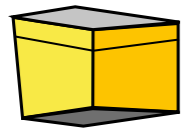
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