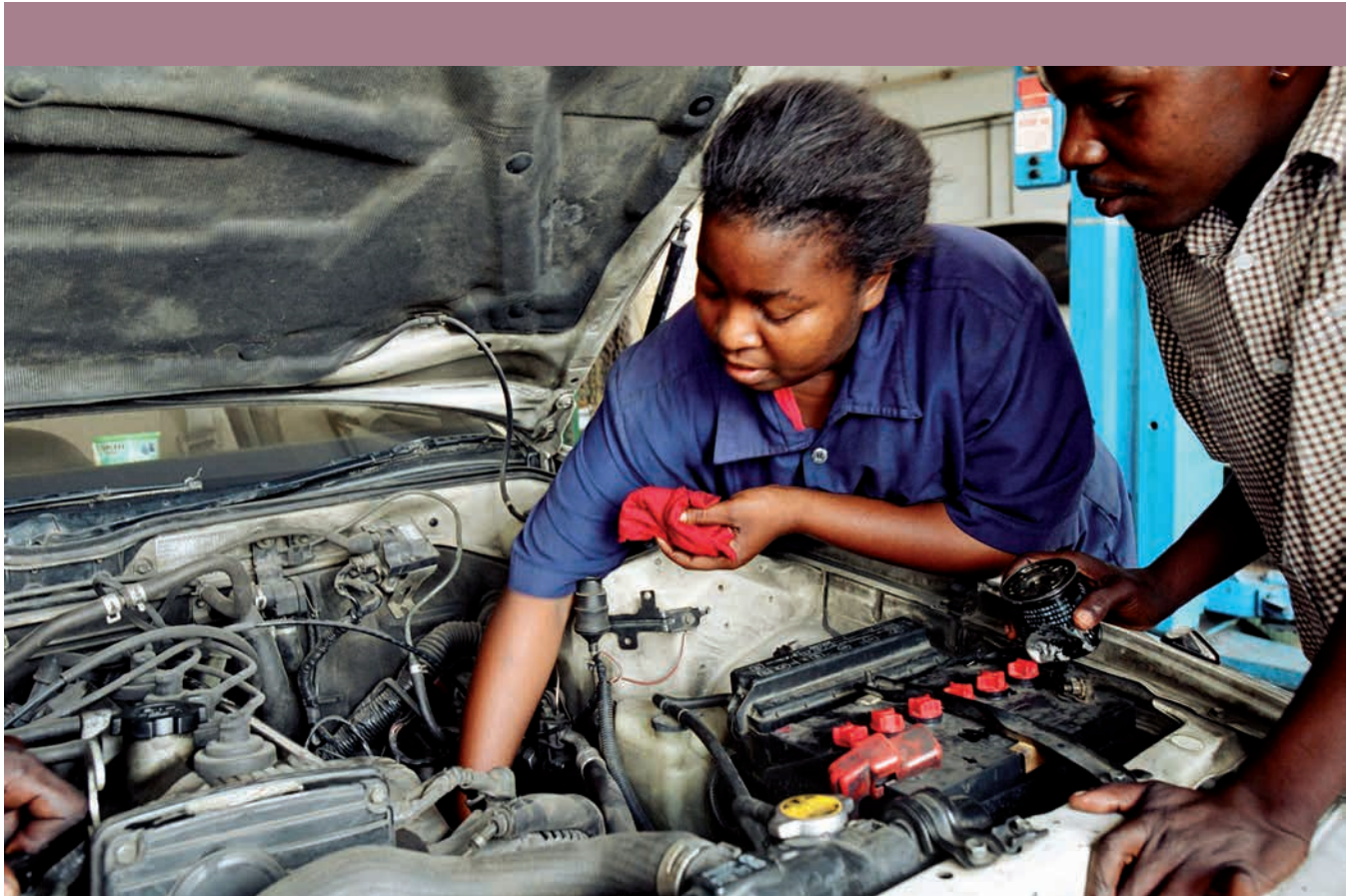




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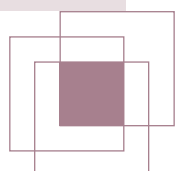
Entrepreneurship, Skills Development, Finance



A young old auto mechanic student in the workshop of the Dar Es Salaam Regional Vocational Training and Services center.

7.2 ENHANCING SKILLS AND EMPLOYABILITY: FACILITATING ACCESS TO THE FORMAL ECONOMY

■ This brief examines the impediments to skills upgrading in the informal economy: ranging from lack of policy coherence at the macro level, institutional weaknesses in training providers at the meso level through to inappropriate and inflexible delivery at the micro level. It highlights a range of policy innovations from around the world which have opened up entry points for integration with the mainstream economy. These include strengthening the capacity of existing service providers to reach the informal economy; recognising skills gained in the informal economy; policy coherence between human resource policies and other macro-policies to ensure better alignment of supply and demand; as well as improving the quality, delivery and relevance of skills to meet the needs of those currently in the informal economy.



KEY CHALLENGES

- Skills training and informality
- Weak policy coherence with human resource policies
- Weakness in existing providers' capacity to address the needs of the informal economy
 - Public VET systems
 - NGOs
 - Private Sector Training providers
 - Informal Apprenticeship systems
- The mismatch between supply and demand: the relevance of training
- Lack of access to training
- Inappropriate training delivery
- Exclusion of vulnerable groups of women
- Lack of recognition of skills in the informal economy

■ **Skills training and informality.** Upgrading skills can be a key channel to improve productivity and incomes in the informal economy and open opportunities to link with the formal economy. It is an important element of building capacities within pro-poor growth frameworks and a strong support for strategies to enable the transition to formality. Within an integrated approach encompassing business training, credit and post training supports, as well as a legal and regulatory framework supportive of private sector development, skills training can support medium term strategies for integration with the mainstream economy while also offering a range of immediate benefits to informal economy entrepreneurs and workers. For example technical and vocational skills can improve product quality, reduce wastage and encourage innovation. Business skills can improve occupational health and safety and stimulate better working conditions. Core work skills can improve functional literacy and numeracy, while empowerment related skills such as negotiation, communication, problem solving and confidence building can increase bargaining power and enhance decision making¹. For national economies, upgrading skills can reduce labour shortages in high growth sectors, encourage foreign direct investment, improve global competitiveness and stimulate innovation and economic growth. Additionally skills upgrading can make local economies more dynamic and it can contribute to the inclusion of economic activities in the informal economies into national and international value chains.

● Upgrading skills can offer immediate benefits to workers and entrepreneurs in the informal economy while also supporting medium term strategies for moving out of informality

Nonetheless a multitude of challenges must be overcome at policy, institutional and micro levels to enable skills training to improve the productivity of enterprises, the employability and competencies of workers, and contribute to their integration into the formal economy. Issues of access to training, relevance of skills, costs of training and quality of skills are as pertinent in the informal economy as the formal economy, particularly given the characteristics of many informal economy activities. While the informal economy is diverse - ranging from dynamic segments through to survivalist activities - at the most marginalised end, low entry barriers exacerbate problems of market saturation and competition. Low productivity, a weak position

¹ Haan, H. Training for Work in the Informal Economy (unpublished) Skills and Employability Department, ILO, Geneva.

in markets, poor remuneration and limited access to productive resources can continuously threaten the viability of enterprises and activities at the lower end.

For women in the informal economy, the problems may be even more acute. Discrimination in access to education and skills often begins early in life, hampering economic choices in adulthood. The gender division of labour in the household is often reflected in economic activities, with many female occupations linked to domestic responsibilities. The narrow range of occupations and work available to women often confines them to the margins of economic life in poorly paid and highly precarious work. Even within the informal economy women tend to earn less than men, have fewer assets, less skills, more limited employment choices and more fragile enterprises. (see brief on Gender Equality).

For both women and men, a low skills base keeps many trapped in a vicious cycle of low skills low productivity and poverty. Numerous barriers reinforce this low skills base: limited training opportunities, lack of literacy which acts as an obstacle to vocational training access, the high costs of formal education and training and the inflexibility of many training providers to meet the needs of certain groups within the informal economy such as youth, poorer women, disabled, the poor and the non-literate.

For skills training to fulfil its potential to be an important element supporting integration with the mainstream economy a number of policy and institutional challenges need to be overcome. This brief will review seven major challenges which will also be addressed in the Emerging Approaches section to follow: (i) the policy level (in particular the lack of policy coherence within the wider policy frameworks as well as the need to realign human resources policies to reach the informal economy); (ii) weaknesses in existing training providers and their capacity for outreach to the informal economy; (iii) the need to improve the relevance of training provided by training centres and reduce the imbalance between training outcomes and employment opportunities; (iv) Addressing problems of access to skills training; (v) Inappropriate training delivery; (vi) exclusion of vulnerable groups and the need to enhance equitable outcomes; (vii) lack of recognition of existing skills provision and acquisition in the informal economy.

● Skills training policy should be coherently linked with broader economic policies, including sectoral, trade, agricultural and industrial policies as well as policies linked to private sector growth

■ **Weak policy coherence with human resource policies.** Governments design human resources and skills training policies in order to fulfil commitments to education and life learning as a basic human right, as well as to meet wider economic and development goals. Ideally skills training policy should be coherently linked with broader economic policies, including sectoral, trade, agricultural and industrial policies as well as policies linked to private sector growth. However this ideal is rarely met, resulting in considerable mismatch between the demand for skills and the supply of skills. Policy gaps at the macro level can create an unfriendly environment for skills formation to contribute towards the move out informality. Skills training needs to be part of a broader integrated package of policy measures embedded within an employment-centred development framework. A macro-economic framework oriented to capital intensive economic growth often has high costs in terms of employment, particularly amongst the poor. A lack of coordination between economic growth, employment policy and poverty alleviation strategies can prevent the poor from both benefiting from and participating in economic growth. Pro-poor growth strategies which emphasise the centrality of skills upgrading to build the capacities of the poor are often lacking or inadequately implemented.

Skills training policies also need to be effectively linked to private sector growth policies. Cumbersome, complicated and costly registration procedures can inhibit private sector growth and discourage the registration of informal businesses. Opportunities for skills training can even be an incentive within an overall incentives structure to encourage the registration of informal enterprises. (see also brief on Informal Enterprises). At the level of skills policy itself resources may be directed primarily towards the formal economy, neglecting the vast numbers of workers and entrepreneurs in the informal economy. Significant re-orientation of policies and skills training institutions is required if objectives of poverty reduction and decent work are to be met, though this is made more complex by the sheer size and heterogeneity of the informal economy.

■ **Weakness in existing providers' capacity to address the needs of the informal economy.** There are many types of training service providers. Few however are flexible and diverse enough in their delivery, responsive enough to labour market demands or cost effective enough to meet the needs of informal economy workers and operators. A brief review of the range of skills training service providers is necessary to highlight inherent weaknesses in service provision for the informal economy.

- **Public VET systems²** have often been established to serve the needs of the formal economy. They tend to require significant prior education including literacy, numeracy and high school education, thus marginalising a large section of the poor from entry. Courses tend to be of a longer duration, and thereby unresponsive to the needs of the poor who need to continually earn an income. The content is often limited to vocational trades such as carpentry or mechanics, and often with very little orientation towards the self employed. Choices for women are often even more limited, thus reinforcing labour market segmentation and occupational segregation. Public VET systems are also often criticised for being supply driven and unresponsive to labour market demands and the needs of the private sector.
- **NGOs³** (non-formal training providers) have strong ties to local communities and often fill gaps in public VET provision by orienting their services to the disadvantaged and rural areas. They have the advantage of being less bureaucratic and more flexible than public providers, though often much more limited in scope. Those with a social orientation often face problems of lack of responsiveness to the local economy and private sector demand. They often offer long courses oriented to wage employment. Others have a stronger business orientation and links to the private sector, with shorter demand-driven courses. All types of NGOs face the challenge of finding external funding, and their impact may be further limited by the lack of appropriate selection criteria for trainees and limited post training support.
- **Private Sector Training providers⁴** often offer courses complementary to public providers including office skills, entrepreneurial skills and IT skills. The fees structure and entry requirements often make them inaccessible to the informal economy, though the content of the courses are highly relevant for the self employed and entrepreneurs. Private businesses are also involved in training though primarily for their own workforce or different

● National resources for skills training are often oriented to the formal economy, neglecting the large sections of the population working in situations of informality

● Few existing skills providers are flexible and diverse enough in their delivery, responsive enough to labour market demand or cost effective enough to meet the needs of informal economy workers and operators

2 Ibid
3 Ibid
4 Ibid

levels of their subcontract chain including homework at the bottom end of the value chain. While often limited to a specific product or service, it can expose informal economy operators to efficient business practices, quality control and design specifications. The extension of business training in the informal economy is limited since the low skills base and lack of equipment tends not to attract formal businesses.

● Informal apprenticeship training is one of the largest sources of skills acquisition in the informal economy

● Attempts to strengthen Informal Apprenticeship training as a training system have to be careful to avoid upsetting the informal rules that govern the institutional framework and incentives structure which guide the delicate relationship between master and apprentice

- **Informal Apprenticeship systems⁵ (IA).** These are one of the largest sources of skills acquisition in the informal economy and are found in many developing countries, in particular in African countries⁶. They have evolved over considerable time and have strong roots in the socio-cultural milieu of many societies. While family ties are important, as well as the master craftsman's standing in the community, IA as a system providing initial training for a trade/ an occupation has continued to evolve over the last decades, generating new rules and often expanding into new, modern occupations such as car mechanics, or electrical services⁷. Master craftsmen select their trainees carefully based on social networks, personal traits such as talent, competence or trustworthiness, and some on educational level. Training itself is done by observation and emphasises practical learning. The level of theoretical content varies depending on the occupation, but usually is minor. IA is governed by informal rules and norms, most of which are not written⁸. IA offers many advantages: it is less costly than other modalities, it enables apprentices to build up social and business networks and also covers a range of skills such as costing, marketing, supplier and customer relations, work attitudes, while also inducting the trainee into a business culture. There are however significant flaws in IA. Working conditions may be harsh, with poor remuneration, long hours and a risk of exploitation by master craftsmen. Because the theoretical content is usually low and learning is based on observation and repetition, the apprentice does not gain a broader understanding of the theory of the trade, nor is innovation and diversification encouraged. Significantly, because IA is embedded within socio-cultural traditions it is very much oriented to boys rather than girls, though some apprenticeship training does take place in female dominated trades such as hairdressing and embroidery. While the training agreement is governed by informal rules, a lack of formal regulation and certification means that apprentices usually do not gain standardised skills. Moreover, the quality of training varies greatly depending on the pedagogical skills of the master craftsman, with some having secondary or VET education, and with others having far more basic education. Attempts to strengthen and upgrade IA have to be careful to avoid upsetting the informal rules that govern the institutional framework and incentives structure which guide the delicate relationship between master craftsman and apprentice⁹.

■ **The mismatch between supply and demand: the relevance of training.** A criticism of many training providers whether in the formal or informal economy is that they tend to be supply driven with little relevance to labour market demand or response to high growth sectors and technological

5 Ibid

6 Informal apprenticeship refers to the system by which a young learner (the apprentice) acquires the skills for a trade or craft in a micro or small enterprise learning and working side by side with an experienced craftsman. Apprentice and master craftsman conclude a training agreement that is embedded in local norms and traditions of a society. Costs of training are shared between apprentice and master craftsman.

7 For more information see Resources section to access: Nübler, I. et.al.(2009) Understanding informal apprenticeship – Findings from empirical research in Tanzania

8 Ibid

9 Ibid, and Aggarwal, A.; Hofmann, C.; Phiri, A. 2010. A study on informal apprenticeship in Malawi, Employment Report No. 9, Skills and Employability Department, Decent Work Team for Eastern and Southern Africa (Geneva, ILO).

innovations. Very often social dialogue and partnerships with the private sector are lacking or inadequate in determining the demand for skills. Poorly functioning labour market information systems further exacerbate inaccurate forecasting of skills needs and shortages. At a community level, a lack of market analysis of the local economy prior to training contributes to an oversupply of skills in certain jobs resulting in market saturation and low returns on income. For women in particular, who are often concentrated in a narrow range of economic activities, guidance in identifying more lucrative high demand, and often non-traditional skills, is often lacking.

■ **Lack of access to training.** As outlined above on the limited outreach of existing service providers, financial and non-financial barriers play an important role in impeding access to skills development for people in the informal economy. High entry requirements, high fees as well as the opportunity cost of training in terms of livelihood income are key barriers to upgrading skills in the informal economy. A significant non-financial barrier to training is the low education level within the informal economy. Poor investment in basic education, high illiteracy rates keeps many in the informal economy excluded from the mainstream economy.

■ **Inappropriate training delivery.** Different pedagogical modalities are often required for those in the informal economy, including for non-literate populations. Shorter, intensive courses with post training follow-up, linking practical with theoretical training are often in limited supply. Demonstration techniques, exposure visits, enterprise based instruction and opportunities for distance learning, particularly for those in remote and rural areas, are often more appropriate for those in the informal economy, but rarely available¹⁰. Flexible delivery schedules are particularly important for women, given their domestic responsibilities.

■ **Exclusion of vulnerable groups of women.** Women are often disproportionately represented in the informal economy and often in the most marginalised end. Women's more limited skills base as a result of weak access to education is a major factor behind this phenomenon. Global literacy rates for women are lower than for men though the illiteracy gap between girls and boys is closing somewhat as a result of country efforts under MDG 2. The gender division of labour in the household, in which women are often primarily responsible for the domestic sphere, is a considerable impediment to women gaining access to training opportunities. Occupational segregation along gender lines persists due to stereotypes and also limits access of women to training and informal apprenticeship in non-traditional work. Lack of childcare opportunities, few targeted training subsidies, lack of transport allowances and inflexible training schedules and locations act as serious barriers to access new skills for many women. This can be compounded further where there are cultural barriers which restrict women's mobility. However it is not only women who are vulnerable to social exclusion and limited access to skills training. Those in rural communities, people with disabilities, migrant workers, older workers, ethnic minority and indigenous groups, youth are amongst those who are also often trapped in a vicious cycle of low skills and low productivity jobs¹¹.

● Formal and non-formal training providers may be supply driven, without enough attention to and analysis of labour market demand

● A variety of financial and non-financial barriers impede access to skills development for those in the informal economy

● Different pedagogical modalities are often required for those in the informal economy, including for non-literate populations

● A number of factors underlie women's more limited skills base in the informal economy including limited access to schooling, unpaid household responsibilities and the gendered and narrow range of skills options and occupations open to them

10 Haan, H. Training for Work in the Informal Economy (unpublished) Skills and Employability Department, ILO, Geneva.

11 For a broader discussion of target groups see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development' Report V, International Labour Conference 2008, Geneva

● Few mechanisms are available to validate skills gained in the informal economy

■ **Lack of recognition of skills in the informal economy.** A serious barrier to those in the informal economy gaining access to formal economy job opportunities is the lack of recognition of skills acquired in the informal economy¹². Skills are commonly recognized socially, but only extend to social networks and local vicinity. Few mechanisms exist to assess skills irrespective of where the skills were gained which would allow many in the informal economy to access formal training systems and formal economy jobs. Certification processes and assessment of skills are important to validate the skills gained and enable employers to more easily recognise the competencies and skills of job applicants, whether in the formal or informal economies.

12 Ibid

- Policy innovations and policy coordination
- Improving the capacity of training service providers to address the needs of the informal economy
 - Public VET systems
 - Private training providers
 - NGOs
 - Upgrading Informal Apprenticeship systems
- Improving the relevance of training
- Enhancing access to skills
- Improving Training Delivery
- Ensuring Equitable Outcomes
- Recognising Prior Learning

It has always been evident that upgrading skills can play a role in facilitating social and economic advancement. What is also becoming increasingly apparent is that skills development is a key element in supporting the transition to formality and opening up entry points into the mainstream economy. The following range of tools, good practices, project strategies and policy innovations highlight the ways in which governments and social partners have sought to address the challenges identified in the previous section.

■ **Policy innovations and policy coordination.** A number of recent ILO instruments have highlighted the role of skills training to improve the employability of workers and the productivity of enterprises in order to transform marginal survival activities into mainstream economic activity. (See Resources to access these instruments).

● Skills training can be part of a broader package of incentives to support the move out informality

Skills training and education need to be a part of a broader package integrating wide ranging employment and development strategies at the macro level. Effective human resources policies designed to build the capabilities of the poor and marginalised need to be integrated into broader national development frameworks such as national development plans, pro-poor growth strategies, MDG commitments and Decent Work Country Programmes.

An enabling macro-economic environment with employment generation as a core principle is critical if skills training is to deliver on its potential to encourage the move out of informality. Skills policies also need to be coordinated with a range of other policies including fiscal, trade, industrial, sectoral and agricultural policies.

Policy measures to enhance private sector growth also have a key role to play. Simplified registration procedures, fiscal incentives, labour law protection, market information, access to finance and business advisory services, technological innovation and access to social protection when combined with training opportunities can provide important incentives for formalisation of enterprises in the informal economy. (see also brief on informal enterprises).

At the level of human resources policies themselves there is much that government can do to ensure that training systems become more responsive to labour market demand. These include establishing social dialogue mechanisms, for example through tripartite commissions on national training policies to oversee training strategies, developing private-public partnerships, revitalising labour market information systems and orienting their outreach to the informal economy, and better coordination between demand side policies and human resources policies.

India's Planning Commission is developing certification measures, establishing linkages between training systems and industry, services and agriculture, among other measures to meet the demand for technical skills from employers

In India, where the labour force is primarily in the informal economy, high growth rates in certain sectors have resulted in acute skills shortages. India's Planning Commission is seeking to address the skills gaps and meet the demand for core and technical skills from India's employers. Educational infrastructure is being expanded and linkages strengthened to industry, services and agriculture. Developing certification, public-private partnerships, industrial training systems, and providing short intensive skills training to disadvantaged groups as well as providing resources for research and technological innovation are incorporated in its strategy. A number of methodologies for skills provision and certification in the informal economy will be tested through its implementation¹³.

China offers training, subsidies and relocation assistance for rural migrants to meet urban skills shortages

Targeted interventions for rural workers have been developed in China to facilitate their entry into formal jobs. The Dew Drop Programme is a skills training programme which encourages rural workers to migrate to urban areas where there are skills shortages. Through a combination of training, subsidies and relocation assistance to urban areas the programme is part of a larger poverty alleviation strategy¹⁴.

Jamaica has sought to address its low productivity through upgrading skills. Analysis has shown that the economy is plagued by a low skills base, lack of technological uptake, poor quality education, a large informal economy and little diversification in economic activities. The National Development Plan has created incentives for enterprise development and a national qualifications framework. Social dialogue plays a key role, particularly in the functioning of the Jamaica Productivity Centre – a tripartite body which helps diagnose productivity and competitiveness gaps and design effective solutions¹⁵.

Ghana's pro-poor economic strategies aim to upgrade the informal economy. Tripartite structures have been developed through the Ghana Decent Work Pilot Programme which have put in place local economic development plans. Skills training formed a central plank within the overall strategy to assist small enterprises to upgrade their businesses and expand into the formal economy. Public-private partnerships have facilitated more relevant training, which in turn, had an even greater impact through an integrated strategy which included infrastructural investment, linkages to health insurance, savings and credit as well as pensions.

13 For more details see Resources section to access: Palmer, R. 2008, 'Skills and Productivity in the informal economy' Employment Sector Working Paper No.5 2008, ILO, Geneva

14 For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development' op.cit

15 Ibid

■ **Improving the capacity of training service providers to address the needs of the informal economy.**¹⁶ Existing skills training providers have the potential to significantly expand their services into the informal economy, as described below.

- **Public VET systems** have the advantage of experience, human and technical resources and infrastructure to deliver training, but they may require considerable reform to improve their relevance and quality of training to the informal economy. They may need to offer different types of training to reach the informal economy, moving beyond just technical skills to business skills for the self employed as well as incorporating life skills, negotiation skills, employability skills, amongst others. Training delivery may need to become more flexible, offering shorter courses combining practical and theoretical knowledge and participatory approaches. For those with low levels of education, remedial courses may be required. Incorporating methodologies to select trainees, for example by recognising their prior skills and experience gained outside the formal economy can help to expand their services to many informal economy workers and operators. Post training support, in particular linking to employers, business advisory services and labour market information systems are important to improve the employment outcomes for many in the informal economy.

Outreach of national training institutions can also be expanded by combining innovative approaches like community based training, distance learning, mobile training, entrepreneurship skills training, and through labour based methods in improving rural infrastructure which could provide training in construction, maintenance and public procurement.

Resources and political will are required by governments to adapt public training systems to meet the needs of those in the informal economy. Efforts to reform curricula, establish certification, or develop poverty oriented subsidies can have considerable impacts in bringing informal economy actors into the mainstream.

In Honduras, Centros de Education para el Trabajo (CENETS) target the poor in rural and urban communities. Local needs assessments and community participation are linked to the national vocational training institution INFOP. Core skills are combined with gender and literacy training as well as technical and entrepreneurship training¹⁷.

In Peru, remedial education has been combined with employment services and technical training, targeting poor underemployed and unemployed youth. The Training for work programme (CAPLAB) assesses the prior experience of trainees as well as labour market demand, particularly in small enterprises. It includes both on the job training as well as training in formal training institutions and links to employment services. CAPLAB has now been incorporated in the General Law on Education 2003. Peru has also developed a programme of support for micro and small enterprises (PRODAME) which provides free counselling to individuals who wish to formalise their business. PROMPYME is another Peruvian programme which aims to enhance market access for small enterprises.

● Combining innovative approaches such as community based training, distance learning and mobile training can expand the reach of training providers into the informal economy

Peru has also developed a programme of support for micro and small enterprises which provides free counselling to individuals who wish to register their business

¹⁶ A detailed discussion of training service providers reaching the informal economy is contained in Hans Christian Haan 'Training for Work in the Informal Economy' (unpublished) Skills and Employability Department, ILO, Geneva.

¹⁷ For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development' Report V, International Labour Conference 2008, Geneva

Access to public procurement is a major incentive to register businesses with the programme¹⁸.

The Botswana Training authority has put in place strategies to expand access to vocational training for women in the informal economy, starting with regular data collection on gender in all vocational training institutions, particularly on occupational segregation and the training needs of men and women. It has also addressed stereotyping in curricula and given staff gender training¹⁹. In China, vocational training institutions are increasingly using distance learning in order to reach informal economy workers in poorly serviced areas. Subjects include English, IT, business skills²⁰.

● Public sourced subsidies, training grants, vouchers and scholarships could open access to private training providers for poorer clients in the informal economy

- **Private training providers** could become even more effective in upgrading the performance of micro and small enterprises in the informal economy, if their fee structure did not act as a significant barrier. Public sourced subsidies, training grants, vouchers and scholarships could open access to poorer clients in the informal economy. Incentive structures may be very effective in making private training providers more important to the informal economy. Access to capital, fiscal incentives and technical support from national vocational training institutions (new methodologies, labour market research, curriculum development, training of trainers, trade testing and certification) may enable them to expand their scope into the informal economy.
- **NGOs.** The outreach and impact of NGOs training can be strengthened through capacity building in areas such as staff training, dissemination of good practices and by forming partnerships with government, public and private training institutions and social partners. NGOs also need to ensure that the skills they provide are relevant to the local economy. They could do this by establishing regular market needs assessments and monitoring mechanisms, including tracking their graduates after training.
- **Upgrading Informal Apprenticeship systems.** Governments are increasingly recognising the importance of IA as a system of initial training that is a practical, cheap and viable alternative to centre-based training. A number of countries have sought to address some of the inherent weaknesses in the system in order to strengthen IA's capacity in upgrading the skills base in the informal economy. Strategies include developing incentives and support structures for master craftspersons and apprentices more effective pre-selection procedures and the provision of post training support.

● Complementary courses in a range of countries have proven very effective in building capacities for both master craftspersons and the apprentices.

Changes and restructuring in IA requires an institutional approach recognising the culture and informal rules that govern it. Upgrading IA should be based on incentives and tangible benefits for master craftspersons and their apprentices. Complementary courses have proven very effective in building capacities for both masters and the apprentices. New pedagogical techniques, information about markets and higher value added products, new technologies, occupational health and safety, business skills and new technical skills have been effective in improving the training provided by masters and the performance of their own enterprises. For apprentices, complementary training including literacy, numeracy, marketing, business

18 For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development -Ibid

19 For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development -Ibid

20 For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development -Ibid

skills and theoretical knowledge of the trade have helped many apprentices maximise the benefits of their apprenticeship. Financial assistance to apprentices may also be necessary through public resources to enable many youth to access training, or pay for tools and equipment. Post training support is also particularly important including providing information about self employment opportunities, microfinance, market information, employment services and business advice. Interventions to upgrade informal apprenticeship also need to create linkages with existing formal training institutions. Furthermore, linking to or building certification and assessment systems can enable IA to transmit a more uniform and standardised set of skills to trainees and introduce recognition of skills at national level (see also: recognizing prior learning)²¹. Formalisation of IA involves linking its underlying informal institutional framework (socially assigned rules) to formal institutional frameworks of the formal VET system, and requires carefully designed interventions that do not destroy the incentive structure of the informal apprenticeship system²². Innovations in IA strategies include:

- In Kenya, skills development for new products and better business practices, resulted in tangible business improvements for master craftspeople to improve the results of apprenticeship training.
- In Zimbabwe new short, intensive pre-training courses were introduced to better prepare potential apprentices for informal apprenticeship.
- In Cameroon a market driven approach, using market analysis tools to analyse demand in the local economy, has helped to identify and create new opportunities for local products within a local economic development framework
- In Ghana training courses were set up to improve the skills of masters (for example training in design reading, skills to repair equipment, saving raw materials, production of new items, calculating prices and managing time).
- In Benin, several different interventions in collaboration with crafts associations aimed to improve the informal apprenticeship system. Based on these experiences, the government introduced legislation in 2005 that established a dual apprenticeship system building on the informal practice: apprentices attend training at public or private training centres on Saturdays, while working in their master craftspeople's business during the week. After three years, the common duration of informal apprenticeship, they sit an exam and receive a formally recognized certificate²³.

An important weakness of IA is that it tends to benefit young men more than young women. Social factors often inhibit the participation of women in male-dominated trades, and many of the trades that are considered 'female-oriented' do not have apprenticeship schemes (except hair-dressing, catering and tailoring where IA is often well established). An ILO/IPEC project in sub-Saharan Anglophone Africa has sought to address this problem through encouraging girls to participate in traditionally male oriented trades such as

21 For more details see Resources section to access: Nübler, I. et.al.(2009) Understanding informal apprenticeship – Findings from empirical research in Tanzania, and Haan, H. Training for Work in the Informal Economy (unpublished) Skills and Employability Department, ILO, Geneva

22 Nübler, I (2007) Apprenticeship: A Multidimensional Approach, ILO workshop on Apprenticeship in the West African Region, 3-4 May 2007, ILO. http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/presentation/wcms_104956.pdf

23 Haan, H. Training for Work in the Informal Economy (unpublished) Skills and Employability Department, ILO, Geneva; For more details see Resources section to access: Walther, R. 2008. Towards a renewal of apprenticeship in West Africa, Agence Française de Développement (AFD), Département de la Recherche Notes et Documents, N° 40 (Paris, AFD).

carpentry. The project is based on a strong communication and awareness raising strategy for parents, employers and the wider community²⁴.

● A range of mechanisms can be put in place to enable skills training to be better aligned with labour market demand

■ **Improving the relevance of training.** Mechanisms need to be developed for a range of training providers to match supply with demand for skills. Social dialogue at the enterprise, sectoral and national levels is a key mechanism of improving the relevance of skills to the labour market. Public-private partnerships can ensure better coordination between labour market needs and training institutions. Well functioning labour market information systems are also essential for identification, monitoring and anticipation of skills needs which can feed into training systems. Skills training policies overall need to be aligned and coordinated with industrial, sectoral and trade policies to identify shortage of skills. At a community level, market analysis of the local economy is an essential first step prior to skills training, particularly for the self employed.

In Malawi, Zambia and Tanzania efforts have been made to coordinate supply and demand by establishing relationships with the private sector. National consultative bodies have been developed to enable vocational training to become more responsive to labour market demand. In Madagascar, an ILO project based on the Training for Rural Economic Empowerment (TREE) package fostered industry linkages by bringing local farmers into international value chains for high value vegetable exports.

● Short intensive pre-training and complementary skills training (including literacy, numeracy, leadership skills, management skills, employability skills, occupational health and safety and life skills) have been shown to be effective in preparing trainees for business and vocational training

■ **Enhancing access to skills.** Policy interventions need to address both financial and non-financial barriers to accessing skills training for the informal economy. High entry requirements, high fees as well as the opportunity cost of training in terms of livelihood income can be overcome by targeted poverty alleviation strategies. Training subsidies, transport allowances, active labour market policies emphasising training and re-training have an important role to play in reducing the costs to the trainees.

An important non-financial barrier to training is the low education level within the informal economy. Investments in basic education, remedial education including literacy and complementary training is often required to enable many in the informal economy to access and benefit from upgrading skills. Short intensive pre-training and complementary skills training (including literacy, numeracy, leadership skills, management skills, employability skills, occupational health and safety and life skills) have been shown to be effective in preparing trainees for business and vocational training and instilling the ability to continuously learn and develop.

The ILO has developed an important tool in this regard which is anchored within a local development framework and which aims to create new economic opportunities for poor and disadvantaged groups, particularly in rural areas. The *Community Based Training tool -Training for Rural Economic Empowerment (CBT-TREE)* helps communities identify economic opportunities, designs and delivers community based skills training, and provides post training support for example access to markets or organising credit and savings groups. TREE works at a number of levels from micro through to policy development to support community-based training initiatives. At the micro level it not only matches skills to demand but also recognises that a range of complementary skills may be required. A number of TREE projects for example have integrated literacy skills and self confidence building for

24 Murray, U. 'Gender and Skills Development : Practical experiences and ways forward' (unpublished) ILO Skills and Employability Department, Geneva.

self employed women. At another level the design and delivery of training often involves significant capacity building of partners. TREE promotes an integrated package including post training support such as micro credit, business advisory services and market information²⁵.

TREE has been effectively adapted to the meet the needs of specific communities. The ILO/TREE project in Pakistan for example addressed the issue of women's restricted mobility outside their homes by using female resource persons to train women in their homes. Support was also provided to male trainees from rural areas in terms of board and lodging. In Pakistan and the Philippines, tracer studies have shown that trainees have used their new skills and earned higher incomes. In the Philippines, 94 percent of those interviewed attributed their present economic activities to the TREE training. In Pakistan the literacy component integrated in TREE greatly improved the participants' ability to benefit from vocational training. TREE has been implemented in Sri Lanka, Madagascar, Pacific countries, Burkina Faso and Niger.

The ILO's TREE programme evolved out of its Community Based Training programmes which were similarly anchored in participatory approaches at the local level. In Bangladesh the CBT project targeted rural women and integrated confidence building and gender awareness training with technical and business skills. Market assessment was conducted prior to designing the training package and post training support has also been particularly important in enabling women to start enterprises. Training was designed in modular forms and at times convenient and locations to the women participants. A small training allowance encouraged participation and supported transport costs. In Cambodia CBT focused on training and employment needs, course identification with NGOs and the private sector, development of curriculum, training of trainers and selection of trainees for self employment. Flexible modalities included both centre based training and shorter mobile courses. Microfinance options were linked to training. Tracer studies showed that of the 5,500 enrolments, drop-out rates were as low as 0.4 percent and some 77 percent of graduates were employed after training (mainly self employed). In the Philippines the CBT approach has flourished into the Community based training and Entrepreneurship Development (CBTED) programme which has become a standard programme of the national skills development organisation TESDA. The importance of pre-training economic research has been widely recognised and has been streamlined into all training. CBTED is primarily implemented at the municipal level through coalitions of government agencies and NGOs²⁶.

25 Capt. J. (2005) Report on the Experts Meeting on "Skills Development for Economic Empowerment using the Community-Based Training Methodology". Chiba, Japan, 22-24 February, 2005 <http://ilo-mirror.library.cornell.edu/public/english/employment/skills/download/cbttreechiba.pdf>

26 Haan, H. Training for Work in the Informal Economy (unpublished) Skills and Employability Department, ILO, Geneva.

● Innovations in training delivery have often combined institution based learning with enterprise based instruction, linking practical with theoretical, incorporating mobile learning units as well as distance learning opportunities, particularly for those in remote or rural areas

■ **Improving Training Delivery** Training systems need to be diverse and flexible and recognise that while skills take a long time to be acquired, short intensive courses are often the most effective when also accompanied by post training support. Innovations in training delivery have often combined institution based learning with enterprise based instruction, linking practical with theoretical, incorporating mobile learning units as well as distance learning opportunities, particularly for those in remote or rural communities. Participatory pedagogical techniques, and modular courses are particularly relevant for non-literate or poorly educated groups. Demonstration techniques, exposure visits and practical learning need to be accompanied by theoretical knowledge which can facilitate a broader understanding of the trade and encourage diversification and innovation. Curriculum may need to be revised and standardised to enable a more uniform transmission of skills. The TREE programme described above incorporates a range of participatory pedagogical techniques and methodologies.

■ **Ensuring Equitable Outcomes.** Given the significantly more limited skills base of women, investing in basic education is critical for girls. Incentive schemes have been developed by numerous countries to encourage parents to send their daughters to school. A range of strategies such as conditional cash transfer schemes to mothers, scholarships, food products, in-school feeding programmes, free textbooks and uniforms, back-to-school camps and bridging programmes for girls have been effective in improving girls' access to schooling. In some communities subsidised child care facilities have also eased the burden of sibling care for many girls and life skills courses for teenage mothers have enabled them to continue to access education. For adult women, overcoming barriers set by their household responsibilities is critical to enable them to gain access to skills opportunities. Providing childcare for training opportunities, subsidies, transport allowance, flexible training schedules and locations, and, for women with restricted mobility: mobile training units and home-based training, have proven to be very effective in various settings.

Addressing labour market segmentation, gender wage gaps and occupational segregation in the informal economy, as in the formal economy, requires a range of parallel strategies such as career guidance into skills that are in high demand, reform of skills training providers in terms of curriculum and courses, targets for gender balance in participation and considerable awareness raising amongst employers, including master craftspeople in informal apprenticeship, and the wider community. For training in non-traditional skills to be effective they must first be accompanied by an accurate market assessment of skills in demand, and often a long and sustained advocacy and awareness raising at the community and institutional level to build support for new economic roles for women. Where gender relations are particularly restrictive, training in non-traditional skills should be undertaken with considerable caution and with the cooperation of the wider community to avoid marginalisation of the women trainees.

A number of ILO projects, including the TREE projects mentioned above have sought to address these issues through both a gender mainstreamed approach (whereby interventions are designed to take into account the different situation, needs and impact on both men and women equally), and, where relevant, a gender specific approach (whereby interventions are designed to upgrade the situation of the particularly disadvantaged sex). The ILO Decent Employment for Women (DEW) project in India worked with poor and illiterate women. A range of skills modules were offered including entrepreneurial, life skills, occupational health and safety for women, gender

equality, legal literacy, confidence building and leadership skills. Post training support included linkages with employers, industries, markets, banks, microfinance and the national employment service. In some cases training was also provided in non-traditional skills²⁷.

Women often need support to expand their activities to more lucrative demand driven work. An evaluation of an early phase of an ILO project on entrepreneurship development for women with disabilities in Ethiopia (DEWD) found that women tended to go into similar low-income food processing activities. Later phases, based on a participatory market assessment enabled women to identify more lucrative economic opportunities in their communities²⁸.

Youth A number of countries are also making strong efforts to ensure that other vulnerable groups such as youth and disabled have opportunities for skills upgrading. In Trinidad and Tobago for example, the National Centre for Persons with Disabilities offers two year skills training in a range of courses certified by the National Examination Council of the Ministry of Education. In addition to technical skills the programmes include numeracy, literacy, IT, independent living skills and core skills to enhance disabled persons employability in the labour market. Graduates are channelled into apprenticeships or advanced training before moving on to jobs at local companies. Over 55 percent of graduates find jobs in open employment and some enter self employment²⁹.

In Cambodia under the Alleviating Poverty through Peer Training (APPT) project, people with disabilities are given in-house training in already established businesses. Pedagogical techniques are based on learning by doing and supported by market analysis to avoid market saturation in particular business niches³⁰.

An Africa Educational Trust project, the Somali Educational Incentives for Girls and Young Men (SEIGYM) used vouchers to encourage disadvantaged youth to gain reading and work skills in urban areas across Somaliland and Puntland. The vouchers allowed disadvantaged youth to pay for literacy and numeracy training before they went on to skills training for employment (carpenters, driving instructors, painters, tailors and nurses). Vouchers were only redeemable if the training providers certified training. Some 5,000 young women and men in Northern Somalia were selected and offered vouchers to access the course of their choice such as literacy and computer courses³¹.

● Training in non-traditional skills requires intensive awareness raising support to local communities and employers before and during training

27 The latter component was the one area which generated mixed results. Although it was relatively easy for the women trained in traditional vocational skills to find work or sell their produce, it was much more challenging for women trained in non-traditional skills to find work. Many women trained as plumbers and taxi drivers were not able to find work because of the attitudes of employers and the community. Limited organization of the trainees into production groups and cooperatives was also a factor. Such problems can be overcome by a strong awareness raising component for the community, adequate market assessment prior to training and better linkages between training institutions, small scale employers and labour market institutions

28 Murray, U. 2008 'Gender and Skills Development : Practical experiences and ways forward' Op.cit.

29 For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development' Op.cit

30 For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development' Ibid

31 For more details see <http://www.africaeducationaltrust.org/africa.html>

South Africa and Chile have developed guidelines and procedures for recognising skills gained informally

■ **Recognising Prior Learning.**³² A key issue for informal economy workers and operators is that their skills are not recognised in the formal economy. This blocks their entry into the formal labour market or the formal training system. The South African Qualifications Authority has developed guidelines and procedures for the recognition of prior learning within its National Qualifications Framework. Guidelines include assessment, feedback and quality management. Industry specific plans have been developed which include skills verification systems and the organisation of upgraded training. A number of industry specific plans specifically target the informal economy in order to facilitate entry to the formal economy³³. In Chile the Second Chance programme has developed short courses with flexible schedules to facilitate entry into the formal labour market. The Chilecalifca programme was launched in 2002 with the objective of improving the level of schooling and technical training, national certification of skills and competencies and labour market information systems³⁴.

Upgrading informal apprenticeship - A resource guide for Africa

In 2012, the ILO released a new package to support the strengthening of informal apprenticeship systems. The package provides detailed practical guidance in overcoming some of the existing weaknesses in informal apprenticeship systems, which have been described in this brief, in areas such as financing, monitoring quality, strengthening gender equality, and improving linkages with formal systems.

To access this publication, see http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_171393.pdf

32 However it should be noted that experience in recognizing prior learning so far, in particular in the context of National Qualification Frameworks, is mixed. Several recognition systems are cumbersome and costly, most established systems have not reached large numbers, and evidence of their use by employers is lacking in many countries. See for example Allais, S. 2010. The implementation and impact of National Qualifications Frameworks: Report of a study in 16 countries, Skills and Employability Department (Geneva, ILO).

33 For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development' Op.cit

34 For more details see Resources section to access: ILO, 2008 'Skills for Improved Productivity and Employment Growth and Development' ibid.

RESOURCES

This section provides a list of resources which can enable the reader to delve deeper into the issue. Details of the good practices cited above can be accessed here. The section comprises international instruments, International Labour Conference conclusions, relevant publications and training tools. A bibliography of references in the text is further below. There may be some overlap between the two.

ILO instruments and conference conclusions

ILO Human Resources Development Recommendation, 2004 (No.195)
<http://www.ilo.org/ilolex/cgi-lex/convde.pl?R195>

ILO 2000 Conclusions concerning human resources development International Labour Conference, 88th session Geneva 2000.
<http://www.ilo.org/public/english/standards/relm/ilc/ilc88/resolutions.htm#III>

ILO 2002 Resolution and Conclusions concerning Decent Work and the Informal Economy, International Labour Conference 90th session, 2002, ILO Geneva.
<http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/pr-25res.pdf>

ILO 2008 Conclusions on 'Skills for improved productivity and employment growth and development' International Labour Conference 97th session 2008 Geneva
http://www.ilo.org/skills/pubs/WCMS_103457/lang-en/index.htm

Relevant Publications

ILO 2007 Apprenticeship in the informal economy in Africa Workshop report Geneva, 3-4 May 2007. Employment Sector
<http://www.ilo.org/public/english/employment/download/report/report1.pdf>

2008 'Skills for Improved Productivity and Employment Growth and Development' Report V, International Labour Conference 2008, Geneva
http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_092054.pdf

Liimateinen, Marjo-Riitta 2002 Training and skills acquisition in the informal sector: A literature review Skills Working Paper no.9, Infocus Programme on Skills, Knowledge and Employability (Geneva, ILO)
<http://www.ilo.org/public/english/employment/infeco/download/literature.pdf>

Murray, U. 2008 Gender and Skills Development : Practical experiences and ways forward (unpublished) ILO Skills and Employability Department, (Geneva, ILO)

Nübler, I. et.al.(2009) Understanding informal apprenticeship – Findings from empirical research in Tanzania ILO Skills and Employability Department, Employment Sector Working Paper No.32 (Geneva, ILO), http://www.ilo.org/skills/pubs/WCMS_110481/lang-en/index.htm

Palmer, R. 2008, Skills and Productivity in the informal economy, Employment Sector Working Paper No.5 2008 (Geneva, ILO)
<http://www.ilo.org/public/english/employment/download/wpaper/wp5.pdf>

Walther, R. 2008. Towards a renewal of apprenticeship in West Africa, Agence Française de Développement (AFD), Département de la Recherche Notes et Documents, N° 40 (Paris, AFD).
<http://www.afd.fr/webdav/site/afd/shared/PUBLICATIONS/RECHERCHE/Archives/Notes-et-documents/40-notes-documents-VA.pdf>

Tools

ILO The Know About Business (KAB) programme.
<http://www.ilo.org/public/english/region/asro/beijing/whatwedo/kab.htm>

ILO 2002 Guide for training Women Economic Groups, ILO Geneva
<http://www.ilo.org/public/english/employment/strat/policies/retool.htm>

ILO 2007 Start Your Waste Recycling Business Technical Handouts
http://www.ilo.org/public/english/employment/recon/eiip/download/waste_recycle/technical_handouts.pdf

ILO Gender and Entrepreneurship Together: GET Ahead for Women in Enterprise. Job Creation and Enterprise Development Department Small Enterprise Development Programme WED Fact Sheet 3. ILO Geneva. http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_111368.pdf

ILO Women's Entrepreneurship Development (WED) Capacity Building Guide. Job Creation and Enterprise Development Department Small Enterprise Development Programme WED Fact Sheet 2. ILO Geneva. http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_111367.pdf

ILO Women Entrepreneurs' Associations (WEA) Capacity Building Guide. Job Creation and Enterprise Development Department Small Enterprise Development Programme WED Fact Sheet 7. ILO Geneva. http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_111372.pdf

ILO 2008 Training for Rural Economic Empowerment (TREE). ILO Geneva http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-suva/documents/publication/wcms_155854.pdf

ILO 2012, Upgrading Informal Apprenticeships: A Resource Guide for Africa, Geneva Switzerland

ILO 2012, Upgrading Informal Apprenticeships: A Resource Guide for Africa, (Geneva) http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_171393.pdf

For further information see the ILO Skills and Employability Department website <http://www.ilo.org/skills/lang--en/index.htm>

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2008 Skills for Improved Productivity and Employment Growth and Development, Report V, International Labour Conference 97th session Geneva ILO

Liimateinen, Marjo-Riitta 2002 Training and skills acquisition in the informal sector: A literature review Skills Working Paper no.9, Infocus Programme on Skills, Knowledge and Employability (Geneva, ILO)

Mitra, A 2002 Training and skill formation for Decent Work in the informal sector: Case Studies from India Skills Working Paper no.8 Infocus Programme on Skills, Knowledge and Employability (Geneva, ILO)

Murray, U. 2008 Gender and Skills Development : Practical experiences and ways forward (unpublished) ILO Skills and Employability Department, (Geneva, ILO)

Nübler, I. et.al.(2009) Understanding informal apprenticeship – Findings from empirical research in Tanzania ILO Skills and Employability Department, Employment Sector Working Paper No.32 (Geneva, ILO),

Nübler, I 2007, Apprenticeship: A Multidimensional Approach, ILO workshop on Apprenticeships in the West African Region, 3-4 May

Palmer, R. 2008, Skills and Productivity in the informal economy Employment Sector Working Paper No.5 2008 (Geneva, ILO)

Silveira, S. and Anaclara Matosas. Género y economía informal en América Latina. Nuevos retos y respuestas posibles desde las políticas de formación para el trabajo. Boletín Cinterfor. No 155.

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