

## **Gender Sensitive Trade Union Policy to Address Workers in Informal Economy**

**Prashu Ram Gelal**

Associate Professor, Tribhuvan University

Email: [prgelal@gmail.com](mailto:prgelal@gmail.com)

### **Abstract**

*The informal economy is diversified set of economic activities, enterprises, jobs and workers that are not regulated or protected by the state. It does not have any written rules or agreements and functioning merely on verbal understanding. There is no fixed wages or fixed hours of work and mostly relies on daily earnings and the workers are failed to come together and address their problems through an association or a group. The people working as small farmers, street vendors, hawkers, small traders, micro entrepreneurs, home based workers, cobblers, rag pickers, porters, laborers, artisans etc represent the informal sectors. Formal employment sector is limited both in size and varieties. On the other hand, informal economy is overcrowded by both the older and new entrant workers. Informal economy functioning outside government control and regulation, creates more vulnerability, precariousness, injustice and inequality in part of the millions of workers and even drags them to bondage and serfdom.*

**Keywords:** informal economy, trade union, gender sensitivity, policy reforms functional focuses, microcredit

### **Background**

The term 'informal sector' was originally used in development economics by William Arthur Lewis after World War II to describe employment and livelihood in subsistence economies of developing world. Informal economy is supposed to cover work and employment outside the modern industrial sector. Gradually it is witnessed that the term informal sector is being replaced by the term informal economy with broader area coverage mainly from 1995. Currently informal economy covers not only working conditions but also the living conditions of the workers concerned. As ILO has defined in 2002, the term "Informal Economy" refers to "all economic activities by workers and economic units that are - in law or in practice - not covered or insufficiently covered by formal arrangements. Their activities are not included in the law, which means that they are operating outside the formal reach of the law; or they are not covered in practice, which means that- although they are operating within the formal reach of the law, the law is not applied or not enforced; or the law discourages compliance because it is inappropriate, burdensome or imposes excessive costs".

Considering job security as the basic indicator of formality, workers in the informal economy are those who do not have three main categories of security- employment security, work security and social security. Employment in informal economy is mostly unreported or unrecorded employment with a wide range of coverage from self employment to unpaid family work and from street vendors and waste collectors to regular small and micro enterprises. The income of the workers in informal economy naturally takes quite different forms ranging from profits to wages both in cash and kind and even at a far corner to just a meal or zero income of attached labour both children and women to working male/adult getting nothing in return.

Entry in the labour market through a wide borderline of informal economy is very easy either voluntarily or even unknowingly with considerable capital investment or with just two hands gifted by the nature.

With increasingly speedy globalization, minimization of labour costs for more competitiveness in national/international markets created a situation where workers have been pushed outside the factory premises. Ultimate result is the fast informalization of work. Globalization and partial deregulation have generated conditions in which informal economy's can thrive and expand (Schoofs, 2015). Informalization of formal sector work pushed workers into home based/street based position. On the one hand, informal sector has expanded because of increased liberalization and restructuring of production and distribution, on the other hand detraction of young workers from traditional farming and elementary occupation has caused faster expansion of informal sector. Similarly slow economic growth mismatched with growing service sector is one of the causal factors for increase in it. Informal economy mostly functioning outside government control and regulation, creates more vulnerability, precariousness, injustice and inequality in part of the millions of workers dragging a high number even in bondage and serfdom. Hence we witness a number of adjectives for informal economy in literature, research and analysis - Hidden, Parallel, Clandestine, Grey, Underground, Shadow, illicit, Unregulated. Subsistence. Coping, Non-monetised, Alternative. Illegal and so on (Schoofs, 2015).

Women cover the largest portion of informal economy as care givers, HBWs, street vendors, unpaid family works and attached labour. They are forced by their conditions to accept low paid jobs due to their low mobility, while males of their families go in easier mobility and practice a migrating character. Considerably high number of women even if they migrate mostly work as migrant domestic worker abroad. Hence gender gap in terms of wages is higher in informal economy compared to the formal sectors (ILO). Estimates for informal economy in developed countries is around 15%, where as in

LDCs it goes up to 90% of the total workforce. Nearly 70% of the total workforce is self employed.

According to the ILO recent estimates, non-agricultural employment in the informal economy represents 82 per cent of total employment. The Share of women in informal employment in non-agricultural activities outnumbers that of men. In South Asia, 58% of working women and 51% of working men are working in informal economy. The feminization of poverty, combined with discrimination by gender, age, ethnicity or disability, also means that the most vulnerable and marginalized groups tend to end up in the informal economy.

Early policy perspective was to consider informal economy as hindrance to development by associating it with fraudulent activities, smuggling, unfair competition, poor health and safety etc. The outlook towards development has now changed and heterogeneous character of development is being accepted both willingly and because of inefficiency of development/control/regulatory mechanisms.

In the current world of heavy complexities with speedy globalization of capital and interventions of international financial institutions and exploitative network of multinational corporations, the issues of informal economy workers and particularly of women workers are quite important from both humanitarian and labour market angles. For informal producers/workers to be able to respond effectively to the new opportunities - as well as the negative impacts - associated with the liberalization of trade and investment, it will be necessary to implement the four-fold interrelated strategies namely, direct action programmes; focused research and statistics; local and international organizing of informal workers; and relevant policy dialogue (Carr & Chen, 2001). Direct actions by informal economy workers and woman workers of informal economy and actions by supportive organizations and networks are increasing and are to be pushed forward for protection of the vulnerable masses. Networking at sub regional, regional, international level is extremely important to resist the cross border and transnational diversities and for positive international environment. Relevant policy dialogue at village/municipal level, state level, national level and in international arena is to be given high importance for change in the vulnerability conditions being faced by the workers in informal economy.

Challenges are numerous. Diversity of informal work is itself a challenge not only to effective organizational work but also to move towards successful policy intervention. Policy intervention in isolated manner limited to particular area, or national level or international level may not be successful to create change in the lives of the workers concerned. The range of workers and small producers/sellers/service providers is quite

long from extremely poor to lower middle class both in wage employed and self employed. Hence arrangement for reliefs, better protection and provision of benefits to the players/maintainers/loser and those on verge of collapse is extremely necessary but having high degree of challenges. Another issue concerning the workers in informal economy is to provide basic public utility services. Mainly during short supplies and economic crises, they are the actual sufferer. The suffering is basically centered on women indicating gender realities of discrimination in the society. Therefore how to provide them basic public utility services so that their sufferings could be minimized with a view to push them towards normal life is a challenge which needs serious attention. Weak voice and almost zero political space for informal economy workers are also responsible for high vulnerability and poverty which is to be taken as a big challenge. Though the approach towards informal economy and its importance is changing which is presented in Table 1.

Table 1

*Shift in Approach towards Informal Economy*

Easier Traditional Approach	New Inclusive Approach
<ul style="list-style-type: none"> <li>· Informal sector will vanish with the growth of modern industrial sector</li> <li>· Informal sector is less productive with large number of unskilled workers</li> <li>· A reservoir of surplus labour with large number of women</li> <li>· Mostly comprises of survival activities with unregistered character</li> <li>· Contributes very little to economic growth</li> <li>· Mostly out of tax regime and illegal to a larger extent</li> <li>· Policy needs to minimize the informal economy</li> </ul>	<ul style="list-style-type: none"> <li>· Increasing with growth of modern sectors as an inevitable part of the economy</li> <li>· Productive and significantly contributing to GDP with very high labour intensity</li> <li>· Inefficiency and insensitive character of formal sector to absorb human resource and mainly women due to capital-led globalization is reflected in the form of large informality.</li> <li>· Along with survival activities, stable and dynamic productive activities with high contribution to assist formal enterprises have been increasing.</li> <li>· Developing and least developed economies have proved that informal economy has very high contribution in employment, export, and GDP</li> <li>· Out of tax regime means inefficiency of state mechanisms, needs to be corrected.</li> <li>· Informal economy as a significant contributor to economy should be regulated, facilitated and encouraged.</li> </ul>

### **Context of Nepal and Nepali working People**

More than 1/3<sup>rd</sup> of total GDP (37.5%) is being contributed by informal economy in Nepal. Due to unstable national scenario, economic activities in the productive sectors are slow. The ultimate result is reflected in very limited employment opportunities in the formal sector. Hence males always strive for jumping abroad in foreign employment whatever may be the risks. Thus feminization of work in widespread informal economy mainly caused by outmigration of Nepali workers is the current ground reality of Nepal. The linkage between women and informal economy is highly significant compared to that of men and informal economy. Degree of adversities in informal economy is naturally very high for women workers in comparison to males.

The first women movement in the history of Nepal was led by Yogmaya in 1917. Yogmaya was first women social activists who dedicated her entire life for social changes. The major demands were the abolition of Satipratha, eradication of child marriage, recognition and respect to widow marriage. The delegation had organized sit in as a picket line on the front gate of the residence of autocratic Rana Prime Minister. Satiparatha was put an end by the government after few months, which was the first victory of women movement. In 1947, women activists came to the street with slogans demanding separate school for girl children and voting and candidacy rights in the election. As result, right to vote and to participate in public life was provided by the autocratic regime. The first elected women ward member in Kathmandu Municipality was Sadhana Pradhan in 1957 who later married to Man Mohan Adhikari, the leader who became Prime Minister in 1995. After 1960, participation of women in the movement against autocracy of absolute monarchy had been significant, which burst into mass movement in 1978.

Banned political parties, workers organizations and mass organizations started to recognize the role of women and need of gender equality. With demands for political, economic, social and cultural rights for the women and women workers, progressive women movement came into concrete shape. The Mass Movement of 1990 had two political forces-Nepali Congress and Left Front where left front was led by the women leader Sahana Pradhan. After successful movement of 1990, the demand for women's share in society and state as a right came into the forefront. Many issues were addressed by the state and organizations. However, due to unstable political situation and violent conflict led by the Maoist party, the smooth functioning of the system was disturbed heavily.

Finally when Monarchy took over the power in 2005, the mass movement started which came into the climax in 2006, where the participation of women movement and

involvement of working women was incomparable. As a result, the successful mass movement, a new era of gender equality began after 2007. The constituent assembly of the nation ensured 1/3<sup>rd</sup> women representation. The widespread outcome on gender equality has been witnessed in improvement in every sector of work, every segment of society and every household and family. A number of things in favour of gender equality to eliminate gender discrimination have been institutionalized now through the final adoption of the new constitution of Nepal.

### **Methodology**

This policy designing work covers both desk work and field work. Review of relevant literature on informal economy and of gender related and working woman related publications are important aspect of the study. A quick go through from international initiatives particularly of ILO and WIEGO in addition to Nepali initiatives has been conducted. Major focus was on GEFONT activities, programmes and policies because the objective of policy development is to design gender sensitive policy of GEFONT to address informal economy. In addition to the desk work, interactions made with key persons from various national federations of informal sectors and selected women activists. Altogether 4 focused group discussions have been conducted to get policy feedbacks and inputs from various sectors and subsectors of informal economy in order to identify the needs and feelings of the workers and activists of informal economy.

### **Efforts of General Federation of Nepalese Trade Union (GEFONT) in Informal Economy**

GEFONT has been working significantly in informal economy along with the formal sector from the very beginning. At present also, out of its total membership of 387,613, the informal economy covers 275,796, almost 79% of the total membership. Out of the total membership in informal economy, the number of women members is estimated to be 70,542 which is equivalent to 26%. The informal economy coverage in GEFONT membership basically consists of agricultural wage earners, painters, plumbers, carpenters, road and building construction workers, transport workers, street vendors, home based workers, domestic workers, women health volunteers and beauticians. The two federations; National Beautician's Union, Nepal and Nepal Health Volunteers Association consist of cent percent women members. GEFONT has been working significantly in favour of gender equality and for the rights, representations and active participation of woman workers. Major initiatives on gender equality and women in informal economy involve the following:

- Formation of Central Women Workers Department

- 6 National Women Workers Conference conducted up to now with policy and Programme focus.
- Sectoral women workers conferences organized by affiliates mainly in construction and transport sectors as these are the largest segments of informal economy workers.
- South Asian Women Trade Unionist Conference in 2003 and 2009.
- Adoption of Certificate of Conformation (COC) for entire organization against women violence.
- Gender Adult of GEFONT itself by an expert team in the initiation of ILO.

### **Policy recommendations with Gendered Approach**

While reviewing the policy regime, it is evident that Comprehensive Policy Approach for Decent Work Agenda has been developed by ILO in a framework based on 7 key policy areas towards formalization of informal sector.

- Quality employment generation and growth strategies
- Regulatory environment
- Social dialogue
- Organization and representation
- Promoting equality and addressing discrimination
- Measures to support entrepreneurship, skills and finance
- Extension of social protection
- Local development strategies.

A high degree of gendered approach has also been integrated in the key policy areas as the majority of informal economy workers naturally consist of women workers and hence policies and efforts for development and change must be distinctly shaped from gendered point of view. The ILO efforts for workers in informal economy have come to a very important milestone in the form of Recommendation 204 (R204) in June 2015. R204 is actually the first instrument with a very wide coverage directed towards 2.5 million people working in the informal economy. It covers the interests of overwhelming masses of workers and simultaneously the employers as well as governments. The interest of workers is addressed by the recommendation through its emphasis on decent work conditions. At the same time, the issue of employers are covered by the recommendation through priority to micro and small enterprises by increase in productivity and reduction in unfair competition. Simultaneously the recommendation serves the interest of the governments by creating possibilities for more tax incomes.

R204 is highly relevant both in policy and practical level as it covers dimensions and indicators for informal economy. Twelve directive principles have been set by R204 where gender equality and non-discrimination are core issues of emphasis. The

recommendation covers basic rights and income security for the informal economy workers with especial focus on ensuring livelihood. Policy coordination and cohesion is one of the important feature of the recommendation, where high emphasis is paid to cohesion among macroeconomic policy, employment policy, social policy and social security.

However there is no single universal policy framework applicable to every nation and geographical areas. Specific country context and multidimensional approaches are essential to address the issues of informal economy workers and special focus needed to woman workers involved in informal economy. Areas may be common as listed below but country contexts and dimensions will differ:

- Measures for reduction of the volume of informal employment and for the promotion of formal employment basically in the frame of SMEs naturally with focus on fruitful employment for women.
- Social protection frame to cover millions and millions through a combination of social security, social assistance and welfare programmes, also support to informal traditional community based societal practices of protection.
- Exploring way outs to increase productivity of sectors and subsectors with incentives and pressures to improve working conditions.
- Practicing dynamic approach in review and changes in macroeconomic and social policies.
- Emphasis on sectoral policies with basic attention on employment intensive investments, public works schemes and special employment schemes.
- Effective address to hazards in various segments of employment.
- Ensuring access to finance and markets with more simplification of processes so that women and marginalized groups could be better served.
- Promotion to micro cooperatives, self help groups and women groups.
- Skill upgrading as a prioritized and continuous action area where market-friendly vocational and technical trainings for numerous possible sectors and subsectors will reach on mass.
- Organizing for social dialogue and policy decision processes with emphasis on political space for the voiceless segments of the masses.
- Collective representation and strong presence for lobbying and pressure in various levels wherever/ whenever necessary.
- Research and strong prescription for women friendly public policies of the state.



### Policy Regime for Informal Economy Workers in Nepal

In Nepali context from trade union angle policies regime for informal economy workers may be classified into five categories (Figure 1).

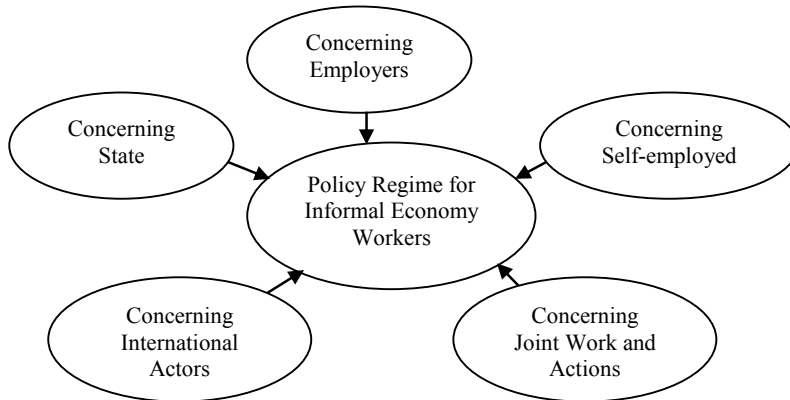


Figure 1. Policy Regime

a) **Policies concerning state:** Policies concerning state may be more related to lobbying and pressures to the various entities of government. The issues to be considered are:

- Registration of informal economy workers.
- Separate laws and regulations for informal economy workers.
- Social protection, at least health protection, with dominant emphasis to maternity protection.
- Various welfare programmes covering health, education, social assistance, women and children, disability, natural calamities and so on.

b) **Policies concerning employers:** Dialogues, collective bargaining and pressurizing policies mainly concerned with the following issues.

- Increase in daily wages, piece rate wages and minimum wages
- To get more incentive earnings.
- Group insurance covering life and accident insurance
- Minimization of workplace discrimination in order to ensure grass root exercise of democracy.

c) **Policies concerning self employed workers:** Skill enhancement, continuity in the flow of relevant information, access of micro-credit and finance, easy market availability, promotional subsidy and tax policies etc. are the issues of high significance

to the self-employed segment of informal economy workers. Therefore, a separate policy package of trade union centre concerning above mentioned issues is highly preferable, where self employment opportunities to woman workers are to be placed in focal point.

d) **Policies concerning international actors:** Sharing/Learning from experiences of other countries and continents is very important to enhance the capacity of informal economy workers and organizations. Case studies will be highly appreciable. A policy of exchange and visits of the workers and union activists will empower them. Hence for the purpose, trade unions should act on ensuring technical, financial and other cooperation among international actors and trade unions of informal sectors.

e) **Policies concerning joint work:** Joint work, lobbying, campaign and issue-based movements with various likeminded organizations and networks are very important in order to achieve changes in the lives of informal economy workers. A policy of joint work and action in collaboration is preferable.

**Functional Focus of Trade Union Policies**

The functional focus of trade union policies are organizing/ mobilizing, sensitizing state and political parties, right-based workers education, expansion of relations, campaign and lobbying, and skill and technological training (Figure 2).

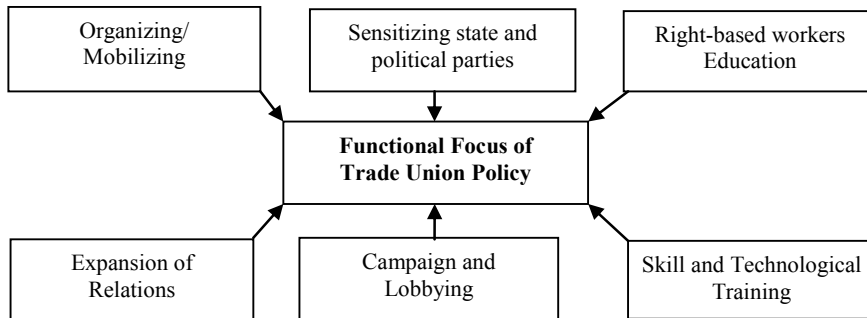


Figure 2. Functional Focus

SEWA, WIEGO, Homenet, Streetnet and IDWF Models are very important in informal economy. GEFONT model is different than making balance between formal and informal sectors and combining its efforts in joint frames with other organization. Trade Union Committee for Gender Equality (TUC-GEP) and Joint Trade Union Coordination Centre (JTUCC) Women Committee are very important initiatives that are more visible in informal economy.

Gender audit approach will be important to evaluate achievements and to design plans, programmes and policies. In addition, collection and publication of selected case stories in order to educate, highlight and promote will be of high importance. Research, policy work, programmes and activities of GEFONT are quite significant in informal economy. Gender focused work is also exemplary, however it is scattered in various documents and activity reports. In 2016, GEFONT has conducted a review of its gender policy and programmes. By analyzing the gender sensitive aspect of GEFONT policies and by reviewing its programs and activities in informal economy, this study puts forth various policy recommendations to complement existing ones and to prescribe new ones.

- a) Policy focus on awareness creation by various structures of national centre and federations, right-based training through regular trade union school and a broad-based social protection campaign coverage:
  - Priority by the National Centre GEFONT to informal economy workers in its programmes and focus of the HQs necessary.
  - Identifying the various segments/groups of informal economy workers/relevant economic units and mapping the number and situation.
  - Concretizing/systematizing the knowledge on changing realities of IE and gather the information as much as possible.
  - Qualitative research on what major problems for groups in different sectors locations are to be addressed or what services to be provided by union to which group/sector, subsector/segment of the workers in informal economy.
  - Decision about structures- what sort of structures to organizing/mobilizing work will be viable/desirable to the workers concerned.
  - Consultations for what type of training is most preferable-common to all groups concerned and specific issues in training to each of the groups.
  - Organizing priority to women workers- specific sectors and subsectors of priority, women majority sectors and 100% women working sectors.
  - Location based organizing strategy are more effective compared to sectoral organizing however a careful choice has to be made to identify which groups to be organized in location based structures and which groups in pure sectoral structures.
  - Membership campaign twice a year- two convenient months, one for first half annum and another one for second half annum. Better will be mobile camps of organizing teams in scheduled frame targeting different sites and locations.
  - Promotion to employment of women in every sector and subsector.

- Women workers representation in various structures of GEFONT and its federations (at least 33% in every structures and 50% in committees with a long term goal) are to be achieved.
  - Action against violence imposed to women workers in home-society-workplace-popularization of GEFONT against women violence in informal economy.
  - Awareness creation campaign by National Women committee of GEFONT and mobilization of Zonal Women Committee and District Women Committee.
- b) Dispute and problem handling by federations in central level and their structures in zonal, district and local level. Involvement and mobilization of GEFONT Zonal Committee, GEFONT Zonal Labour Relation Council and GEFONT District Labour Relation Council if necessary. Handling of complicated and chronic dispute by zonal GEFONT Central Labour Relation Council.
- c) Strategic initiatives should be taken for the ratification of ILO Conventions No. 87,102 and 183 concerning freedom of association, social security and maternity protection respectively. In addition to these basic conventions, efforts for ratification should be directed to 177 and 189 concerning home-based workers and domestic workers. On the issue of maternity protection and health care allowance as an urgent need of women in the informal employment, lobbying through rural municipalities, municipalities and concerned ministries is necessary.
- d) Extending formal social security schemes to cover the workers in informal economy should be pushed ahead as a long term strategy. However, the access and coverage of formal social security system may prove to be inefficient as well as insufficient. Therefore, broad based social protection with a sound combination of contributory social security, non contributory welfare programmes, paid health insurance and charity based health protection initiatives etc. to cover entire workforce of informal economy in one way or another is to be designed and represented.
- e) Registration of informal economy workers in local bodies and forward to government and public sector entities to protect them is highly desirable.
- f) Quality education to the children of the families of informal economy workers is an issue of high priority. Without quality education to them future labour force will not be qualitative. Hence free and compulsory education at least to the high school level and free ship/scholarship through various measures in higher education with high priority to technical education should be the area of pressure and lobbying to the government. Nearly 168 million children are under child labour and more than half are girl children. In Nepal also 1.8 million are working children where more than

- 50% are girls. This reality definitely demands for high gender sensitivity in the programmes of child labour and unions have to take care of it with extreme seriousness.
- g) Efficient policy under urban planning is necessary to provide basic public utility services to the urban informal workers' families. For rural families engaged in informal employment rural development policies are to be shaped towards the public utility service needs of the working people. Local bodies have to play a dynamic role in this context where regular interaction by the unions will be essential to push the local bodies in this direction.
  - h) Lobbying for micro credit facilities from the state through provision in the annual budget, access to saving and credit cooperatives, microfinance along with mobilization of Swarojgaar Yuva Kosh is needed for the informal economy workers.

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