

**Decent work in a least developed country:
A critical assessment of the Ethiopia PRSP**

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International Labour Office
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Acronyms

ADB	African Development Bank
ADLI	Agricultural Development Led Industrialization
APR	Annual Progress Report (of the PRSP)
CMR	Child Mortality Rate
CRSP	Civil Service Reform Programme
DAG	Development Assistance Group
EBA	Everything But Arms (Trade initiative for the poorest African countries)
ERP	Emergency Recovery Programme
ERTTP	Ethiopian Rural Travel and Transport Sub-Programme
ESDP	Education Sector Development Programme
ESRDF	Ethiopian Social Rehabilitation and Development Fund
FDRE	Federal Democratic Republic of Ethiopia
FSS	Food Security Strategy
FY	Fiscal Year (July until June)
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
GDI	Gender Developments Index (by UNDP)
HDI	Human Development Index (by UNDP)
HIPC	High-Indebted Poor Countries
HSDP	Health Sector Development Programme
IDA	International Development Association
I-PRSP	Interim-PRSP
JSA	Joint Staff Assessment (of the PRSP)
KILM	Key Indicators of the Labour Market
MDG	Millennium Development Goal
MLSA	Ministry of Labour and Social Affairs
MMR	Maternal Mortality Rate
MOFED	Ministry of Finance and Economic Development
ODA	Overseas Development Assistance
PLWHA	People living with HIV/AIDS
PRGF	Poverty Reduction Growth Facility
PRSP	Poverty Reduction Strategy Paper
SDPRP	Sustainable Development and Poverty Reduction Programme (Ethiopian PRSP)
SME	Small and Medium-Sized Enterprise
TVET	Technical Vocational Education Training (a government programme)
WDIP	Women's Development Initiative Project

Preface

This working paper, prepared by Graeme Buckley, describes how the ILO engages in PRSP processes and where decent work can add value to national poverty reduction strategies. Although the working paper is specific to the case of Ethiopia, many of the issues raised have broader relevance to national poverty reduction processes in other least developed countries, especially in Africa.

This paper makes use of an interesting methodology in its attempt to analyse the Ethiopian PRSP in terms of decent work and to map decent work principles onto the PRSP itself. The paper is about assessing decent work - in the particular context of the Ethiopian PRSP - in the face of an extremely difficult and challenging socio-economic context, predicated on a rural, subsistence based economy. The underlying theme is that the poorest have as much right to decent work as anyone else and even in a least developed country like Ethiopia, they can be empowered to achieve what they value as decent work. The conceptual framework for taking forward decent work for poverty reduction is fully explored in the Director-General's Report to the International Labour Conference, 2003, *Working Out of Poverty* (ILO: 2003b), whilst earlier reports on decent work (ILO: 1999) and on decent work deficits (ILO: 2001) supplement this analysis.

Since mid 2001, the International Labour Organisation has sought to engage in PRSP processes, initially in a core set of focus countries, now expanded to include a number of others, including Ethiopia. This work is coordinated by the National Policy Group in the Policy Integration Department (INTEGRATION/NPG), which has been mandated to support ILO country-level work contributing to the PRSPs through the development and promotion of coherent cross-sectoral strategies and integrated frameworks for connecting the poverty and Decent Work Agendas at the national level. This work, which is undertaken in collaboration with many other technical units, now centres on three broad objectives:

- Empowering the constituents (ministries of labour, trade unions and employers' organisations) to influence the drafting and implementation of poverty reduction strategies through social dialogue;
- Incorporating aspects of decent work into PRSPs; and
- Influencing development organisations (including multilaterals, bilaterals and NGOs among others) and governments involved in designing and implementing poverty reduction strategies to embrace principles and rights at work, employment policies and social protection as poverty reducing strategies and to listen to the voices of the ILO constituents.

Generally, the ILO has argued that employment should figure at the centre of poverty reduction strategies and has sought to give more attention to equity in addition to growth in PRSPs, including more coverage of the policy implications related to redistribution through, for example, reform of land rights, development of a fair, efficient and effective fiscal policy, promotion of core labour standards and so on. It is argued that trade unions, employers' organisations and labour ministries need to be more systematically integrated into the participatory process underpinning the design and implementation of

PRSPs. Without this, the participation and national ownership principles of the PRSP are seriously undermined. Furthermore, the ILO urges governments to include a more thorough analysis of employment and other aspects of decent work in their PRSP processes. This should then give rise to a more explicit role for decent work in poverty reduction strategies.

The work underpinning this paper represents a collaborative initiative between officials in the ILO Sub Regional Office in Addis Ababa, ACTRAV, ACTEMP, IFP/DIALOGUE, EMP/STRAT and INTEGRATION amongst others. It has also benefited from inputs provided by workers', employers' and Government representatives at a tripartite meeting in Addis Ababa earlier this year. It will hopefully serve to inform analysis of this and other PRSPs from a decent work perspective and thereby improve their relevance to the challenge of working out of poverty. Although this working paper adopts a critical perspective by analysing the Ethiopian PRSP through the lens of decent work, it clearly acknowledges that the Government of Ethiopia is generally credited with having drafted a high quality PRSP and has made significant progress in implementing it. To this effect, the ILO will continue to support the Government of Ethiopia in the implementation of its national poverty reduction strategy.

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July 2004

Decent work in a least developed country: A critical assessment of the Ethiopia PRSP¹

1. The poverty challenge in Ethiopia

Ethiopia is one of the poorest countries in the world, with a GDP per capita of about \$95 (\$810 in purchasing power parity terms). It is ranked only 169/175 in the UNDP's HDI (2003), and a little over 80 percent of the population survives on less than a dollar a day. Indicators of social development in Ethiopia are obviously very poor, with 44 percent of the population classified as undernourished; more than half of primary school aged children not enrolled; only 12 percent of the rural population with access to safe drinking water; and one of the highest maternal mortality rates in the world (only 6 percent of births are attended by skilled health person).² Thus, Ethiopia's socio-economic condition is clearly challenging, even in comparison with other low income countries.

Taking a long-term perspective (1981-2000), the performance of the Ethiopian economy has been dismal over the last two decades. However, this is largely due to a bad record in the pre-reform period. Economic performance in the post-reform period has been markedly better. During the pre-reform period (1981-1994), real growth of the economy averaged 2.3% annually, but rose to 4.6% in the post-reform period (1994-2001). Given an average population growth rate of 2.3% throughout both periods, real GDP per capita from 1980/1981 to 2000/2001 increased by barely 0.1% per year. Hence, by late 2003, Ethiopia had scarcely made up for the "lost decade" of the 1980s, despite accelerated growth in the 1990s.³

The growth performance of the economy in the post-reform period would have been even better had it not been for the war with Eritrea (1998-2000), which stalled growth in 1998⁴ (although the economy recovered robustly over the following years), and a massive drought (fiscal year 2002-2003). This put great pressure on the Government expenditure account. While 2001 and 2002 both saw healthy growth of around 5%, the economy contracted in the fiscal year 2002/2003 with growth of about 3.8% (an improvement is expected in 2004). In the same year, inflation shot up to double-digit levels (around 12%) for the first time in a decade.⁵

¹The author is grateful to Ms. Azita Berar Awad for her insightful comments on successive drafts of this paper and to Mr. Joachim Schmitz whose valuable preparatory work contributed significantly to the preparation of this working paper. However, any errors or omissions are entirely the responsibility of the author. Furthermore, the views and opinions expressed in this working paper are those of the author in his personal capacity and should not be attributed as official views or policies of the ILO.

² All data from UNDP (2003).

³ Demeke, Guta and Ferede (2003): 5.

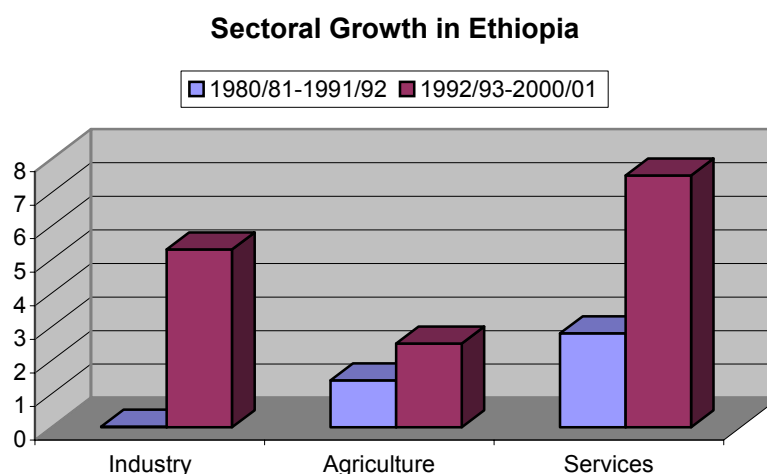
⁴ GDP shrank by about one and a half per cent in this year; SDPRP (2002): 3.

⁵ EIU (2004): 29. It should be noted, though, that growth figures are very difficult to come by. For instance, growth estimates for the last year (e.g. FY 2002/2003) vary from about 5% (WB) to 3% (CIA World Fact Book) to -3,8% (FY 2002/2003, Government of Ethiopia APR and EIU).

Ethiopia has a GDP of around \$6.5 billion: agriculture accounts for approximately 45% (although the trend is downwards); industry about 11% and services just over 44% of national income.⁶ In terms of employment, agriculture is the mainstay of the economy, but most of this employment is in subsistence farming, with commercial farming accounting for only about 5% of total agricultural employment.⁷ The volatility of this sector - due to the dependence on rainfall - also helps explain much of the erratic growth performance from quarter to quarter. The same dependence is also at the root of the wide swings in inflation from one quarter to the next (on average, though, Ethiopian inflation tends to be fairly low).⁸

The most important agricultural products are coffee (although the share of this commodity in total export earnings has decreased dramatically due to the deterioration in world coffee prices), hides and skins and *chat* (a mild but addictive drug). On the back of increased government expenditure, the service sector ballooned following the increasing militarization in the run-up to and during the war with Eritrea. However, the contributions to the national economy of other parts of the service sector (such as tourism and restaurants) have also been increasing. The strongest growth in the industry sector was in mining and quarrying, although that subsector's contribution to GDP remains below 1%. Manufacturing remains concentrated around the major cities of Addis Ababa and Dire Dawa, accounting for less than 4% of GDP. Beverages saw the strongest growth in this subsector.

Diagram 1: Sectoral Growth in Ethiopia



Source: Demeke, Guta and Ferede (2003).

⁶ SDPRP (2002) : numbers are for FY 2000/01; different sources give somewhat different numbers, but the trend of a decline in agriculture is generally confirmed; according to the EIU (2004), for instance, services outweighed agriculture for the first time in the same year. Following this source, sectoral distribution was as follows in 2002/03 : Agriculture 39%, Industry 12%, Services 49%.

⁷ Demise, Guta and Ferede (2003) : 5.

⁸ Ethiopian Economic Association (2003).

Food security (and food aid) remains a major issue for Ethiopia. It is estimated that even in years of average rainfall, some 5 million people are in need of food assistance. Although a catastrophic death toll during the 2002/03 drought was avoided due to swift government and international assistance, this recent episode only reinforced the Government's commitment to reduce dependence on foreign assistance. Accordingly, food security has been made one of the axes of the PRSP.

On the expenditure side, the Government has significantly reduced spending on defence (which had been skewed due mainly to the border conflict with Eritrea) and enhanced spending on the social sector (programmes targeting poverty alleviation). Spending on defence as a percentage of total expenditure (GDP) decreased from 13.1% in 1999/00 to about 4.2% in 2002/03. At the same time, spending on education and health increased from around 4.2% to about 7.1%. Spending on agriculture and food security fluctuated between 2.7% and 3.3% during this period.⁹ Compared with other countries in Sub-Saharan Africa, spending per capita on social services remains well below average.

Overall, the budget deficit has been reduced, and domestic revenue has risen over recent years, with the deficit reaching a low point in 2000/01 at 5.5% of GDP. However, in the financial year 2002/03 the drought partly reversed those gains. Moreover, Ethiopia remains largely dependent on foreign aid. While those funds accounted for 4.1% of GDP on average from 1998/99 to 2001/02, external grants made up more than double that amount in 2002/03 (and around a fifth of the total budget).¹⁰ Poverty-targeted expenditure as a percentage of total expenditure in the financial year 2002/03 was equal to 42%, reflecting the challenges that Ethiopia faces.

The labour market in Ethiopia is very underdeveloped, lacking depth and diversity. The labour supply far exceeds demand and while productivity growth increased in the post-reform period, employment creation was actually negative (-0.6% p.a. from 1994 to 1999).¹¹ The labour force currently stands at around 23 million people, which implies a labour force participation rate of 80.5% (based on 1999 data).¹² The distribution of employment (Diagram 2) is as follows: agriculture 80%, industry 5%, and services 15%. Wage and salaried workers (the formal economy) make up about 9% of total employment. Unemployment is said to be at 8% in 1999, with a much higher rate in rural than in urban areas, but it is difficult to judge the reliability of this data. Unemployment is especially prevalent among the young, who made up close to 90% of total unemployment in 1999.

⁹ Government of Ethiopia (2003).

¹⁰ Different sources give somewhat different numbers for both deficit and increases in tax revenue, but the overall trends are consistent. According to the Government (APR 2003), the budget deficit in 2002/03 was equal to 9.8%; the EIU puts the same indicator at 8.5%. Domestic revenue in 2002/03 was equal to 19.5% of GDP. The breakdown of Domestic Revenue is as follows: tax revenue 74%, non-tax revenue 26%. Tax revenue has been calculated to have risen from 11.5% in 99/00 to 15.3% of GDP in 2001/02 according to the Government. Within tax revenue, direct taxes make up for 36.5%, domestic indirect taxes account for 20.2% and foreign trade taxes, the remaining 43.3%. Domestic indirect taxes are growing strongly following the introduction of VAT. It is unfortunately not possible to determine what direction direct taxes are heading. They dipped in FY 2002/03 during the drought.

¹¹ Demeke, Guta and Ferede (2003): 18.

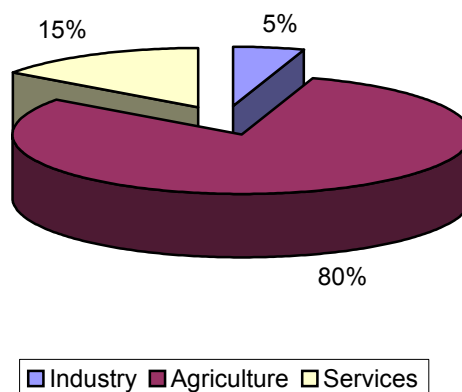
¹² The relatively high participation rate despite a labour force that accounts for less than half of the population can be explained by the large proportion of young people in the population.

Different sectors of the Ethiopian labour market have seen quite different development over the last decade. In general, the following distinctions can be made:

- Despite recurrent efforts by the Government, the agricultural sector seems to be in long-term decline, with its poor performance explaining most of the overall loss of employment in the post-reform period. Its performance in that period is characterized notably by negative growth in both productivity and employment. However, this sector obviously accounts for the major share of employment, mostly of a subsistence based nature.
- The manufacturing (industrial) sector is expanding, albeit in a limited and uneven manner, and overall, employment growth in this sector is insufficient to keep up with overall population growth (1.8% for the former against 2.9% for the latter). Growth in manufacturing employment is far from being equally distributed. Certain sectors are expanding strongly (such as food and beverages, chemicals and vehicles), whereas others (notably wood production and textiles) show falling employment. On the positive side, the overall output (value-added) growth in the manufacturing sector is clearly outpacing employment growth in this sector, implying an elasticity of less than unity and hence a “healthy” expansion inasmuch as this implies the potential for future job creation.
- The service sector has seen relatively high productivity growth in the post-reform period.

Diagram 2: Employment Share in Ethiopia in 1999

Employment Share in Ethiopia in 1999



Source: Demeke, Guta and Ferede (2003).

From the foregoing, it can be seen that poverty in Ethiopia is a predominantly rural phenomenon where nearly 90 percent of poverty is to be found. Analysis typically shows that households with larger family sizes, low levels of literacy and older heads of household are more likely to be in poverty. There is also a gender dimension to poverty with a clear difference in income poverty between male and female headed households in urban areas. Food security is a major cause and consequence of poverty. Land productivity is relatively low and, on average, declining, with 64 percent of households having access to

less than one hectare of land. Fragmentation of land holdings and soil degradation are increasing and dependence on rain fed cultivation is on the increase. This increases vulnerability as rainfall is generally low and highly variable. Subsistence agriculture and pastoralism are therefore very risky activities but the poor have little alternative as off-farm income generating activities are scarce¹³.

In 2002, the Government finalized the Ethiopian Poverty Reduction Strategy Paper (PRSP), known as the Sustainable Development and Poverty Reduction Programme or SDPRP. This document has become the single most important policy framework for Ethiopia. It has been broadly endorsed – with some reservations - by the development community in Ethiopia. The SDPRP has influenced (and been influenced by) the multilateral and bilateral programmes of a number of donors as well as the lending programmes of the World Bank and the International Monetary Fund. Partly on the basis of the SDPRP, the donor community at the Consultative Group meetings in 2003 pledged \$3.6 billion of development assistance for the period 2002-2005. While substantial, Ethiopia's share of development assistance in relation to its population remains below that received by most other countries in Sub Saharan Africa. The SDPRP has also served to guide Ethiopia through the Highly Indebted Poor Country (HIPC) debt relief decision and completion points such that in April 2004, the Boards of the World Bank and IMF approved about \$1.3 billion (in net present value) of debt stock reduction, plus about \$700 million (again in net present value terms) in additional debt stock reduction granted because of exogenous shocks (such as famine and the fall in the coffee price) that have affected the country in ways deemed fundamental to economic prospects. Clearly, the SDPRP has had an enormous impact on the nature of economic and social development in Ethiopia.

In 2003, the Government issued a first Annual Progress Report (APR). The overall Development objective of the Sustainable Development and Poverty Reduction Programme (SDPRP) is threefold: to develop the economy rapidly, to make Ethiopia independent of food aid and to ensure that the poor are the main beneficiaries of economic growth. The SDPRP comprises four major building blocks: Agricultural-Development Led Industrialization (ADLI) and food security; justice system and civil service reform; decentralization, empowerment and governance; and capacity building

Additionally, there are cross-cutting issues (such as gender and HIV/AIDS) as well as broad pledges to foster private sector and export growth. There are also references (albeit only modest) to financial market liberalization and increasing domestic revenue. The SDPRP is framed, broadly, in the context of the MDGs, as illustrated in the table below. Generally, policies developed in the SDPRP are grounded in existing strategies and plans. This is, for instance, the case with education policy, road development and health sector development, where in each case the SDPRP covers the second phase of a long-running programme. Most of those programmes are also predicted to extend well beyond the lifetime of the current SDPRP (2002-2005). The SDPRP is largely silent on the issue of corruption.

¹³ Government of Ethiopia (2003).

Table 1: SDPRP Indicators and Targets also found in the MDGs

Welfare Component	Intermediate/Outcome Indicators	National SDPRP Targets & Indicators		MDG Targets
		Current Level	Target by the end of 2004/05	
Poverty and Inequality	Poverty headcount (P_o)	$P_o=44.2$ by 1999/2000	$P_o = 40$ by 2004/05	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
Food Security	Percentage of people who are below the poverty line	Food poverty = 41.9 in 1999/00	Food poverty head count Index = 38% by 2004/05	Halve, between 1990 and 2015, the proportion of people who suffer from hunger
Health	Under-five child mortality rate	CMR=167/1000	CMR = 160/1000 by 2005	Reduce by two thirds, between 1990 and 2015, the under-five mortality rate
	Maternal mortality rate	MMR= 500-700/100,000 by 2000/01	400-450 by 2004/05 and = 300/100,000 by 2017	Reduce by three quarters, between 1990 and 2015, the maternal mortality rate
Education	Gross enrollment ratio	GER (primary) = 57.4 % by 2000/01	GER (primary) 65 % by 2004/05	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
	Girls/boys ratio	Ratio of girls to boys students 40.6 % by 2000/01	Ratio of girls to boys students 45 % by 2004/05	Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015
Water	Access to clean water	Access to clean water by 2000 = 30% national = 72% urban = 24% rural	Access to clean water = 39.4% national = 82.5% urban = 31.4% rural by 2004/05	Halve by 2015 the proportion of people without sustainable access to safe drinking water
HIV/AIDS	Transmission			Have halted by 2015 and begun to reverse the spread of HIV/AIDS
	Prevalence	7.3 % by 2000/01	Contain prevalence at 7.3 % by 2004/05	Have halted by 2015 and begun to reverse, the spread of HIV/AIDS

Source: Government of Ethiopia/United Nations Country Team (2003).

The Government is well aware that the most important means to achieve its goal of poverty reduction over the planning horizon of the SDPRP will be strong growth. Therefore, it targeted an annual GDP growth rate of 7% (revised down to 6.7% in the first APR¹⁴). At the same time, it has also been calculated that such growth would suffice (if projected beyond the time frame of the SDPRP) to meet the first Millennium Development Goal (MDG) of halving absolute poverty by 2015. While stressing the importance of growth, the Government also explicitly acknowledges that growth is not an end in itself. It pledges to make the development of Ethiopia “pro-poor” through a variety of measures, including an overriding and deliberate focus on agriculture as the pivotal sector of the Ethiopian economy.

¹⁴ IMF/IDA (2004).

The IMF and the World Bank both broadly endorsed the SDPRP. In the first Joint Staff Assessment (JSA) of the PRSP process (IMF/IDA: 2002), the reviewers noted that the document was a good basis for its lending activities but noted the following concerns:

- There remains controversy on the issue of land reform. The Government wants to stick to its current policy of national landownership (i.e. basically no private ownership of land). In response to the criticisms levelled by the critics of such a policy, it has decided to issue certificates of land holding that might eventually pave the way for private ownership of land (after a transitional period). However, there are uncertainties as to how the system is actually going to work in practice.¹⁵
- While there is strong national ownership of the SDPRP, broad-based participation is still missing. There are several reasons for this: the centralistic tradition of Ethiopia, the relative haste with which the document was finalized and the continued influence of the state over the media. At the same time, participation by civil society improved during and since the preparation of the I-PRSP.¹⁶
- The linkage between devolution of power and other policy measures is poorly defined. Moreover, financial planning for devolution has not been adequate in recent years. More generally, there are difficulties in evaluating the poverty-reducing impact of some policies.

A more recent – and still generally upbeat - World Bank/IMF review is summarized in the box below.

¹⁵ EIU (2004) : 43.

¹⁶ Geda and Weeks (2002): 60.

Box 1: Summary of the World Bank/IMF Joint Staff Assessment

The Opinion of the World Bank and the IMF in the Joint Staff Assessment

Overview

The Joint Staff Assessment (JSA) of the SDPRP concluded that the policies contained in the SDPRP should result in substantial progress in Ethiopia's fight against poverty. ...in the view of the staffs, the government has made a strong effort at SDPRP implementation and the Annual Progress Report (APR) largely reflects that progress. The PRSP process has taken root in Ethiopia quite significantly in the past year – the SDPRP is increasingly seen by government as the organizing framework for policy and programs, and by donors as the basis around which to mobilize and harmonize support. ...Progress in addressing weaknesses identified in the Joint Staff Assessment (JSA) of the original SDPRP has been mixed.analysis of the links between sectoral policies, growth and poverty proved more difficult than anticipated.Preparation of the APR benefited from consultations with a range of nongovernment institutions. However, while there was a wide-ranging set of consultations in drafting the original PRSP, the participatory process has been slower to take root during implementation, due in part to capacity constraints in both the government and Non Government Organizations (NGOs). While civil organizations have been involved in formal consultations over development of a number of sector-specific policies in the past year, increasing non-government and local government involvement in SDPRP implementation and monitoring remains a challenge.

Progress with poverty reduction policies and programmes

Consistent with Ethiopia's three-year Poverty Reduction and Growth Facility (PRGF) arrangement with the IMF and despite the impact of the drought, the government continued the implementation of sound macroeconomic policies during 2002/03. Monetary policy remained geared towards maintaining macroeconomic stability, supported by a prudent fiscal policy. Despite the economic contraction, the government continued to focus on enhancing revenue mobilization and prudent public expenditure management, and reallocation of public resources to poverty-reducing expenditure. ...**The government has done a laudable job of integrating the MDGs into the SDPRP goals...**

Monitoring and Evaluation

As noted in the APR, the government made substantial progress in designing a monitoring and evaluation system that aims to link data and analysis with policy review ...However, the limited reporting on progress against indicators in this progress report suggests that the functioning of the monitoring and evaluation system is not as strong as might be desired. The challenge ahead will be to make the system operational, especially given the limited capacity of the Welfare Monitoring Unit, and to involve local government in monitoring and evaluation, particularly against the background of fiscal decentralization. It would thus be important that the next APR reports more explicitly on inputs and outcomes.

Conclusion

The government of Ethiopia has made significant progress with implementing the SDPRP, and the policy measures of the past year broadly represent an appropriate and credible series of pro-poor structural reforms, although in some areas more could have been achieved. Furthermore, the SDPRP has become established as the framework for policy formulation, and has accelerated the shift towards a more strategic focus on poverty-reducing policies, and is increasingly forming the basis for harmonized donor support.

Source: IMF/IDA (2004).

2. Decent work in Ethiopia

This paper is about decent work in Ethiopia, so it is important to clarify what decent work means and to outline the framework used in this paper for assessing it. Decent work is about opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity (ILO: 1999). Work is obviously central to human existence, identity and well-being. It empowers people to make choices. It promotes cohesion and stability of societies. Decent work relates to the aspirations of people in their working lives. It has been argued that decent work has the following six dimensions¹⁷:

First, **opportunities for work** refer to the need for all persons who want work to be able to find work, since decent work is obviously not possible without work itself. The underlying concept of work is a broad one, encompassing all forms of economic activity, including self-employment, agricultural work, unpaid family work and wage employment in the informal and formal economies.

Second, the idea of **work in conditions of freedom** underscores the fact that work should be freely chosen - i.e. not forced on individuals and that certain forms of work are not acceptable in the twenty-first century. Specifically, this means that bonded labour, slave labour and the worst forms of child labour should be eliminated in accordance with applicable international conventions. It also means that workers should be free to join workers' organizations and be free from discrimination (likewise for employers).

Third, **productive work** is essential for workers to have acceptable livelihoods for themselves and their families, as well as to ensure sustainable development and the competitiveness of enterprises and countries.

Fourth, the notion of **equity in work** represents workers' need to enjoy fair and equitable treatment and opportunity in work. It encompasses absence of discrimination at work and in access to work, and the possibility of balancing work with family life.

Fifth, **security at work** is a reminder of the need to safeguard health, pensions and livelihoods, and to provide adequate financial and other protection in the event of sickness and other contingencies. It also recognizes workers' need to limit the insecurity associated with the possibility of loss of work and livelihood.

Sixth, **dignity at work** requires that workers be treated with respect at work, and that they be able to voice their concerns and participate in decision-making about their own working conditions. An essential aspect of this is workers' freedom to represent their interests collectively.

The first two dimensions of decent work - opportunities for work and work in conditions of freedom - are concerned with the availability and basic acceptability of work. The other four dimensions productive work, equity, security and dignity - are concerned with the extent to which available and freely accepted work is "decent". In addition to these six dimensions of decent work, the socio-economic context is important too, since this partly

¹⁷ For further information on this methodological framework see Anker et al: 2003.

determines both what constitutes decency in a given society and the extent to which the achievement of decent work enhances national economic, social and labour market performance. Clearly this is very important when contextualising decent work as in the case of making the concept meaningful in a least developed, subsistence based economy like Ethiopia.

Decent work means being able to earn a living, having a job, a trade, a profession or a business. It means having an income that is “adequate” enough to cover the daily needs of a household/family, to put children through school, to put food on the table, build a home, and get medical care when someone in the family is sick. Decent work is also about having some means to cover basic needs in old age, or in unexpected emergencies. It also refers to a safe workplace where one is not likely to get sick or meet an accident that could disable you from working. It is about having equal access to resources and opportunities that are necessary to secure work and to advance oneself. Everybody, everywhere, has a sense of what decent work means in his or her own life, and in relation to his or her society. Clearly, by this definition, decent work has relevance to the informal economy and the rural economy as well as the formal economy both public and private.

Everyone has a right to decent work – farmers, farm workers, factory workers, street vendors, bus drivers, construction workers, government employees, nurses, managers, and so on. Work refers to all forms of work - paid and unpaid, wage and self-employment, formal and informal. However, decent work is relative and country-specific. Because countries differ in social and economic situations, none can aim for the same absolute conditions of work. Each country will have to set its own specific targets for decent work. But there is a universal social floor. This social floor, which applies everywhere regardless of the level of economic development of a society, is the respect for basic human rights. These rights are embodied in the United Nations Universal Declaration of Human Rights, and in the Declaration on Fundamental Principles and Rights at Work of 1998 which all member states of the ILO committed themselves to promote and respect. The Declaration embraces rights and principles embodied in eight fundamental Conventions of the International Labour Organization concerning freedom of association and the effective recognition of the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of all forms of forced or compulsory labour; and the effective abolition of child labour.

Gaps between people’s decent work aspirations and their reality exist everywhere. The gaps are huge in some areas and for certain groups of people. Poverty could partly be traced to problems regarding work, and, more specifically, to gaps in decent work. Decent work gaps are inter-connected and are often linked to social and economic policies and institutions, which affect peoples’ working lives and labour market institutions (ILO: 2001). An integrated agenda towards decent work consists of mutually reinforcing policies in four inter-related areas: the respect for, and protection of basic human rights at work; the promotion and creation of opportunities for full employment; broad social protection; and sustained social dialogue among constituents (workers, employers and government).

The approach to the analysis of decent work in Ethiopia involves looking at its economic and social context and each of the six dimensions of decent work: opportunities for work; work in conditions of freedom; productive work; equity at work; dignity at work; and security at work.

Opportunities for work: obviously, the number of working poor in Ethiopia is very high due to the widespread poverty and the need to work in order to survive. There is little in the way of “employment choice” in an economy dominated by the agricultural sector (80% of total employment is to be found in this sector and most of this is in subsistence farming). Youth unemployment is pervasive at almost 90% of total unemployment.¹⁸ Wage employment makes up for only about 9% of total employment. Moreover, despite a noticeable increase in growth following economic reforms in the mid-1990s, employment creation was actually negative from 1994-1999.¹⁹ Employment opportunities, therefore, could be described as dire.

Concerning **work in conditions of freedom**, it needs to be noted that Ethiopia ratified the ILO’s Worst Forms of Child Labour Convention, 1999 (No. 182) in 2003 and has thus ratified all eight Fundamental Conventions. However, as with many other countries, there is a vast gulf between rhetoric and reality: although the Conventions have been ratified there is a huge deficit in terms of their implementation (cf. recent comments of the ILO Committee of Experts on the Application of Conventions and Recommendations). Officially, the minimum age of employment is 14 years. However, there is evidence of violations of this threshold in many instances.²⁰ On the other hand, the stated government aim to increase the gross enrolment ratio for primary education (eight grades) to 65% (from 59% in 1999/00²¹) in the timeframe of the SDPRP, and to achieve the Millennium Development Goal (MDG) of universal primary education by 2015, means that in principle all children falling below the ILO threshold of 14 years should in due course be in school (and hence not in work). Regarding other forms of unacceptable work, like forced or bonded labour, there is little or no material available.

On **productive work**, Ethiopia saw a rise in its trend labour productivity rate to 2.3% p.a. in the post-reform period (up from 0.4% annually, 1984-1992). Perhaps most importantly, the manufacturing subsector saw annual growth of labour productivity of 9.6% annually, from 1992 to 2000. Given that output growth in this period in the subsector was mainly driven by those productivity gains, this implies an output elasticity of less than unity and thus the creation of “productive jobs”.²² A very positive aspect of the SDPRP is that the Government is committed to increasing opportunities for vocational training, although the

¹⁸ Unemployment was around 8-10% in 1999 (ILO: 2003a).

¹⁹ Demeke, Guta and Ferede (2003) estimate the annual employment growth rate at minus 0.6% over this period. While they caution against over-interpreting this finding (due to uncertainties regarding statistical validity), it can be inferred that the employment creation record in the immediate aftermath of structural adjustment has, at best, been mixed.

²⁰ For instance, the World Bank estimates that 41% of all children aged between ten and fourteen actually work. World Bank (2003): 5.

²¹ Government of Ethiopia (2002): 13. The ILO (2003) finds that GPER for 2000 was equal to 64.4%.

²² Demeke, Guta and Ferede (2003): 34. At the same time, one should not be over-optimistic. First, employment creation in manufacturing is clearly not enough to keep pace with the growth of the labour force. Second, the agricultural sector, which still accounts for around 80% of total employment, was actually the only sector (besides electricity & water) with negative productivity growth in the post-reform period. Third, despite the above-mentioned productivity gains, the manufacturing wage index in 1997 still stood at only 87.2% of its 1990 level (ILO: 2003).

potential impact of the proposed measures needs further scrutiny. Under current projections, less than 15% of the workforce would profit from vocational training.²³

With respect to **equity at work** there is no strong evidence of large-scale gender discrimination in formal work or other strong occupational segregation according to sex. However, as one would expect given the depth of poverty in Ethiopia and its overwhelming dependence on agricultural and rural subsistence activities, it is not surprising that the *Human Development Report, 2003* puts Ethiopia in only 139th position out of 144 in terms of the GDI/Gender-related Development Index, compared to 169th out of 175 on the HDI/Human Development Index. On fair treatment in employment, the Government ratified the ILO Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No.159) in 1991. The current Labour Proclamation also prohibits discrimination against disabled persons in employment. Finally, a new proclamation in 2002, dealing only with federal civil servants, has for the first time introduced the concept of affirmative action for disabled persons. The national government also formulated a National Programme of Action for Rehabilitation of Persons with Disabilities in 1999. A recent evaluation of the legislation on disabled persons in Ethiopia and the Programme of Action concluded that Ethiopia has made considerable progress in formulating appropriate policies. What remains is to extend the reach of existing legislation beyond specific sectors and to enforce policies and laws. Regarding other equity at work issues, like the sensitive issues of ethnicity and national origin, there is little or no material available on which to make an assessment.

Concerning **dignity at work**, social dialogue and workplace relations are relatively underdeveloped in Ethiopia. There are frequent violations of the core Conventions on freedom of association and the right to collective bargaining. It remains a major challenge to ensure that all major workers' rights are implemented for all parts of the working population. Among the significant areas of criticism are the limits placed on the right to organize and that some occupational groups are excluded from the scope of the Labour Proclamation. Moreover, collective bargaining is rare in Ethiopia and more prevalent in public than in private companies, and mostly at "enterprise" level. The union density rate is also very low, with estimates ranging between 200,000 and 300,000 members (less than one per cent of the workforce), with little evidence that agreements between unions and employers' organizations would extend beyond the formal coverage (i.e. the members) or would serve as a role model for the rest of the economy (Buckley et al.: 2004).

On **security at work** there is little data available to judge the performance of the Ethiopian economy. On social protection, the ILO's InFocus Programme on Socio-Economic Security collected data on people's security in terms of several criteria (employment protection, skill security and representation security, among others). According to an aggregated set of those indicators, Ethiopia finds itself near the bottom of the ranking for socio-economic security (macro-level aggregation, ranking both developed and developing countries).²⁴ At the same time, there is little data available to judge the performance of Ethiopia by the conventional indicators of social protection (pension coverage, sickness insurance, cash support etc.). On the safe work aspect of security at work, there are no official data on fatal occupational injuries. However, the shortage of labour inspectors (48 for all levels of government combined, with two regions having not a single labour inspector) and the large informal economy, both imply that this aspect of decent work remains underdeveloped in Ethiopia. However, on a more positive note, occupational safety and health (OSH) is going to be a priority in the new 3 year strategic plan of the

²³ This assumes a labour force of 23 million and 3.5 million people in adult and non-formal education.

²⁴ ILO, IFP/SES (2004).

Ministry of Labour and Social Affairs (MOLSA). Accordingly, MOLSA has identified capacity building as one of the priorities for a future employment and industrial relations programme.

Regarding HIV/AIDS, Ethiopia is one of the hardest-hit countries in Africa in terms of the total number of infected people (around 3 million in 2002, implying a prevalence rate of around seven to eight per cent). The percentage of people infected with the virus is much higher in urban areas (up to one in six adults) than in rural areas. An ILO review of the legal and policy framework found that, among other shortcomings, the existing legislation does not address HIV/AIDS as a workplace issue. The national policy (Strategic Framework for the National response to HIV/AIDS) likewise suffers from not fully developing a policy on HIV/AIDS as a workplace issue.

In addition, the **economic and social context** for decent work in Ethiopia is not at all favourable. As mentioned above, there is a large informal economy (roughly estimated at 50% of total output). Moreover, Ethiopia is one of the poorest countries in the world, with the highest poverty headcount according to some indicators (notably on the \$2 per day measure) and a ranking of 169 out of 175 in the HDI, significantly below the average score of even the least developed countries (0.327 against 0.448). In terms of education, for example, the primary education completion rate is only a little above 20% and illiteracy is widespread, affecting more than half of the adult population. Health indicators are similarly bleak.

However, there is also reason for optimism: Ethiopia experienced a significant pick-up in growth during the 1990s and the early years of the new millennium (average annual real growth 1994-01 was close to 5%). This growth stalled in 2003 following a massive drought but is projected to return once the protracted consequences of this natural disaster have been overcome. Also, the Government seems strongly committed to shifting resources towards pro-poor policies whilst reducing spending on defence. Due to the Government's policies and commitment to poverty reduction, it received welcome news in April 2004 when it was announced that Ethiopia had reached completion point on the HIPC initiative and became eligible for \$1.3 billion (in net present value terms) of debt stock reduction and an additional \$0.7 billion in additional debt stock reduction allocated because of exogenous shocks which have affected the economy in ways deemed fundamental to economic prospects.

3. The SDPRP: Poverty analysis

In the course of developing the SDPRP, the Government has undertaken extensive research into the causes of poverty. From 1995 to 2000, during a period of sound growth, poverty declined slightly from a head count of 46% to about 44%.²⁵ The SDPRP reports that there was a marked reduction in poverty in rural areas, while poverty was actually on the rise in urban areas (of course, overall, poverty remains more widespread in rural areas than in urban areas) and due to the weight of the former in the national poverty head count, gains in rural areas outweighed a deterioration in urban areas²⁶. However, it is expected that the

²⁵ The Government uses a monetary indicator of consumption poverty. The official poverty line is 1075 Birr (95/96). Assuming an exchange of 8.8 Birr per 1US\$ (January 2004), this yields a poverty line of 122 US\$ p.a. The basket that this poverty line can buy provides for 2200 kcal per day and some non-food components (about a third of the poverty line). However, using the 1US\$ a day measure, the percentage of Ethiopians living below the poverty line increased to 81.9% (ILO 2003, KILM: 728).

²⁶ Government of Ethiopia (2002) : 7.

massive drought of fiscal year 2002/2003 and other external factors (i.e. deterioration in the terms of trade of coffee) have (at least partially) reversed the positive effects witnessed in rural areas. Inequality also seems to be on the rise nationally, albeit only slightly. However, Demeke, Guta and Ferede (2003) are especially critical of the claim that rural poverty has declined. Since output per capita in fact declined in the agricultural sector in the post-reform period, the authors describe the Government's claim as a "statistical myth".²⁷

Regarding the determinants of poverty, it was found that the largest factor positively correlated with poverty has been the dependency ratio (both in rural and in urban areas), whereas poverty-reducing factors are primary education and the cultivation of specific, non-traditional crops, each reducing the chances of being poor by about a third. On growth, the analysis shows that GDP is largely dependent on the performance of the agricultural sector. The movement in this sector also explains a large parts of Ethiopia's erratic growth history. Different methods of growth accounting give somewhat different results, although the overall conclusion is that labour, land and rural capital (approximated by oxen) all have a predominant role in accounting for the growth of the agricultural sector. Weather conditions also play a significant part.

While the analysis of poverty and its determinants seem adequate (except for the claims on rural poverty reduction mentioned above), the linkage between job creation and poverty reduction is utterly inadequate. To be more precise, the document lacks a quantification of the impact of employment creation on poverty reduction and there is only a passing reference to the huge problem of underemployment. In response to this, Demeke, Guta and Ferede (2003) argue, among other things, for a stronger focus on promoting the manufacturing sector. This sector has shown its ability in the post-reform period to create jobs that exhibit high productivity growth. Those jobs, in turn, are more likely to reduce poverty than low productivity ones. However, the number of such jobs created has been inadequate in the face of strong population and labour force growth. A further criticism of the poverty analysis of the SDPRP is that the Government completely neglects the importance of (un) employment. There is not a single statistic on this measure in the whole poverty analysis. Consequently, employment creation is not explicitly embraced as a policy target but rather as an indirect outcome of growth. Indeed, the absence of a decent work diagnosis or even an analysis of the nature of work and employment issues in the context of poverty reduction obviously has a significant bearing on the degree to which decent work is taken up in the development of the national poverty reduction strategy.

In the SDPRP, the Government has not assigned HIV/AIDS to one of the building blocks but rather treats it as a cross-cutting issue. In spite of a national policy being in place since 1998, the Government did not make the epidemic a priority policy issue. Current estimates put the number of deaths by the end of 2002 at 1.7 million and around three million people are currently infected with HIV/AIDS. The SDPRP seems to have made a major stride forward in the Government's approach to HIV/AIDS, as the subject is now one of the priority areas of government intervention. It features prominently in both the SDPRP and the APR.

²⁷ See Demeke, Guta and Ferede (2003): 38 for further information on this.

The national framework for action on HIV/AIDS is the Strategic Framework for the National Response to HIV/AIDS 2000-2004. The main target is to reduce the level of HIV transmission to 25%. A corollary is that the prevalence rate is targeted to stay at the current level of 7.5%²⁸ until the end of fiscal year 2004/05. The Government does not provide a detailed outline of the Strategic Framework 2000-2004, but does cite a number of priority areas. From this, it seems that it has developed a fairly coherent policy. Its plans include involving all levels of government (federal, regional, *woreda*, *kebele*) and to build their capacity. A crucial ingredient in this Framework is the building and strengthening of the newly established HIV/AIDS Prevention and Control Office (HAPCO). Perhaps most importantly, the fact that the Government has identified HIV/AIDS as a cross-cutting issue shows its willingness to mainstream it into other policies. The very specific sectoral policies include strengthening the rights of people living with HIV, more voluntary counselling and testing, reaching out into as yet relatively sheltered rural areas and an increased emphasis on making HIV/AIDS education part of the regular school curriculum. The Government has also identified specific target groups (among them sex workers and transport workers/truck drivers). Finally, the Government has begun to make moves towards making HIV/AIDS a workplace issue at all levels of government²⁹. Thus, overall, the Government's policy in this field seems laudable and ambitious. It appears that some progress has been made, especially with respect to capacity building and establishing HIV/AIDS committees and councils at lower levels of government in particular.³⁰

The Ethiopian Government has identified gender as a cross-cutting issue and pledges to mainstream it into all other activities. The Government points to past achievements on gender, including the creation of a National Policy on Ethiopian Women and constitutional amendments establishing equal rights for women. At the same time, the Government also admits that the reality in terms of women's day-to-day living and working conditions has not kept pace with the changes in policy and legislation that concern them.³¹ The Government thus enumerates a number of specific policy measures that pertain to gender equality, including with respect to the world of work. The SDPRP raises, for example, the issue of "reducing women's workload" and highlights how the interplay of economic, social and political policies are supposed to be conducive to reducing the workload of women. Unfortunately, the Government's position remains largely indicative and this issue is not developed further.

4. The SDPRP: The four building blocks

The first building block, **Agricultural Development Led Industrialisation (ADLI) and food security**, is vital to Ethiopia if only because more than 80% of the labour force is active in this sector of the economy. Regarding ADLI, the aim of the strategy is to move

²⁸ Government of Ethiopia (2002): 133. This is the Government's own estimate. It falls within the range of estimations given by different sources.

²⁹ Government of Ethiopia (2002): 131.

³⁰ Government of Ethiopia (2003): 92. The Government states that 22 million people are currently covered with respect to the EMSAP project. This is possible through the inclusion of 205 *woredas* in the project, about a third more than initially anticipated.

³¹ Government of Ethiopia (2002): 122.

the agricultural sector away from subsistence based farming towards a commercial base. A crucial issue is to make agricultural produce internationally competitive. In this respect, the recent deterioration in the terms of trade of some of the crops that Ethiopia traditionally produces (especially coffee) has hit the country hard. The government has undertaken research and extension activities into identifying possible (non-traditional) crops for diversification, that look set to make a greater contribution towards poverty reduction than crops that are already widely planted.

Making Ethiopian products more competitive is a multi-pronged effort. It is argued that cooperatives and micro-finances institutions should play a leading role in this through expanding rural credit and (among others) improving the rural marketing system. With respect to rural finance, cooperatives and other self-help organizations are meant to act as intermediaries between traditional banks, which are reluctant to venture into rural areas. Other key measures outlined in the SDPRP for furthering agricultural development include: introducing menu based extension packages in order to increase farmer choice of technologies; further vocational training in agricultural sciences; undertaking research, particularly with respect to water harvesting and small-scale irrigation; and measures for the improved functioning of markets for agricultural inputs

The second major plank of agricultural development concerns food security. The government of Ethiopia has identified food shortages as one of the major threats to the welfare of the people of Ethiopia. It estimates that even in years of normal rainfall, about 5 million people are vulnerable to suffer from food deficits. The government's long-term answer is to move away from rain-fed agriculture through water-harvesting and irrigation schemes. This is to be addressed both through projects on the ground as well as an increased emphasis on water harvesting in research and vocational training. It is planned to assign specialists in those areas, following three-year training periods, to all the major farmer organizations. Another important policy is to move away from direct food aid to cash-for-work programmes, eliminating adverse incentives for peasants. In turn, the occurring food shortages are to be addressed through transferring food from surplus regions to deprived ones rather than through foreign aid. The policy framework for achieving food security in Ethiopia is given through the Food Security Strategy (FSS) and the New Coalition for Food Security in Ethiopia. There are three components to the FSS: increasing domestic production, ensuring access to food and strengthening emergency response capabilities.

Building block two is concerned with the **justice system and civil service reform**. The measures that are discussed with respect to justice system and civil service reform are often referred to as "second wave" reforms, building on earlier, and often wide-ranging efforts. Unfortunately, in the SDPRP and the Annual Progress Report (APR), the programmes that fall under this heading are not particularly well defined nor coherently presented. Nonetheless, it is possible to extract the following "core" issues that are generally covered in the context of this building block (and as described in the APR): civil service reform; justice system reform; tax reform; and information and communications technologies (ICTs).

Clearly the first point, civil service reform, is the most prominent of the four in terms of the space it occupies in the SDPRP. Civil service reform takes place under the Civil Service Reform Programme (CRSP) which was initiated 1996. The overall objective of civil service reform is to build a civil service that helps achieve the Government's development policies, programmes and projects, which is capable of promoting the principles of federalism and democracy, which serves the citizenry honestly and diligently and which is transparent and responsive, as well as accountable to elected representatives of the people and imbued with professional ethics (Government of Ethiopia: 2002). There are five elements to the CSRP: expenditure management and control systems; human resource

management; top management systems; service delivery; and ethics. For each of the five elements of the CSRP, there are in turn a number of strategies, including:

- The introduction of a civil service code of conduct and a new pay and employment policy, which, among other things, introduces a new classification of jobs in the civil service. A longer-term goal is to move to an overhauled job evaluation system.
- The government is also currently implementing a (internal) service delivery system, coupled with performance improvement plans. For the time being, this pertains only to selected key service areas. The government presents examples of some areas of services, where delivery improvement plans have already been fully implemented. For instance, it states that the average time needed for obtaining an investment license for a company fell from 108 days to just two following application of an improvement plan. It is also planned to set up an extensive Human Resource Management Information System (HRMIS) in 2004.
- On expenditure management and control systems, the government proposes a number of measures, including a Public Expenditure Programme (PEP), budget reform, reforms to accounting charts, and internal as well as external audit projects. One of the most important steps is a new budget information system, which also involves fully computerising the entire budget process. Significantly, the government also made an agreement with the IMF (as part of the PEP), to present consolidated budgets for the fiscal years 20001/02-2003/04 of the regional and federal government (Government of Ethiopia: 2002: 34).

On justice system reform, the government asserts that the current judicial system is unfit to meet the challenges following from democratisation. The main problem lies with inadequate capacity due to inefficiencies and lack of human resources. In the SDPRP, the Government proposes to create a Human Rights Commission and a Human Rights Ombudsman (in the parliament). It is also planned to develop - over the planning horizon of the SDPRP - a justice system reform program. Finally, the government plans to start training programmes in areas such as information technology literacy. All capacity building measures, pertaining to the judiciary but also all other elements of the public services are meant to be coordinated through a Medium Term National Capacity Building Strategic Program (PSCAP).

Regarding taxation, the government has undertaken a multi-pronged effort, benefiting from technical assistance from the IMF in the framework of the PRGF. Reform of the tax regime has three goals: to accommodate private sector growth, while not disregarding equity issues and (significantly) enlarging tax revenue. Perhaps the most important measure so far has been the introduction of a value added tax. Overall, government revenue is on the rise (tax revenue reached an all time high in FY 2001/02 at 15.3% of GDP, up from 11.5% in 1999/00)³². However, recent reforms have proved controversial given that it is widely recognised, for example, that recent changes to the VAT, have had a disproportionately negative burden on some groups of the poor (Government of Ethiopia: 2003: 17).

³² Government of Ethiopia (2003): 10.

The policies that are discussed under the third building block on **decentralisation, empowerment and governance** relate to the increasing participation of local (government) institutions in the provision of public services. There is not a great deal of detail regarding policies in this area, including on the centrepiece reforms relating to the devolution of government power to the regional, *woreda* and *kebele* level. It seems that the regions have a very large autonomy on paper (for instance they have in theory the right to set their own income taxes), but the exact interplay of the different levels of government is not yet very well worked out. Everything then points to the fact that decentralization in Ethiopia is largely an ongoing process³³. This is also acknowledged by the government in its first APR. It cites, in particular, problems with respect to the block grants for the *woredas*³⁴ as an indication of the unfinished agenda.

The most substantive section of this part of the SDPRP concerns decentralised service delivery and, in particular, health care and water resources. The framework for government intervention in the area of health is given through the Health Sector Development Programme (HSDP) II, which is part of the 20-year rolling government plan focused on preventive health care in Ethiopia. The SDPRP covers three out of the five years of the HSDP II. The first part of this programme strongly focused on reanimating the primary health care units at the *kebele* level. The main plank is the Health Extension Package, which aims to increase overall health coverage during the scope of the SDPRP from 52% to 65% of the population. An important strategy is to foster health interventions by local groups at the *kebele* level. Newly trained health workers will be assigned to each *kebele* (up to two for each). Women are specifically targeted and consequently, it is planned that three quarters of the new health workers will be female.

Regarding water resources, the government has formulated a National Water Resources Management Policy. The goals include the development of water resources on a sustainable level both for economic and social development but also for preventing disasters, such as droughts or floods. The overall target is to increase water supply coverage to 82.5%, 31.4% and 39.4% of the urban, rural and national populations. The government has also specific targets for the areas and number of households to benefit from irrigation schemes. The national policy is composed of a number of items that deal with the conservation and management of existing water resources, development of new resources but also stakeholder participation. With respect to the latter, the government lays particular emphasis on the involvement of local stakeholders in the management of water resources and women are assigned a specific number of seats on the boards of the local entities that co-manage the water resources.

Finally, with respect to building block four on **capacity building**, the Government elaborates a wide-ranging set of policies centred on education and human resource development. Capacity building is “taken to comprise the development of human resources, building and strengthening of institutions and establishment of effective working practices in combination” (Government of Ethiopia: 2002: Chapter V). Policy draws heavily on the National Capacity Building Programme that the Government established in 1998 and which comprises the Educational Sector Development Programme (ESDP). The SDPRP embraces the second phase of the ESDP and there are a total of 14 sub programmes to it. The government states that its capacity building policies are designed to integrate into all other parts of the SDPRP, such as agricultural development and civil service reform, while also pertaining to crosscutting issues such as urban management. Capacity building for civil servants is to take place under the umbrella of the

³³ EIU (2004): 41.

³⁴ Government of Ethiopia (2003): 25.

Medium Term National Capacity Building Strategic Program (PSCAP). The government's aim is to increase spending on education to 19% of total spending over the planning horizon of the SDPRP (in 2003 it stood at 16% of total expenditure or 5.6% of GDP)³⁵.

The Government subscribes to an ambitious plan for vocational training and additional education opportunities for adults. It plans to increase the number of persons in vocational training dramatically (from 25,000 to 130,000 by the end of the SDPRP planning period), most of them in agricultural training. Responding to the extremely low educational attainment level, the government also plans to enrol three and a half million people in adult and non-formal education courses focused on "primary skills".

5. Decent work and the four building blocks

The first building block on ADLI is probably the most substantive and potentially the most relevant of the four building blocks in terms of the importance of decent work issues. There is recognition of the importance of creating **opportunities for work**, both through general economic development and through specific measures. The flagship of the Government's policy is a rural menu extension programme, which is projected to cover some six million farming households at the end of the planning horizon (currently about four million are covered). As the main thrust of the Government's overall strategy is to move from a subsistence economy to small-scale commercial agriculture and to increase the competitiveness of Ethiopia's agricultural production, it pins high hopes on the impulse that such a development could have on overall economic growth. Thus, employment creation in the agricultural sector is planned through generally increasing output of this sector together with measures that directly target employment creation in the agricultural sector include fostering SMEs (particularly in the context of achieving food security), building capacities of local contractors for the creation and maintenance of roads and using labour-intensive approaches in infrastructure provision. There are obvious links between this and the third building block which covers decentralisation but in neither is there a clearly articulated Local Economic Development strategy of the type promoted by the ILO. However, on cooperatives the government has included the number of new organizations to be created in its indicators for monitoring progress in implementing ADLI, while stressing its belief in the voluntary and autonomous nature of the new cooperatives to be created.

Regarding infrastructure provision, the government has a large-scale road construction and maintenance programme with a link to employment opportunities (Road Sector Development Programme, RSDP II). The RSDP II is supposed to address the needs of the agricultural sector both directly and indirectly. Indirectly, the improvement of the road network is designed to contribute to poverty reduction by among others, improving the access to basic services and generally enhancing the opportunities of the rural population to participate in decision making processes relevant to their communities. Directly, the government has identified inadequate roads as one of the major bottlenecks for the commercialisation of farming in Ethiopia, as peasants usually face difficulties getting their produce to the nearest marketplace in time. For this purpose, it has created the Ethiopian Rural Travel and Transportation Programme (ERTTP), a sub programme to the RSDP II. On employment creation more generally, the Government promotes the use of employment

³⁵ Government of Ethiopia (2003): 10 and 45.

intensive investments in the course of road construction and maintenance. Moreover, it is proposed to assign a total of 5000 km of Ethiopian roads to so-called “length men” for maintenance purposes.

Despite the measures outline above, there are also elements to the employment opportunities aspect of decent work that the first (and subsequent) building blocks clearly fail to address. For example, there is little discussion regarding the problem of youth unemployment which constitutes 90% of total unemployment. There are some well-intentioned references to increasing the preparedness of the (young) working population to take up employment and (more specifically) to ensure that earnings in the agricultural sector can match those in other sectors in order to make employment in agriculture attractive to young people. However, there is little in terms of a thorough analysis of this issue.

Regarding **work in conditions of freedom**, the Government fails to address this issue in the context either of agricultural development or in terms of civil service reform. Significantly, there is not a single indicator on the extent of child labour in the rural (or urban) sector. This is alarming, mostly because child labour, one of the most important indicators of unacceptable work, is thought to be widespread in Ethiopia (the World Bank puts it at approximately 41% of all children aged 10 to 14)³⁶. This is in spite of Ethiopia having ratified the Worst Forms of Child Labour Convention No. 182 in 2003. It would seem, thus, that the main problem is one of enforcement of existing legislation. Notwithstanding this, there is currently a government initiative on tackling the Worst Forms of Child Labour in Agriculture through labour inspections. The issue of freedom of association for public sector workers also does not feature in the SDPRP, although it is clearly a major “rights issue” in Ethiopia as illustrated in Buckley et al. (2004). Issues concerning forced labour are completely absent from the SDPRP.

The Government’s actions in the area of **productive work** suffer from paucity of data regarding purchasing power and income of different occupational groups. There are two measures that directly relate to agricultural development. Firstly, the Government proposes to train (in batches of three-year courses) a number of selected students who have at least completed secondary schooling to become so-called Development Agents. These Development Agents would gain competences in the areas of agricultural crops, animal and natural resources and irrigation and three of them would be assigned to each of the to-be created Farmers Training Centres attached to Peasant Associations. Their principal role will be to train farmers as part of expanding vocational training. This is part of a large-scale effort at increasing vocational training during the planning period of the SDPRP (from about 25,000 to 130,000 total enrolments). The second item relating to adequate earnings and productive work is to improve the agricultural marketing system. The government lays particular emphasis on the role of cooperatives in improving price forecasts and knowledge about future needs. There will also be attempts at the standardization of local produce, especially *Teff* (a staple food) and *Chat* (a stimulant). While these efforts are laudable, the measures proposed regarding adequate earnings and productive work remain piecemeal because they fail to address some of the fundamental determinants of this aspect of decent work. Notably, while the government repeatedly states its assertion to increase productivity, it gives little to no indication of the current levels of productivity and how this relates to the desired goals. Moreover, there is no attempt at quantifying the effects of (vocational) training on either productivity or earnings and there is a real paucity of information on wage rates. All this makes it hard to estimate the potential effects of policies which could have a bearing on productivity. The ILO has pioneered work in this area through a study by Demeke, Guta and Ferede (2003) that

³⁶ World Bank (2003): 5.

includes a detailed picture of the development of productivity in Ethiopia. The authors' main conclusion is that the agricultural sector is stagnating, both in terms of employment creation and productivity growth while the manufacturing subsector should be promoted more strongly because of its ability to create relatively productive, well remunerated jobs.

On **security at work**, the Government has not included any of the conventional indicators of social protection in the SDPRP. According to data collected by the ILO (IFP/SES, 2004), Ethiopia ranks near the floor of the table regarding most aspects of socio-economic security, even when compared with other developing countries. In the rural context, the Government's main "social protection" policy appears to be targeted at the security of landholders through issuing certificates of land holding (notwithstanding the critique of this in the JSA, mentioned above). Food security is obviously a major objective of Government policy in rural areas.

There are a number of policies proposed in the SDPRP which have overtures to social protection issues, such as measures to combat the HIV/AIDS epidemic. The government seeks to address the problem in rural areas through, among others, distribution of condoms and the involvement of the rural extension workers in advocacy roles. There are targeted programmes in urban areas as well but the SDPRP does not assess HIV/AIDS as a workplace issue. Another policy with broad relevance to social protection is the approach on the development of pastoral land: the SDPRP outlines a willingness on the part of Government to bring the provision of basic public services closer to those parts of the population that decide to remain mobile. However, as the government does not indicate to what extent it wishes to expand those services, it is difficult to judge the impact on rural livelihoods.

With respect to **equity at work**, the Government has identified gender as a crosscutting issue which should be reflected in each of the four building blocks of the SDPRP. However, the Government's poverty analysis (in the SDPRP) has – rather surprisingly - highlighted that gender is not a major determinant of poverty in rural areas. Nevertheless, with respect to the agricultural sector, the government is supporting the Ethiopian Women Development Fund (EWDF), a donor-financed project that broadly aims to improve the living conditions of women. The Government also proposes to adapt the menu based extension package (see above in the general description of building block one) to the needs of women and to include women farmers' needs in road provision. This is to take place under the umbrella of the ERTTP component of the RSDP II. Moreover, regarding other forms of discrimination, there is some evidence that the situation in Ethiopia is starting to improve for some disadvantaged groups in selected sectors. For example, the SDPRP notes that affirmative action for disabled people has recently been introduced into the civil service code for the first time.

The aspects of decent work perhaps most relevant to the second building block on the justice system and civil service reform are those concerned with conditions of work, particularly for public sector workers (civil servants comprise about 6% of the total workforce). Two prominent issues with decent work aspects of particular significance for **dignity at work** concern the new pay and employment policy for the civil service and the study to be undertaken on making the judiciary more efficient and effective. Most civil servants are excluded from the application of the Labour Proclamation, which establishes basic worker rights. One of the key rights denied to many civil servants is the right to organize in trade unions. Another very important issue is gender discrimination in the civil service. While there have been some important strides forward with respect to fair treatment in employment, the government does not provide any details on how it wishes to address the issue of gender equality and vulnerable groups in the context of civil service reform. Giving voice to workers through improvements to social dialogue mechanisms does not feature significantly but is clearly central to a number of policies around the issue of public sector reform and decentralization, including the suggested promotion of public-

private partnerships, institutionalized dialogue and the strengthening of business associations

Finally, regarding the **economic and social context of decent work**, many issues could be raised. One interesting area relates to the informal economy where the Government proposes a number of measures that can be regarded as reaching out to the workers in the informal economy and particularly in rural areas. These measures include the registration of land holdings, the provision of rural credit through microfinance institutions and cooperatives to people considered beyond the reach of the formal banking system and expanding basic public services to people living in pastoral areas. While these measures are likely to make an impact, their overall effectiveness can be questioned given the enormous extent of the informal economy in Ethiopia (close to 50% of GDP according to the harmonized ILO definition³⁷). In any case, the government's treatment of the informal economy in the SDPRP is somewhat vague and, in places, rather contradictory³⁸. A major shortcoming is that the SDPRP contains no thorough analytical basis for developing policy on the informal economy (i.e. there are no estimates on its size, nature and composition). However, Ethiopia is, in fact, one of the few Sub-Saharan African countries to have national estimates of the informal economy and it is also in the rare position (for African countries) of having an approximation of the informal economy according to the harmonized (ILO) definition but this is not elaborated on in the SDPRP (ILO: 2003a).

6. **Conclusions: Integrating decent work in poverty reduction strategies**

The various building blocks of the SDPRP are very different in nature. It should come as no surprise that the relevance they assign to specific components of the decent work agenda differs quite markedly from one to the other, as well as the composition of the decent work elements to which they relate. However, by looking at the attention paid to the different elements of decent work in the four building blocks, a three-tier hierarchy evolves. This hierarchy attempts to reflect the *importance* attached to the different elements of decent work in the SDPRP but it does not attempt to *quantify the impact* of the different measures proposed with respect to decent work. It simply serves as an indication of which aspects of decent work receive more and which receive less attention, making use of the methodology outlined above.

At one end of the spectrum, there are those aspects of decent work that are hardly or not at all mentioned in the SDPRP. Although these aspects of decent work are clearly not priorities in a least developed country, the Government of Ethiopia could consider compiling statistics on them and make reference to them in the poverty diagnostic in the SDPRP. Some aspects of dignity at work and, to a lesser extent, equity at work might fall into this category. At the other end of the spectrum are those aspects of decent work that are to one degree or another mentioned in all four building blocks and could be further developed to inform policy in areas like civil service reform and decentralisation, included here would be work in conditions of freedom and security at work. Finally, those aspects

³⁷ ILO (2003a).

³⁸ At one point, the SDPRP states that fostering the informal economy should be a goal of government policy because it [the informal economy] is one of the easiest and quickest ways to increase people's incomes. This is in contradiction with the general thrust of the other policies outlined above, notably to "legalise" work in the informal economy.

of decent work concerned with opportunities for work and productive work are considered absolutely essentially for delivering on the broad development outcomes contained in the SDPRP.

Overall, the treatment of decent work as a tool for reducing poverty in the SDPRP is inadequate, primarily due to the lack of data on labour market issues and the absence of quantification of the employment impact of policies. Moreover, the SDPRP in its current form lacks horizontal and vertical integration of the different policies it contains. It is also at times very imprecise. This has a direct bearing on the decent work content. For instance, in the case of civil service reform, a much more detailed description of the measures envisaged is needed to assess how decent work concerns could be taken into account in building block two (likewise for the coverage of capacity building in the fourth building block). In sum, decent work can and should feature more prominently in the SDPRP both to inform and strengthen poverty diagnosis and to add value to the poverty reduction policies themselves.

The conceptual framework for taking forward decent work for poverty reduction is fully explored in the Director-General's Report to the International Labour Conference (2003), *Working Out of Poverty* (ILO: 2003b). Earlier reports (ILO: 1999) on decent work and (ILO: 2001) on decent work deficits supplement this analysis. Essentially the contribution of decent work to poverty reduction is grounded in the twin concepts of *entitlement and equity*, and, more generally, the pursuit of social justice. With respect to poverty, this can be expressed as a right to inclusion or participation, protection, access to decent jobs and decent incomes. Poor people suffer a "deficit of entitlements" because their ability to command, for example, decent work, depends on the entitlement relations that govern possession and use in any given society. For a poor person in Ethiopia, her access to decent work depends on what she owns (not a lot), what exchange possibilities are offered to her (very few), what is given to her (virtually nothing) and what is taken away from her (a lot). Poverty reduction is, therefore, about increasing both the asset endowments of the poor and their exchange entitlements. Immediately, it can be seen that decent work is of the utmost relevance to poor people in poor countries.

The fulfilment of these rights depends on certain economic preconditions and to meet these preconditions it is necessary to build up the capacities of people to secure improvements to their well being and livelihoods and of the corresponding systems of governance that define – amongst other things - markets for labour. Thus, the achievement of rights involves the development of both economic and social capability. Inclusion, integration and, of course, access to incomes all imply the centrality of employment creation as an economic priority. More generally, the need to build social objectives into macro-economic policy implies a stress on redistribution, equity and solidarity. In terms of the international division of labour in pursuit of poverty reduction (and in terms of contributions to national PRSP processes), this is where the comparative advantage or value added of the ILO rests.

This conceptual framework underlines the point that economic growth is an essential but not sufficient condition for poverty reduction. Poverty reduction involves growth with a substantial reorientation in favour of the poor (what is often referred to as "pro-poor growth"). It includes changes in institutions, laws, regulations and practices that are part of the process that creates and perpetuates poverty (such as harassment of the poor and restrictions on their livelihood activities), and detailed, targeted interventions that will enable all categories of the poor to more fully integrate into economic processes so that they can take advantage of opportunities to improve their economic and social well being, i.e. asset endowments and exchange entitlements. This approach puts renewed emphasis on policies which promote equity and which challenge global and national inequalities and injustices.

Among the most important structural changes required to reduce poverty in Low Income Countries like Ethiopia is the need to move away from a society where work and economic opportunities are allocated based on ascribed roles and responsibilities to one more firmly grounded in merit and transparency. It is also invariably essential to introduce a more equitable fiscal system as a means for making societies function not only more fairly but also more efficiently and more effectively (there is a close correlation between good fiscal policy and good governance). This approach implies a role for active labour market policies using demand management, fiscal and monetary instruments to guide macroeconomic policy. It means that structural adjustment, socio-economic restructuring and market reforms (including privatisation and other liberalisation policies alluded to in the SDPRP) should be promoted in light of decent work objectives.

Decent work, then, becomes an essential component of poverty reduction strategies. It is a cross-cutting, holistic concept which should have an impact greater than the sum of its four constituent parts (rights at work, employment, social protection and social dialogue). It follows, therefore, that decent work cuts across other fields or areas much as gender does, as part of the effort to deliver on health and education outcomes and other goals agreed in the context of the Millennium Development Goals. As shown above, it is also a tool for poverty diagnosis as well as for aiding the formulation of policy.

The table below provides an example of how to approach decent work as an integrated concept in the context of the SDPRP. It illustrates what integration means in the context of the poverty diagnosis and strategy development (the content) and also in terms of the vitally important participatory process underpinning the PRSP (the procedure or methodology).

Table 2: Decent work as a poverty reduction strategy in the SDPRP: An example of an integrated national strategy

A. CONTENT	
1. Understanding and dimensions	What “integration” means
1.1. Causes of poverty	Systemic understanding of poverty, work and livelihoods
1.2. Extent (breadth) and intensity (depth) of poverty	Takes into account objective description as well as subjective experience
1.3. Historical view of poverty	Analysis of the dynamic process of poverty
1.4. Individual indicators and aggregate variables (work and employment)	Assessment of decent work deficits
2. Perceptions of Social Partners	
2.1. Differentiated perception of poverty	The various perceptions of donors and the poor and how they are weighted (multi-dimensionality and relativity) linked to the perceived needs of social partners
3. Parameters	
3.1. Consideration of “boundaries”	Blending of decent work issues into international (e.g. MDGs) and national objectives
3.2. Rule of law and rights	Mapping of extent and enforceability of rights for the poor linked to Core Labour Standards etc.
3.3. Incorporation of gender and good governance with fighting poverty actions	Interactions between poverty and other important transversal decent work themes
4. Solutions	
4.1. Integration of endogenous and exogenous strategies	Mutual exchange of information and communications between constituents and ILO and negotiation of joint strategy
B. PROCEDURE (METHODOLOGY)	
Empowerment	Capacity building and skill development for social partners
Participation	The social partners are equal partners and have an influence on the process (possibly in alliance with others such as NGO or donor lobbies)
Clarification of roles in implementation	Clear definition of value added and roles as a prerequisite for effective partnership

It should be evident from the preceding analysis that decent work is very relevant to the poverty reduction challenge in Ethiopia. Unfortunately, decent work does not feature prominently in the SDPRP. The reasons for this are many (see ILO: 2002 for a detailed coverage of issues explaining why decent work does not figure more prominently in PRSPs). A major reason, in a country like Ethiopia, is that the basic needs challenges of providing food, habitat, education and health tend to “crowd out” other apparently less proximate needs or demands such as for decent work. But this paper has sought to show that this is somewhat misguided. Decent work is both an outcome in and of itself but also a means for achieving lasting sustainable development: a means of contributing to, for example, health and education outcomes. How, for example, can a country progress towards universal primary education without eliminating the worst forms of child labour; how can improved access to health care be achieved without improvements to the terms and conditions of health care workers; what is the value of participatory processes if voice is not given to the working poor, whether organised or not? Similarly, it is obvious that the

poor have a need to generate income and the only way they are going to do this is through work; that the poor have a need for social protection, even if, in the case of Ethiopia, this means basic food security for a great many. Finally, it is equally obvious, but not always acknowledged, that the poor in Ethiopia – as elsewhere – have rights at work just like they have other basic human rights. In sum, therefore, it is argued, that *because* Ethiopia is one of the poorest countries in the world, it is essential, in order to rise to the challenge of reducing poverty, to address employment issues in the broader, integrated context of decent work.

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