

Promotion of Decent Work in the Rural Economy and Facilitating Transition from the Informal to the Formal Economy in Lesotho

Sensitization workshop on recommendation 204 concerning transition from the informal to the formal economy and validation of a report on diagnostic analysis of the rural and informal economy in Lesotho Avani hotel, Maseru, Lesotho, 09 – 11 May 2017.

1. Overview

Decent work for all cannot be achieved unless greater emphasis is placed on the formalization of the informal economy and on rural economy, where the lack of decent work opportunities is pervasive and persistent. Government in collaboration with relevant national partners should **review, develop, effectively implement and monitor policy development and programmes on transitioning to formality and the promotion of decent work in the rural economy leading to improved livelihoods.**

The ILO supported a two and half day workshop held at Maseru Avani Hotel in Lesotho attended by representatives from government, worker's organisation and employer organisations as well as UN agencies and academic institutions reaching a total of 58 participants; i.e. 34 females and 24 males.

The workshop sought to achieve the following objectives:

1. To increase awareness and knowledge of government and social partners on the Recommendation 204 concerning transition from the informal to the formal economy in the context of the Sustainable Development Goals.
2. To validate the report on the diagnostic study on the Rural and Informal Economy in Lesotho and generate inputs for the country position on transition from the informal to the formal economy based on the provisions of ILO Recommendation 204.

2. Background information

The *Decent Work in the Rural Economy* forms part of the ILO's policy priorities and areas of critical importance for priority action in 2014-15 for ILO supported member states. Promotion of Decent Work in the Rural Economy is one of the ten Policy Outcomes of the Programme & Budget for continued provision of high-value services to governments, employers and workers constituents. "*Enhancing the knowledge base and the better use of information on decent work and productive employment in rural areas*"¹ is one of the three expected changes of Outcome 5 on decent work in the rural economy. Lesotho is one of the countries where the ILO is working with its tripartite constituents on enhancing the knowledge base.

Additionally; promoting decent work in the informal economy and facilitating transition from the informal to the formal economy through appropriate policies and programmes is one of the key priorities outlined in the SADC Decent Work Programme (2013-2017) adopted by the SADC Ministers and Social Partners responsible for Employment & Labour (EL). This commitment by member states at the sub-regional level was echoed at the African Union (AU) Assembly in 2015 where African Heads of State reaffirmed their willingness through a Declaration to speed up the transitioning of the informal economy to the formal economy and to promote decent work in all economic activities. A similar commitment by African Heads of State as members of the AU Ouagadougou + 10 Plan of Action to ensure progressive formalization of the informal economy and to extend social protection coverage to the informal economy, including vulnerable workers.

3. Lesotho context

Lesotho, one of Africa's smallest states has a population of 2.1 million, 70% living in rural areas with poverty levels of 61% as opposed to 39% in urban areas).² Informal employment accounts for more

² World Bank: data, <http://data.worldbank.org/> (accessed 29 March 2016).

than 80% of total employment in rural areas with severe decent work deficits, especially in subsistence farming which employs about 41% of all workers³ and small landholdings yet, only a small proportion of the population is engaged in waged agricultural work (18 per cent of male employment and 5 per cent of female in 2008).⁴ The country had 24% unemployment rate in 2013 with labour force participation rates for the working age population being higher for men at 64% and 49% for women and youth unemployment was 34 per cent.⁵ Potatoes, Maize, Wheat, Beans and Sorghum were among the top three important commodities by quantity in 2014⁶, while the top export (in terms of value) product was wool and mohair⁷. The contribution of livestock to the rural economy has always been significant. Wool and mohair sustain money flows to the rural economy. The cycle of economic activities has now been severely compromised as a result of mass retrenchments from the mines of South Africa. Currently the number of Basotho men employed in mines of South Africa is below 50,000 compared to the highs of 120,000 in the 1980s. The rural economy has consequently suffered significantly.

In order to increase knowledge levels among government, employers and workers organisation on rural and informal economy; the ILO provided technical support to government and social partners; (a) to undertake **a diagnostic analysis on decent work in the rural economy as well as** the extent, nature and causes of informality as well as the obstacles to formalisation of both workers and economic units of the informal economy (b) to create awareness on the rural and informal economy as well as the Recommendation 204 on transition from the Informal to the Formal economy in the context of Sustainable development goals as well as the (c) to validate a report on the analysis of the rural and **informal economy which was validated in a multi stakeholder workshop during a workshop from the 9th to the 11th May 2017**. The ILO follows a twin-track approach, including promoting access to supply chains and the market, and promoting decent work for young rural workers already engaged. FAO places particular attention on new opportunities emerging for young people to start up and run profitable agribusinesses by taking advantage of transforming rural and agricultural markets, higher demand and prices, more integrated supply chains, greater rural-urban connectivity in many areas and growth in urban markets.

4. Workshop Participants

The workshop participants included representatives from government ministries, workers and employers organizations, academic institutions, media, Informal business associations and other UN agencies.

- a. **Workers' Organisations and Unions:** Lesotho Trade Union Congress, NACOLA, Lesotho labour Council, Alliance of Progressive Trade Union, Association of women in small business, Kgathangtema Baitshukudi; Ex Miners Association, Construction, Mining and Quarrying Allied workers;
- b. **Employers' Organisations:** Lesotho textile exporters association, Concord Diary Production Association, United Textile employers, Association of Lesotho Employers and Business;
- c. **Government Ministries:** Employment and Labour, Agriculture & Food Security, Development Planning; Small Business Development, Cooperatives & Marketing, Ministry of Trade and

³ Kingdom of Lesotho. 2010. Statistical Yearbook 2010. (Ministry of Finance and Development Planning).

⁴ World Bank Databank: Employment in agriculture (% of male and female employment) in 2008; Agricultural land (% of land area) in 2013; Agriculture, value added (% of GDP) in 2014.

⁵ ILOSTAT: Unemployment rate (%) 2013; Labour force participation rate, men and women (%), 2013, in Lesotho. Available at

http://www.ilo.org/ilostat/faces/oracle/webcenter/portallapp/pagehierarchy/Page137.jspx?locale=sp&_afLoop=174162732911748&clean=true#!%40%40%3Flocale%3Dsp%26_afLoop%3D174162732911748%26clean%3Drue%26_adf.ctrl-state%3Dd3iwt7mg9_490 (accessed 03 October 2016).

⁶ FAOSTAT: <http://fenix.fao.org/faostat/beta/en/#data/QC> (accessed 18 October 2016)

⁷ FAOSTAT: Top ten commodities export quantity, 2011 in Lesotho. Available at: <http://faostat.fao.org/site/666/default.aspx> (accessed 03 October 2016).

Industry, Local Government & Chieftainship, City Council, Gender Youth Sports and Recreation, Judiciary, Public Works,

- d. **Academic Institutions:** National University of Lesotho representatives from Economic extensions, Agriculture and Small Medium Enterprise; Limkokwing University;
- e. **UN:** FAO representing other development partners;
- f. **Civil Society:** Future Foundation for Development in Lesotho, Lesotho National Development Corporation,
- g. **Media:** Lesotho Times, the Post Newspaper, Lesotho TV,

5. Key results of the workshop

The multisectoral and multi-stakeholder workshop was officially opened by the Acting Permanent Secretary (APS) from the Ministry of labour, Mr----- who reiterated the value of the decent work agenda in realising the protection and promotion of human rights.

In his concluding remarks; the PS requested the workshop participants to develop “a plan of action on how we are going to move forward on this important initiative. My understanding is that we will have to come up with a smaller group which will be responsible for operationalization of the resolutions of this workshop”.

In order to realize the workshop objectives and participants’ expectations of the two and half day workshop; participants agreed on **Five strategic points to guide the way forward on the promotion of decent work in the rural economy as well as formalization of the Informal economy as follows:**

In particular, future actions should aim:

1. To ensure that the promotion of formalization of the informal economy and the promotion of decent work in rural areas within the broader context of the Sustainable Development Goals are integrated in the national policies, strategic frameworks and plans.
2. To consider the establishment of a Working Group to enable the development of an actionable plan and its effective implementation as a follow up to the sensitization workshop on Recommendation 204 and the conclusions of the diagnostic study on “Working conditions in the rural economy of Lesotho”. Identified representative will be added to the existing steering committee on Labour inspection to also work on formalization of the informal economy in Lesotho.
3. To consider the development of a national strategy on formalization of the informal economy and the promotion of decent work in the rural economy. This may include *inter alia* the revision of the legal framework, tax, licensing of business; improving the functioning and coverage of labour inspection as a key mechanism to ensure compliance with relevant laws and regulations. Particular attention needs to be paid to the elimination of child labour and the promotion of gender equality.
4. To ensure institutional leadership and ownership of efforts towards formalization of the informal economy and the promotion of decent work in the rural economy as well as effective coordination between relevant government ministries and departments and other stakeholders.
5. Given the high number of women in the informal and rural economies, to consider measures to strengthen and extend social protection, including maternity protection and occupational safety and health, with a view to ensuring equal participation of women in economic activities, thereby contributing to economic growth, social development and the achievement of well-being for themselves and their children.

6. Immediate Actions for follow up include:

Following consensus on the strategic thrust, on interventions to address the decent work deficits in the rural and informal economy; the meeting resolved that:

- The workers organisation represented by NACOLA would:
 - Submit additional inputs to the report to the ministry of labour and employment for to be forwarded to the consultant,
 - Submit the names of representatives to the Multi-Stakeholder Technical Working Group to follow up on the recommendations of the study, develop an action plan and support the country's efforts on addressing identified obstacles to formalization of the informal economy as well as the attainment of decent work in the informal economy.
- Agreed that the proposed that the technical working group will need to work on the proposed interventions to produce a comprehensive plan of action. The table below captures some of the contributions from the workshop to address the decent work deficits in the rural and informal economy.
- The consultant will review the report and submit to the ILO by the 18th May 2017;
- The ILO will review the report for finalization by the consultant;
- The ILO will share the final report with the ministry of Labour for circulation to relevant national partners and publish it;
- The Ministry of Labour and Employment (MOLE) will strengthen the existing Steering committee to include stakeholders from the informal and rural economy and convene meetings for planning;
- Workshop participants participated in small commissions to discuss possible interventions to address Decent work deficits in the informal and rural economy as well as facilitating transition of the informal to the formal economy.

The workshop participants worked in groups to identify key intervention areas, and requested that the TWG / Steering Committee develop an action plan based on the **5 Strategic areas above as well as the proposed Interventions below.**

Key Interventions for consideration by the steering committee

1. Facilitate the Establishment of a Technical working group/ Multi-stakeholder committee to provide oversight and lead the implementation of decent work in the rural economy and transition of the informal economy consisting of government, civil society, social partners & academia
2. Develop and review existing legal framework on: licensing procedures, taxation & business registration
3. Strengthening the capacity of government, employers and workers organisations and cooperatives for them to develop national policies and programs
4. Strengthen the capacity of member based organisations for them to be able to effectively service their members.
5. Establishment of a statutory tripartite Plus body to support achievement of decent work in the rural economy and formalization of the informal economy.
6. Assessment of the informal economy to quantify economic units by sector.
7. Monitoring and evaluation of programs addressing decent work deficits in the rural and informal economy.