

Module IV

LED and Decent Work

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Aims of the module

This module examines link between decent work and poverty reduction and the role LED can play in creating decent employment opportunities. It will clarify the ILO's Decent Work concept and framework. The main factors of this approach will be identified and illustrated using case studies from the Sub-Saharan African context. In general, the module will show that productive and gainful employment contributes to the objective of poverty reduction. Through encouraging pro-poor growth, the LED approach can help to achieve the interrelated goals of decent employment creation and poverty reduction.

Specifically this module will aim to:

- a) present the ILO Decent Work concept and framework
- b) clarify the link between productive and gainful employment and poverty reduction
- c) examine the ability of the LED approach to promote decent employment opportunities

1. Structure of the module

In order to achieve these goals, this module is divided into the following sections:

- a) **The changing role of the ILO:** An outline of the role of the International Labour Office in a rapidly globalizing world
- b) **The Decent Work concept:** An overview of the decent work concept and its features and components.
- c) **Decent work and poverty reduction:** A review of the link between work and poverty and the role decent work can play in poverty reduction.
- d) **LED and decent work:** A discussion of the role LED can play in creating decent work opportunities in a locality.

2. The changing role of the ILO

As discussed in module 1, the social and economic environment within which the issues of unemployment and poverty need to be addressed has changed dramatically over the past decades. Globalization, localization and economic liberalization have fundamentally altered the relationship between the central state and economic activity and labour. As capital and labour have become more mobile, spatial and interpersonal inequality has tended to increase in many places. These tendencies have made the issues of poverty and unemployment creation all the more poignant, while simultaneously rendering traditional development strategies less effective. In the context of these challenges, the ILO expresses its commitment to improving the situation of people in the world of work through promoting the creation of sustainable opportunities for decent work around the world (ILO, 1999).

As a consequence of its historical roots, the ILO has in the past mainly focused on the needs and interest of waged workers in formal enterprises. In keeping with today's reality, it has however broadened its scope to include all types of workers, from unregulated wage workers to home workers and the self-employed (ILO, 2002).

This informal economy is responsible for a relatively large percentage of total employment especially in low and middle-income countries. The actual size of the informal economy is difficult to assess, but the estimates in Table 1 show that it is likely to represent a significant portion of the working population in many regions of the world.

Table 1 The size of the informal sector

The Informal sector as a percentage share of:	Africa	Latin America and the Caribbean	Asia
Non-agricultural employment	78	57	45-85
Urban employment	61	40	40-60
New jobs	93	83	N/A

Source: (Chen, 2001: 72)

Informal employment has traditionally been linked to poor occupational safety and illegal and criminal activities. Recently, however, there has been a growing awareness that the informal economy actually includes several more benign forms of employment, such as home-based work and small-scale family businesses, and may indeed provide valuable employment opportunities, particularly for the poor (Xaba *et al.*, 2002: 11-12). In light of the prevalence and importance of informal forms of employment, incorporating this sector into development strategies is crucial.

Box 1 LED and the informal economy; The case of Durban (South Africa)

As a consequence of the far-reaching process of decentralization that swept through South Africa after the end of Apartheid, local governments were granted extensive responsibilities in the realms of LED and citizen participation. Within the city of Durban, these newly acquired powers were used, amongst other things, to set up a project aimed at developing the local informal sector.

The informal sector in Durban offers both important employment opportunities for the poor and accessible and affordable shopping outlets for the large group of commuters that live in the informal settlements around the city. However, the sector was also plagued by poor working conditions and insecurity.

Through a broad local consultation process, which included representatives of informal and formal business organizations, trade unions, civic groups and development forums, a programme was devised to address these problems. The resulting 1999 Informal Economy Policy was remarkable in several ways:

1. It openly acknowledges the importance of the informal sector and the ties that exist between the formal and the informal aspects of the city's economy.
2. It makes creative use of existing support services for the formal sector, such as basic business skills training and legal advice, by making them available to informal economy workers, such as street traders and those involved in home-based work, as well.
3. It recognizes and actively supports informal sector worker organizations, thereby strengthening the ability of informal sector workers to formulate collective needs and issues and to engage with local government officials in search of ways to address these issues.

This example shows that the LED approach provides opportunities for governments to engage with the informal sector in the fight against poverty.

Source: (Durban Unicity Council, 2001; Skinner and Valodia, 2003)

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3. The Decent Work concept

The goal of the ILO is not just the creation of employment opportunities per se, but rather the creation of jobs of an acceptable quality or *Decent Work*. What constitutes decent work is relative and country-specific. The socio-economic context within which the decent work concept is defined will, to a degree, shape its content and the extent to which it enhances the economic, social and labour market performance of a territory (Buckley 2004). In this sense, the decent work concept can relate to a diverse range of forms of work, working conditions, and feelings of value and satisfaction (ILO 1999). However, adherence to basic human rights should be a minimum standard for decent work.

Specifically related to work, these rights include (Buckley, 2004: 10):

- freedom of association and a recognition of the right to collective bargaining
- the elimination of discrimination in respect to employment and occupation
- the elimination of all forms of forced or compulsory labour
- the effective abolition of child labour

To promote economic development with equity and the creation of decent work, mutually reinforcing policies along four interrelated areas need to be devised.

These areas are (ILO 1999):

1. **Human rights:** As mentioned above, the adherence to basic human rights in the work place is a fundamental part of decent work. Policies to ensure these rights are respected are therefore crucial to empower men and women to achieve their potential and escape from poverty.
2. **Employment:** Creating opportunities to engage in productive employment is at the core of promoting decent living standards, social and economic development and personal fulfilment. For this reason, policies aimed at increasing both the quantity of jobs available and the productivity of workers are central to achieving social and economic development goals.
3. **Social protection:** Unemployment, ageing, and poverty are putting a strain on welfare systems throughout the developed and developing world. Although these developments indeed pose real challenges, incidences of economic crisis and rising social exclusion call for greater, rather than less, social protection. This is particularly true in the context of urbanization, which has largely eroded informal support networks in many places. A level of social protection and income security not only helps to meet the basic needs for human survival, but can also promote social stability and ease social and political change. Economically, it both makes it easier for workers to accept change and for firms to restructure and raise efficiency.
4. **Social Dialogue:** Social dialogue, from national, regional, or local tripartite consultations and cooperation to plant-level collective bargaining, helps to reach better solutions to shared problems and foster social cohesion. It fortifies democratic governance and helps to build more vigorous and resilient labour market institutions. To take advantage of these benefits, states need to not only create opportunities for dialogue, but also devise policies that help social partners to develop the capacity to engage in the process.

Although decent work is a context-specific concept, measuring to what extent local conditions meet the basic requirement of and local perspectives on decent work is possible. The degree to which citizens of a territory have access to decent work, defined as “opportunities for women and man to obtain decent and productive work in conditions of freedom, equity, security and human dignity” (Anker *et al.*, 2003: 151), can be measured around six dimensions (based on Anker *et al.*, 2003):

1. **Opportunities for work:** A basic prerequisite of decent work is adequate opportunity for work; i.e. that those who want to work are able to find a job.

2. **Work in conditions of freedom:** Decent work should be freely chosen and adhere to basic human rights. Bonded labour, slave labour, and child labour cannot be considered forms of decent work.
3. **Productive work:** To ensure sustainable development and the competitiveness of firms, states, regions and localities, decent work needs to be productive work.
4. **Equity in work:** Decent work requires fair and equitable treatment and opportunities within the workplace.
5. **Security at work:** Health, pension and livelihood safeguards and adequate protection against contingencies, such as illness, should be in place.
6. **Dignity at work:** Workers should be treated with respect and have opportunities to voice concerns and participate in decisions directly affecting working conditions.

Box 2 Decent work in Ethiopia

Ethiopia is one of the poorest countries in the world. Over the past 25 years, the country has suffered from wars, famine, and an overall dismal economic growth performance. Since 1991, the government has embarked on a number of economic, social and political reforms, which have greatly improved the economic performance of the country. Nonetheless, Ethiopia's economy remains fragile, as it is greatly dependent on agriculture and therefore subject to the fickle weather conditions in the area. Around 80 per cent of the population still have to survive on less than a dollar a day and 44 per cent is undernourished (Buckley 2004: 1).

The labour market and working conditions in Ethiopia present a number of issues:

- The working poor are presented with very few **employment options**, apart from small-scale agricultural activities and youth unemployment is high.
- Despite the fact that Ethiopia ratified the ILO's Worst Forms of Child Labour Convention, incidences of child labour are still high. There is little or no information available on other issues concerning **work in conditions of freedom**.
- Through Ethiopia's **labour productivity** is still hampered by a strong reliance on small-scale agriculture, it has risen substantially since the reforms.
- In reference to **equity at work**, gender discrimination does not seem to be occurring on a large scale and the government has formulated policies to improve the position of those with disabilities.
- **Dignity at work** is at risk due to the fact that social dialogue and workplace relations, such as opportunities for association and collective bargaining, are underdeveloped.
- Limited data are available on the level of **security at work** in Ethiopia, but the data that are available suggest that social protection is low.

Although the recent development plans of the Ethiopian government clearly attach great importance to opportunities for work and labour productivity, issues related to work in conditions of freedom and security receive far less attention. Equity and dignity at work are hardly mentioned at all. Some may argue the basic needs and challenges Ethiopia faces justify such an order of priorities.

The next section of this module will, however, show that the right to inclusion or participation, social protection, and access to decent work and income opportunities are all crucial to reach the goal of poverty reduction. Therefore it is precisely because Ethiopia is one of the least developed countries in the world that all aspects of decent work should be high on the priority list of poverty-reduction strategies in the area.

Source: (Buckley, 2004)

4. Decent work and poverty reduction

Work and poverty are intimately linked at all stages of life:

Childhood: Education is highly conducive to a productive working life and gives children skills that will help them to avoid falling into poverty. Especially in light of the rapid pace of technological change, there is a high premium on the capacity to learn throughout one's working life. The frequently found need of poor households to rely on child labour therefore perpetuates poverty across generations. (ILO, 2003: 22-24)

Youth: A successful transition from school to work is crucial to a person's chances of escaping poverty. Unfortunately, the young have few formal employment opportunities in many developing countries and often face the choice between unemployment or working in the informal sector. The high incidences of youth unemployment, together with the low level of social protection and job security in the informal sector, mean that many young people in developing countries are unable to escape poverty. (ILO, 2003: 24-26)

Adulthood: Those who have not had the opportunity to acquire the necessary skills to obtain productive employment or have not been able to find a secure, decent job after finishing school are more likely to carry the strains of poverty throughout their adult life. Around half of those living in poverty are of working age (i.e. between 15 and 64 years old) (ILO, 2003: 20). Unemployment or insecure employment can create a vicious cycle of poor living conditions, ill health, decreased productivity, and poverty.

Old-age: As family and community values change, more and more people over 64 now need to provide for themselves in old age. Approximately 40 per cent of Africa's elderly and 25 per cent of older people in Asia are still active in the labour force (ILO, 2003: 31). Especially women, who tend to live longer than men, are at risk of falling into poverty at old age. In many developing countries, the situation is aggravated by the HIV/AIDS pandemic, which wiped out large parts of the younger generations who could care for parent and grandparents. (ILO, 2003: 31-33)

Different aspects of working and living conditions can impact upon the chance of escaping poverty throughout life:

Gender inequality: From childhood to old age, women in many areas in the world still face incidences of gender inequality and discrimination that constrain their choices and opportunities in life and can condemn them to poverty. Fewer opportunities for acquiring skills and knowledge, together with a more difficult transition from school to formal employment, force a large part of the female labour force in developing countries into informal and insecure types of labour. (ILO, 2003: 26-27)

Low income from agricultural work: The dependency on agriculture for livelihood is high in most developing countries. Much of this agricultural activity consists of subsistence or small-scale farming. Due to the seasonal nature of agricultural work, the generally low returns, and the high risk of crop failure, it tends to provide a highly insecure source of income. Together with poor access to credit, markets, social services, labour protection, and social security in many rural areas, this often leads to poverty. (ILO, 2003: 27-29)

Working conditions in the informal economy: Often the only form of employment open to the poor, the informal sector employs a large portion of the poor population in developing countries. This sector usually consists of low-skilled, low-productivity jobs that yield irregular and often insufficient income. Working conditions are generally unsafe and unhealthy and working hours tend to be long. Combined with the low level of social protection, this leads to insecure jobs and high risks of falling into poverty. (ILO, 2003: 29-30)

Health problems: The poor access to health care, combined with inadequate housing, unsafe water, poor sanitation and dangerous working conditions, can start a vicious circle of ill health, reduced working capacity and poverty. (ILO, 2003: 30-31) Safe and clean living and working conditions and access to adequate health care are therefore a crucial element of fighting poverty.

As the previous discussion shows, poverty, work and working conditions are intimately linked. The goal of creating decent and productive work opportunities in conditions of freedom, equity, security and human dignity therefore play an important role in reaching the Millennium Development Goals concerning poverty reduction and sustainable development.

5. LED and Decent Work

The LED approach, as defined in modules 2 and 3, can help create decent work through all four pillars identified by the ILO:

Human rights: The LED approach seeks to empower local communities to take charge of their collective future. It encourages the participation of a wide range of stakeholders and creates local opportunities of voice. In doing so, it not only promotes the creation of stakeholder associations, but also helps to combat discrimination by including previously excluded groups, such as women and the poor, in the decision-making process.

Employment: By bringing together the knowledge and expertise of local stakeholders, NGOs, national and regional governments, and international organizations, LED can devise economic development strategies that are tailored to local conditions and needs. The policies that are devised in this way can help build local labour skills, strengthen local firms, and attract new inward investment leading to more opportunities to engage in more productive forms of employment.

Social protection: Since LED is formulated by a wide range of local stakeholders, it is more sensitive to the needs of vulnerable groups, such as the poor and those working in the informal sector. Local communities may choose to devise programmes aimed specifically at providing social protection and income security. Box 1 displays an example of a LED policy that is particularly aimed at the informal sector.

Social dialogue: The LED approach shared the ILO's conviction (1999) that the best solutions arise through social dialogue and that it helps to fortify democratic governance and social cohesion. LED creates an opportunity for dialogue between the different groups within the community and actively seeks to enable these groups to engage in the decision-making process. It thereby increases the social cohesion within a locality and gives opportunities of voice to a wider variety of stakeholders.

Box 3 LED and decent work in Ghana

Ghana suffers from widespread poverty, limited employment opportunities, and a generally poor quality of work. Within the country, women and those in the informal economy are hardest hit by these trends. The heavy reliance on agriculture and the informal economy means that a large part of the working population relies on low and irregular remunerations. Particularly in the informal sector, work is often unsafe, unhealthy and insecure. Together, these factors impact negatively on the general well being, and labour productivity of the population and the competitiveness of the economy.

To address these issues, the Ghanaian government has devised a Poverty Reduction Strategy (GPRS) based on five pillars: a) macro-economic stability; b) productive and gainful employment; c) human resources and basic services; d) support for vulnerable and excluded groups; and e) governance. This development initiative is supposed to be planned and implemented by local governments, although in practice the decentralization of powers and resources has been rather limited.

Against the backdrop of the GPRS, the ILO has implemented a Decent Work Pilot Programme in two districts in the Central region of Ghana; Awutu-Efutu-Senya and Ajumako-Enyam-Essiam. These regions were selected because they already possessed some of the characteristics favourable to LED, such a basic awareness of and interest in issues of decent work, rural-urban linkages, and formal or informal stakeholder organizations.

Through consultation with local stakeholders in the two districts, it was decided that the LED programme would be coordinated through a sub-committee of the existing District Assembly, rather than through a specially created local forum. The overall aim of the LED process was to create decent employment in the local informal sector.

The sub-committees seek to promote a locally-owned and well-integrated strategy by:

- Creating opportunities for social dialogue between a broad range of stakeholders, which allowed for the identification of decent work deficits
- Ensuring transparency and accountability throughout the process
- Formulating a broadly acceptable and balanced development strategy on the basis of the outcomes of local consultation
- Promoting strategic partnerships between the local private and public sector
- Coordinating actions at the local, regional, and national scale

Source: (ILO, 2005)

Exercise

Decent work	
In your opinion, what are the main issues in your country with respect to...	
▪ Human rights?	
▪ Employment?	
▪ Social Protection?	
▪ Social dialogue?	
Territories and decent work	
Think of a territory you know well. What are the main local issues with respect to...	
▪ Opportunities for work?	
▪ Work in conditions of freedom?	
▪ Productive work?	
▪ Equity in work?	
▪ Security in work?	
▪ Dignity in work?	
▪ Informal sector work?	
LED and decent work	
In your opinion, could implementing the LED approach in this locality help create decent work? Why/why not?	

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