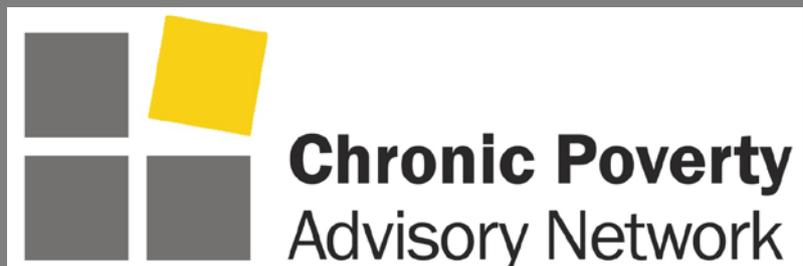


# Employment Policy Guide

*Working out of Chronic Poverty: A Policy Guide*

(2013)





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## Preface

The Chronic Poverty Advisory Network (CPAN) is producing a portfolio of sector and thematic policy guides to help policymakers and programme designers use evidence about chronic poverty and poverty dynamics in designing policies and programmes to:

- Contribute to addressing the causes of chronic poverty;
- Assist poor households to escape poverty;
- Prevent impoverishment.

The guides are aimed primarily at policymakers and practitioners in developing countries, working for government, civil society, the private sector and external development agencies. This includes organisations working directly with and for the poor. They are also intended for the intergovernmental, bilateral and non-governmental international agencies that support those domestic actors.

The challenge of improving the quality and quantity of employment is often seen as a task solely for Ministries of Labour. However, a key message from this guide is that this challenge cross-cuts government ministries and departments. This particular policy guide is therefore intended for a range of policymakers including in ministries of labour, social welfare, local government and internal affairs as well as for programme designers and implementers who are working to reduce chronic poverty.

The guide identifies key areas and new emphases for policy and programme development to enable chronically poor people to work out of poverty, rather than be working and living in chronic poverty. The guide is about what to do rather than how to do it in particular contexts. However, CPAN is happy to work with policymakers on the 'how to' question: please contact us if you would like to adapt the ideas in this guide to a particular context, or to get into more detail on how to design and implement or evaluate policies and programmes. You can reach us at [chronicpoverty@odi.org.uk](mailto:chronicpoverty@odi.org.uk).

Reading the guide: if you have limited time there is an overall summary at the start. Section A provides an overview of the working chronically poor and a policy framework. Section B discusses particular policy domains. Section C focuses on certain types of informal wage employment which are important for chronically poor people and the policies and programmes which can improve the conditions of that work. Lastly, section D closes with conclusions.

This guide has been written by experts on employment issues (Martha Chen, Pedro Martins, Davuluri Venkateswarlu and Jill Wells) along with members of the CPAN team (Dominik Bulla, Lucy Scott and Andrew Shepherd). It has been supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and the Swiss Agency for Development and Cooperation (SDC).

Responsibility for the content rests entirely with the writers. The authors also appreciate very useful comments on the first draft from Andries du Toit, Anna McCord, Francesca Bastagli, GIZ and Nicola Phillips.

Front cover: India, Ghoramara Island, Sunderbans. Women labour all day constructing a clay wall that they hope will protect them against the rising seas. Islanders of the Sunderbans in the Bay of Bengal can only stand by and watch as rising sea levels consume their homes and livelihoods.

Photo: Robin Hammond /PANOS

## Summary

This Policy Guide examines policies and programmes to improve the quantity and quality of work for chronically poor people engaged in informal wage employment so that their hard work can contribute to poverty escapes.

### **The importance of jobs for chronic poverty reduction**

Chronically poor people are poor over extended periods of time, often over a lifetime and may pass their poverty onto their children. Frequently lacking material assets including land, livestock or the equipment for a microbusiness, the main asset of chronically poor people is their labour (Baulch 2011). The majority of chronically poor people are economically active but the poor quality of that work, including its low-pay, dangerous conditions and insecurity or irregularity means that this work frequently maintains people in poverty rather than enabling poverty escapes. Escapes from poverty, meanwhile, are related to changing conditions of work and additional labour income. This can be through greater diversification, higher earnings per hour or an increased number of hours worked (Inchauste 2012). Evidence from panel data and life histories shows how escapes from chronic poverty are associated with gaining salaried employment and engagement in non-farm activities including through establishing a micro-business or engagement in non-agricultural wage labour (Baulch 2011; Higgins 2011; Davis 2011).

### **The scope and structure of this guide**

The majority of chronically poor people are engaged in informal employment. There are two types of informal employment: self-employment and wage employment. This policy guide focuses on informal wage employment. The key defining feature of informal wage employment is that employers do not make contributions to social protection coverage of their workers (Chen et al. 2004, 2005). Moreover, workers in informal wage employment frequently work in unsafe and dangerous conditions with most labour legislation applying only to a permanent workforce.

Until recently the prominence of the informal economy in developing countries was viewed exclusively as a stage on the development trajectory: as countries further develop and industrialise so workers shift to the formal economy. Further, informal employment was seen largely as self-employment in informal enterprises. For these two reasons, little effort was made to include informal workers within frameworks around labour regulations and social protection. However, it is now acknowledged that informality is not merely a stage in the development process, it is here to stay and indeed that informal wage employment is increasing as companies strive to reduce obligations to their workers (ILO 2002a; Chen et al. 2004).

In particular, this guide focuses on four forms of informal wage employment; casual wage labourers in agriculture and construction, domestic workers and homeworkers. All employ large numbers of chronically poor workers and have the ability to 'absorb the excluded' (de Souza, 2000 in ILO 2001), providing substantial quantities of work for poor people with little education and few skills.

Part A of this Policy Guide gives an overview of the range of policy areas which affect the quantity and quality of employment and the access of chronically poor people to jobs. Section A2 highlights the important role of the state, not just in providing macroeconomic stability, but also in making broad investments in human capital, economic infrastructure and social protection. The key constraints which policy makers need to address though vary according to country context. Section A3 proposes a three-fold typology of predominant employment challenges which countries may face; high agricultural employment; high urban underemployment and informal jobs; and high unemployment. It

presents an overview of policy priorities (macroeconomic, structural, labour market and social protection) for countries facing these predominant employment challenges.

Part B investigates certain policy areas in more depth. These policy areas are chosen on the basis (i) that they are important for increasing the access of chronically poor people to jobs and for improving the quality of those jobs and (ii) that they are not sufficiently addressed in the recent World Development Report (WDR). Education and training, for instance, though extremely important for chronically poor people to access quality jobs are comprehensively covered both in the WDR and CPAN's Education Guide (though Box 8 does provide a summary of the lessons from these). International migration, meanwhile, is both well covered by the WDR and is also largely inaccessible to chronically poor people and so is beyond the scope of this guide.

Section B1 examines structural policies which can support internal migration, an important risk reduction mechanism for chronically poor households and a potential route out of chronic poverty. However, internal migration is currently ignored or actively discouraged by many governments. Section B2 investigates labour market policies to protect an increasingly casual workforce, particularly the extension of labour laws to cover labour contractors. Section B3 discusses the potential for voluntary and private codes and standards both to spur improvements in labour standards and the enforcement of existing labour laws and as a means, in and of themselves, to improve working conditions. Section B4 examines how collective representation of chronically poor informal wage workers can be supported. Conventional trade unions, organised around a defined employee-employer relationship, are less suited to provide a voice for chronically poor people involved in informal wage employment than broader alliances.

Part C presents more information on the four types of informal wage employment which are the focus of this guide. Section C1 presents a case study of cotton labourers in India and the role which social standards can play in improving working conditions in international value chains. Section C2 examines policies and programmes which can increase the quantity of construction work for chronically poor people, including through routine infrastructure maintenance, increasing the local content of construction activities and public works schemes as well as interventions to improve the conditions of that work. Section C3 investigates domestic workers, highlighting the role which written contracts can play in domestic workers being recognised as workers rather than (exploited) family members. Section C4 provides an overview of the policy priorities for improving the conditions of homeworkers, including social protection, improving the home environment which is their workplace and examples of the successful organisation of homeworkers.

Part D concludes, presenting policy priorities for countries with different predominant employment challenges and for different sectors of informal wage workers; agricultural wage labourers, construction workers, domestic workers and homeworkers. It is divided into three parts;

1. Creating more employment opportunities
2. Improving the terms and conditions of that employment including through enforcing minimum wages
3. Increasing the access of chronically poor people to these opportunities

### **Overview of policy recommendations**

#### **Acknowledging informal wage employment**

- Governments should formally recognise the sectors in which informal wage employment is dominant and officially acknowledge the contributions of informal workers to these sectors and the overall economy. This places different types of informal wage employment under legal

frameworks governing labour markets. Legal status and recognition as workers is particularly important to increase the visibility of domestic workers and homeworkers.

- Collecting data on the incidence and nature of informal wage employment can be a tool to promote its official acknowledgement in policy frameworks and institutions. India's Self Employment Women's Association (SEWA) collected data on the nature and extent of informal construction workers to persuade government to address their interests (Section B4). To date fifty national governments collect data on informal wage employment. However, there are challenges related to measuring and distinguishing different types of informal wage employment, including distinguishing between self-employed home-based workers and semi-dependent homeworkers (Section C4).

#### The macro-economy

- The challenge of improving the quality and quantity of work for the poorest people should not be left just to the Ministry of Labour (or other allied institutions). Instead, it should cross-cut government ministries including Ministries of Finance, Rural Development and Education as well as the Central Bank (Section A2).
- Economic growth is an important component of job creation. However, for growth to contribute to poverty reduction through employment the quality of economic growth is as important as its rate. If growth is not contributing to chronic poverty reduction through employment it may be that; (i) the growth process is not generating a sufficient number of good employment opportunities and/or (ii) chronically poor people are not able to gain access to these jobs (Section A2).
- Investments in employment-intensive agricultural growth can increase the quantity and improve the quality of jobs for chronically poor people as well as contributing to structural transformation of the economy. However, there can be trade-offs between productivity and employment and in some contexts, such as South Africa, increases in agricultural productivity have been at the expense of jobs as capital has replaced labour (Section A2).
- Tightening wage labour markets involves not just policies on the demand side, but also those addressing the supply of workers to the labour market. Education and training, family planning, social protection and family planning policies are all important here.

#### Internal migration

- For some remote rural regions it may not be viable to promote a profitable agricultural and non-farm economy and it may make policy sense also to support seasonal migration for work. Countries could develop national urbanisation policies which allocate public investment to a pro-poor (often more geographically even) distribution of urban activity. These policies would acknowledge migration as a key element in the progress towards poverty reduction and would include measures to increase its returns (such as measures to improve the flow of remittances) and reduce costs for poor migrants (through, for instance, building rural feeder roads and the provision of seasonal childcare in migrant sending villages; Section B1).
- Where there are discriminatory regulations against internal migrants reducing the costs imposed by the state is an obvious first step. However, the politics of this are difficult. China has focused on policies which are politically easier (education in sending areas, and increasing the number of workers with formal contracts) rather than doing away with the *hukou* system. It has though, also opened up some space for local governments to experiment with the latter (Section B1).

### Labour market policies

- Labour regulations are largely designed for a permanent workforce, leaving people in informal wage employment uncovered. Policies need to ensure that employers are held to account to fulfil their responsibilities. This involves clarifying employee-employer relationships (particularly with workers increasingly being recruited through labour contractors or intermediaries), regularising employment contracts and extending labour regulations to cover different forms of informal employment (Section B2).
- The recent World Development Report (WDR) affirms that minimum wages and employment protection legislation can be effective tools for poverty reduction while their effects on employment levels and productivity growth are insignificant or modest. The question, therefore, is not so much *if* labour regulations should be expanded to a casual workforce, but which regulations should be expanded, when and how these should be sequenced.
- Inclusion in minimum wages legislation is a priority for both domestic workers and homeworkers, along with the promotion of written contracts (Sections C3 and C4). For agricultural and construction workers, enforcement of health and safety standards is a key first step, along with abolition of child labour undertaken in dangerous conditions (Sections C1 and C2).
- The enforcement of labour laws is already a challenge in many lower and middle income countries. The extension of labour laws to informal wage workers is likely to raise a new range of issues for their enforcement.

### Voluntary codes

- Voluntary codes and standards may be an important tool to act as a catalyst to strengthen labour laws and their enforcement, as reduction of child labour in cotton farming in India illustrates (Section C1).
- In themselves, private standards can play an important role, particularly in improving health and safety (Ethical Trade, Section B3), regularising employment contracts and providing workers with a written contract (Fairtrade, Section B3). However, increasing workers' knowledge of what they are entitled to, along with external audits are important to ensure that standards are enforced.
- Private and voluntary codes on labour standards are suitable only for certain value chains, due partly to limited demand for products which comply to certain standards. It is easier to generate demand for higher social standards in international, as opposed to national value chains. International investors can introduce new values around labour standards. The International Finance Corporation (IFC), through its Performance Standard 2, which makes it the responsibility of borrowers to ensure that labour standards are enforced, is contributing to a global norm on labour standards (Section C2).

### Representation

- There is a role for civil society both to lobby to ensure that labour legislation is enforced and to raise middle class consumer awareness in middle income countries if voluntary codes and standards are to be effective at improving labour conditions in national and local value chains.
- Traditional trade unions, based on an employee-employer relationship are less suited for labourers in informal wage employment. Successful membership based organisations for workers in informal wage employment more closely resemble social movements, being based on

local priorities and agenda rather than being organised around standard demands for improved wages and working conditions (Section B4).

- Civil society, including NGOs, can play an important role in bringing together groups of workers who, due to daily imperatives for survival, lack of common identity and isolation, including domestic workers and homeworkers, are unlikely to organise spontaneously.
- Alliances of workers' organisations are crucial to lobby for changes in working conditions. HomeNet South Asia is a network of 600 organisations representing homeworkers from five countries and helps to influence policies at the national, regional and international levels, including successfully lobbying for the adoption of a new international convention (Section C4). In Brazil, grass-roots level associations forged networks and umbrella organisations which were able to influence the national Constitution (Section B4).
- Government schemes and institutions should be designed with informal wage employment in mind. This includes adapting health-insurance schemes and trade union registration criteria.

#### Social protection

- Chronically poor people are unlikely to be able to afford to contribute to social insurance and so increasing the level of benefits from social assistance (its depth) makes sense to include and benefit the poorest people (Section B5).
- Cash transfers, through contributing to achieving better health and education outcomes can improve the terms of labour market engagement. They can also enable people to invest in migrating to find better work. On their own, though, cash transfers are insufficient for the poorest households to graduate sustainably from poverty (Section B5).
- Public works programmes are an increasingly popular policy instrument. However, for the poorest households to work themselves out of poverty a prolonged period of wage employment is required and on-going and regular employment in routine maintenance (for instance in rural roads) is more appropriate than short-term work in construction (Section C2).
- Active poverty targeting of public works programmes is important to ensure that it is the poorest people who gain work (Section C2). If programmes are implemented at scale, with a guarantee of regular employment and in the context of fairly closed labour markets then they can be successful in setting a reference wage in agricultural labour markets (Section C1).
- It is important to scale-up existing social protection pilots and projects and institutionalise social protection systems which guarantee benefits for the poorest people meaning they are better able to plan their income and expenditure (Section B5)

## A1 Introduction

Jobs are increasingly centre-stage in national and international policy debates, in recognition of the importance of productive employment and decent work for poverty reduction, development and social stability. The 2013 World Development Report (WDR) on Jobs focuses on making jobs work for development, or promoting jobs which have the greatest benefits for societies. It refers to these jobs as 'transformative'. Poverty reduction, or increasing living standards, is one aspect of a 'transformative' job. Others include productivity and social cohesion. The challenge is to implement the recommendations of the WDR to promote the creation of transformative jobs and to increase the access of chronically poor to these jobs.

This CPAN Policy Guide builds on the relevant lessons from the WDR, with particular reference to the benefits from jobs for chronically poor people (see Box 1), whether as individuals or as members of certain groups of informal wage workers (as casual agricultural wage or construction labourers, domestic workers and homeworkers). This approach has much in common with the Decent Work Agenda of the International Labour Organisation (ILO) which is to be achieved through creating jobs; guaranteeing rights at work; extending social protection and promoting social dialogue. However, in recognition that 'decent work' is a long way off for the majority of chronically poor people, this guide examines how policies and programmes can improve the quantity and quality of jobs for chronically poor people so that their hard work can contribute to their poverty escapes.

### Box 1: Chronic poverty

Nearly half a billion people are trapped in chronic poverty – poverty they experience over many years, often over their entire lives, and commonly pass this poverty on to their children.

For people living in chronic poverty, poverty is not simply about having a low income: it is about multi-dimensional deprivation – hunger, under-nutrition, dirty drinking water, illiteracy, having no access to health services, social isolation and exploitation.

The causes of chronic poverty vary according to context but are usually multiple. The most common causes are combinations of poor work opportunities, insecurity, and poor health, social discrimination, limited citizenship and spatial disadvantages, for instance living in a remote rural area. A set of reinforcing factors mean that chronically poor people cannot advance their economic or social position.

The guide also uses the term – the poorest. This includes the chronically poor as well as the severely (or food) poor. Most of the latter are also chronically poor, but others are also chronically poor.

Sources: Hulme and Shepherd (2011) and McKay and Perge (2011).

### The working chronically poor

Chronically poor people are poor over extended periods of time, often over a lifetime and may pass their poverty onto their children. Frequently lacking material assets including land, livestock or the equipment for a microbusiness the main asset of chronically poor people is their labour (Baulch 2011). The notion of 'unemployment' has little relevance for chronically poor people, they simply cannot afford not to be working. Rather, the majority of chronically poor people are economically active but the poor quality of that work, including its low-pay, dangerous conditions and insecurity means that this work frequently maintains people in poverty rather than enabling poverty escapes. 'They are working hard and they are working poor' (Fields 2012: 2), with there also being evidence of

wage traps when labour income is close to subsistence levels (Gartner and Gartner 2011). This is especially true for poor women. Chronically poor people are underemployed both in terms of time (having periods when they are unable to find sufficient quantities of work, particularly during certain seasons) and also in terms of income (undertaking work which is poorly paid; Box 2).

The focus of this Policy Guide is on chronically poor labourers in informal wage employment, or on those who work for someone else under informal employment arrangements.

### Box 2: Working and searching for work

Salem and his wife, Amina, live on the river islands of north-west Bangladesh. They have always lived in poverty. Their four children were born into poverty and Salem and Amina see little prospect that the lives of their children will be different to their own. Lacking productive assets, including having limited access to land, Salem's labour is the main source of household income. However, he constantly has to search for work and frequently changes jobs. Until recently, Salem worked as a rickshaw puller on the mainland, a round commute of two hours by boat. However, over time his earnings decreased as local buses started to operate on the narrow and hectic roads along the river bank. In addition, the boat-fare increased. In the end he concluded that rickshaw pulling was not profitable. Over the year since Salem stopped rickshaw pulling he worked as an agricultural day labourer in the village during the periods where planting and harvesting work was available, on the government earth-cutting scheme, cultivated crops on his shared land and migrated in a labour group to harvest paddy in Sylhet. He also went to Dhaka to find work and after a week searching he found a job loading lorries for six days.

Source: Scott (2011).

Chronically poor households are significantly dependent on labour markets (of course more in some countries/regions than others). They have limited means to access the equipment and the other up-front costs associated with establishing a micro-business and self-employment in the informal sector. There is also evidence that chronically poor people, in certain contexts, are more dependent on income from wage labour than people living in transient poverty (moving into and out of poverty). This has been the case in both rural Bangladesh and rural India (Mehta and Shah 2001 and Sen 2003)<sup>1</sup>. Meanwhile, the share of wage employment in agriculture is increasing across all regions as land ownership is becoming more concentrated, leading to fewer and bigger farms with a higher number of waged workers - as opposed to a sector based on smaller production units and self-employed farmers (FAO et al. 2007). Since the 1990s, loss of landownership has been particularly pronounced for households in the poorest wealth quintile, while in sub-Saharan Africa real wages have also been relatively stagnant (Lenhardt and Shepherd 2013).

In particular, this guide focuses on four forms of informal wage employment where chronically poor workers are overrepresented; casual wage labourers in agriculture and construction, domestic workers and homeworkers (Box 3). All employ large numbers of chronically poor workers and have the ability to 'absorb the excluded' (de Souza, 2000 in ILO 2001), providing substantial quantities of work for poor people with little education and few skills.

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<sup>1</sup> However, there is other evidence suggesting there is no difference between the proportion of chronically and transiently poor engaged in wage labour (Krishna and Shariff 2011).

**Box 3: An overview of the four types of informal wage employment focused on in this guide**

Waged agricultural workers - who account for over 40% of the total agricultural workforce, or 450 million men and women - remain largely invisible to policy and decision-makers. Waged agricultural workers are among the occupational groups with the highest incidence of poverty in a number of countries, often over 60%. This can vary by region. In Africa and Asia, agricultural wage workers experienced consistently higher rates of poverty than the rural population in general, whereas in Latin America, with the exception of Chile and Mexico, the reverse seems to be true. The majority of agricultural labourers in developing countries are employed on a seasonal, temporary or casual basis. Their work is physically demanding and they often work in hazardous conditions, including being exposed to chemicals. The level of fatal and serious accidents and illness is high. Yet, agricultural workers are among the least well protected in terms of access to health care and workers' compensation (FAO et al. 2007).

Construction workers - there are an estimated 180 million worldwide, with most of these being in low and middle income countries (BWI 2006). Recent national data from India estimates that there are 32 million construction workers there alone (Srivastava 2012). Across sub-Saharan Africa and South Asia, construction workers from rural areas are often recruited on a seasonal basis, returning at harvest time (ILO 2001). Construction provides much needed employment for low-skilled workers and is particularly important for the landless poor (BWI 2006). Recruitment of labourers through intermediaries on a casual basis is now the norm, meaning that most workers undertaking this 'difficult, dirty and dangerous' work are excluded from social security schemes (ILO 2001).

Domestic work is a significant sector of employment. The ILO estimates that domestic workers account for 4 to 10 per cent of total employment in developing countries, the vast majority of which are women (ILO 2010). Domestic workers frequently work in informal conditions, lacking employment contracts and social protection while they tend to be invisible, isolated from other workers since their workplace is a private home. This raises challenges for their collective organisation. Meanwhile a significant proportion of domestic workers live below the poverty line, being among the lowest paid of all occupational groups (Barrientos 2002).

Homeworkers - industrial outworkers who work from their own homes, are among the most marginalised workers in the informal economy. The majority are women, often helped by children. They are normally paid by the piece and so have an irregular income. Homeworkers are often 'invisible' since their work takes place in their own homes and so legislation governing health and safety and wages are not effectively applied in practice to them (ILO 2013).

Escapes from poverty, meanwhile, are related to changing conditions of work and additional labour income. This can be through diversification, higher earnings per hour or an increased number of hours worked (Inchauste 2012). A household member gaining salaried employment is associated with poverty escapes (Davis 2011). However, especially in low and lower middle income countries, formal sector jobs, with a regular salary, enforceable contracts, legal protection and agreed-upon tenure are typically available only to a small proportion of the population and so diversification of income through involvement in the informal sector can be a more important component of poverty escape for the bulk of poor households (Krishna 2010). This may be either through self-employment in the informal sector including establishing a small microbusiness or informal wage employment, such as undertaking paid work in urban areas (Krishna 2010).

In many countries, movements out of poverty are also associated with shifts away from agricultural activities and agricultural labour and increased involvement in the nonfarm sector (Inchauste 2012; Baulch 2011). This includes in Tanzania, where obtaining salaried employment and being involved in a nonfarm business are key components of upward mobility, though involvement in agriculture remains critical in enabling people to access these opportunities (Higgins 2011; Box 4). However, in contexts where people are forced out of agriculture without the ability to be involved in the nonfarm economy this shift can deepen poverty (jobless de-agrarianisation, as in South Africa).

**Box 4: Escaping poverty through education and salaried employment**

Faraji had previously moved out of poverty – from 1996 to 2000 he was a clerk at Nchinga Primary Cooperative Society, where he bought cashews on behalf of the society. With his income, he bought a bicycle, started a kiosk and paid bride price. But in 2002, due to a poor season, his kiosk business collapsed and his well-being declined. In 2004 he married Ashura (his first marriage had ended) and they worked together improving their crops and as a result, their well-being. In 2005, they built a bigger house with three rooms. A little later, he bought a bicycle. In 2007, Ashura started her job at Nchinga Primary School. She qualified for this job because she completed form IV at secondary school. As a volunteer teacher, her wages were variable and much less than the qualified teacher. The wages were, however, more than they were earning through agriculture. She has been applying to go to teachers' college, so she can attain a certificate in education, as this would result in her being employed on permanent and pensionable terms, but she has not yet had any success.

Source: Higgins (2011).

Meanwhile, members of chronically poor households are frequently involved in more than one income generating activity or form of work, spanning the informal wage employment and informal self-employment. In rural areas chronically poor people may combine self-employed work in a homestead garden, or own-account agriculture, with wage labour either as an agricultural labourer or (seasonally) migrating to urban centres for either wage work or to work in the informal sector. These income sources may be complemented by remittances and grant income (where available). Improving the quality of jobs for chronically poor people needs to be placed in this context of household livelihoods portfolios. This is especially important given the seasonal nature of agricultural activities. In particular, public works schemes should be planned to coincide with agricultural lean seasons, when programmes may also need to support internal migration from remote rural areas.

**Informal as normal, though not necessarily desirable: the shift towards a casual workforce**

The rigid distinction between the formal and informal economy and between formal and informal forms of working is increasingly breaking down, with informal workers being employed within 'formal' enterprises. Rather than a divide, there is a continuum between formal and informal work (Barrientos et al. 2002). Towards the informal end of the continuum, workers lack security of employment, have few employment rights, inadequate access to social protection and lack trade union organisation (Barrientos and Barrientos 2002).

In addition, workers in informal employment are paid less than those in formal employment while, within informal employment the wages of women are lower than those of men with this gender earnings gap being greater than for formal employment (Barrientos 2002). However, involvement in informal employment is not necessarily just a 'last-resort'. Research points to voluntary and involuntary informal employment, though there are entry barriers (such as skills and social connections) for individuals for whom informal employment is a last-resort, to enter into the more higher-paying sections of the informal economy (Gunther and Launov 2012).

Until recently the informal economy was viewed exclusively as a stage on the development trajectory; as countries further develop and industrialise so workers shift to the formal economy. Further, informal employment was seen as largely self-employment in informal enterprises. For these two reasons, little effort was made to include informal wage employment within frameworks around labour regulations and social protection.

However, it is now acknowledged that informality is not merely a stage in the development process, it is here to stay and indeed that informal wage employment is increasing as companies strive to reduce obligations to their workers (ILO 2002a; Chen et al. 2004). There is a global trend towards the casualisation of work, brought on by deregulation, globalisation and competitive pressure to reduce labour and production costs (FAO et al. 2007) and this is changing the nature of both agricultural (FAO et al. 2007) and construction employment (ILO 2001; Box 5). In particular, agricultural and non-agricultural companies are passing risk down to their workers (Bertulfo 2011). Rather than most workers having permanent employment contracts meaning that they are covered by labour laws and entitled to certain employment-related benefits, they are instead employed on a seasonal or temporary basis, may be employed through intermediaries or contractors, and are outside the scope of national labour legislation.

#### **Box 5: The changing nature of agricultural and construction work**

The nature of agricultural employment is changing as there is a shift away from permanent employment contracts, with workers increasingly employed as temporary or casual labourers on short-term, daily or seasonal contracts with poorer pay and working conditions (FAO et al. 2007). In the grape sector in South Africa, for instance, permanent workers fell from 28 per cent of the total workforce in 2007 to 20 per cent in 2010/11 (Barrientos and Visser 2012). The use of labour contractors is an important component of this shift to a casual workforce. They can draw on a range of labour sources, including migrant and local workers. As orders or seasons peak and fall they can provide variable numbers of workers at short notice to meet requirements (Barrientos 2011).

In the construction sector enterprises have also shed their permanent labour force in favour of employing workers on a casual (often daily) basis (ILO 2001). A study of labour practices on large construction sites in Tanzania found that at least 70% of workers on each site were employed on a temporary and casual basis. The average proportion of workers on permanent contracts was only 7% (ILO 2005). The practice of employing people through intermediaries has also recently increased, with workers who were previously directly employed being laid-off and re-employed through a subcontractor (ILO 2001). In doing this, employers pass responsibilities for labourers to their subcontractors and so avoid responsibilities for labour legislation, health, safety and welfare regulations and social costs (BWI 2006).

Informal labour contractors can play an important role in increasing the access of chronically poor people to jobs. They often employ chronically poor people for specific instances of work, frequently seasonally and with no written contract. Contractors take different forms, ranging from specialist or independent contractors, having skills for a specific task supplying both labour and materials; to 'labour-only contractors', who provide no materials and are paid by completed task or for the provision of labour (Theron and Godfrey 2000 in Barrientos 2011; Box 6). Labour contracting is a 'triangular employment relationship', where the legal employer is separate from the person for whom work is carried out (Theron, Godfrey et al. 2005 in Barrientos 2011).

**Box 6: The varying roles of intermediaries in the construction industry: Naikea in Nepal**

Local building contractors usually sublet labour components of their work to several smaller contractors, including unregistered construction enterprises which are headed by Naikeas (labour agents/ contractors). Informal groups of between 5 and 50 construction workers are headed by a Naikea. The main task of the Naikea is to supply labour to construction projects.

Sometimes Naikea do more than is normally expected of labour contractors, providing and managing tools and basic equipment, assuming responsibility for general supervision, advising on materials, and coordinating material supply. A different type is the Naikea (or gang leader) who serves merely as a middleman, mobilising and leading a gang of unskilled labourers. This occurs particularly on infrastructure projects in rural areas involving large quantities of earthwork. The role of the Naikea can also vary. For smaller labour groups Naikea are seen as team leaders rather than employers. In the larger enterprises they are more likely to be seen as employers.

Source: Jha (2002).

In 2002, in recognition of the growth of employment in informal conditions, the International Labour conference broadened the concept of informality from an enterprise based concept to one that included not just the production unit but also the characteristics of the job or worker (ILO 2013). Within the informal economy there are therefore two broad kinds of employment:

- Self-employment in informal enterprises (i.e. unincorporated enterprises which may also be unregistered or small) including employers, own account operators and unpaid contributing family workers.
- Wage employment in informal jobs (i.e. without employment-based social protection), for informal enterprises, formal enterprises, households or no fixed employer, including casual or day labourers, industrial outworkers, unregistered or undeclared workers, and unprotected contract, temporary and part-time workers (ILO 2002 in Chen et al. 2004, 2005).

Informal employment, so defined, is persisting (ILO 2013). The informal economy comprises half to three quarters of the non-agricultural labour force in developing countries. When informality in agriculture is measured, the share of informal employment in total employment can be up to 90 per cent, particularly in some countries in South Asia and sub-Saharan Africa (WIEGO 2013). Since 2002, nearly 50 national governments have begun to collect data on informal employment so defined. As a first step towards improving the conditions of informal wage employment it is important that informal wage employment is acknowledged in policy frameworks and institutions and that the specific needs of informal workers are recognised. In the short-term, policies for the informal economy can improve the conditions for workers in informal wage employment, while in the longer term they can promote formalisation.

## A2 Policy Framework: Looking beyond Labour Market Policies

- Governments need to play an active role in increasing the quantity and quality of work for chronically poor people including through investments in human capital, infrastructure and social protection. This is not only a job for Ministries of Employment or Labour.
- Labour market policies are insufficient to address the employment challenges facing developing countries. The involvement of all government ministries and public institutions is crucial.
- The quality of economic growth is as important as the rate of growth to contribute to poverty reduction through employment. Employment-intensive agricultural growth can increase the quantity and improve the quality of jobs for chronically poor people.
- Investments in agriculture can accelerate the pace of structural transformation, the movement of labour from low productivity to high productivity tasks.
- There may be trade-offs between transformation and overall employment and policy makers need to acknowledge the risks of transformation which does not promote employment.

In past decades, mainstream economic thinking held that the main objective of macroeconomic policy was to ensure macroeconomic stability (often narrowly defined as inflation control) since better employment opportunities and poverty reduction would then follow suit<sup>2</sup>. In addition, the predominant view was that the government's role in the economy should be kept to a minimum, since public intervention was deemed to distort incentives and crowd-out the private sector. This view is changing. The WDR on Jobs does not advocate an overriding objective of opening and deregulating labour markets (World Bank 2012) and there is now a greater recognition of the important role that a proactive developmental state can play, as highlighted in the Human Development Report 2013. The 'rise of the South' – especially of China, Brazil and India – illustrates the importance of boosting public investment in education, health, economic infrastructure and social protection in order to foster social and economic development (UNDP 2013). Indeed, employment-centred macroeconomic and structural policies are vital to generate productive employment and improve living standards. This includes a central government that designs and implements pragmatic macroeconomic policies and sectoral strategies in order to foster economic activity and create good jobs, and a Central Bank that, in addition to inflation, cares about the levels of output and employment.

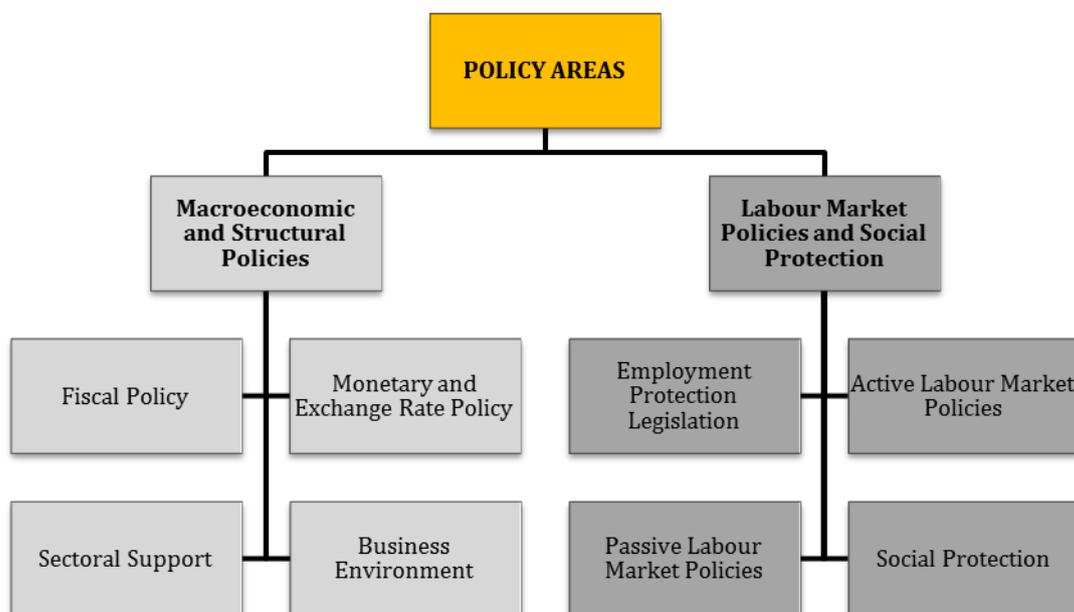
Therefore, employment concerns should not be confined to the Ministry of Employment (and labour market policy interventions), but ought to be a matter for all government ministries and public institutions – from the Ministry of Finance to the Ministry of Rural Development, as well as the Central Bank and development banks.

Figure 1 provides a schematic overview of the main policy areas that can have a strong bearing on employment outcomes. It is important to emphasise the complementary roles of these policies. Overall, macroeconomic and structural policies perform a central role in generating sustainable growth and productive employment, while labour market policies and social protection play a vital supporting role by enabling equal access to these improved economic opportunities.

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<sup>2</sup> While the IMF is aiming to increase its work on inclusive growth and jobs, the policy advice remains fairly clear: 'Once macroeconomic stability – in the form of low inflation and steady output – is in place, governments can look to additional measures to support jobs and growth.'  
[www.imf.org/external/pubs/ft/survey/so/2013/POL040413A.htm](http://www.imf.org/external/pubs/ft/survey/so/2013/POL040413A.htm)

Figure 1: Key policy areas affecting growth, employment and poverty



Source: Martins (2012).

Fiscal policy can affect the level and pattern of economic growth and employment. In particular, public investments in economic and social infrastructure are likely to stimulate economic activity (e.g. by providing incentives for private investment) and thus boost employment prospects. Government spending is an important component of domestic demand, which can yield significant benefits to the broader economy if strategically utilised. For example, investments in municipal housing and rural roads can increase job opportunities in construction (see Section C2), while investing in education and health can boost human capital. However, this active policy stance requires strong efforts to mobilise fiscal revenues (e.g. through a broadening of the tax base) in order to ensure that fiscal balances are kept within sustainable levels. Moreover, fiscal policy needs to be complemented by adequate monetary and exchange rate policies. Monetary policy can accommodate an expansionary fiscal policy stance by ensuring low real interest rates, while stimulating financial sector competition could also reduce borrowing costs. This would stimulate domestic credit creation for the private sector and ensure that the domestic public debt burden does not become unsustainable. Exchange rate management is also increasingly seen as an important tool for policy-makers, especially in terms of ensuring currency stability. Moreover, it allows countries to manage their exposure to external risks and maintain a competitive exchange rate to encourage exports.

Sector-specific policies can be designed to promote structural transformation through their impact on the allocation of economic resources. Structural transformation is vital to ensure a sustained improvement in living conditions. In the case of the poorest countries, this usually involves a movement of labour from subsistence agriculture to (wage) employment in commercial agriculture, light-manufacturing and 'modern' services (e.g. telecommunications or tourism) (see Box 7). Policy makers though, need to acknowledge the trade-offs between transformation and employment and the risks of economies transforming in ways which do not promote employment rich growth. In South Africa, for instance, the rise of commercial agriculture has been associated with job losses with capital replacing labour. To a certain extent, structural policies can be seen as an extension of broad-based macroeconomic policy stances. For example, public spending and taxing decisions can change economic incentives and contribute to generate employment in the most promising sectors of the economy – e.g. building transport links that improve the competitiveness of non-traditional exports,

investing in agriculture research and extension, or granting temporary tax incentives for nascent industries. Moreover, monetary and financial policies can stimulate employment creation by encouraging credit allocation towards strategic sectors in the economy. In this regard, there are important lessons emerging from the experience of national development banks, in particular the role which well-managed development banks can play through scaling up their lending to the private sector in periods when private banks are having difficulties in granting credit (de Luna-Martinez and Vicente 2012).

### **Box 7: Investments in agriculture as a component of structural change and job creation**

Agriculture is key to structural transformation and, for countries with low agricultural productivity, increasing productivity is important for poverty reduction. For countries with higher levels of productivity, though, it is important that further improvements do not lead to net job losses.

There are two potential ways for African agriculture to increase its creation of stable jobs, even while the sector becomes more productive. One is through expanding large-scale production on uncultivated land while the second is shifting from low-value grain production to more labour-intensive and higher-value added horticultural crops. In addition, agricultural growth can be used to develop downstream agro-processing industries such as textiles, leather goods and wood products.

Expansion into uncultivated land requires complementary policies on land rights, integrated wage management and distribution infrastructure. Meanwhile, staple foods such as grains and sorghum employ between 10 and 50 people per 1000 hectares, while horticultural products require more labour, up to 300 people per 1000 hectares for growing oranges. In pursuing the objective of agricultural job creation though, countries have to be careful to ensure their continued domestic food security.

Sources: ILO and UNCTAD (2013); McKinsey Global Institute (2012).

A conducive and stable business environment is indispensable for a thriving private sector. There are a number of dimensions that can influence the ability of firms to conduct business and expand their operations, therefore creating new jobs. In addition to ensuring that firms are able to access finance and benefit from public investments in economic and social infrastructure, it is important to streamline regulations, adopt transparent rules and procedures, and uphold the rule of law. However, sensitive issues such as those relating to labour regulations and tax rates cannot be exclusively seen from the firm's perspective, and need to be weighed against the needs of other sectors of the economy.

Labour market and social protection policies can be deployed to ensure that chronically poor people are able to gain access to productive employment opportunities. For example, 'active' labour market policies can be designed to support the unemployed and underemployed in making transitions to new jobs. These may include direct employment generation schemes (e.g., public works programmes), skills development programmes, promotion of self-employment, job search assistance, and wage subsidies. In particular, targeted technical vocational education and training (TVET) programmes can provide chronically poor people with the skills that are required by employers (Box 8). Public works programmes can also provide important assistance, particularly as a safety net.

**Box 8: TVET: Lessons from the WDR on Jobs and CPAN's Education Guide**

Vocational training tends to be neglected, featuring poorly designed programmes that are not integrated with the job market. It is essential to involve potential employers in training programmes from the outset to make training more relevant to the needs of the labour market and requirements of employers, particularly those in the informal sector.

While apprenticeships are often an important component of skills development, too often apprenticeships for the informal sector are sought through social connections and networks, rather than being components of a formal education and training system. The *Jóvenes* programmes found across Latin America combines good targeting methods – 60% of participants are from low income families – with training, internships in firms, other life skills training and strong central management and financing with decentralised delivery.

Training needs to go beyond literacy skills and incorporate skills which can enable people to improve their economic situation. This may mean locally developed curricula. Evidence indicates that success with informal sector training often has to do with the pre- and post-training activities, including market research, business advice and marketing.

Many of the new generation of technical, vocational and education programmes also offer 'second chance' schemes to reconnect young people, who have fallen out of the education system to education and training. Attendance in training programmes is linked to improved job satisfaction and greater optimism about the future.

Sources: Hossain et al. (2012) and World Bank (2012).

Passive labour market policies offer temporary income security, such as unemployment insurance and severance pay, and can be important in countries with high unemployment rates that can afford such schemes. Employment protection legislation includes laws on minimum wage, procedural requirements for redundancies and dismissals, and employment contracts. This is sometimes associated with institutions and mechanisms that encourage an adequate distribution of economic gains in order to stem income inequality (e.g. tripartite dialogue). Finally, social protection schemes – such as social insurance and social assistance – can also play an important (albeit indirect) role in increasing access to better employment opportunities to the chronically poor<sup>3</sup>(see Section B5).

Within this broad framework policy makers need to analyse the context where they work. First, they need to identify the key constraints that hinder the creation of productive employment and/or undermine access to the most disadvantaged groups in society. Second, they need to prioritise policy measures, given the financial and human capacity constraints. While sustained economic growth is certainly important to generate productive employment, it may not be sufficient to tackle the employment challenge. Both the quantity and the quality of the growth process can affect the generation of productive employment (Box 9).

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<sup>3</sup> For chronically poor people who are self-employed, sector-specific policies are also important. For example, urban plans, policies, and regulations determine who can do what and where, in cities: which has a direct impact on where street vendors can vend and whether waste pickers have access to waste and can bid for solid waste management contracts.

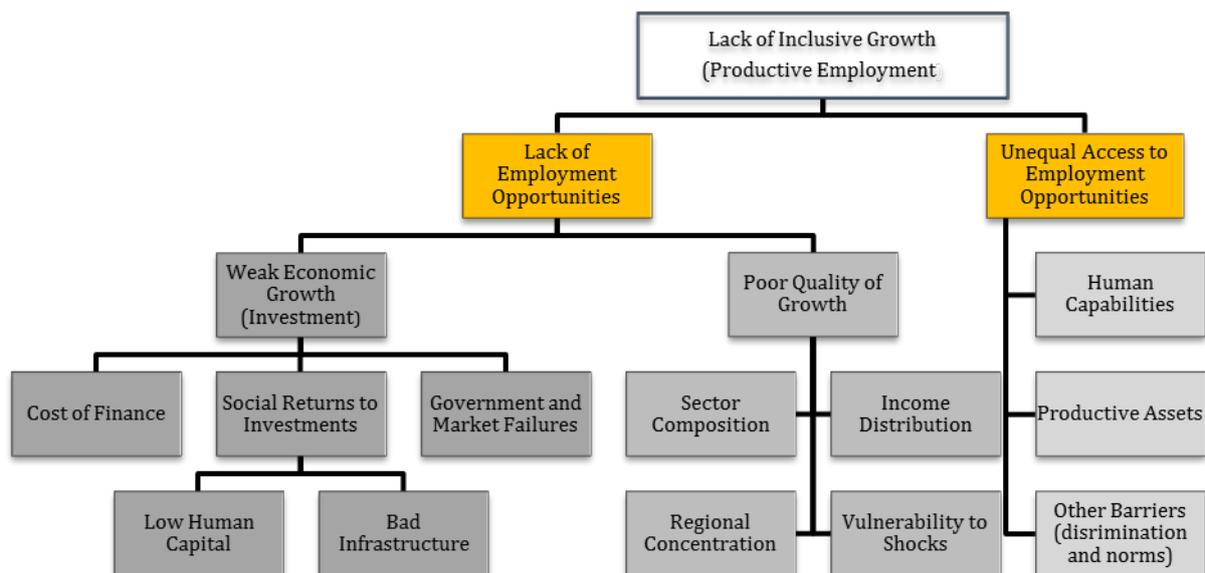
**Box 9: The quality of economic growth, as well as the rate, is important for job creation**

Strong economic growth in many African economies has not always delivered corresponding benefits in terms of poverty reduction, partly because it has failed to generate sufficient productive employment (i.e. more and better jobs). Three key reasons for this emerge from analysis of the experiences of four fast-growing African countries – Ethiopia, Ghana, Mozambique and Tanzania. First, the pattern of economic growth matters for poverty reduction. Growth that is driven by capital-intensive industries generates limited benefits for the poor, as the experiences of Mozambique and Tanzania attest. In these cases, efforts to diversify production structures into more employment-intensive sectors will be crucial to improve the inclusiveness of the growth process. Second, macroeconomic stability, the business environment and labour market policies do not seem to explain differences in country performance. This suggests that, while important, they alone are not sufficient to create productive employment and thus improve living standards. A wider range of economic and social policies is therefore required to achieve better development outcomes including infrastructure and education. Third, sector-specific policies play an important role in reducing poverty. In particular, support to agriculture is not only crucial to reduce the incidence of poverty in rural areas, but can also contribute to accelerate the pace of structural transformation. Improving agricultural productivity and creating employment opportunities in higher-productivity employment-intensive activities – such as in light-manufacturing and modern services – will be crucial to sustainably raise living standards in Africa. Strategic public investments and greater availability of credit can play a vital role here.

Source: Martins (2012).

The ultimate policy objective, therefore, is to address the lack of inclusive growth. Here there are two broad lines of enquiry: (i) the economic growth process is not generating a sufficient number of good employment opportunities – i.e. jobs with decent pay and working conditions and (ii) some groups of society have not been able to gain access to these (e.g. the chronic poor, women and the youth). Both can operate together. Figure 2 illustrates a possible decision tree to help identify key bottlenecks or ‘binding constraints’.

**Figure 2: Employment diagnostics**



Source: Martins (2013), extension of Hausmann et al. (2005).

The quality of growth can be scrutinised by assessing whether economic growth has been concentrated in particular economic sectors (e.g. mining) or regions (e.g. urban areas), whether the gains from growth have accrued to all groups of society, and whether economic growth has been vulnerable to exogenous shocks (e.g. natural disasters or commodity price fluctuations). Many of the bottlenecks relating to the quantity and quality of the growth process – which explain the lack of productive employment opportunities – can be addressed through appropriate macroeconomic and structural policies.

Finally, lack of inclusive growth might be caused by the unequal access to productive employment opportunities. In this case, it is important to assess whether and why certain groups of society are unable to participate and benefit from the economic process. This may entail an investigation of human capabilities (e.g. education and health), since the lack of adequate skills and poor health often undermine people's ability to secure good jobs. Moreover, the lack of access to productive assets (e.g. land and credit) and infrastructure (e.g. roads and telecommunications) may undermine the ability of own-account workers to increase their earning. There may also be other barriers to participation, such as social norms (e.g. gender and age), geography (e.g. remoteness), economic conditions (income poverty) and discrimination.

### A3 Country-Specific Job Challenges

In aiding chronically poor people to access quality jobs, countries face a variety of jobs challenges in addition to a varied balance of constraints. Inspired by the WDR 2013 typology of job challenges, Table 1 presents three jobs challenges and gives examples of countries with this predominant challenge. The challenges are not mutually exclusive, with many countries for instance facing both agricultural employment and urban informal and under-employment challenges consecutively.

There is therefore no one 'blueprint' for policies. Table 2 highlights potential policy priorities for the different types of employment challenge.

**Table 1: Examples of countries facing different employment challenges**

Predominant employment challenge	Sub-Saharan Africa	Asia	Latin America	Middle East and North Africa
<u>Agriculture employment</u> (low agricultural productivity and urban population 25% or less)	Kenya Tanzania Rwanda Niger Ethiopia Chad Lesotho Uganda Burkina Faso Malawi Burundi Eritrea	Cambodia Nepal		
<u>Urban informal and under-employment</u> (urban population >25% and share of working poverty in total employment >20%)	Mozambique Madagascar Mali Guinea Democratic Republic Congo Togo Zimbabwe Zambia Central African Republic Senegal Benin Liberia The Gambia Congo	Bangladesh India Lao Bhutan Indonesia Philippines		
<u>Unemployment</u> (unemployment rate 9% and above)	Botswana Namibia South Africa		Guyana Jamaica Dominican Republic Colombia Suriname	Algeria Egypt Jordan Morocco Tunisia

**Table 2: An overview of policy priorities for countries facing different employment challenges**

Type of Challenge	Policy Area			
	Macroeconomic Policy	Structural Policies	Labour Market Policies	Social Protection
Agriculture (low productivity, high self-employment and casual agricultural labour)	<p><u>Fiscal Policy</u></p> <ul style="list-style-type: none"> <li>The main objective of fiscal policy is to provide critical public goods that encourage inclusive growth and sustainably raise living standards. This would require a strong focus on pro-poor expenditures – e.g. social sectors, economic infrastructure and social protection. Moreover, the taxing system should be progressive and raise adequate revenues to sustainably fund an active fiscal policy stance.</li> </ul>	<ul style="list-style-type: none"> <li>Increase public investment in agriculture and rural non-farm activities. This may include agricultural research and extension, training programmes (e.g. entrepreneurship), rural roads, irrigation and storage, etc.</li> <li>Improve access to credit, possibly through a rural development bank or microfinance schemes.</li> <li>Improve access to natural resources (e.g. land and water) and other production inputs (e.g. machinery).</li> </ul>	<ul style="list-style-type: none"> <li>Design and implement active labour market policies that target the poorest households in rural areas.</li> <li>Improve the availability and access to information on farm and non-farm job opportunities, e.g. through the use of new technologies. This would also facilitate information on wage rates and output prices and opportunities for migration.</li> <li>Provision of quality basic education for all, with special measures to help the poorest overcome social, institution, cost and demand barriers.</li> </ul>	<ul style="list-style-type: none"> <li>Weather based crop and livestock insurance.</li> <li>Create or expand social transfers targeted to poorest households.</li> <li>Where politics requires beneficiaries to work, employment guarantee or public works schemes providing off-season jobs.</li> </ul>
Urban employment (underemployment and informal jobs)	<p><u>Monetary Policy</u></p> <ul style="list-style-type: none"> <li>The main objective of monetary policy is to provide sufficient liquidity to the economy (i.e. credit) and ensure that real interest rates are low. This should be coordinated with fiscal strategies in order to maximise its impact. Macroeconomic stability relates to output and employment stability, in addition to price stability (i.e. inflation).</li> </ul>	<ul style="list-style-type: none"> <li>Increase public investment in urban and peri-urban areas. This may include a focus on social and economic infrastructure, municipal services, skills programmes, etc.</li> <li>Improve access to credit for sectors with good productivity growth potential (e.g. manufacturing, construction, and modern services), possibly through credit guarantees, improved competition in the financial sector, or a national development bank.</li> <li>Facilitate business registration procedures and provide incentives to increase formalisation of the economy.</li> </ul>	<ul style="list-style-type: none"> <li>Design and implement active labour market policies for underemployed workers, in order to raise productivity levels and income potential. This may include technical and vocational education and training (TVET) programmes and apprenticeships.</li> <li>Provide job search assistance to improve job matching, namely through job centres and new technologies.</li> <li>Improve the monitoring and enforcement of labour legislation (e.g. health and safety standards, unfair dismissals, etc.).</li> <li>Promote social dialogue between employers, employees and the government in order to ensure an equitable distribution of the benefits from growth (e.g. through decent minimum wages).</li> </ul>	<ul style="list-style-type: none"> <li>Create or expand social transfers targeted to poorest households.</li> <li>Promote social insurance schemes (e.g. health, pension and unemployment) where formal employment is expanding.</li> <li>Extend social insurance to informal employees.</li> </ul>
High unemployment (predominantly formal economy)	<p><u>Exchange Rate Policy</u></p> <ul style="list-style-type: none"> <li>Capital account management tools to reduce exchange rate volatility, encourage long-term productive foreign investments, and ensure a competitive exchange rate.</li> </ul>	<ul style="list-style-type: none"> <li>Increase public investment in employment-intensive sectors.</li> <li>Improve the availability and access to credit for start-ups and employment-intensive sectors.</li> </ul>	<ul style="list-style-type: none"> <li>Design and implement active labour market policies that enable unemployed workers make transitions to new jobs. Re-training and apprenticeships can improve employability and raise skill levels.</li> <li>Introduce or expand unemployment insurance schemes.</li> <li>Simplify hiring procedures and provide incentives to firms to create productive jobs (e.g. wage subsidies).</li> </ul>	<ul style="list-style-type: none"> <li>Promote social insurance schemes (e.g. health, pensions and unemployment).</li> </ul>

## B1 Promoting Rural Areas and Supporting Internal Migration from the Poorest Rural Regions

Investments in rural areas are essential to improve the quality and quantity of jobs for chronically poor people. Increased agricultural productivity, which does not lead to the net destruction of jobs, is central to reduce rural poverty and has knock-on effects on the dynamism of the non-farm economy (Christiaensen et al. 2011). [CPAN's Agriculture Policy Guide](#) points to the importance of investments in roads, particularly rural feeder roads in increasing productivity. [CPAN's Energy Policy Guide](#) meanwhile, highlights the role of rural electrification, both to increase the productivity of agriculture and also to spur job creation in the nonfarm economy; a key pathway out of poverty. For some particularly remote and vulnerable rural regions however, it may not be possible to promote an agricultural or nonfarm economy which can provide sufficient work for the population throughout the year. In these contexts it may make sense for policies also to focus on reducing the costs and increasing the returns of (particularly seasonal) migration from these regions.

- Internal migration is either ignored in national plans or implicitly or actively discouraged. Much can be done to support poor migrant labourers to reduce costs and increase returns. Reducing the costs imposed by states is one obvious step where there are discriminatory regulations but the politics of this is difficult, though some policies are politically easier than others, including providing skills training and information for future migrants in their sending areas.
- Urbanisation policies should be national and systematically promote urbanisation in poor regions. This policy could also allocate investment to a pro-poor (usually more geographically even) distribution of urban activity.
- Governments need to build an understanding of (hidden) rural-rural migration systems. This information needs to be incorporated into policies and budgets to increase the access of migrants to services at their destination.
- Given the opposition of middle classes and the local state to local migrants, this is an important area for civil society action both to lobby as well as to provide services. The media can play a positive role in helping to overcome anti-migrant and urban middle class prejudice.

### Chronically poor people migrating for work

Movement within national borders is by far the most significant form of migration for poor people. Close to 120 million people are estimated to migrate internally for work in China (DFID 2007) while India has around 100 million circular migrant workers (Deshingkar et al. 2008). Households in all wealth quintiles engage in internal migration. In both India and Ghana migration involves movements from poor areas to less poor areas and involves significant numbers of households in all wealth quintiles (Castaldo et al. 2012). Internal migration for work can take several forms (including seasonal, yearly and working life) though much migration for work undertaken by the chronically poor in South Asia and sub-Saharan Africa is rural-rural, temporary and seasonal (CPR 1).

In general, poorer groups tend to migrate shorter distances because of limited resources, skills, networks and market intelligence (Deshingkar and Grimm 2005) and the poorest may not migrate at all, often because their household has no active members (Castaldo et al. 2012). In many contexts, for chronically poor people, rural areas (including local agricultural migration particularly during periods of planting and harvesting and for weeding) and secondary towns are the most common destinations rather than migration to large cities (McKay, Shepherd and Prowse 2007).

In the Indian states of Andhra Pradesh and Madhya Pradesh, internal migration is higher from remote rural areas and, within those areas, among chronically poor people. Meanwhile, permanent migration constitutes a small proportion of total movements for work and seasonal migration is the most important form of mobility. This plays an important role in managing risk and improving household living standards (Deshingkar 2010).

It is important that policies reduce the costs and risks of migration and to maximise its returns. Central to this is that governments recognise and promote internal migrants as a valuable human resource and view migration as an opportunity to improve the conditions of the poorest people (Baulch 2011).

### **Data and public information on internal migration**

A key challenge for incorporating internal migration into policy is the lack of data about its extent and nature. Even where data are better as in India, inability to capture seasonal migration can lead to flawed conclusions. The major sources of migration data in India show that overall migration has decreased recently (Kundu 2003 in Deshingkar and Grimm 2005). However, data do not sufficiently cover temporary migration, the migration which micro-studies show is very prominent (Deshingkar 2010). Data limitations are a particularly constraint for rural-rural migration which, due to the scattered nature of the destinations and remoteness of sending areas, is the least documented (Deshingkar and Grimm 2005). As well as using national statistics, policy makers should incorporate the findings from qualitative and quantitative micro-studies which are better able to capture temporary migration (Deshingkar and Grimm 2005).

In general, government policies either ignore internal migration or view it, explicitly or implicitly, as something unfavourable which is to be controlled. A 2003 review of 48 Poverty Reduction Strategy Papers (PRSPs) showed that only 27 made reference to internal migration at all, mostly 'in negative or pejorative terms'; particularly that movement to urban areas needed to be controlled. A recent (2012) review of 51 Decent Work Country Programmes (DWCP) also shows that only 23 refer to internal migration and even those that do only mention it in a limited way and have a 'negative' perception of internal migration, aiming to control it (Deshingkar et al. 2012).

Data on the extent and nature of internal migration, along with information on its benefits for receiving areas is essential to persuade the elite in migration destinations to budget allocations for migrants and to change the negative attitudes of the police and government departments towards internal migrants.

### **Developing national urban policies**

Small and medium towns can be made more attractive by developing infrastructure and communication, particularly efficient and safe transportation, and providing a good standard of social services such as hospitals, schools and colleges (Afsar 2003). There is a need for national urban policies which plan infrastructure to link poor regions with economic potential more effectively to urbanising regions; systematically encourage the urbanisation of poor regions where growth is limited and enact policies so that urban labour markets do not discriminate against disadvantaged categories of people (McKay, Shepherd and Prowse 2007).

### **Reducing the costs of internal migration**

Countries where internal migration and population movements are explicitly controlled include China and Vietnam, both of which have registration systems which prevent migrants from accessing

services at their destination, though these are starting to be reformed (see Box 10). India also has a range of policies that indirectly work against migrants, with migrants unable access subsidised food through the Public Distribution System (PDS), which works on residence criteria and they also cannot easily access state schools, cheap housing or government health care (Deshingkar 2010). At the very least, policies need to ensure that internal migrants are not penalised.

**Box 10: The *ho khau* household registration system in Vietnam**

The *ho khau* system in Vietnam ranks inhabitants according to different residence categories, from the most stable, KT1, KT2, to the most unstable, KT3, KT4. Temporary and illegal residents, KT3 and KT4, are deprived of normal access to basic services including health care, water and education. They are limited to informal jobs and are also often not eligible for social services provided under the Hunger Eradication and Poverty Reduction Programme, which includes low-interest loans, free healthcare and exemption from school fees.

Over the last few years, there have been some positive revisions of the *ho khau* system. According to the new regulations, migrants who want to change status from temporary to permanent residents need to meet three conditions in order to be issued a registration book (*ho khau*) in a city: (i) residing in a legal house; (ii) having a stable income; (iii) having continuous residence in the city at least three years.

However, while these regulations lay out important steps for people migrating for their working life, they still leave workers who are migrating annually and seasonally unable to access basic government services. In addition, some migrants do not want to register in a city as they then lose control over land in rural areas where they may wish to return in the future.

Sources: IoM (2005) and Bach Duong et al. (2011).

In many countries while several laws exist to protect the rights of migrant workers these are widely disregarded by employers and intermediaries because of a lack of political will to implement them and ignorance among illiterate migrants of their rights as workers (Deshingkar and Grimm 2005). Increasing the knowledge of migrant workers of their rights is therefore one starting point for them to be able to claim them. However, providing opportunities for workers to bring disputes is also essential. As the experience of the Aajeevika Bureau shows, here there is large unmet demand (Box 11).

**Box 11: Aajeevika Bureau: Knowledge of labour rights with opportunities for enforcement**

The Aajeevika Bureau initiative, in Rajasthan and Gujarat, is anchored by a network of walk-in resource centres for migrant workers. These centres are functional at both the ends of the migration corridor – at the source and at the destination where they are set up close to the work sites or residence of migrant workers.

The walk-in resource centres offer legal counselling, arbitration services and legal literacy to workers. In case of a dispute, workers can approach the centres to register their case and seek counsel or aid. The overwhelming numbers of cases that reach the centre pertain to wage payments and are limited mostly to male workers. Instances of disputes reported by women are less and the quest to reach out to female workers continues. A new initiative is the launch of 'labour line', a phone-based help line for workers in Udaipur. The helpline is for workers in case of problems related to wages, retrenchment or abuse. In less than six months Labour Line received more than 600 calls from migrant workers in the informal economy.

Source: Khandelwal et al. (2011).

## Increasing returns from migration

Migrant support programmes can also incorporate ID cards for migrants to reduce harassment from local officials as well as providing information on job availability and wage rates, both of which can improve the conditions for migrant workers (Box 12). However, there are challenges for the scale-up and distribution of ID cards in situations where there are large numbers of migrant workers.

### Box 12: The Migrant Labour Support Programme (MLSP), India

The MLSP supports poor tribal migrants from Gujarat, Rajasthan and Madhya Pradesh at both source and destination areas, through migrant support centres or Palayan Seva Kendras (PSK) established by the programme. PSKs provide a variety of services including informal identity cards which help against official harassment, job information, telephone messaging services, awareness creation on rights and government welfare programmes, communication with families left behind and remittance services.

The MLSP has successfully increased the social and economic returns from migration. Almost 65% of migrants covered by the programme felt that the telephone messaging service provided by the PSKs has eased anxiety about family members left behind. Nearly 11% said that they had been able to obtain useful information on employment at the PSKs which reduced idle waiting time at the destination. While 28% of migrants who had an identity card mentioned respite from police harassment including demand for bribes.

Source: Prasad and Deshingkar (2006).

A key reason why chronically poor migrants are frequently in seasonal, low paid work is due to their limited human capital, particularly in terms of education and training. In China, the Ministry of Agriculture launched an initiative in 2003 to provide free vocational training for rural people who are preparing to migrate or who are already in the cities which worked well due to the combined efforts of NGOs, government and academics (Deshingkar 2006). Building human capacity and capital in the sending area is an important way to improve the earning potential of future migrants.

Policies and programmes can also help migrants to maintain financial links with their sending areas. The poorest people are more likely to send remittances through informal channels since they often do not meet the requirements to open a bank account, or because they live far away from branches of banks or post offices. Meanwhile, informal channels can be expensive and risky with theft, cheating and delays being common (Castaldo et al. 2012). Policy priorities include making opening bank accounts more accessible for the poorest people and creating incentives for informal operators to reduce the fees which they charge (Castaldo et al. 2012). Meanwhile, promising systems for mobile payments have not reached their potential in many countries due to the challenges of registering as a payment provider, with many banks resisting changes to them being the dominant provider of financial services.

## B2 Protecting a Casual Workforce: Regulating Labour Contractors

Labour market institutions and regulations are frequently the subject of heated debate. The WDR however, argues that the impacts of regulations are perhaps less than the debate would suggest. The impacts of minimum wages and employment protection legislation on employment levels and productivity growth tend to be insignificant and modest, largely because the majority of countries have set these at a modest level (World Bank 2012). The ILO (2013) stresses that there is no evidence to support the view that regulations lead to an increase in informality, though this does not mean that there are not some particular regulations which need to be reformed. Both highlight that minimal regulation is not desirable and regulations are essential for all workers to receive their rights at work. While minimum wages, through establishing a reference wage, can improve wages for uncovered workers in the informal economy, a challenge is to ensure that all workers, including those recruited through intermediaries, are brought under the national and international frameworks which govern labour markets.

- Labour legislation needs to catch up with the global expansion of a vulnerable and disenfranchised workforce.
- Legislation, inspection systems as well as civil society action is also needed to counter new forms of 'unfree labour' which may affect less poor workers as well as the poorest. International frameworks also need updating.
- Formalising contracts is an important way of protecting informal workers. Combined with legal sector reforms which give informal workers more rights to contest unfair labour conditions in courts, and the extension of collective representation to informal workers, this is one approach to formalising the informal economy.

National labour regulations have, until now, largely been designed for a permanent work force. In most countries, the main mechanism for protecting workers is national labour legislation channelled through the employer, with government providing enforcement. This assumes close employer attachment, with the employer held responsible for ensuring workers' rights are recognised and applied according to labour law (Barrientos 2011). When workers are recruited through intermediaries this relationship is triangular. This undermines the channel of employer attachment as a means of labour protection and source of social insurance. This is exacerbated further in the context of global production networks where global buyers are outside the scope of national regulatory mechanisms (Barrientos 2011).

Labour contractors strongly contribute to unfree labour relations (Phillips and Mieres 2011). The ILO estimates that 'private agents' are the main channel for forced labour, though the extent which these agents are labour contractors is unclear (Barrientos 2011). Case study evidence from South African horticulture does suggest that labour contractors are a channel for recruitment of 'unfree' or forced labour (Barrientos 2011). Workers recruited by contractors are usually tied to a particular employer and brought for a specific job. Recruitment normally involves the payment of advance wages which are then owed as debts by the worker. For migrant workers in particular, their possibilities of opting out by changing employers or settling in the destination are severely constrained (Phillips and Mieres 2011). This is the case in the construction industry in India where workers are recruited by labour contractors from remote villages and brought to the cities with their families. This ensures a workforce that is totally dependent on the contractor for survival. Living and working conditions are atrocious and abuses are rampant. Many migrant construction workers are 'unfree' in that they are bonded to the contractor by debt (Lerche 2011).

International and national regulatory frameworks can play an important role in incorporating workers recruited through intermediaries in frameworks governing labour markets thereby preventing this form of 'unfree labour'.

### **An international framework for a new era of 'unfree labour'**

There are significant differences between 'traditional' and 'modern' forms of contemporary unfree or forced labour. However, there is no common agreement on how to define the latter (Barrientos 2011). The ILO ring-fences forced labour. However, the worst forms of unfree labour are empirically complex and do not always conform to the ILO definition of forced labour (Phillips and Mieres 2011); that of involuntary entry and participation in work or a service which is extracted 'under menace of any penalty' (ILO 2005 in Barrientos 2011). Chronically poor people, though, are frequently compelled to work under conditions of unfree labour because of economic necessity and poverty, rather than because of fears of recriminations if they do not undertake the work.

In most cases it is extremely difficult to pin-point where 'normal' unfree work stops and 'forced labour' starts (Phillips and Mieres 2011). Rather than separating forced labour it makes more sense to place labour conditions along a continuum from forced labour at one end, through unfree labour and to decent work at the other (Phillips and Mieres 2011). Policy makers in Brazil recognise the need to integrate the problems of poverty and forced labour (Phillips and Sakamoto 2011).

Meanwhile, the worst forms of unfree labour should be placed in the context of the dynamics of labour markets, as worker exploitation is driven by their 'normal functioning', including imperatives to keep costs low and to be able to respond quickly to changing consumer tastes. Ring-fencing forced labour in law and in practice makes it difficult to engage with 'big picture' questions concerning the operation of value chains that are crucial to understanding the roots and causes of unfree labour (Phillips and Mieres 2011). Engaging with those questions would highlight the need to extend company liability across international boundaries (Barrientos 2011) and to promote a global decent work agenda, rather than the national one currently advocated by the ILO (Phillips and Mieres 2011).

### **Regularisation of employment contracts**

The gaps in employment conditions between informal workers (contract workers, seasonal, temporary and casual labourers) and formal workers (permanent or fixed-term) highlights a policy priority to regularise employment contracts in-line with the amount of work which workers do (Chan 2011). Among migrant labourers in the Ghanaian pineapple sector, for instance, 45% were temporary or casual workers but a significant proportion of them worked all year round, but did not benefit from the protection granted to permanent workers (Barrientos et al. 2009). The 2007/2008 New Labour Contract Law in China aims to regularise employment status; substantially changing the conditions under which workers and employers can enter into contracts. In particular it seeks to regulate work and stabilise contracts for workers entitled to permanent contracts (Lan and Pickles 2011; see Box 13).

This requirement for a written contract in order to regularise employment status though, is not without its challenges. This is particularly the case for chronically poor people who are frequently illiterate. There are reported instances where the contract gives employers more power than the new law does itself, with employers revising the draft contract templates prepared by local governments to their own advantage (IHLO 2008 in Lan and Pickles 2011).

**Box 13: The 2008 New Labour Contract Law in China**

Under this law employers are required to give their workers a written employment contract. For those working without a written contract one has to be created within one month of the start of work. These written contracts can be fixed-term or permanent and should specify the quantity of work. If an employer fails to create a written contract with an employee for more than one month or for less than one year, the employer must pay the labourer twice the amount of due remuneration for his or her labour. If the employer violates the Law and fails to make a permanent contract with an employee who should receive one, the employer must pay double the wage to the employee since the time when the permanent contract should have been made.

Source: Lan and Pickles (2011).

**Extension of labour laws to cover labour contractors**

To improve the conditions for all workers, including those who are not entitled to permanent contracts, labour law protection can be extended to all workers (Chan 2011). South Africa has just done this and there are calls for India to do the same (Deshingkar 2009). The New Labour Contract Law in China also aims to do this, providing much wider coverage than the 1995 Labour Law which did not address labour contracting and dispatching agencies. In particular, the New Labour Contract Law outlines the laws which dispatching companies must comply to and delimits the responsibilities of the dispatching agency and the employer in terms of labour standards. Under the law the dispatching company is the legal employer and is therefore responsible for compliance with labour laws. It must create a fixed-term contract for at least two years and must arrange for at least a monthly payment of wages. If there is no work for the dispatched employee, the dispatching company must pay as monthly wage the minimum wage that applies in the locality to which the worker is dispatched (Lan and Pickles 2011).

However, despite in theory, the new law giving labourers employed through contractors and dispatching agencies the same rights as directly hired workers, in practice workers recruited through contractors do not have the same benefits in terms of days off, health insurance and usually receive a lower salary for doing the same job as workers employed formally (Zheng 2008 in Lan and Pickles 2011). Because of this, firms are using labour dispatching as a means to circumvent some of their responsibilities under the New Labour Contract Law (Lan and Pickles 2011).

**Labour law enforcement**

Even in many middle income countries, including South Africa and India, labour laws are rarely enforced, particularly in the agricultural sector (Barrientos 2011 and Deshingkar 2009). Deshingkar (2009) points to the raft of labour laws in India for the formal sector, many of which remain unenforced due to little political commitment to improve labour standards and because labour departments are corrupt and under-resourced. Extending labour laws to the informal sector and labour contractors raises a whole raft of enforcement issues, as contract labourers are less visible in work spaces than those employed on formal contracts (IDS 2006). Enforcement agencies need to be properly resourced. Aid could play a role in building the machinery to enforce labour laws.

The challenge of governments enforcing labour laws, particularly among mobile and geographically disbursed workers, has contributed to international pressure for large companies (predominantly multinational corporations) to uphold labour standards in their own value chains. Section B3 introduces the rise of private codes and standards and discusses how they can best be used to improve conditions for chronically poor workers.

## B3 The Potential for Voluntary Codes and Standards to Improve Labour Conditions

Private or corporate standards have gradually proliferated since the 1990s, tending to be stricter than trade standards in export markets. They are one dimension of corporate behaviour which can be used to improve labour standards. However, they are just one dimension of corporate value chain governance which influence the conditions under which suppliers operate with sourcing practices and pricing policies also being important. As Sections A1 and B3 highlight, there has been a global growth in insecure and vulnerable work by poor labourers in global value chains as international companies, responding to global competition and demand to reduce costs, outsource their operations. Factories and plantations are owned and operated by suppliers, and workers are recruited by suppliers, or suppliers of suppliers. This poses a challenge to the functioning of private sector initiatives on labour standards (Newitt 2012). Unless the fundamental governance structures and regulations regarding global value chains are also addressed, codes can become a 'laundering' process whereby corporates wash their hands of responsibility and pass costs and risks down to operators in their supply chain.

- Multi-stakeholder or social standards are not a substitute for government regulation and may only be appropriate for certain value chains.
- Private, corporate and social standards, can play an important role in improving labour conditions and may be able to strengthen existing labour laws and their enforcement.
- The impacts of social standards are not uniform and tend to correspond to existing social inequalities with the poorest, particularly migrant labourers, benefitting the least.
- Enforcement of social standards is difficult. External audits combined with civil society campaigning are important.
- Voluntary codes need to be streamlined, clearly explained and simple to follow. This both increases the critical mass of pressure on suppliers and means workers are better able to hold their 'employer' to account.

Despite their proliferation, private and social standards and codes are not a substitute for effective, and enforced, government legislation – particularly labour laws that protect workers' rights including their freedom of association. Rather, corporate codes can be an important tool to contribute to the improvement of employment conditions. They may also act as a catalyst to strengthen labour laws and their enforcement (IDS 2006). They are not however, the solution for promoting decent work.

In particular, there may be limited demand for certified products, or products which comply to certain standards. Demand can be created in some instances, including through social movements and mobilising consumers (McCarthy et al. 2012). However, it may be easier to create a demand around labour standards for certain products (such as international campaigns to improve labour standards in garment factories) than it is for others (workers clearing land for beef production; Phillips 2011). It has also proved easier to generate demand for higher social standards in international, as opposed to national, value chains (Deshingkar 2009).

A global trend which is likely to influence the effectiveness of private standards is the rise of new markets for products, particularly from the BRICs. To date, the certification of palm oil, which requires secure tenure over land for local producers, for instance, has been driven by global branded firms in Europe. However, increasingly China and India are significant markets for palm oil and markets where there is little pressure for civic regulation and social standards (McCarthy et al. 2012). There is a similar situation for fruit and vegetable exports from South Africa. While European supermarkets were previously the dominant international buyers, the expansion of South African supermarkets and South-South trade in sub-Saharan Africa, Asia and the Middle East are providing new channels for fruit and vegetables. Meanwhile, these markets require quality standards which are less stringent than

European supermarkets and, when taking cost into account, are paying comparable prices. It is only European supermarkets which demand social standards (Barrientos and Visser 2012). Private standards and corporate codes though, are more effective in driving change when there are several buyers interested in labour practices, creating a critical mass of pressure on suppliers, and particularly when the entire market is pushing for improved labour standards (IDS 2006). Though they can play an important role, private standards and particularly social standards, are swimming against the tide.

### Improving labour conditions through social standards

There is some evidence that social standards can improve working conditions for the poorest workers and contribute to reducing their poverty. The Ethical Trading Initiative (ETI) is an alliance of companies, trade union and non-government organisations existing to improve working conditions in global supply chains. ETI company members require their suppliers to comply with the ETI Base Code, a code of labour practice based on international labour standards (IDS 2006). Most UK supermarkets adopted this base code after the ETI was formed in 1998 (Barrientos and Visser 2012). The ETI base code includes several provisions: (i) employment is freely chosen, (ii) freedom of association and right to collective bargaining, (iii) working conditions are safe and hygienic, (iv) child labour shall not be used, (v) living wages are paid, (vi) working hours are not excessive, (vii) no discrimination, (viii) regular employment is provided and (ix) no harsh or inhumane treatment (IDS 2006). Table 3 presents findings from an assessment of the impact of the ETI on worker conditions in South Africa, Vietnam, India, Costa Rica and also the UK.

**Table 3: An assessment of impacts of the Ethical Trade Initiative**

Area of impact for poverty reduction	Degree of impact	Considerations for chronic poverty reduction
Health and safety	Most impact – including information and training, better lighting and ventilation, safe use of chemicals, improved toilets and drinking water, reductions in working hours.	Benefitted all workers – permanent, temporary and contract – positive implications for long-term health. Some concerns about lower take-home pay due to reductions in hours.
Increased wages	Moderate impact.	Increase in workers receiving the national minimum wage. No impact in terms of workers receiving a 'living wage'. No instances of wages increasing through collective bargaining.
Income and employment security	Unclear – minimal impact?	A high percentage of workers remain hired on a non-permanent basis.
Provision of employment-related benefits e.g. pensions, social insurance	Moderate impact.	Permanent and regular workers main beneficiaries.
Freedom of association	No impact.	No increase in union membership or establishment of a collective bargaining agreement.

Source: compiled from IDS (2006).

The ETI then, has been successful in improving health and safety for workers, the importance of which should not be underestimated given the potential implications for long-term health of poor working conditions. In addition, it has seen some success in increasing workers' wages. However, insecurity of contracts remains a concern as does the right to collective bargaining. Workers in India reported that they would be laid off if they joined a trade union, though union representatives pointed to the difficulties of organising workers when the labour force turnover was high (IDS 2006 - see Section B4 for more on organising workers).

Despite success though, the benefits of working for a supplier signed up to the ETI are not evenly distributed. In particular, across all countries, permanent and regular workers benefit the most from the codes. The majority of workers remain employed on a seasonal and temporary basis and so are not eligible to social protection, for instance. In particular, migrant and contract workers have seen little improvement in their conditions due to the ETI and remain on poorer terms and conditions of employment. Codes of practice are also not applied to homeworkers (IDS 2006). While social standards found under private regimes of protection can play a role in helping chronically poor workers to escape poverty, currently their benefits do not extend to migrant workers (a group within which chronically poor people are likely to be over-represented) who frequently work as temporary and casual labourers even if they actually work most of the year. Only if these workers were more systematically reached by private protection, which would involve a significant shift in coverage, could private standards play a promotive role in helping people to escape from poverty (Barrientos et al. 2009).

Enforcement also remains a concern. Suppliers lack knowledge and information to undertake effective self-assessment, which rather is viewed as a formality. Second and third party audits are more effective in driving change. However, this was mainly in areas where it is easy to document the codes, such as around health and safety. For other aspects of the codes one-of-auditing has limitations, with the external impact assessment of ETI finding non-compliance with the codes, particularly in terms of the exclusion of migrant and contract labourers, despite external audits deeming that they were compliant (IDS 2006). To-date it has proved easier for civil society to mobilise and enforce social standards when workers are based in urban areas, with dispersed rural workers posing challenges for civil society campaigns, with NGOs predominantly being based in urban centres (Deshingkar 2009).

Impact assessments of Fairtrade conclude with a similar mixed picture with regards to working conditions (Table 4). An impact assessment of Fairtrade banana plantations in Ghana, the Dominican Republic, the Winward Islands and Ecuador highlights how workers on the plantations are among the poorest and most vulnerable people – including single mothers, landless and migrant labourers. Fairtrade has provided an important avenue of employment for them - improving their situation and status, though the wages they receive are not necessarily sufficient to move workers out of poverty on their own (Smith 2010). An important impact of Fairtrade was that the majority of workers, including the poorest people, gained a job with an indefinite written contract. After Fairtrade, between 75 and 94 per cent of the workforce had such a contract compared to between 0 and 71 per cent previously, with this contract entitling them to certain benefits (Smith 2010).

**Table 4: An assessment of the impacts of Fairtrade certification of banana plantations**

Area of impact for poverty reduction	Degree of impact	Considerations for chronic poverty reduction
Increased wages	Minimal impact	Basic wages for Fairtrade workers generally higher than for counterparts outside Fairtrade, though often by a small amount. Few workers receiving 'living wage', with basic wage for standard working week being insufficient to cover household basic needs. Profits not shared with workers. But, improved income through access to benefits.
Income and employment security	Strong impact	Increased formalisation of employment with written contracts.  Reduced number of workers employed on casual and temporary basis.
Provision of employment-related benefits	Strong impact	Employees with written contracts entitled to legal benefits including maternity, sick and annual leave.  Fairtrade premium sometimes used to cover costs associated with education, healthcare and housing.
Freedom of association	Minimal impact	Organisation of workers a precondition to participate in Fairtrade. Workers Committees have been formed rather than independent unions. Lack of clarity about how to make the transition to a trade union.  Migrant, temporary and female workers represented in committees but not active in meetings, lacking education, language skills and confidence.

Source: Compiled from Smith (2010).

Fairtrade bananas have also been successful in improving certain aspects of working conditions. However, the impact of Fairtrade bananas has again not been uniform. In particular, its impacts have been greatest for small producers, while for plantation workers the impact was more one of alleviating, rather than reducing poverty, due to low wages and limited success at organising (Smith 2010). Meanwhile, among workers there are also differential impacts and these differential impacts are in-line with pre-existing social inequalities, with the poorest and most marginalised benefiting the least. In particular, permanent workers gain more than temporary and casual workers, though these latter groups were now smaller on banana plantations. Enforcement has also been a problem, though recent calls for stricter enforcement has enhanced the impact of Fairtrade on worker conditions but improvements are still needed to simplify standards and inspection reports to improve the understanding of Fairtrade principles among workers (Smith 2010), which could increase their ability to then demand these standards are upheld.

## B4 Supporting Collective Representation of Chronically Poor Labourers

- There needs to a legal framework for the labour market that protects the freedom of association and collective bargaining of wage-dependent workers.
- The different types of informal jobs held by the working poor need to be formally recognised for this legal framework to cover informal wage workers.
- Improve and strengthen the collection of data on informal employment to determine both its scope and composition. This helps to identify the different types of informal jobs held by the working poor and their requirements in terms of social protection.
- Provide direct support to those member-based organisations that represent collective-bargaining interests of the working poor in both formal and informal employment. External support must comprise of both capacity building and financial aid.

Labour exchange implies relationships between two or more parties whose interests often conflict. The shape and outcome of this relationship is partly determined by the underlying distribution of bargaining power between the parties. Building the capacity of labour market actors to take collective action enables a group of like-minded individuals to join bargaining power, which will ultimately increase their leverage in negotiations with other market players. There is though, little evidence about the strategies which agricultural and construction workers use to organise themselves and improve their situation (Mather 2012).

Strengthening the organisational capacity of chronically poor people to engage in collective action can improve the terms on which they engage in the labour market. Here the development of democratic, representative membership-based organisations – trade unions, associations and cooperatives is essential. Furthermore the collective strength of organising can also enable chronically poor people to gain representation in local and national policy-making fora, and allow them to use their power and influence to make changes to overall legal frameworks that govern labour markets. Local organisations can also be linked to national and international alliances and networks. In recognition of the importance of collective representation one of the four pillars of the ILO decent work agenda is to promote social dialogue through independent workers' and employers' organisations.

Workers organisations are frequently resisted by employers because they are seen as obstacles to growth. However, an econometric study of 162 countries to investigate the effects of trade union rights and democracy on exports between 1993 and 1999 finds a robust relationship between stronger trade union rights and higher total manufacturing exports. Stronger freedom of association and collective bargaining within labour markets, like stronger democratic institutions in general, can therefore enhance export competitiveness and may even stimulate economic growth of developing countries (Kucera et al. 2006).

Any legal framework for employment and labour relations must guarantee the fundamental democratic right to organise for all fractions of the society, both workers and employers. It opens up the legal and civic space for individuals to come together and collectively express, and pursue common objectives, which can reduce the costs of collective actions from a prohibitive to a more acceptable level for the working poor. Prohibitive costs levels are those where workers that attempt to organise face insurmountable hurdles including outright hostility from employers or even local authorities, which may effectively inhibit any institutionalisation of voice and representation on their side. Export processing zones in developing countries that often grant special privileges to producers may be an example of the lack of implementation of this fundamental human right (McKay 2006).

Another barrier to organisation is the spatial isolation of workers and this is a particular barrier for the organisation of domestic and homeworkers (ILO 2013).

Indonesia has opened up the civic space for workers' organisations through changes to the legal framework that governs the labour market. As part of its constitutional reform process, Indonesia also ratified the ILO Convention No 87 on Freedom of Association and Protection of the Right to Organise in 1998. As a direct consequence, the number of trade unions proliferated from 1 at the national level and around 1000 unions at the enterprise level in 1997 to around 87 trade union federations registered nationally and more than 11,000 enterprise level unions registered at local level in 2006 (Palmer with Noriel 2009). Despite this rapid increase of trade unions at both national and firm level, economic growth continued to rise in Indonesia, accompanied by a drop in poverty from almost 67 per cent in 2002 to around 46 per cent in 2010 (World Bank n.d.).

There is generally a low level of organisation and collective action among chronically poor workers. Conventional trade unions are much weaker in developing than in developed countries and are largely confined to formal sector workers, though there are instances where they have expanded their mandate, through re-defining types of work for instance, to include workers in the informal economy, including by the Uganda Public Employees Union which re-defined the meaning of 'public employees' to mean that its membership could be expanded beyond workers employed in the public sector to anybody working to serve the public (Horn 2003 in Chen et al. 2004). However, more often established trade unions in developing countries may find themselves defending the interests of their members against the influx of cheaper, casual labourers.

'A major problem faced by informal economy workers is their lack of defined interface with whom they need to dialogue. Often they are not recognized by public authorities and have to rely on established trade unions of employers' organizations to speak on their behalf' (ILO 2002 in Chant and Pedwell 2008). Governments need to formally recognise the different informal job types and officially acknowledge the contributions of these types of jobs to the overall economy. An official recognition by the government entails that the workers in informal jobs fall under the legal framework that governs labour markets. This also implies their explicit freedom of association and to organise in order to collectively bargain. This not only opens up legal and civic space for voice and representation for the informal-job holders but also may instill a feeling of identify that further promotes workers' movements. In India, domestic workers are not classified as the unorganised sector workers and so are not covered by labour laws (Deshingkar 2009) while in Brazil, formal recognition of domestic work provided an opening for workers to organise and ultimately influence the constitution (Box 14).

#### **Box 14: Formal recognition of domestic work in Brazil**

In Brazil domestic work has been recognised by national labour laws since at least 1973. This official recognition spurred the formation of associations and unions of domestic workers in the wake of the country's democratisation and return to allowing the freedom of association. The result was the creation of 45 unions in different regions of the country and umbrella organisations at the national level in the decades after the transition. The Brazilian case also illustrates that voice and representation of the working poor within the informal economy is often rooted in grassroot-level associations that can eventually forge networks and umbrella organisations reaching national level decision-making. Being formally recognised and using the civic space to engage with other civil society organizations, domestic workers were able to influence the reform of the Brazilian constitution in 1988. The new constitution provided domestic workers with new labour rights such as a minimum wage, maternity leave, or a fixed set of paid-leave days.

Source: Cornwall et al. (2013).

Formal recognition of informal jobs is often preceded by an acknowledgement of these jobs by policy makers and the public. Including informal jobs into the official labour market statistics, derived from national labour force surveys, can help create this awareness amongst policy-makers. Due to the increasing share of the informal sector of the national economy, the government of Moldova and the ILO developed a project to provide the statistical information to policy-makers. The project helped to address misunderstandings about the nature of informality and its activities. For example, the Bureau of Statistics organised seminars for all stakeholders to brief them on the statistical nature of informal employment (Chen et al. 2005). India's well-known Self-Employed Women's Association (SEWA) collected data on the situation of informal construction workers in order to persuade government to address their interests (Box 15).

**Box 15: SEWA: Collecting information on informal workers to influence policies**

SEWA in India has 20,000 women construction workers as members in the city of Ahmedabad. The union started organising them in 1996, by visiting the crossroads where the construction workers stand each morning in search of work. SEWA conducted a survey of their socio-economic and working conditions and used this to negotiate with the Gujarat State Government to include these workers in new national legislation that recognised the rights of construction workers, including access to welfare benefits.

SEWA was invited to join a state-wide government task force, and this led to the establishment of a Welfare Board for construction workers. However, the workers could not access the welfare benefits because of a rule that they had to present certificates from their employers, which was of course impossible for most of them. So SEWA negotiated again with the Gujarat State Government, who eventually agreed to accept a certificate issued by the union. However, the detailed arrangements remain under negotiation and the workers still do not have access to the benefits.

Source: Mather (2012).

Conventional trade unions organised around an employer-employee relationship are less suited to providing a voice for chronically poor casual labourers and self-employed workers (World Bank 2012) and the persistence of informality in many developing countries has created an impetus for innovative mechanisms of, and institutions for, collective representation. These institutions differ from the traditional model of trade unions in that they do not involve conventional employer-employee relationships or work-based production structures (ibid). They are often organised to represent members' interests with a particular municipal authority or local government (ibid) and so more closely resemble social movements rather than conventional trade unions. Rather than being organised around a common agenda, largely based on economic demands, analysis of women's workers organisations highlights how they are organised around local priorities and agenda. Rather than working to a predetermined agenda they are responsive to local context which also means that their pace of organising is slower than building collective action around standardised forms of work (Kabeer et al. 2013).

Legal recognition is frequently insufficient to spur collective action by the poorest workers. Given the daily imperatives for survival and a lack of common identity particularly among geographically disbursed workers, spontaneous organisation is uncommon (Kabeer et al. 2013). Organising women in the informal economy needs to address two distinct issues. The first relates to wages and working concerns. The second is to do with identity and dignity. For highly marginalised workers including domestic workers and internal migrants working as wage labourers their main concerns are frequently as much to do with the second as the first, with their invisibility both in law and to other members of society meaning that they have to contend with daily practices of discrimination (Kabeer et al. 2013).

External assistance in the form of capacity building and financing can support the development of member based organisations for the poorest workers. The former often focuses on strengthening the organisational capacities of organisations for the poor and may entail areas of training such as management, planning, communications, monitoring and evaluation and networking. Under the South African Labour Relations Act for instance, workers can only be represented by registered trade union representatives and so the Women on Farms Project aided women workers in establishing a union. Their technical assistance enabled the Sikhula Sonke union to maintain its identity as an organisation of farm women despite union law not allowing exclusion of members on the basis of gender through writing women's leadership into the Constitution (Solomon 2013).

External financing, meanwhile, addresses the scarce resource base many organisations for the poor face given the low abilities to raise dues from their members (Box 16). However, in most cases the role of external actors is of facilitation, rather than active organisation, due to the importance of local context and of differing priorities for workers in the informal sector (Kabeer et al. 2013).

#### **Box 16: Hybrid funding for the Movement of Rural Landless Workers**

The Movement of Rural Landless Workers (MST) in Brazil was founded in 1984 to advocate agrarian reform for the benefit of landless rural households. The movement's members contribute at least 2% of their income to the MST, but the state governments, the Catholic Church, the European Union, amongst others, also provide financial resources. These financial resources also allowed the activists of the organisation to assist more than 800,000 families to register for land and around 350,000 households to successfully occupy former unused land. This may illustrate how hybrid organisations that combine local initiative with external support can be a promising model to facilitate collective action by poor people.

Sources: Bonner and Spooner (2012) and Crowley et al. (2005).

## B5 Delivering Social Protection

### Arguments for and against

Channels through which social protection supports employment for chronically poor people include: the protection of assets from erosion by shocks; providing a basis to enter higher return but higher risk activities, including searching for better jobs; the development of human capital; and the multiplier effects of cash injections, which can boost a local economy. More directly, cash transfers and employment guarantees help close the poverty gap – the gap between a poor household's living standards and the poverty line.

There is enough evidence now for policy makers to be enthusiastic about the labour market effects of social protection. The evidence (from Oportunidades in Mexico and the social grants in South Africa) is that cash transfers during childhood or youth help poor people into the labour market at better wages, through their effects on achieving better education and health (Barrientos and Nino-Zarazua 2011). They also liberate members of a household to migrate and find better work (Possel et al. 2004 in Barrientos and Scott 2008).

However, cash transfers do not by themselves enable 'graduation' from poverty. Complementary measures are needed. Labour markets have to be capable of absorbing people; and people also need to be adequately skilled for the opportunities which are created, and to be able to migrate to the better jobs. Skills, literacy and health are all critical to getting better jobs and escaping poverty (and more broadly, asset accumulation, economic and political stability and an absence of impoverishing shocks).

There are two major arguments policy makers make against social protection: (i) it generates dependency; and (ii) it encourages withdrawal from the labour market. There is plenty of evidence against the dependency argument in developing countries, where transfers tend to be small and time-limited, so households are not able to become dependent (Shepherd et al. 2011). Most households in receipt of cash transfers continue to search for work and/or self-employment.

Withdrawal from the labour market can be positive if it is children withdrawing to attend school, older people withdrawing when they are too old to work, or carers being enabled to care for people who need care. This is a contribution social protection can make to the tightening of wage labour markets, which promotes higher wages and productivity increases.

The evidence is varied – some working age adults benefiting from social transfers do withdraw from labour markets, but some also participate more. In Colombia, for example, the *Familias en Acción* conditional cash transfer had no substantial effects on labour force participation in general, except for single (mostly women) parents; but for this group the effects were large. This suggests that there is no adverse effect of withdrawal from the labour market.

'The fact that antipoverty transfers have few adverse effects on labour market incentives, especially when compared with the vast literature on these effects in high-income countries, has several explanations. In low- and middle-income countries, antipoverty transfers provide a fixed supplement to the income and consumption of households in poverty, as opposed to income maintenance benefits common in high-income countries, which fill in the poverty gap for households. Moreover, in low- and middle-income countries, antipoverty transfers are widely shared within extended households. In low- and middle-income countries, income taxes are restricted to a small segment of high earners and seldom reach low-income groups,

whereas in high-income countries it is the combination of income taxes and benefits which generates benefit traps.' (Barrientos and Vila 2013)

### **Social assistance and social insurance**

In Low Income Countries and Lower Middle Income Countries the biggest expansion of social protection since 2000 has been in social assistance or cash transfers, often 'conditional' on children attending school or health centres. This has to be tax based, although international donors can help by footing some of the upfront costs and could provide tapering long term funding pending and linked to increased tax revenues, if they can overcome their propensity for short financing horizons. In general the poorest people are not in a position to make social insurance contributions, so the focus on social assistance makes sense. The recent Social Protection Index for Asia comments:

'Because social assistance benefits the poor and women much more than social insurance, increasing its depth (its average benefits) should also be a priority. Strengthening programs of cash transfers and child welfare, the two most important forms of social assistance, could make a significant difference. However, improving disaster relief, which has continued to increase in importance, should now be regarded as a major priority. Also crucially needed are improvements in disability benefits, which remain woefully inadequate across most countries.' (ADB 2013)

However, as countries become more prosperous governments begin to focus on extending social insurance beyond the public sector and (usually) a few private sector employees. In the long term a social insurance based system is more affordable, but very difficult to apply when informal employment is the norm. Thailand, an Upper Middle Income Country is only now extending social insurance to informal employees – very late in the development process. Rwanda, a much poorer country, is doing it much earlier, and indicates what can be done (Box 17).

#### **Box 17: Extending social insurance in Rwanda**

In 2010, social security policy was reviewed to include the requirement to extend coverage to over 70 per cent of the working population by 2015. The Rwanda Social Security Board (RSSB) reviewed and examined strategies on how to extend coverage to the informal sector. These strategies included establishing joint working partnerships with key institutions dealing with the informal sector, designing benefit packages that are attractive to the informal sector, simplifying administrative procedures to reduce compliance costs and strengthening decentralisation of services among others.

The implementation of the above strategies has resulted in an increase in coverage (from 7 to 18 per cent) in just one year and contributions have increased by 35 per cent. With this progress, we are convinced that we will achieve the objective of 70 per cent coverage by 2015.

Source: ISSA (2011).

India (the Mahatma Gandhi National Rural Employment Guarantee) and Ethiopia (the Productive Safety Net Programme) are discussed further in Section C2 on construction workers. A number of other countries are also investing in such programmes, including South Africa and Rwanda. However, to operate such schemes successfully, and in such a way that they do provide a guarantee and a degree of insurance against under-employment, requires significant administrative capacity, banks of readymade engineering and other employment generating projects, and the creation of a system which avoids the pitfalls of corruption which can surround public construction projects (McCord 2013).

### **Graduation and complementary measures**

By itself social protection will not usually enable 'graduation' from poverty (Sabates-Wheeler and Devereux 2011). It can provide a basis for more risky self-employment, for bolder migration in search of jobs, and there is evidence that children who have benefited from cash transfers as children can go on and do better than others from similar social backgrounds in the labour market as adults. However, these effects are limited: decent work has to be available; poor people need the education and skills necessary to get available work, or the assets to improve their self-employment prospects. The opportunities to accumulate human and/or material capital remain critical. Active labour market programmes are therefore seen as part of social protection (for example in ADB, 2013).

### **Systems not projects: the primacy of politics**

More countries are developing systems of social protection, but there is still a rash of pilot and often externally supported social protection or cash transfer projects in many others, especially Low Income Countries. However, these are usually limited in reach and often highly targeted to particular 'vulnerable groups'. What is needed in a largely informal economy is a system which offers a guarantee to a large number of people, whether this is through cash transfers, public works or social insurance. This requires considerable political energy, risk taking and momentum. There is much debate about the best forms of social protection, and about who deserves it, but in all probability, the most important aspect is achieving scale as rapidly as possible. Where resources are limited, considerable political capital is also required to target those limited resources to the poorest people.

## C1 Agricultural Labourers: A Case Study of Cotton Production in India

The wages and working conditions of labourers in cotton production, particularly in India, have received international attention. Cotton production, particularly the production of hybrid cottonseeds, is very labour intensive. In India, cotton and cottonseed production annually generates about 2800 million person days of employment. About 95% of the cotton seed production in India is controlled by private seed companies, both local and multinational corporations, including Monsanto, Bayer, Dupont and Advanta (Venkateswarlu 2007). Although seed companies are not directly involved in the production process and depend on local farmers, they exert substantial control over farmers and the production process by supplying foundation seeds, advancing production capital, fixing procurement prices and through stipulating quality controls.

Poor working conditions are common for the labourers involved in cotton production activities. Child labour, underpayment, and long working hours are all widely reported and documented (Venkateswarlu 2001; Venkateswarlu 2007; Khandelwal et al. 2008). More than 70% of the workforce in cottonseed and 50% in cotton production are casual labourers, working on a daily wage, seasonal contract and piece rate basis. While seasonal contract arrangements are prevalent in cottonseed production, daily wage and piece rate contracts are dominant in cotton production (Venkateswarlu 2007; da Corta and Venkateswarlu 2009). Cross-pollination, the most labour-intensive activity in seed production, is mostly carried out through seasonal agreements. As seed farmers require an assured labour supply for about 100 days, they prefer to enter into seasonal agreements with labourers by paying wage advances and loans. The employers use wage advances and loans as a means to bind workers.

The majority of temporary labourers involved in cotton production belong to marginalised groups. In Andhra Pradesh 87% of hired workers in cottonseed farms belong to poor families from scheduled castes and scheduled tribes. Women also play an important role in cotton production and account for nearly 75% of the total workforce. The wages paid to most of the workers are below the minimum wages prescribed by the respective state governments while women and children are paid less than men for doing the same work (Venkateswarlu and Kalle 2012).

No other industry in India has such a high proportion of child labour in its workforce as cotton seed production. Children, particularly girls, are engaged in most of the activities around hybrid cottonseed production. In 2003-04, children under the age of 14 accounted for 57% and 35% of the total workforce in cottonseed farms in Andhra Pradesh and Gujarat states respectively with these two states accounting for nearly 75% of India's cottonseed production (Venkateswarlu 2010).

The large scale employment of children in hybrid cottonseed production has adverse impacts on employment opportunities for, and working conditions of, adult labour. In areas where child labour is concentrated there are widespread underemployment problems for adult labourers, particularly for women, and the wage rates are lower than areas where child labour is less prevalent (Venkateswarlu and Ramakrishna 2010).

### Legislation on labour standards on agricultural working conditions

The Government of India has passed a range of labour laws to promote decent work in the agricultural sector. While there are no laws exclusively for workers in cotton production the raft of laws applicable to agricultural workers apply to those in the cotton sector (see Box 18 for an overview of some of the most important laws for improving working conditions).

However, lack of implementation and law enforcement means that agricultural labourers and especially workers in cotton production (who are not well organised) do not receive the benefits from legislation designed to protect them. The latest official data on agricultural wages indicates that prevailing wages rates in many states are below the official minimum wage and that there is a gap in the wages paid to male, female and child workers. Wages paid to most workers in cottonseed production are also below the minimum wages prescribed by respective state governments. There is also a lack of awareness among farmers as well as workers about labour laws.

### **Box 18: Legislation governing the conditions of agricultural workers in India**

#### **The Minimum Wages Act, 1948**

This guarantees payment of minimum wages to workers in a range of sectors, including agriculture. The act empowers state governments to fix and revise minimum wage rates for different agricultural activities.

#### **The Child Labour (Prohibition and Regulation) Act 1986 (amended in 2012)**

This prohibits the employment of children under the age of 14 in certain specified hazardous occupations and processes and regulates the conditions of work in other activities. It does not prohibit the employment of children in agricultural operations, except those operations involved in handling of chemical pesticides and heavy machinery which are categorized under hazardous works. However the law regulates working hours and conditions at work place.

In view of `The Right of Children to Free and Compulsory Education Act 2010` which makes education a fundamental right of every child between the ages of 6 and 14, the government amended the 1986 Child Labour act to prohibit the employment of children below 14 years in all occupations.

#### **Bonded Labour System (Abolition) Act, 1976**

The Act does away with every obligation of a bonded labourer to repay any bonded debt; it also dispenses with the future liability of repaying a bonded debt. Child bonded labour itself was abolished in 1933.

#### **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005**

This provides a legal guarantee of 100 days of wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work at the minimum wage rate.

#### **Equal Remuneration Act, 1976**

Men and women workers must receive equal pay for same work or work of a similar nature.

#### **Unorganized Workers' Social Security Act (UWSSA) 2008**

This act provide for minimum social security package that includes i) life and disability cover, ii) financial protection against ill-health, iii) maternity benefit and iv) pension upon retirement. It also provides for the registration of all workers and receipt of a Social Security Number and Identity Card.

Existing administrative structures are highly inadequate to enforce laws relating to agricultural workers. There is a general impression that labour commissioners, as well as labour inspectors, are indifferent towards implementation of labour laws. In particular, the majority of them do not favour the unionisation of agricultural workers, in the apprehension that it would affect land productivity and create social tensions (Haque 2004).

The focus of the Labour Department in Andhra Pradesh, in terms of implementing the Minimum Wages Act, is on raising legal awareness among employers and workers rather than on strictly enforcing the Act by exacting penalties or prosecuting employers. In contrast, in response to active civil society campaigns, the issue of child labour is top of the agenda of the Labour Departments of Andhra Pradesh, Tamilnadu and Rajasthan which are seriously trying to enforce it, even sometimes

invoking provisions under Minimum Wages Act to remove child labour from the agricultural sector. They are also registering cases of child labour and initiating penal actions.

### **Voluntary codes and standards to improve labour conditions**

The indecent working conditions of labourers in Indian cotton production have received international attention. Active civil society campaigns to improve working conditions in national and global value chains have placed seed companies under pressure to adopt voluntary codes and standards. This has led to multi stakeholder initiatives including Fairtrade, Ethical trade, and the Better Cotton Initiative.

In the early 2000s, child labour in cottonseed production in Andhra Pradesh received wide attention from national and international media. Pressure from local and international children's rights groups, media and social investors put seed companies, both national and multinational, including Monsanto, Bayer, Syngenta, Advanta and DuPont, under severe pressure to initiate steps to address child labour in their supply chains. In 2003, the Association of Seed Industry (ASI, a national association which all major seed companies are members of) undertook concerted action to eliminate child labour in the cottonseed industry through collaboration with the MV Foundation (a leading child rights organisation in India).

A Child Labour Eradication Group (CLEG) within ASI was created to conduct internal monitoring. This group worked alongside NGOs to design a work plan and facilitate external monitoring. A joint action plan was prepared in 2004 including a no child labour clause in production contracts, motivation and awareness campaigns to educate growers, joint inspection committees to monitor incidence of child labour, price incentives for growers to not employ children, disincentives like black listing of farmers who are found using child labour and schools to rehabilitate former child workers (Venkateswarlu 2007b).

Implementation of this joint action plan though, faced severe problems due to unwillingness and non-cooperation by some seed companies. Though the multinationals Bayer, Syngenta and Monsanto showed some interest, other members, particularly local companies (Mahyco, Nuziveedu, Raasi, Tulasi and Ankur), were not keen to implement the agreed action plan and have withdrawn from this initiative while the three multinational seed companies have continued.

The initiatives undertaken by multinational companies have had a positive impact on the proportion of child labour used in the workforce on their farms. In Andhra Pradesh the proportion of child labourers involved in cotton seed production has dropped from nearly 53% in 2003-04 to less than 3% in 2009-10 (Venkateswarlu 2010). In the Nandyla area of Kurnool district where Monsanto and Bayer have a substantial presence, local children's rights groups, particularly the MV Foundation, are also very active. The large reduction in child labour is the result of combined efforts by seed companies and civil society groups. The supply of children into the labour market was largely reduced through mobilising sections of society, spearheaded by MV Foundation. The demand for child labour by the farmers, meanwhile, was controlled to a greater extent by the seed companies. This has reinforcing effect both on the supply and demand for child labour.

A recent study comparing working conditions of labourers on cottonseed farms of Indian and multinational seed companies concluded that use of child labour is far less and health and safety is better on the farms of multinational companies. However, there is not a significant difference in wage rates, with the wages paid to most workers being below the minimum wages prescribed by the respective state governments both on Indian and MNC farms (Venkateswarlu and Kalle 2012). A

study comparing working conditions of labourers on BCI (Better Cotton Initiative) and non BCI farms producing commercial cotton in Andhra Pradesh also reported similar findings (Venkateswarlu 2013).

Recent trends in employment of child labour in hybrid cottonseed production in India indicate that, despite an increase in the area under production, the number of children employed in this sector is declining. As a result of efforts by local and international NGOs, the government, media and social investors, awareness of the problem has been created. Interventions by a range of agencies, including the government, NGOs including the MV Foundation, the seed industry and international organisations (ILO, and UNICEF) have all helped to reduce child labour in the cottonseed industry. The decline of child labour is especially significant in Andhra Pradesh which is largely due to proactive interventions undertaken by agencies in this state (Venkateswarlu 2010).

### **Labour market tightening through the reduction of child labour**

A recent study examining the link between child labour and decent work for adults in the cottonseed sector in Andhra Pradesh clearly shows that the withdrawal of child labour from the workforce has a positive impact on wages and working conditions of adult labour (Box 19). In particular, the removal of children from the workforce has created additional employment opportunities for adult labourers which, in turn, has led to their improved bargaining power for better wages and working conditions.

#### **Box 19: Labour market tightening in Andhra Pradesh due to the withdrawal of child labour**

A study conducted in four sample villages in Andhra Pradesh, two of which have witnessed a drastic decline in child labour (thanks to external interventions) and two where the incidence child labour continues to be high found that a reduction in child labour has a direct bearing on the wages of adults. In the villages where child labour has recently reduced, the average daily wages for adults in cottonseed farms have increased by 151.9% between 2005 and 2009 with the increase being slightly greater for female than male workers. Though there was also an increase in villages where child labour remained high, it was a mere 51% during the same period.

The impact of withdrawal of children from seed farms has not been limited to the cotton sector. Its impact extends to wages in other agricultural activities, including those where little child labour is used and wages are high relative to the cotton sector.

The withdrawal of children from the labour market and the increased bargaining power of adult labour for better wages and working conditions had also other positive effects in intervention villages. The wage advances of the workers have increased and instead of paying an interest of 12% a year, they now get loans which are free of interest. The workers are now also asking for additional facilities at the work site.

The substantial rise in the wage rates and improved working conditions for adult workers in the areas where children are withdrawn from the labour market compared to areas where children constitute significant numbers in the workforce, clearly supports the argument that the presence of child labour reduces the bargaining power of adult workers and suppresses their wages.

Source: Venkateswarlu and Ramakrishna (2010).

## Labour market tightening through guaranteed employment

A recent study on wages in cottonseed production also indicates a significant increase in wages since 2007 which it concludes that public works undertaken under the National Rural Employment Guarantee (NREG) have contributed to. NREG has created new employment opportunities for rural workers and empowered them to bargain for better wages. In Gujarat, NREG has also affected the seasonal migration of tribal workers from Rajasthan to the cotton seed farms in Gujarat. During the last three years, the number of tribal workers migrating from Rajasthan to Gujarat has declined due to the availability of employment in Rajasthan itself under the NREG (Venkateswarlu and Kalle 2012).

In terms of overall agricultural wages, NREG has boosted the real daily wage rate by 5.3% with it taking 6 to 11 months for an NREG intensity shock to feed into higher wages. This wage effect appears to be gender neutral and biased towards unskilled labour (Berg et al. 2012). However, public works programmes need to be implemented at a significant scale and in contexts where labour markets are relatively closed to have impacts beyond that of participating households, particularly in terms of setting a wage floor for agricultural wages (DFID 2011).

## **C2 Relieving Chronic Poverty among Construction Workers**

Employment in the construction industry is often seen as a way out of poverty for those with little education or skill. Construction work also provides a traditional point of entry into the urban labour market for migrant workers from the countryside. It is often the only significant alternative to farm labour and has special significance for the landless. However, as highlighted in Section A1, construction work is dirty, difficult and dangerous. It is also irregular, badly paid and decidedly 'un-decent' (Lerche 2011).

The number of jobs in construction is dependent on the level of investment in construction activity. In growing economies (such as India) the majority of workers may find work for much of the year - although even in India unemployment is growing (particularly for women) as construction becomes increasingly mechanised. But in low-income countries without significant growth, unemployment and underemployment is the more likely scenario. It is significant that those working informally in construction in South Africa regard themselves as 'the unemployed'. Unsurprisingly, the urgent need to increase opportunities for employment is the main concern expressed by construction workers almost everywhere. While construction workers would like higher wages, their main aspiration is to get more regular work.

For the bulk of the workers on temporary contracts, wages reflect demand and supply in the labour market and fluctuate in line with variations in construction output and the negotiating power of the workers. In the majority of low-income countries the supply of unskilled and semi-skilled labour is far in excess of the demand and earnings for the majority of construction workers, even in boom times, are only around the level of the minimum wage and very often below it. This is particularly well documented in India where wages for women are always less than for men for similar work and women fill only the lowest jobs in the labour hierarchy. Even more serious than low wages is the widespread practice of delayed payment, which may be because the labour contractors themselves have not been paid but can equally be a deliberate tactic to keep the workers tied to the contractor.

In this context, two policy objectives must be i) to expand the number of jobs available for construction workers and ii) to improve the wages and working conditions associated with these jobs.

### **Measures to expand employment opportunities**

#### **Increase public investment in construction**

Construction is a labour-intensive industry and public investment in construction projects is regularly used by governments around the world to stimulate employment in the face of economic downturns. A number of developing country governments responded to the financial crisis of 2008/09 with a fiscal stimulus of this kind. The Government of India announced a fiscal package totalling US\$ 33.5 billion to support investment in construction projects in the highway sector and port and power projects, while the government of Indonesia announced it would spend US\$9.2 billion on national infrastructure projects, ten per cent of which was to develop rural infrastructure and a further ten per cent for the construction and development of ports and shipping (ILO 2009).

This is clearly not an easy option for low income countries in sub-Saharan Africa who are already heavily dependent on donors for infrastructure investment. On average, low income countries invest only one fifth as much per capita in infrastructure as middle income countries (Foster and Briceno-Garmendia 2010). However, low income countries in sub-Saharan Africa are on average unable to spend as much as one quarter of their capital budget and one third of their recurrent budgets in the corresponding fiscal year. Historically the roads sector is the worst offender of unused budget

allocations, sometimes as much as 60% of the budget (ibid. p. 69). Addressing a large range of inefficiencies including poor project preparation and planning, low and inefficient procurement procedures and neglect of maintenance, could make the resources go further and expand the corresponding opportunities for employment.

Investment in construction may also take place at the local city level. Many developing regions are urbanising fast and the provision of housing for growing urban populations is a major concern. Creating jobs for unemployed workers through the construction of housing and related services would seem to create an opportunity to solve two problems at one stroke. The challenge is finding the capital for investment. Local authorities in Santo Andre – a suburb of Sao Paulo and Dar es Salaam have both had success in creating employment through upgrading community infrastructure (Lawrence and Werna 2009). These schemes were funded by grants or loans from donors. However, employment can also be generated through providing services for which households are willing to pay, even in the absence of capital investment (see Box 20).

#### **Box 20: Solid waste management in Dar es Salaam**

The objective of the project was to create employment while reducing the amount of waste on city streets. The strategy adopted was to award franchises to small enterprises and community-based organisations to collect waste in a specified area of the city and collect the fees directly from local residents. During the first phase of the project (1998-2003) 44 franchises were awarded and more than 2000 jobs created. The City Council supported the franchisees by providing carts and coordinating activities from the grass roots level to final disposal of the waste in the city dump. This type of collaboration between the local authorities and an incipient private sector represents a new type of public-private partnership that could have great potential.

Source: Salewi (2006).

#### **Increase the labour intensity of construction activity – opportunities in rural and urban areas**

The ILO has been promoting employment-intensive approaches to infrastructure construction since the 1970s. It uses 'employment-intensive' to mean the *optimal* use of labour to reach maximum effect on employment, while paying due regard to cost and quality issues.<sup>4</sup>

Global experience with labour-based technologies has to date been mainly in the construction and maintenance of rural roads where the target population is poor agricultural workers. Using labour in place of equipment on the construction of gravel and earth roads can generate up to five times more employment than machine based alternatives. If these programmes are suitably targeted and timed to take place in the slack agricultural season they can bring short term benefits to the rural poor, including improved food security and less need for seasonal migration in search of work (Engineers Against Poverty, no date).

However, if poor households are to work themselves out of poverty, a prolonged period of waged employment is required (McCord 2013). Continuous work in new construction can be available if the workers are prepared to move to the work but the best way to create on-going employment for the rural poor is by investing in routine maintenance. An example of a South African nationally funded experience is given in Box 21.

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<sup>4</sup> It is important that this approach is distinguished from interventions in the context of emergency relief where the aim is to *maximise* employment - e.g. by using only labour and hand tools - in order to provide cash (or food) for the target population. Too often such emergency programmes lack the technical expertise needed to ensure that the assets created are durable.

**Box 21: The Zibambele programme in Kwa-Zulu Natal: Offering on-going part-time employment**

The Zibambele programme is domestically financed and implemented directly by the provincial department of transport providing on-going employment for 14,000 workers. Employment is created through labour-intensive road maintenance rather than construction – 8 days per month with flexibility regarding when people can work. Workers are paid the minimum construction industry hourly wage. Households are selected through community identification of the poorest, being those households with no alternative forms of income or support.

Workers are predominantly female household heads or the female spouses of household heads. It is a success of active poverty targeting, with poor households receiving 1.27 times their population share of public works employment.

Almost all the participants in Zibambele fell below the poverty line, even while in receipt of the public work programme wage. While public works participation successfully reduced the depth of poverty endured by participants the impact on headcount poverty was negligible due to the low value of transfer relative to the poverty gap. However, the programme did have beneficial impacts for participants across the range of dimensions of poverty beyond income poverty, including on asset ownership, food consumption and social integration.

There is though, no evidence of improved labour market performance by participants in the Zibambele programme with the overwhelming majority graduating back into unemployment or underemployment – unsurprising given high levels of rural unemployment and limited demand for low and semi-skilled workers.

Source: McCord (2013).

While investment in rural road construction and maintenance is aimed at providing work for the rural poor, those already working in construction are more likely to benefit from employment-intensive programmes in urban areas. The review undertaken for the EC found some examples of the approach in urban construction, both roads and buildings. Among donors the European Commission itself has developed expertise in urban infrastructure works using labour-intensive techniques, with urban programmes in Benin, Central African Republic, Democratic Republic of Congo, Senegal, Liberia, Madagascar and Togo (European Commission 2010).

While it is highly likely that programmes offering regular and on-going employment will be the most successful in offering long-term benefits for chronically poor people (see Box 21) this requirement is undermined by the need for governments to identify and implement significant numbers of employment generating projects rapidly and within a limited time window (McCord 2013). There is a real challenge, particularly in sub-Saharan Africa in adequately selecting and designing employment opportunities and then having the administrative and technical capacity to execute them. Employment-intensive approaches cannot be adopted without prior planning and a significant amount of capacity building for both the enterprises carrying out the work and the government bodies contracting with them. Quality control is essential in delivering an asset that is of sufficient durability to be sustainable and this entails very close supervision by qualified personnel.

A further challenge lies in the fact that employment-intensive implementation generally requires a longer programme than equipment-based construction. If programmes are too short, time pressures tend to push clients and contractors towards the use of equipment. Time pressure is often due to the slow disbursement of funds forcing the use of equipment in order to complete the project within the contract period. Small enterprises undertaking labour-based work are particularly sensitive to payment delays as they have little capital and need to make regular payment to the workers. Good practice requires the payment of significant advances up-front which may not always be compatible with the rules of public finance.

It may be concluded that planning and implementing an employment intensive construction programme is not an easy option. It requires a long time horizon, a lot of capacity building, a guaranteed and regular flow of funds and serious commitment on the part of all involved. But when all of these are present and the objective is to provide opportunities for the poorest households, the evidence strongly suggests that the adoption of employment-intensive approaches can generate additional employment opportunities for construction workers. If not spread too thinly these opportunities can make a significant impact on chronic poverty amongst both rural and urban populations.

### **Increase the 'local content' of construction activity**

An alternative approach to increasing employment opportunities for construction workers is by increasing the input of locally produced goods and services ('local content') in the delivery of construction projects: in other words, increasing value-added in the construction supply chain.

Currently foreign construction firms dominate in developing country markets (UNCTAD 2000). This is particularly so in sub-Saharan Africa where in 2006, less than 40% by value of new works contracts were awarded to companies from the subcontinent - and this figure includes contracts awarded to international firms (notably firms from China) that have set up offices in African countries (ADB 2006). Foreign contractors often source their professional services, materials and components (and sometimes even their labour) from their own country or from the global market. Sourcing from overseas limits opportunities for local firms to win contracts for the supply of materials, components and equipment and restricts the opportunities for local labour to gain employment in these industries.

While recognising that there may be very real local capacity constraints, there is scope to do more to increase the local content in infrastructure projects through intelligent use of the public procurement process (Wells and Hawkins 2008). Actions are needed at each stage of the procurement cycle, with the most critical being the project identification and initial planning stage. The adoption of lower cost technologies (second best alternatives) for water and sanitation (standpoints, improved latrines) and transport services is also called for by the World Bank as a way of helping to close the huge funding gap for infrastructure services in sub-Saharan Africa (Foster and Briceno-Garmendia 2010).

While this is essentially an issue for procurement, it is possible to legislate to set out objectives and procedures to promote local content. Awarding of contracts can be made dependent on the past record and future plans of the client's business partners for using locally produced goods and services. The draft 'Nigerian Content' Bill has elements of this approach, requiring a contractor wishing to obtain a construction contract to submit a 'Nigerian Content Plan'. The plan has to include provisions to ensure that first consideration is given to services provided from within Nigeria and to goods manufactured in Nigeria. While the intention of the current Bill is admirable, further work is needed to develop clear guidelines for implementation and to ensure that procurement regulations governing the award of contracts for both design and construction are brought into line. It will also be necessary to re-define the scope of the project which should probably be restricted to the public sector (where the means of enforcement exist) and to projects above a certain threshold. South Africa's Preferential Procurement Regulations is a similar approach.

### **Measures to improve wages and workers' welfare**

Many countries have regulations on the terms of employment and conditions of work for construction workers. In most cases the quality of the work experience and the chance for construction workers to work themselves out of chronic poverty could be greatly enhanced if existing legislation was properly enforced. Given the fragmented structure of the industry and the wide dispersion of construction

sites, there are difficulties in enforcing compliance with labour legislation. While this is still essentially a task for government labour inspectors, public procurement regulations and procedures can again be used to leverage improvements.

### **Actions by governments**

Governments are responsible for public procurement legislation, which sets out the procedures that have to be followed in awarding public sector contracts to the private sector (including contractors) and the terms and conditions of the contracts. Governments are also major clients of the construction industry and have a direct role in appointing the contractors. They therefore have considerable authority over public investment in construction and should be able to ensure that all publicly funded construction projects are priced to include payment of minimum wages and adequate provision for workers' welfare and that all obligations are subsequently delivered.

The key actions which contribute to the procurement process being used to deliver social objectives include: awarding contracts to responsible organisations with good labour standards, specifying labour requirements in contract agreements and monitoring compliance (Hawkins et al. 2006). This approach is currently being applied by the Qatar Foundation, a major client of the construction industry, in its new projects in Qatar where the construction labour force is comprised entirely of international migrant workers. Major responsibility for monitoring and auditing labour conditions on construction sites as well as the terms and conditions of employment of workers engaged by subcontractors will be passed to the main contractor. Appropriate use of procurement procedures and contract documentation, if properly monitored, also has the potential to raise the standard of health and safety and workers' welfare on construction sites (Wells and Hawkins, no date).

### **Actions at the international level**

The International Finance Corporation (IFC) has led the way among international investors in adopting new standards on labour and working conditions which it has applied to all loans since 2006. The IFC Performance Standard 2 (PS 2) on Labour and Working Conditions incorporates all the core ILO labour standards as well as substantive standards for health and safety, accommodation, workers' right to information, recognition of collective bargaining agreements and establishment of grievance procedures. These standards apply to workers directly employed by the client (borrower) who also has responsibility to ensure the same standards are applied to contracted labourers. This is to be achieved using procurement procedures which take *commercially reasonable efforts* to ensure that third party employers are reputable and legitimate enterprises, incorporating the requirements into contractual agreements and monitoring performance.

PS 2 though, will only be meaningful if compliance is monitored and enforced and much more needs to be done by the clients (borrowers) as well as the IFC to strengthen the obligations of contractors to the workforce. The role of monitoring rests with the client and the main contractor but trade unions also have a role to play. The Bujagali Dam project in Uganda provided an opportunity for the Global Union Federation 'Building Workers International' (BWI) to work with its local trade union affiliate to monitor standards on the project. Of particular interest to BWI is recognition in PS 2 of the right to organise which they tested by a full-scale campaign to organise workers on the site with a view to negotiating a Collective Bargaining Agreement (CBA). Achievements of this campaign included union membership on the site rising to 850 of the 1000 workers while a CBA was signed which led to the improvement of living and working conditions: wages were higher than on other sites, there were medical benefits covering all workers including subcontracted workers, transport and housing allowances and good health and safety provisions (Murie 2009). However, it is doubtful if these benefits would have been achieved in the absence of BWI support.

### **Actions by civil society**

A number of NGOs, CSOs and also trade unions take a much more direct approach to improving the living and/or working conditions for construction workers. One of these is SEWA (see also Box 15). It includes some 20,000 construction workers among its membership. SEWA campaigns on labour rights, including lobbying for the implementation of the construction workers Acts, passed by the Federal Government in 1995 and still to be implemented in many states including Gujarat.

SEWA also trains women in construction skills. While many women have been trained, mainly as masons, there are enormous barriers to women's entry into the construction workforce as skilled workers. To address this problem SEWA has helped the women to find employment on 'special projects' such as slum upgrading and house improvement, for which SEWA provides loans.

### C3 Improving the Conditions of Domestic Workers

While there are specific contextual factors determining the history of domestic workers' attempts to get greater recognition and status, there are many common issues faced across different national and cultural contexts. Many domestic workers are likely to be chronically poor at least under international definitions of extreme poverty, but not always under national poverty lines (India is a case in point). Some experience severe exploitation and abuse, though there is much variation reported by interviewed domestic workers and employers on the quality of employer-employee relationships.

There are many different types of domestic worker (see Box 22). Domestic workers are often from rural areas. While rural-urban migration of domestic workers is the norm, there is also rural-rural migration. Increasingly, teenage girls and young women who have dropped out of basic and secondary education are swelling the ranks of domestic workers and their wages often go towards supplementing their family incomes. The changing demographics of domestic workers, compounded by the failure of the economy to create decent employment, is leading to the commercialisation of domestic work (Tsikata 2011). This includes through the entry of recruitment or placement agencies into the supply of domestic labour. This has brought some advantages where the agencies offer support to domestic workers, but also challenges of isolation and vulnerability to exploitation where they do not.

#### Box 22: Typology of domestic workers in Ghana

##### By employment arrangements:

- hired by household versus third-party agency;
- single versus multiple employers;
- part-time versus full-time;
- live-in versus live-out;
- resident versus migrant;
- tied (for example, by migrant visa) versus non-tied; and
- single task versus multiple tasks.

##### By employment status:

- employees:
  - of private clients or households; and
  - of "third party" agencies or contractors;
- self-employed; and
- members of domestic worker cooperatives.

There has been recent international progress in terms of a new ILO Convention and Recommendation, non-binding guidance on implementation (Box 23); and a few cases of national progress, mainly in Upper Middle Income Countries. Organisation of domestic workers is challenging though the example of Brazil shows that states can facilitate domestic workers' organisation. There is also some evidence that minimum wages legislation can work without strong enforcement at least in law abiding societies (for example, in South Africa). Getting such messages across to employers can also be difficult, as experienced in Andhra Pradesh, one of the Indian states which has brought domestic workers into the purview of minimum wages legislation. But there are as yet few good pieces of domestic legislation on terms of conditions of domestic labour. The employer's right to privacy is the main legal obstacle to implementing workplace rights for domestic workers (ILO 2010). Another significant difficulty in getting better working conditions and pay is that many of the civil society activists and trade unionists who might advocate better terms and conditions of domestic work

are themselves employers of domestic workers, which may make them reticent on the issue. In India, for instance, the middle class, who depend on domestic workers, are hesitant to regulate placement agencies, despite legislation being proposed by both the National Commission for Women and civil society groups in 2008 (Palriwala, and Neethalandia 2010).

### **Box 23: The ILO Domestic Workers' Convention 189 (2011) and Recommendation 201**

These are successors to the Part-time Work Convention (1994) No 175; and Home Work Convention, 1996 (No 177). They include: bilateral agreements between countries, and establishment of safe houses for domestic workers who are victims of abuse by national governments.

Protracted negotiations were required to agree the convention. Employers just wanted a (voluntary) Recommendation, and then a convention limited to regularly employed workers (which might have excluded agency-employed). However, the outcome was much stronger than that. Information is a critical determinant of vulnerability – so the Convention provides for terms and conditions of employment to be communicated to domestic workers. Hours of work, rest time and health and safety provisions were big bones of contention, and so the Convention is somewhat flexible on these issues.

Source: Tomei and Belser (2011).

Improving domestic workers' status, wages and working conditions can be achieved through: recognition of the work they do, formalisation, especially through contracts, minimum wages legislation and organisation, though the latter includes civil society action as well as unionisation. Which of these represents the most useful strategy will depend on context.

### **Recognition of domestic workers as a profession**

Employment in private households means exclusion from benefits of labour legislation for millions of domestic workers (43.6 million women, or 83% of all domestic workers). Live-in domestic workers have especially 'long working hours, insufficient rest and poverty wages'. Part time workers may have 'underemployment with erratic hours of work, long commutes and meagre and unstable earnings'. 'Migrant domestic workers are particularly fearful of unscrupulous private employment agencies, some of which charge exorbitant fees that can lead to debt bondage and forced labour, and sometimes to confusion as to who the real employer is. The confiscation of domestic workers' identity papers by employers has also been reported' (Tomei and Belser 2011). Sometimes domestic workers experience intersecting inequalities – in South Africa these are based on gender as well as race and class. Women themselves are divided: 'privileged women participate in gender discrimination through their reinforcement of the devalued nature of household labour in their own daily interactions with domestic workers' (Fish 2006).

Domestic work is often seen as an extension of the family rather than an employment relationship, which robs domestic workers of their status as employees. Explicit recognition by employment and minimum wages legislation and inclusion in social insurance provisions will all help to change the social and economic norms which determine people's behaviour and thinking about domestic workers. Governments, political leaders and civil society activists can encourage employers to observe laws and regulations and take advantage of social insurance provisions where these exist. This ideology is especially powerful when applied to child domestic workers (Box 24).

**Box 24: Child domestic workers – part of the family?**

Employers regularly justified child domestic workers' poor working conditions on the basis that they were 'family members' whose activities could not be identified as 'real work'. Many child domestic workers were also fluent in these discourses: '[B]ecause I am like a child of the house... I don't get a wage or anything... I just live with her like a person of the house' (Child domestic worker #28). Constructions of familial belonging proved a convenient way of exploiting and maintaining control over child domestic workers whilst denying them access to the benefits available to 'real' family members. They attained neither the benefits of familial membership (protection, security, love, nurture, and access to education) nor the advantages of being an employee (set working conditions and wages).

Source: Klocker (2011).

Domestic workers' demands are typically for decent pay, hours and treatment, and better social security coverage. Child domestic workers might add that they want educational opportunities as well. Recognising domestic work as a profession is the first step to achieving these objectives.

**Formalisation and contracts**

Formalisation is a step by step process (Box 25), and something which has to be negotiated carefully, with much scope for resistance by employees as well as employers. The advantages of informality may outweigh the disadvantages – the benefits of social security, for example, may be less than the cost of inclusion in the tax system. So progress towards formalisation needs to proceed with care and caution to avoid making things worse for domestic workers (Chen 2011).

**Box 25: Formalisation of domestic workers**

1. regulation and taxation;
2. legal recognition and protection as workers; and
3. rights and benefits of being formally employed; freedom from discrimination; minimum wage; occupational health and safety measures; employer contributions to health and pensions; right to organise and bargain collectively; membership of formal trade unions; and access to formal systems of social security

Source: Chen (2011).

Most domestic workers do not have contracts. These can be a central device for achieving improvements. A written contract gives recognition of a person's status as worker rather than (exploited) family member. In a study of children domestic workers in Tanzania a contract was the single most desired change for the workers interviewed since a contract would conceptualise child domestic workers as employees rather than family members, needing 'to be loved' (Klocker 2011; Box 26).

**Box 26: Improving conditions for child domestic workers in Iringa, Tanzania**

All workers were girls, most over 15, with primary education completed, and most working because of household poverty. There were benefits as well as problems with the jobs. Abolition is not what the children wanted. But they did want changes: better education and skills, information on rights, changed behaviour, and more regulation and monitoring. Specifically they requested official registration of employers and domestic workers, and employment contracts overseen by local leaders, ensuring minimum wages. The researchers tried to get the municipal council to pass a by-law and issue an example contract, but the Councillors refused.

Source: Klocker (2011).

In South Africa, where about a third of working women are domestic workers, domestic workers remain severely marginalised, despite the universal rights enshrined in the post-Apartheid Constitution and labour legislation. Few are protected by formal contracts – even MPs, Gender Commissioners and feminist scholars have avoided it. The Conditions of Employment Act (1994) only covers permanent employees, so legislation has loopholes. Interviewed domestic workers contend that ‘rights [are] only on paper’, though one quarter of interviewees had experienced significant change. There is no monitoring of legislation or compliance required. Interviewed domestic workers ask for inspectors.

Short of contracts and regulation, civil society action has shown considerable promise in terms of improving domestic workers’ conditions. SEWA’s programmes in India have had many practical benefits (Box 27).

#### **Box 27: The Self Employed Women’s Association, Kerala**

SEWA both sources work for women and has a trade union wing which represents domestic workers and other women. It provides training, and advice to women on how to resist services not agreed with the employer at the SEWA office meeting which sets up the employment relationship. It teaches domestic workers to project themselves in such a way as they cannot be mistaken for sex workers and to develop emotional distance from their employers. Sexual abuse is a big concern for domestic workers, especially as sexual violence can jeopardise whatever precarious familial links and informal social security they possess. Training includes how to wear a saree properly, walk without brushing people and to be in uniform. Protection against sexual slander widely acknowledged as one of the major benefits. SEWA visits the workplace regularly.

SEWA also helps strengthen citizenship through wearing uniform, respectable body language, ID cards, continuing education for all and provides classes on understanding the world. This includes knowledge of pollution and then workers can advise employers on this, e.g. overuse of plastic. Considerable confidence is gained.

Source: Devika et al. (2011).

#### **Minimum wages legislation**

There is an unresolved international debate about whether minimum wages legislation does in fact improve the earnings of the poorest people (Betcherman 2012). The issue is whether legislation can be enforced, especially in informal employment. Labour inspectors are simply not able to undertake the task effectively in many settings. However, it does seem that minimum wages can establish a ‘reference wage’, or enforce a wage floor, and in doing this are able to increase the wages of uncovered workers (World Bank 2012).

In a law abiding society though, it seems that minimum wages legislation can have a significant result. In South Africa a minimum wage for domestic workers was introduced in November 2002. There was little active enforcement (around 200 inspections per year in the whole country) and no clear penalties. The minimum wage was set at the 70th percentile of average wages which was high - 1.5 times the median monthly earnings of domestic workers at the time. This was therefore challenging for employers paying low wages. There was partial compliance with the new law, but this included large increases in wages (13-15%) experienced in provinces with wage rates around the average wage level. Some employers which already paid the minimum also increased wages. There was little evidence of work reductions. Possible reasons for this outcome were that employers believed the law would be enforced; the law helped to redefine the notion of a fair wage (Dinkelman and Ranchhod 2012); and the general law abiding nature of South African households.

Information about minimum wages is critical. In India a number of states have included domestic workers in legislative provisions. In 2010 the Andhra Pradesh government had an awareness campaign directed at employers to get them to pay the minimum wage three years after notification in 2007. Three years after implementation and several employers' organisations were not aware of their existence (Nimushakavi 2011).

### Organisation

One of the more successful cases of union organisation of domestic workers was that of the South African Domestic Service and Allied Workers Union, SADSAWU, which was able to hold government to account on several issues, despite low membership from domestic workers. Eventually it got domestic workers included in unemployment insurance provision, an issue which policy makers had been debating for over 10 years. SADSAWU achieved this through creating an alliance with NGOs, the Commission on Gender Equality and the Congress of South African Trade Unions. They pursued the case through public hearings where they demonstrated the unconstitutional and discriminatory exclusion of domestic workers. Reference to international laws, especially the Committee on the Elimination of Discrimination against Women was important to winning the case. The lesson of this experience is that progress can be made when domestic workers are in alliance with elements of the state as well as a powerful, general trade unions (Fish 2006).

Unionisation of domestic workers has been less successful in Ghana and India. In Ghana the Industrial and Commercial Workers' Union attempted to extend its reach to informal employment from 1990s. A National Domestic Workers' Union was formed in the late 1990s. However, this was disbanded in 2003 when a new (neo-liberal) Labour Act weakened rights to organise. In Ghana the extension of labour laws to informal employment not seen as a priority as competitive advantage is perceived to be due to low labour costs. Domestic work was specifically exempted from the provisions of the Act (Tsikata 2011). In India unionisation initiatives have broken down over wages. Variability in wage structure and services, isolation, lack of employment security, personalised relationship with employer all militate against sustained unionisation (Palriwala and Neethalandia 2010).

Placement agencies have recently entered the picture in a big way, and where they are strong and offer domestic workers support after placement, they can be helpful.

In China government-organised labour exporting projects are intermediaries between sending and receiving areas. Seen as 'safer and more reliable' than informal networks, 'such projects usually provide free training, such as in the use of household electric appliances, cooking skills and caring for babies and the frail elderly...they are believed to enhance the job prospects of potential workers.' But they need to have good follow-up, as they replace informal support networks, and leave domestic workers very vulnerable if they do not have the informal support network they would have had through making their own arrangements (Guo et al. 2011).

In Ghana the entry of formal employment agencies in 2000s to the supply of domestic workers in Accra has had limited effect on formalising domestic work because they only cover a small proportion of them, and only procure, leaving the terms and conditions to be negotiated directly with employers. Effectively, this reinforces informality. Formal employment agencies require a contract, but they do not necessarily pay the minimum wage (Tsikata 2011).

## C4 Homeworkers<sup>5</sup>

'Home-based worker' refers to workers who carry out remunerative work within their homes or in the surrounding grounds. 'Home-based work', therefore, does not refer to either unpaid housework or paid domestic work. Within the general category of home-based workers, there are two types of workers: those who work on their own (the self-employed) and those who work for others (mainly as industrial outworkers). The term 'homeworker' is used to refer to the second sub-set of home-based workers: industrial outworkers who carry out paid work from their home.

Homeworkers may be contracted by a firm, an individual entrepreneur, traders, subcontractors or other intermediaries. They are usually given the raw materials and are paid a stated amount per piece produced. Historically, most homework involved manual work in labour-intensive activities: notably, in textiles, garment, and footwear manufacturing industries. Increasingly, home-work also involves activities in the service sector: notably, in clerical work.

Around the world, women are over-represented among homeworkers. Evidence suggests that women are more likely than men to work mainly at home and among home-based workers women are far more likely than men to be engaged in low-paid manual work, especially as homeworkers (Chen et al. 1999; Felstead et al. 2000). Women home-based workers in manual jobs, especially homeworkers, are among the lowest paid workers in the world (Felstead et al. 2000; Chen and Snodgrass, 2001).

### The challenge of formal recognition: data gaps

Working at home has always been the reality of work for many people in developing countries. However, statistics on this phenomenon remain very poor and statistics do not always distinguish between self-employed home-based workers and homeworkers. Available statistics for developing countries suggest that over 10 per cent of non-farm workers in most countries and around 20-25 per cent in some countries are home-based.

In South Asia, there are at least 50 million home-based workers. In most South Asian countries, home-based workers account for a majority share – 60 to 90 per cent – of selected key export industries, including: the *agarbati* and *bidi* industries in India, the football industry in Pakistan, and the *coir* industry in Sri Lanka (Carr and Chen 2000). In India in 1999-2007, the NSS Employment and Unemployment Survey estimated that homeworkers alone numbered nearly 8.2 million, representing about 7.4 per cent of informal non-agricultural workers in 1999-2000 (Government of India 2007).

While there are challenges relating to measuring all home-based workers, there are specific problems related to measuring and distinguishing homeworkers in particular. This is because homeworkers occupy a grey intermediate space between the fully independent self-employed and fully dependent paid employees (Box 28). Homeworkers typically have to absorb many production costs and associated risks. Most homeworkers are also not directly supervised by those who contract work to them, although they are subject to delivery deadlines and to quality control of the products or services they deliver. For these reasons, they should be considered semi-dependent, not dependent, wage workers. However, they are dependent on lead firms or their contractors to provide work orders, supply raw materials and production specifications, and to sell finished goods. To identify clearly

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<sup>5</sup> This section was written by Martha Alter Chen based on her own work and that of Shalini Sinha and others in the global action-research-policy network Women in Informal Employment: Globalizing and Organizing (WIEGO).

which home-based workers are homeworkers, labour force surveys and population censuses need to include sufficient and appropriate questions regarding their contractual arrangement.

### Box 28: Self-employed, homeworkers and employees

Current national and international statistical standards to measure and classify 'status of employment' do not have enough categories to capture the range of employments in today's world. This is because all workers are thought to be either fully independent (self-employed) workers on the one hand (such as employers and own account workers) or fully dependent workers on the other (i.e. as paid employees). However, many work situations do not fit neatly into these two basic categories. Rather they fall in a grey intermediate zone between being fully independent or dependent. Consider the intermediate status of homeworkers in the table below:

Characteristics	Self-Employed	Homeworkers	Employees
<b>Contract</b>	sales contract	employment contract	employment contract
<b>Remuneration</b>	from sale of goods/services	for work (typically piece rate)	for work (time or piece rate)
<b>Contract with</b>	self	employer/intermediary	employer
<b>Means of Production</b>	provided by self	provided by self	provided by employer
<b>Workplace</b>	provided by self	provided by self	provided by employer
<b>Supervision</b>	Autonomous	indirect or no supervision	direct supervision

To be able to identify and enumerate homeworkers, and other workers with intermediate employment status, specific questions to probe the key variables in the left-hand column - notably, nature of contract, form of remuneration, place of work, and degree of supervision - need to be designed. The current national and international standards for classifying workers would need to be re-examined to determine whether existing categories can be sub-divided to accommodate these intermediate employment statuses or whether whole new categories that cut across existing ones would need to be introduced.

Source: prepared by Chen for ILO statistics book (2002).

To increase their visibility homeworkers need i) systematic collection of data on homeworkers and their contribution to national economies and ii) more comprehensive research on the characteristics, working conditions, and economic contribution of homeworkers in different sectors and countries.

### Improving earnings and working conditions

Homeworkers, on average, earn very little and have to depend on contractors or middlemen for work orders and payments. In India, on average in the early 2000s, homeworkers earned 27 rupees per day while workers who worked outside the home earned 58 rupees per day (Unni and Rani 2004).

Homeworkers who produce for global value chains receive a marginal percentage of the final profit. In India, for every 100 rupees paid by a customer, gold thread (*zardozi*) embroiderers earn 15 rupees, home-made cigarette (*bidi*) rollers each 17 rupees, and incense stick (*agarbati*) rollers earn only 2.3 rupees (Mehrotra and Biggeri 2007). In the prawn peeling industry in Pakistan, homeworkers earn 2.5 per cent per prawn of what a customer pays in the domestic market (Khan et al. 2007) and 1.1 per cent of what prawns sell for in foreign markets (Mehrotra and Biggeri 2007).

Compounding their very low average wages is the fact that homeworkers a) have to pay for many of the non-wage costs of production: notably, the overhead costs of space, utilities, and equipment; b)

often face irregular work orders and arbitrary rejection of goods produced; and c) often face delayed payments. For instance, most garment homeworkers have to buy and maintain their own sewing machines, replace needles and oil, and pay electricity to run machines and light their workplace.

In any given sub-contracting chain, the links between the homeworker and the lead firm for which they work are often obscure. In long complex chains of intermediaries, bargaining for higher wages is complicated by the distance between the homeworker and the lead firm and the ambiguity over who is responsible for providing higher wages.

To increase their earnings homeworkers need legal status and recognition as workers and minimum wages/piece rates. Their entitlement to minimum pay is laid down in ILO Convention No. 177, adopted in 1996 and an important international milestone in the development of policies for home-based workers (Box 29).

#### **Box 29: ILO Convention No. 177**

This mandates that all homeworkers should have basic labour rights, irrespective of the sector in which they work, and guarantees the applicability of core labour standards and other standards to all homeworkers. The Self-Employed Women's Association (SEWA), an international alliance of home-based workers (called HomeNet), and other labour activists lobbied for this convention.

Convention No. 177 on Homework recognises homeworkers as workers who are entitled to just reward for their labour and sets a standard for their minimum pay and working conditions, including occupational health and safety. Among other recommendations, the Convention calls for improved statistics on homework.

To date, 10 countries high and middle income countries have ratified the convention. Once ratified, each country is responsible for developing and reporting on a national plan to implement the Convention. Even without ratifying the convention, countries can and have put in place national policies or specific schemes that reflect some of the provisions of the convention.

Typically, homeworkers have little or no legal and social protection. The diversity of employment and the geographically dispersed nature of the workplace pose real challenges. Employment relations vary considerably, and a major obstacle to introducing contributory social insurance schemes is the difficulty in identifying the employer. Because a large proportion of homeworkers are women, they also have child-oriented needs and maternity protection is important. Social security, including insurance, matters because workers may improve their incomes in the short-term only to lose their assets and earning power when faced with a crisis. India's welfare funds are a potential model (Box 30). Long term investments in human capital are needed to increase marketable skills.

#### **Box 30: Tripartite Welfare Funds, India**

The Bidi and Cigar Welfare Fund Act, and the Bidi and Cigar Cess Act were passed in 1976 and finally implemented in the 1980s. These acts provide social security schemes such as health care, child care and housing for *bidi* workers. Similar welfare funds and welfare boards have been implemented for other sectors in India, such as construction workers.

### **Health, safety and physical infrastructure**

Since their home is their workplace many homeworkers work in poor and cramped conditions with bad lighting and seating. Inadequate housing has a deleterious effect on work ability, in addition to it being very unhealthy for the family. The other issue is of health, particularly occupational health and safety. Many homeworkers are overworked, and exposed to dangerous chemicals, poor working conditions and unhealthy postures.

Low productivity also arises because of the low levels of technology used by most homeworkers. Because their remuneration is low and irregular, homeworkers find it difficult to save money to invest in new machinery or in training. For example, garment making for export markets requires a range of sophisticated cutting and sewing machines. Most small units in the informal sector operate with simple sewing machines capable of doing mainly one or at most two kinds of stitches. This reduces the productivity and also limits the nature of markets to which the worker can cater.

Important to improve the working environment for homeworkers and their productivity are investments in physical infrastructure including electricity, water, toilets and sanitation. Information on occupational health and safety, for instance the dangers of working in poor-lighting conditions, are also important.

### **Organisation and voice**

Organising home-based workers faces a number of obstacles including the fact that they work in isolation, being hidden within long production chains and are so busy surviving that finding the time to devote to an organisation is hard. They are also weighed down by the double burden of income generating work and unpaid care work.

There are, though, a growing number of organisations of home-based workers as well as national and regional networks of such organisations (called HomeNets). Some of these organisations are trade unions, others are cooperatives, and others are associations of various kinds.

The Self-Employed Women's Association (SEWA) is a national labour union of woman workers in the informal economy in India. As of end 2010, SEWA had a total membership of 1.3 million women in 9 states of India, out of which around one-fifth are home-based workers. In organising garment workers, SEWA has focused primarily on negotiating higher piece-rates and fairer working conditions for garment homeworkers. This has involved negotiations with the Labour Commissioner to demand minimum wages, identity cards, and social benefits (childcare, health care and school scholarships) for sub-contracted garment workers.

HomeNet South Asia (HNSA) is a network of 600 organisations representing over 300,000 home-based workers from five countries in South Asia - Bangladesh, India, Nepal, Pakistan and Sri Lanka. The local and national affiliates of HNSA provide skills development and technical support to their members. HNSA helps these organisations gain representative voice at the national, regional and international levels in order to influence legislation, policies and programmes.

The membership-based organisation PATAMABA, in the Philippines, has approximately 17,000 members, of whom 9,500 are home-based workers. The group works in 28 cities in 15 provinces and nine regions. Its urban chapters support home-based workers to develop social enterprises, participate in local government policy debates, develop community housing, pursue training and new production methods and access social services. PATAMABA supported home-based workers to organise for the purpose of accessing the Social Security System to allow home-based workers to access social insurance via an Automatic Debit Account arrangement whereby members can use the facilities of partner banks to make their social insurance contributions.

To increase the voice of homeworkers they need recognition, both of their status as workers and for their organisations as workers' organisations and alliances as representational bodies at the national, regional and global levels. External actors, including donors, governments and NGOs can support their collective bargaining and advocacy campaigns, including facilitating the participation of homeworkers in fair and ethical trade policies.

## D Conclusions

A household member gaining new or additional employment or improving the conditions under which they work are important for chronically poor households to escape poverty. In essence, there are three broad lines of enquiry for policymakers to ensure that the poorest people can work out of poverty:

1. creating more employment opportunities
2. improving the terms and conditions of that employment including through enforcing minimum wages
3. increasing the access of chronically poor people to these opportunities

Context is crucial when determining policy priorities, as are the specific characteristics of different sectors where chronically poor people work as wage labourers. Table 5 gives more details on the policies which may be most appropriate for different groups of labourers. Before this though, we discuss some of the general principles for policies.

### **Generating sufficient employment opportunities**

Economic growth is an important driver of job creation. However, the quality of that growth should not be neglected in the strive to increase its rate. Recently a number of countries (India and Tanzania, for instance) have experienced jobless growth. Investments in the agricultural sector and in increasing its productivity emerge as important both to create jobs and also to accelerate the pace of structural transformation. As important is investing in rural areas, particularly in terms of infrastructure (rural feeder roads and decentralised electrification) both to promote the rural nonfarm economy and also to increase the connectivity of rural areas.

In the construction sector, government can encourage employment opportunities, both through investing in construction activity, including in labour intensive infrastructure maintenance, as well as in using procurement procedures to provide incentives for companies to increase the employment intensity and use of local content within their construction activities.

However, there can be trade-offs between productivity and employment. Increased productivity of commercial agriculture in South Africa, for instance, has come at the expense of jobs as capital replaces labour. In the construction sector, employment-intensive approaches require a longer time to plan and implement than equipment-based approaches.

### **Improving wages and terms and conditions of employment**

Both the agricultural and construction sectors illustrate the global trend of shifting towards an increasingly casualised labour force (FAO et al. 2007; ILO 2001). As members of this casual workforce the majority of chronically poor agricultural and construction labourers are employed on temporary, seasonal and daily, mainly verbal, contracts, including being recruited through labour contractors or intermediaries. As casual labourers they are often outside labour regulations, which were primarily designed for a permanent labour force. Carefully crafted labour regulation, though, is an essential component for everyone who works to be able to enjoy their rights at work (ILO 2013).

Several middle income countries, including China, have passed new labour laws which, amongst other aspects, extend their coverage to workers employed through labour contractors. China's law obliges employers to give their workers a written contract though having a written contract does not necessarily mean that it is enforced. However, it has an important normative role in improving the identity and increasing the dignity of workers. It also sends a message that government is prepared to tackle a politically difficult issue, particularly in the case of domestic workers whose employers, amongst the middle and upper classes, are often opposed to such initiatives.

Foreign Direct Investment (FDI) can play an important role in opening the space for debates on labour standards. As seen in the case of labourers in the Indian cotton sector, pressure and campaigns by international civil society organisations, including NGOs, can build-up sufficient pressure for multinational corporations to change their practices, in this case in terms of their recruitment of child labour and making improvements in health and safety. International donors can also play a role in raising standards, such as the IFC with its Performance Standard 2. Fairtrade, meanwhile, has increased the proportion of workers with written contracts on its banana plantations. Clearly this is no substitute for effective government legislation around working conditions. However, private standards can play an important role in raising middle class awareness in developing countries about labour standards and in increasing the pressure from middle class consumers for governments to pass, and enforce, legislation to improve working conditions.

Innovative alliances across state and civil society, including NGOs, trade unions, social movements and workers organisations, with international support, are central for improving, not just the working conditions, but also providing an identity for chronically poor labourers. Labour exchange implies relationships between two or more parties whose interests often conflict. This means that moves towards formalisation *per se* (for instance through a requirement for written contracts) are insufficient. Instead, these need to be supported by innovative alliances which are better able to even the power relationships within that exchange.

#### **Increasing the access of chronically poor people to these opportunities**

Access to quality jobs is the function of a range of factors. Social connections are important (Krishna 2010) but so is education. Even reasonably limited levels of education at a primary and secondary level can improve the prospects of chronically poor people in the labour market (Baulch 2011). However, ideally formal training and apprenticeships should be accessible for chronically poor and marginalised people in the informal economy. Training which is linked to private sector enterprises, their needs and requirements is important in gaining quality employment (WDR 2012), particularly in contexts of high structural unemployment. Clearly the level of education and the type of training necessary to access quality jobs varies according to context and there is some evidence that, while it used to be returns to primary education which were highest, the labour markets of developing countries now place a higher premium on technical training (Colclough et al. 2010).

For instance, training in masonry and carpentry can move chronically poor construction workers into more profitable jobs. Important in the agriculture sector is developing the skills for more lucrative engagement in the non-farm economy, with the prospects to advance as an agricultural labourer being much more limited. Supporting internal migration from the poorest rural regions is again important here. However, in contexts where there are mass labour market failures and widespread structural unemployment the notion of 'graduation', either from social protection schemes or from training programmes into quality employment needs to be treated with caution.

#### **Not only demand-side policies but also policies addressing the supply of labour**

In addition to a policy focus on demand for labour, as important should be a consideration of the supply of labour to the labour market. Education and training are important in delaying the entry of young people into the labour market and so can contribute to tightening labour markets. The eradication of child labour as well as social protection can further tighten labour markets, thereby increasing the position and power of adult labourers to negotiate their wage rates. In the long-term, family planning policies are important in reducing future supply of labour. The challenge of enabling chronically poor people to access quality work is far too important and extensive just to be left to ministries of labour.

**Table 5: Policy priorities for different types of informal and often casual wage employment**

Type of Worker	Macro Policies	Structural Policies	Labour Market Policies	Social Protection
Agricultural wage labourers	Active fiscal policy with a strong focus on boosting investment in economic and social infrastructure. Stronger mobilisation of revenues (e.g. broadening the tax base) to sustainably cover higher expenditure.	Rural infrastructure investment (electrification and feeder roads) to increase agricultural productivity and promote the rural non-farm economy. Supporting seasonal migration from remote rural areas (migrants having rights to public services). Increasing access to natural and financial resources by the poorest. Public investment in labour-intensive high-productivity agriculture.	Employment guarantee systems implemented at scale to provide a floor for local agricultural wages. Any government (local and central) employment in rural areas pays a minimum wage. Building skills of children, TVET and apprenticeships, to move out of agriculture and into nonfarm economy. Extension of labour laws to contractors. Formal recognition of informal agricultural wage employment e.g. nomination of agricultural workers as eligible for general rights and provisions.	Weather based crop and livestock insurance. Cash transfers targeted to poorest (these can be conditional). Where politics requires beneficiaries to work, public works or employment guarantees.
Construction workers	Monetary policy ensuring low (real) interest rates to stimulate domestic credit (especially for the private sector). Monetary policy not only focused on managing inflation, but also sensitive to growth/employment considerations.	Rural infrastructure (electrification and feeder roads) to reduce costs of seasonal migration to urban areas. Targeted credit for infrastructure projects. Public investment in urban areas (infrastructure and municipal services). Increasing local content of construction (e.g. through procurement for road maintenance/ urban housing). National urban policymaking to promote secondary towns.	Employment guarantee systems and public works programmes targeting the chronically poor. Information on construction job opportunities. Monitoring and enforcement of legislation around health and safety.	Labour-based construction and maintenance of rural roads. Extend social insurance coverage to informally employed building workers. Cash transfers targeted to poorest (these can be conditional).
Domestic workers	Exchange rate policy focused on ensuring international competitiveness (e.g. avoiding currency overvaluation) and reducing currency volatility. Capital account management targeting productive investments.	Ensure migrants rights at destination.	Formally recognise domestic workers in all aspects of legislation. Provide training on use of equipment for would be and existing domestic workers. Introduce a minimum wage for domestic workers. Improve conditions of child workers. Facilitate coalitions of workers.	Cash transfers targeted to poorest (these can be conditional). Campaign to encourage employers to sign employees into social insurance schemes.
Homeworkers		Investments in municipal housing to improve working conditions. Infrastructure investment (electricity, water and sanitation and roads) to increase productivity. Increased access to credit on reasonable terms for homeworkers to upgrade equipment.	Data on the extent and nature of homeworkers so that they can be formally acknowledged and included in labour legislation. Facilitate coalitions of workers. Introduce a minimum wage or minimum piece wage.	Cash transfers targeted to poorest. Employment guarantee where feasible.

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