



A decent job?

Assessing DFID's contribution
to achieving Decent Work

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Section one

Preface

Today, 7 October 2012, is the World Day for Decent Work. But with the world facing the biggest employment crisis since the great depression, there are few reasons to celebrate.

Thanks to the global financial crisis, an extra 50 million working people are struggling to survive on less than \$1.25 a day. And with 75 million young people out of work, a global ‘youth unemployment storm is gathering’ according to the International Trade Union Confederation (ITUC). A job where someone can work and live in dignity, freedom, security and equity is a distant dream for hundreds of millions of people.

Nearly everyone agrees that a decent job is the best way to get someone out of poverty, but governments are simply not doing enough to address the scale of the crisis. Britain faces a significant deficit of ‘decent work’, and the TUC is unflinching in calling for urgent action to address it. We are also calling for donor governments to get serious about the tackling the jobs crisis in the global south, and that’s what this report addresses.

It does so by assessing the efforts of the UK’s Department for International Development (DFID) against key elements of the Decent Work Agenda of the International Labour Organisation (ILO). The results are mixed at best: DFID scores just 25 points out of a total of 56. On job creation, promoting rights at work, social protection and social dialogue, DFID can and should be doing much more to help people in the developing world to secure decent jobs.

But as the report shows under every element of Decent Work DFID is doing something positive, even if it is just a small pilot project or piece of research. These are important foundations that can be built upon if the UK government has the will to do so.

I hope that this report triggers debate and action both within DFID and the development community more generally about putting decent work at the heart of efforts to end poverty.

A handwritten signature in black ink, appearing to read 'Brendan Barber'.

BRENDAN BARBER

TUC General Secretary

Executive Summary

Key recommendations for DFID

Job creation:

- Set ambitious departmental wide targets on creating quality jobs, including indicators on improving incomes, the quality of work and labour productivity.
- Provide technical and financial support to a pilot group of Low Income Countries (LICs) to enable them to put decent and green jobs at the heart of their national development strategies.

Rights at work:

- Ensure that all support it provides to the private sector is linked to adherence to the OECD Guidelines for Multinational Enterprises and capacity building work to promote mature systems of industrial relations.
- Establish a pilot programme to help developing countries to improve their labour administration and inspection systems.

Social protection:

- Promote the goal that by 2020, all developing countries have implemented a social protection floor, based on relevant ILO standards, and have significantly increased the scope and depth of coverage.
- Publish a ‘road map’ on how it will progressively integrate its existing cash transfer programmes into social protection floors, with an explicit focus on strengthening linkages with securing and maintaining decent and productive work for the poor and access to quality public services.

Social dialogue:

- Establish a series of social dialogue pilot projects with social partners and governments in fragile states aiming to provide decent work to reduce the risk of social unrest.
- Develop a challenge fund or programme of work aiming to strengthen the capacity of trade union organisations in the developing world with a particular emphasis on representing and empowering women, youth, and workers in the informal economy.

Promoting Decent Work in the multilateral system:

- Award an ILO programme grant based on delivering the Decent Work Agenda in DFID’s priority countries.
- Ensure that EU trade agreements include binding labour standards, and packages of assistance to help developing countries effectively implement those standards.

Introduction

A decent job is one that enables someone to work and live in conditions of dignity, freedom, equity and security.* Yet that vision is far from reality for most. There were 456 million workers in the world living below the \$1.25 a day poverty line in 2011.¹ And half the world's labour force – some 1.52 billion people – are now in vulnerable forms of employment, up by 136 million since 2000.² And with 75 million young people out of work, a global 'youth unemployment storm is gathering' according to the International Trade Union Confederation (ITUC).

Tackling this jobs emergency requires action on four fronts. It requires (1) governments and the private sector to create decent and productive jobs; (2) the guarantee of fundamental rights at work; (3) social protection that provides basic income security; and (4) social dialogue to give workers and employers a say in how government efforts can be best tailored to deliver decent work. All four objectives support each other, and together make up what the International Labour Organisation (ILO) calls the Decent Work Agenda.³

This report uses 14 criteria to assess the efforts of the UK's Department for International Development (DFID) in contributing towards the achievement of the Decent Work Agenda. It does so by drawing on key DFID material including its latest annual report and country implementation plans as updated in June 2012, and interviews with a range of DFID staff. Its main focus is DFID's bilateral work, but it does touch on some of the multilateral work DFID supports. Given DFID's massive portfolio of work, the report seeks to capture broader trends, although does also consider examples of smaller project work.

* Cover photo: ETI/Claudia Janke. We thank DFID staff and colleagues in the international trade union movement for their help in providing information for this report. All opinions and errors remain those of the TUC.

1 UN (2012), The Millennium Development Goals Report 2012, page 8 at www.un.org/millenniumgoals/pdf/MDG%20Report%202012.pdf

2 UN (2012), page 10

3 The ILO is the UN body responsible for setting and monitoring the implementation of international labour standards and promoting Decent Work more generally.

Introduction

DFID's Decent Work scorecard

Overall score 25 / 56 

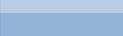
Pillar 1: Full and productive employment opportunities for all

Commitment to helping meet the decent work MDG target	1	
Support for creating decent jobs in country-level programmes	3	
Private sector job creation	2	
total	6 / 12	

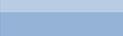
Pillar 2: Rights at work

Ensuring a responsible private sector	2	
Support for the effective implementation of labour standards	1	
Tackling workplace discrimination and child and forced labour	2	
Total	5 / 12	

Pillar 3: Social protection

Support for building and strengthening social protection floors	3	
Linked to the world of work and essential public services	2	
Securing support for social protection in developing countries	2	
Total	7 / 12	

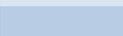
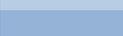
Pillar 4: Social dialogue

Supporting process of social dialogue	1	
Capacity building for social partners	1	
Support social partners to promote good governance	2	
Total	4 / 12	

Decent Work and the multilateral system

The International Labour Organisation	1	
Other key actors in the multilateral system	2	
Total	3 / 8	

Key

No work done in this area	0	
Unsatisfactory (a sole project, or sporadic country-level work)	1	
Weak (broader range of activities, but with significant gaps)	2	
Good (department-wide work, with room for improvement)	3	
Strong (department-wide commitment and action)	4	

Full and productive employment for all

DFID's score 6/12

This pillar refers to the need for the state and the private sector to work together to create decent jobs for all, especially for women and young people. Quality public services can generate jobs, and also underpin strategies to support the private sector to expand into areas where workers can secure better paid and more productive jobs.

Given this pillar's critical importance it was included within the Millennium Development Goals (MDGs) in 2008.⁴ Yet this 'Decent Work' MDG has been blown badly off track by the global economic crisis. According to the latest UN report on the MDGs, an extra 50 million workers are living on less than US\$1.25 a day because of the global financial crisis.⁵ The situation is the worst in Africa – DFID's priority region – where this MDG target faces a 'very large deficit'.⁶

When workers do get jobs, they are increasingly precarious ones. Half the world's labour force - some 1.52 billion people - are now in vulnerable forms of employment, up by 136 million since 2000.⁷

A growing body of research shows that economic growth is increasingly bypassing the poor, driving jobless growth and inequality.⁸ Zambia for example, has enjoyed average annual growth of about 6.4 per cent since 2006 thanks to a commodities boom, but that has barely made a dent in poverty or

4 The target for MDG 1B is 'Achieve full and productive employment and decent work for all, including women and young people'.

5 UN (2012), page 8

6 Department for International Development (June 2012) Annual Report 2011-2012, page 17 at www.dfid.gov.uk/Documents/publications1/departmental-report/2012/Annual-report-accounts-2011-12.pdf

7 UN (2012), page 10

8 BOND (July 2011) Growth and Development, discussion paper at www.bond.org.uk/data/files/Growth_and_development_-_a_Bond_discussion_paper.pdf; Oxfam (January 2012) Left behind by the G20? How inequality and environmental degradation threaten to exclude poor people from the benefits of economic growth at www.oxfam.org/sites/www.oxfam.org/files/bp157-left-behind-by-the-g20-190112-en.pdf; Jayati Ghosh (14 July 2011), 'India must be aware of the dangers posed by jobless growth', Guardian at <http://www.guardian.co.uk/global-development/poverty-matters/2011/jul/14/india-danger-jobless-growth>

Full and productive employment for all

unemployment levels. It is a familiar story across Africa where a massive private sector provides about 90 per cent of total employment but which is mostly ‘informal and characterized by low productivity’.⁹

Instead, developing countries and donors need to look beyond ‘trickle down’ growth policies towards ones that drive decent job creation. This takes investment in skills, education, health, infrastructure, smart industrial policy and a fairer global trade system.

1.1 Commitment to Decent Work MDG target (rating 1/4)

DFID does not make a public commitment to contributing towards decent job creation or any of the other indicators under the Decent Work MDG.¹⁰ Instead its key commitment to reducing poverty is to ‘provide 50 million people with the means to help work their way out of poverty’.¹¹ This will be achieved primarily by providing the poor with access to financial services, and also through promoting an Africa free trade area, improving the investment climate for business, investing in infrastructure and helping six million people to secure land and property rights.¹²

Yet the correlation between these activities and creating decent jobs to help people escape poverty is weak. For example, DFID is supporting micro-credit programmes or other forms of financial services in at least twelve countries. Yet there is a growing body of evidence questioning its ability to reduce poverty.¹³ Even DFID-supported research from last year concludes that: ‘no clear evidence yet exists that microfinance programmes have positive impacts.’¹⁴

On a positive note, DFID is committed to examining better methodologies to understand the job creation impacts of this type of work. This includes rolling out a new Growth and Labour Markets Research Programme¹⁵, and

9 Marco Stampini, Ron Leung, Setou M. Diarra and Lauréline Pla (December 2011) ‘How Large Is the Private Sector in Africa? Evidence from National Accounts and Labor Markets’ Discussion Paper No. 6267 IZA at <http://ftp.iza.org/dp6267.pdf>

10 Those indicators include growth rate of labour productivity, employment to population ratio, employed people below the poverty line, and vulnerable employment with a particular focus on women and youth.

11 DFID (2011) UK Aid: Changing lives, delivering results, page 6 at www.dfid.gov.uk/Documents/publications1/mar/BAR-MAR-summary-document-web.pdf

12 DFID (2012), page 11

13 See Milford Bateman (2010) *Why Doesn’t Microfinance Work?* London: Zed Books; TUC Touchstone Blog (7 August 2012) ‘DFID is measuring the wrong thing on poverty reduction’, at <http://touchstoneblog.org.uk/2012/08/dfid-is-measuring-the-wrong-thing-on-poverty-reduction/>

14 M Duvendack et al (2011), ‘What is the evidence of the impact of micro-finance on the well-being of poor people?’, London, EPPI-Centre, Social Science Research Unit, Institute of Education, University of London), page 2; at

www.dfid.gov.uk/R4D/PDF/Outputs/SystematicReviews/Microfinance2011Duvendackreport.pdf

15 DFID (March 2012) Growth Research News, at

supporting ILO and World Bank work in this area. However, DFID needs a bold shift in approach to help developing countries secure job-rich growth.

1.2 Support for creating decent jobs in country-level programmes (rating 3/4)

While DFID has no overarching goal around job creation, it does support job creation programmes in at least eight countries which, if successful, would create just over one million jobs (465,000 for women) by 2015.¹⁶ In Somalia for example, it aims to create 45,000 jobs (15,000 for women) to explicitly help achieve the Decent Work MDG.¹⁷ It also supports work aiming to raise incomes in at least four countries.¹⁸

DFID is also working with the World Bank on job creation projects in the Middle East and North Africa. In several other cases it also supports public works programmes that provide employment in exchange for cash transfers, food or other assets. Finally, many DFID programmes particularly in infrastructure, health and education, would generate employment.¹⁹ While this work is positive it could be dramatically scaled up. Further, it is unclear whether these are sustainable or decent jobs.

1.3 Private sector job creation (rating 2/4)

DFID has placed a strong emphasis on helping the private sector to become the engine of growth in the developing world, yet in most cases it does not measure or report on the quality or quantity of work created through such support. This is something that DFID has recognised but is yet to adequately address.

There appears to be only two instances where private sector support is measured by employment outcomes. DFID's wholly-owned development finance institution, the CDC group, claims that businesses in the developing world using its funds employed close to one million people in 2011.²⁰ And the Zimbabwe DFID office – possibly the only DFID country office to do so – has set a job creation target of 125,000 based on the support it provides to the private sector.

www.dfid.gov.uk/Documents/publications1/growth-research-news-0312.pdf

¹⁶ They are Afghanistan, Ethiopia, Nepal, Sierra Leone, Somalia, South Africa, Vietnam, and Zimbabwe

¹⁷ DFID (2012), page 63

¹⁸ They are Bangladesh, Kenya, Nigeria, and Tanzania

¹⁹ DFID's chief economist Stefan Dercon actually claims that, '18 DFID country programmes are pursuing initiatives to create new jobs, raise incomes, and improve productivity'. DFID (March 2012)

²⁰ CDC (2011) Annual Review 2012, page 38 at www.cdcgroup.com/uploads/cdcannualreview2012.pdf

Full and productive employment for all

Yet even in these two cases there are several problems with such figures. Firstly, they do not say if the jobs were created because of DFID support or if those jobs already existed. Secondly, even if DFID support has created a job, it is unclear if these are net gains, or simply jobs displaced from elsewhere. Finally, it is not clear if the jobs being created are decent or precarious ones (see box 1). Much of this could be addressed through using the new G20 indicators on private sector investment to focus DFID support to sectors and firms with the highest impact on sustainable job creation, especially for the vulnerable.²¹

Box 1: The rise of precarious work

Precarious work is work that is not-permanent, indirect, informal and/or otherwise insecure. It is the result of employment practices meant to maximise short-term profitability and flexibility at the expense of the worker. This presents a massive challenge to protecting workers' rights.²²

Precarious work is growing rapidly as documented in the report *The Triangular Trap*, by IndustriAll, the global union federation representing manufacturing workers. One example it cites is of the Lafarge cement factory in Malaysia where two-thirds of the workers are engaged by 11 different employment agencies. They get about half the wages of the permanent staff and it is almost impossible for them to join a trade union.²³

DFID should:

- Set ambitious departmental wide targets on creating quality jobs, including indicators on improving incomes, the quality of work and labour productivity.
- Provide technical and financial support to a pilot group of Low Income Countries (LICs) to enable them to put decent and green jobs at the heart of their national development strategies.
- Realign DFID's support to the private sector with the G20 indicators for measuring and maximising economic value added, job creation and sustainable development arising from private sector investment in value chains.

21 UNCTAD et al (September 2011) 'Indicators for measuring and maximizing economic value added and job creation arising from private sector investment in value chains', Report to the G20 Development Working Group, at http://archive.unctad.org/sections/dite_dir/docs//diae_G20_Indicators_Report_en.pdf

22 See ITUC (2012) Annual survey on violations of trade union rights at <http://survey.ituc-csi.org/>

23 IndustriAll (2012) *The Triangular Trap: unions take action against agency labour*, page 8 at www.industriall-union.org/sites/default/files/uploads/documents/Triangular_Trap/agency_work_final.pdf

Rights at work

DFID's score 5/12

The ILO's fundamental rights at work are labour standards that are applicable to all countries at all levels of development. They include ending child and forced labour, eliminating discrimination in employment and realising freedom of association and the right to collective bargaining.

They are human rights with intrinsic value, but they also enable working people to realise other social and economic goals – to claim their fair share of the benefits of globalisation. Abolition of discrimination at work can empower marginalised groups, such as women or disabled people to fulfil their potential. Allowing workers the right to join a union and bargain collectively with their employer allows their voice to be heard which can strengthen democracy, improve workplace morale and productivity, and reduce inequality.²⁴ And the overall economic benefits of taking children out of work outweigh the costs by a factor of seven to one.²⁵

Yet these rights are increasingly under attack, especially in the wake of the global financial crisis as the ITUC and ILO have extensively documented.²⁶

2.1 Ensuring a responsible private sector (rating 2/4)

DFID supports a range of initiatives that encourage the private sector to respect international labour standards. These include the Ethical Trading Initiative (ETI), the Fairtrade Foundation, the UK National Contact Point to the OECD Guidelines, and the UN Global Compact. DFID also established the Responsible and Accountable Garment Sector (RAGS) challenge fund which

24 ILO/IILS (2008) World of Work Report 2008: Income Inequalities in the Age of Financial Globalisation, page 83 at www.ilo.org/public/english/bureau/inst/download/world08.pdf; Kumhoff and Ranciere (2010), 'Inequality, Leverage and Crises', IMF Staff Paper <http://www.imf.org/external/pubs/ft/wp/2010/wp10268.pdf>; ILO (2011) Freedom of Association and Development, at www.ilo.org/public/english/dialogue/actemp/downloads/publications/freedom_association.pdf; OECD (2011) Divided we stand: Why inequality keeps rising

25 ILO (2004) Eliminating child labour: The costs and benefits, at www.ilo.org/global/about-the-ilo/press-and-media-centre/news/WCMS_075570/lang-en/index.htm

26 ITUC (2012); ILO (2012) Fundamental principles and rights at work: from commitment to action, at www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_176149.pdf

Rights at work

supported 11 projects seeking to improve working conditions in the garment sector.²⁷

However, DFID provides hundreds of millions of pounds to the private sector without requiring companies receiving support to adhere to social or environmental standards (see box 2).²⁸ DFID aims to increase the proportion of its project (by value) working with or on the private sector from 4.1 per cent to 8 per cent by 2014/2015.²⁹

Encouragingly, DFID's CDC group is considering bringing its investment code into line with ILO standards. Yet even then, good practice in this field is moving beyond simply auditing companies against such codes, widely recognised to be limited at best, and moving towards assisting companies and trade union organisations to build proper industrial relations and management systems.³⁰

2.2 Support for the effective implementation of labour standards (rating 1/4)

While many developing countries have ratified core ILO conventions, most of them fail to implement them effectively. Part of the problem is that labour inspection systems typically have 'alarmingly low levels' of human resources according to the ILO. Nepal for example, only has 11 factory inspectors covering a population of 10 million. The ILO also documents poor pay and conditions and a lack of adequate training for inspectors leading to high staff turnover and corruption.³¹

DFID supports one project under the RAGS challenge fund to training 30 labour inspectors to tackle child labour.³² But beyond that, it is not clear that DFID does any work to improve labour administration systems. This stands in stark contrast to DFID's extensive work in helping strengthen government capacity to service the private sector. For example, it helped the Rwandan government reduce the amount of time it takes to register a business from nine

27 The RAGS project is due to finish in 2013 and is unlikely to be renewed.

28 DFID provides significant support to a range of private sector challenge funds, such as the African Enterprise Finance Challenge, the Food Retail Industry Challenge Fund, Private Infrastructure Development Group, Business Innovation Facility, and the Business Call to Action. For a full list see www.dfid.gov.uk/Work-with-us/Funding-opportunities/Business/

29 DFID (June 2012) Operational Plan 2011-2015 DFID Private Sector Department, page 5 at www.dfid.gov.uk/Documents/publications1/op/priv-sect-dept-2011.pdf

30 See e.g. Stuart Bell (2009), 'What Next for Audits', Ethical Trading Initiative blog at www.ethicaltrade.org/news-and-events/blog/stuart-bell/what-next-for-audit

31 ILO (2011) Labour administration and labour inspection, ILC, Report V, 100th Session, pages 70-73 at www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_153918.pdf

32 See the 'Not Made by Children' project at www.dfid.gov.uk/Work-with-us/Funding-opportunities/Business/Responsible-and-Accountable-Garment-Sector-RAGS-Challenge-Fund-/RAGS-projects/Global-March/

days down to two.³³ Yet, in Bangladesh for example, workers filing claims for unfair dismissal or unpaid wages can be forced to wait for years.³⁴

Worryingly DFID is undermining labour standards by supporting the expansion of export processing zones in Bangladesh which ban trade unions.³⁵ DFID has also actively lobbied to water down legislative proposals in South Africa to tackling the problem of precarious work.³⁶

2.3 Tackling workplace discrimination and forced and child labour (rating 2/4)

Encouragingly DFID is designing a programme to prevent the trafficking of women and girls in South Asia in domestic work and the textile sector, drawing on key ILO conventions on forced and child labour, as well as conventions on domestic and migrant workers.³⁷ However no evidence of other programmes explicitly tackling forced or child labour was found.

DFID does support programmes in at least four countries³⁸ to assist women with accessing justice, and its job creation work does contain aspects of empowering women at work, but there is limited evidence of an explicit focus on tackling the discrimination and inequality women face in the workplace. DFID is supporting a research programme looking at gender inequalities in the labour market which could provide a basis for stepping up work in this area.³⁹

DFID should:

- Ensure that all support it provides to the private sector is linked to adherence to the OECD Guidelines for Multinational Enterprises.
- Fund capacity building work to help build mature systems of industrial relations in private sector firms using DFID funds.
- Establish a pilot programme to help developing countries to improve their labour administration and inspection systems.

36 ICF (May 2011) Project results summary at <http://www.icfafrica.org/documents/ICF-Project-Map-May-2011.pdf>

34 Mohiddin Alamgir (May 2012) 'About 12,000 cases pending in labour courts', New Age at www.newagebd.com/detail.php?date=2012-05-01&nid=8929#.UDNxdLcXcs

35 Deborah Doane (23 September 2012) 'The real poverty barons are multinational companies', New Statesman at www.newstatesman.com/blogs/voices/2012/09/real-poverty-barons-are-multinational-companies

36 DFID (2012), page 64

37 However the UK government was one of the very few governments to abstain during the 2011 vote for the adoption of ILO Convention 189 on Domestic Workers, arguably undermining its broader uptake.

38 They are Malawi, Kenya, Sudan and South Sudan.

39 See for example Naila Kabeer, (2012) Women's economic empowerment and inclusive growth, at www.idrc.ca/EN/Documents/NK-WEE-Concept-Paper.pdf

Rights at work

- Scale-up work on eliminating forced and child labour and combating gender discrimination at work.

Box 2: Leading the way on responsible business

The Dutch government now requires all companies using its development funds to sign a declaration that they will adhere to the OECD Guidelines on Multinational Enterprises – a set of international standards for responsible business behaviour.⁴⁰ It is also providing EUR105 million to IDH, its sustainable trade initiative from 2011 to 2015.⁴¹ This dwarfs the £1.2 million that DFID is providing to its UK equivalent, the Ethical Trading Initiative from 2011 to 2013.

40 Government of the Netherlands (2012), Contribution by the government of the Netherlands to the renewed EU-strategy for CSR, at www.rijksoverheid.nl/onderwerpen/maatschappelijk-verantwoord-ondernemen/documenten-en-publicaties/richtlijnen/2012/07/05/contribution-by-the-government-of-the-netherlands-to-the-renewed.html

41 See the IDH website at www.idhsustainabletrade.com/what-we-do

Social protection

DFID's score 7/12

Social protection refers to the provision of basic income security and access to essential social services for all, paying particular attention to vulnerable groups and protecting and empowering people throughout their lives.⁴² Despite growing international support for social protection, about 75 per cent of people globally are not adequately covered.⁴³

Development actors have historically employed a range of approaches to providing social protection from cash transfers to the most vulnerable through to basic income support for those injured at work. Despite such differences, there is a growing convergence on what effective social protection systems can achieve: from poverty reduction, empowering women, reducing inequality, strengthening social cohesion, shielding the vulnerable from shocks such as food price spikes or structural adjustment, boosting domestic economic demand, assisting with entry into the labour market, and underpinning inclusive economic growth.⁴⁴

There is also a growing consensus that to be effective, social protection needs to be a rights-based and comprehensive system-wide approach that overcomes problems of fragmentation of schemes across ministries, and between government and non-government providers.⁴⁵ Well-designed systems can complement and underpin access to universal public goods and labour markets, rather than cut across them.⁴⁶

There is a strong international consensus for action. The recently approved ILO Recommendation on Social Protection Floors provides a clear framework

42 Michelle Bachelet et al (2011) Social Protection Floor for a fair and inclusive globalization, page xxii at www.ilo.org/public/english/protection/secsoc/downloads/bachelet.pdf

43 Bachelet (2011) Page xxi

44 See Bachelet (2011), pages 33-61; DFID (April 2010) Cash transfers literature review, at www.dfid.gov.uk/r4d/PDF/Articles/cash-transfers-literature-review.pdf the evidence; World Bank (2012) Social Protection and Labour Strategy 2012-2022, at http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1274453001167/7089867-1279223745454/7253917-1291314603217/SPL_Strategy_2012-22_FINAL.pdf; Armando Barrientos and David Hulme, (March 2008) 'Social Protection for the Poor and Poorest in Developing Countries: Reflections on a Quiet Revolution', BWPI Working Paper 30 at www.bwpi.manchester.ac.uk/resources/Working-Papers/bwpi-wp-3008.pdf

45 World Bank (2012), pages 17-18; Bachelet (2011), page xxviii

46 For example, see Amartya Sen and Jean Dreze, (14 November 2011), 'Putting growth in its place', Outlook India at www.outlookindia.com/article.aspx?278843 for the problems of fragmentation in India.

Social protection

for governments to achieve universal coverage of the population with at least minimum levels of protection (the so-called ‘horizontal dimension’) and then progressively ensuring higher levels of protection according to ILO standards (the ‘vertical dimension’).⁴⁷ Further, the G20 has instructed bodies like the ILO and the World Bank to set up the Social Protection Interagency Co-ordination Body to coordinate international efforts.

Key challenges to establishing and strengthening social protection floors now include finding the funds, securing the domestic political support, and strengthening the administrative capacity needed to deliver such systems.⁴⁸

3.1 Support for building and strengthening Social Protection Floors (rating 3/4)

DFID currently supports cash transfer programmes for the poorest people in 17 countries with the aim of reaching six million people by 2012.⁴⁹ It has been a pioneer in advocating and developing social protection and is second only to United States Agency for International Development (USAID) in levels of bilateral donor support in this area.

While DFID has implicitly endorsed the ILO’s Social Protection Floor, its programme work ranges from smaller pilot approaches, through to supporting integrated national systems. It has been criticised for continuing to focus on pilot schemes, rather than strengthening existing national systems.⁵⁰ DFID’s response to such criticism is that it often takes the success of pilot approaches to convince national governments that social protection is a good idea (for example Zambia), and that in future it will have an ‘emphasis on building sustainable, nationally-owned systems’.⁵¹ This is welcome. Accordingly, DFID could develop and publish a strategy on how it will assist with a transition from smaller programmes to nationally-owned social protection floors.

3.2 Linked to the world of work and essential public services (rating 2/4)

Social protection is not an end in itself, but can support and assist people to access and stay in decent and productive work. It can also be an important tool

47 ILO Recommendation concerning National Floors of Social Protection at www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_183326.pdf

48 Barrientos and Hulme (2008)

49 DFID (2012), page 11

50 ODI, IDS, UEA, RHVP, (2010) Social Protection in Africa: A way forward, at www.odi.org.uk/resources/details.asp?id=5010&title=social-protection-africa-way-forward-joint-statement-by-odi-ids-uea-rhvp

51 DFID (April 2010), page viii

in spreading the coverage of essential public services, particularly through well-designed incentive schemes.

DFID's cash transfer programmes tend to focus on the poorest communities usually in rural areas. While some of its programmes provide recipients with skills and employment through public works programmes⁵², its links to improving people's productive capacity and security in the world of work tends to remain 'a longer term aspiration' according to DFID.

Yet social protection linked to the workplace can prevent people falling into poverty, or deeper poverty. For example, workplace injury is a strong driver of deepening poverty, especially for those in the informal economy⁵³ yet most regulatory mechanisms to promote health and safety are 'under-resourced, bureaucratic and limited in scope'.⁵⁴ Secondly, social protection can be a strong incentive for workers and firms operating informally to formalise their relationships. This in turn can provide valuable tax revenue for states to provide social protection. DFID could be doing far more to build these linkages to the workplace.

3.3 Securing support for social protection in developing countries (rating 2/4)

DFID has played a leading role in expanding social protection coverage in low income countries and in helping governments develop the capacity to implement and improve such systems.

On finding the money to pay for social protection, DFID is supporting work to strengthen tax administrations in at least 18 countries, but this is not directly linked to the provision of social protection.⁵⁵ More broadly, DFID could do much more to assist efforts to clamp down on tax evasion and avoidance that costs developing countries three times more money every year than they receive in aid according to the OECD.⁵⁶ For example, CDC funds continue to be channelled through tax havens.⁵⁷ DFID could also support innovative sources of financing such as a financial transactions tax.

52 See for example Uganda, Yemen and Zambia.

53 Sickness and accidents are the most common and most preventable causes of new poverty according to Anirudh Krishna (2010), *One illness away: why people become poor and how they escape poverty*, Oxford University Press

54 Francie Lund and Anna Marriott (April 2011) 'Occupational Health and Safety and the Poorest', WIEGO Working Paper (Social Protection) No 20 at www.inclusivcities.org/research/Working_Papers/Lund_WIEGO_WP20.pdf

55 DFID (2012) *Tax in Developing Countries: Increasing Resources for Development*, DFID Tax Projects Summary, at

www.publications.parliament.uk/pa/cm201213/cmselect/cmintdev/writev/130/tax22a.htm

56 Angel Gurría (27 November 2008) 'The Global Dodgers', *Guardian*, at <http://www.guardian.co.uk/commentisfree/2008/nov/27/comment-aid-development-tax-havens>

57 See 'Why do CDC's investee funds sometimes use offshore financial centres?' at

Social protection

Finally DFID could take a lead in encouraging the newly established Social Protection Interagency Co-operation Board which includes all major global actors involved in social protection to adopt ambitious targets on helping developing countries to implement and expand their own social protection floors.

DFID should:

- Promote the goal that by 2020, all developing countries have implemented a social protection floor, based on relevant ILO standards, and have significantly increased the scope and depth of coverage.
- Publish a ‘road map’ on how it will progressively integrate its existing cash transfer programmes into social protection floors, with an explicit focus on strengthening linkages with securing and maintaining decent and productive work for the poor and access to quality public services.
- Assist countries to find the fiscal space, through among other measures, strengthening domestic tax collection capacity, and securing innovative sources of financing such as a financial transactions tax.
- End CDC’s use of tax havens and promote international tax transparency by supporting the establishment of a global mechanism for automatic information exchange on tax, and country-by-country reporting for multinational companies.

Social dialogue

DFID's score 4/12

Social dialogue refers to worker and employer's organisations (often called the 'social partners') working with governments to ensure that policies and programmes are best tailored to achieve inclusive economic growth and social development. As the key actors in the world of work, social partners are best placed to advise governments on the most effective ways to develop and implement job creation strategies, labour law, labour market institutions and social protection systems. Governments that favour one social partner over the other risk producing unbalanced and ineffective policies.

Social dialogue moves beyond the idea of just 'holding government to account' to actively working with government on how all parties can best reach shared goals. For organisations representing workers and the self-employed in the informal economy, it can be about having a dialogue with government over appropriate regulation to encourage formalisation.⁵⁸

Social dialogue can also turn popular feelings on the street into effective policies of decent jobs and social protection that can empower the poorest. It provides a voice where democracy is weak or does not exist. In countries like Zimbabwe, Tunisia, and Fiji trade unions have played the role of a de facto opposition under dictatorship.

Yet social dialogue and the social partners that underpin it are weak in much of the developing world, especially in fragile states where genuine collective organisation is often suppressed.

4.1 Supporting social dialogue processes (rating 1/4)

DFID does not recognise the concept of social dialogue and there is little evidence that it is addressed in country-level activities.

Encouragingly, the Foreign Office in Egypt, using DFID funds, has agreed to support a two-year project with the ITUC and the new Egyptian trade union movement to help them develop a 'social road map' of policy and collective bargaining priorities to take forward with employers and the government. Also

⁵⁸ See for example, Martha Alter Chen 'Rethinking the Informal economy: linkages with the formal economy and formal regulatory environment', in Jose Antonio Ocampo and Jomo KS (eds) (2007) *Towards full and productive employment*, Zed Books, London

Social dialogue

in Ghana DFID supports the Business Sector Advocacy Challenge Fund (BUSAC) which aims to improve the business environment. Unions have been able to apply for funding and have run several projects under the fund. Beyond this there is little evidence of DFID supporting social dialogue processes, in contrast to other donors such as Belgium, Japan, Spain and Germany.

4.2 Capacity building for social partners (rating 1/4)

The overwhelming focus of DFID support to social partners has been assisting business. For example, it supports the Investment Climate Facility for Africa which aims to 'bring about more business friendly policies, laws and regulations across Africa, and to strengthen the institutions that administer them'.

In contrast DFID provides almost no support to trade unions. It previously supported strengthening the capacity of unions in 28 developing countries, through a Programme Partnership Agreement with the TUC. However this grant was not renewed in 2011. Unlike the UK, 18 other donor governments provide funding to national union bodies to support trade union development co-operation, according to an ITUC survey conducted in 2011.⁵⁹

This has resulted in a highly unbalanced approach which ignores the voices of those best placed to advocate for decent work - workers themselves.

4.3 Social partners strengthening good governance (rating 2/4)

DFID has made an ambitious commitment to spend up to five per cent of its budget to enable people 'to hold their governments and public authorities to account for the use that is made of public resources including aid'.⁶⁰ It currently supports work in about 14 countries, largely over local budgeting and the delivery of public service such as health and education, as well as electoral participation and monitoring programmes in eight other countries.

While this is a welcome commitment it suffers from a range of shortcomings. Firstly, it is unclear whether any of this work involves trade unions. Unions are well placed to identify corruption, and come up with effective solutions to combat it. For example, COSATU, the largest trade union federation in South Africa launched an anti-corruption unit called 'Corruption Watch' earlier this year.⁶¹

59 ITUC (2011) Decent Work in donor country development cooperation policy, at www.ituc-csi.org/decent-work-in-donor-country.html

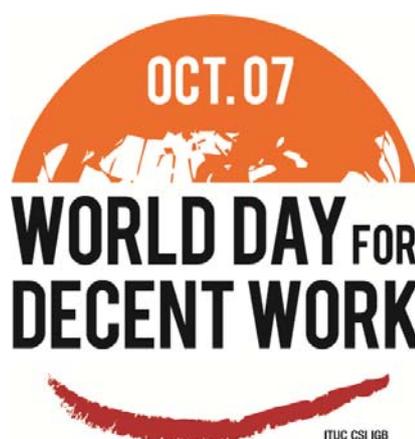
60 DFID (April 2011), Strengthening Accountability in Budget Support Countries - DFID's 5% Commitment: Briefing Note for Country Offices, page 2 <http://www.dfid.gov.uk/Documents/publications/5-percent-Briefing-Note-apr11.pdf>

61 Alistair Anderson (26 January 2012), 'COSATU launches anti-corruption unit', Business Day Live at www.bdlive.co.za/articles/2012/01/26/cosatu-launches-anti-corruption-unit

Secondly DFID seems to mostly limit its work on accountability to the public sector, despite the private sector being a large source of corruption, and, thanks to DFID support, a key provider of basic essential services.⁶²

DFID should:

- Establish a series of social dialogue pilot projects with social partners and governments in fragile states aiming to provide decent work to reduce the risk of social unrest.
- Develop a challenge fund or programme of work aiming to strengthen the capacity of trade union organisations in the developing world with a particular emphasis on representing and empowering women, young people, and workers in the informal economy.
- Encourage DFID country offices to include trade unions in their existing programmes on enabling citizens to hold government to account.
- Create a DFID policy lead on social dialogue, and integrate the concept into its work on good governance.



Box 3: The World Day for Decent Work

Since 2008 the ITUC has been organising the World Day for Decent Work (WDDW) on 7 October. It is a day for mobilisation for all trade unions across the globe, from Fiji in the east to Hawaii in the west. Every year we have hundreds of activities in a hundred countries, carried out by millions of people.

For more information visit: <http://2012.wddw.org/>

⁶² With the important exception of DFID's support for the Extractives Industry Transparency Initiative

Decent Work and the multilateral system

DFID's score 3/8

Regional and international institutions such as the EU and the ILO play key roles in promoting Decent Work, given their policy expertise, mandate and ability to co-ordinate donor efforts.

The ILO has developed and promotes the Decent Work Agenda. It is a unique part of the UN family, having both employers and trade unions, along with governments in its governance structure. It runs a large development co-operation programme through its 70 Decent Work Country Programmes with work ranging from ending child labour to the Better Work programme which promotes decent industrial relations in export industries.⁶³

Other key institutions such as the World Bank, the World Trade Organisation (WTO), the International Monetary Fund (IMF) and G20 have a tremendous influence and impact on the world of work which is not always supportive of decent work.

5.1 Support for the ILO (rating 1/4)

The biggest contribution that nearly all donor governments make towards Decent Work is through funding the ILO.⁶⁴ Unfortunately DFID decided not to renew funding arrangements with the ILO in early 2011 and only supports a number of smaller projects. As a result, of 23 donor governments that provide development support to the ILO, DFID now ranks at 22, behind countries like Panama.⁶⁵

Under its Multilateral Aid Review (MAR) DFID downgraded the ILO on a number of aspects of internal governance and its failure to better deliver results. Firstly, while the ILO can certainly improve its internal systems, it was making significant progress in this area that DFID engagement was supporting. Secondly, while the ILO's rights-based approach does not sit well with DFID's

63 For more information on ILO Decent Work Country Programmes see www.ilo.org/public/english/bureau/program/dwcp/countries/index.htm

64 ITUC (2011)

65 Figures provided by ILO

focus on short-term results, the ILO was nevertheless able to demonstrate positive results across its portfolio of work from combating child labour, building co-operatives in East Africa, and supporting social protection systems.⁶⁶ DFID also graded the ILO as ‘weak’ in relation to its ‘contribution to UK development objectives’. This is unsurprising given that Decent Work is not a DFID objective as this report shows.

More positively, DFID does collaborate with the ILO in a range of policy areas, especially on social protection, and more recently on work around growth and labour markets.

5.2 Other key actors in the multilateral system (rating 2/4)

The Global Trading System: Trade can undermine or promote Decent Work, depending on the conditions under which it takes place. Trade unions therefore advocate for binding labour standards in trade agreements to prevent a global race to the bottom of working conditions. While the UK government supports the inclusion of labour standards in EU trade agreements, it generally does not support effective enforcement mechanisms for the violations of such standards, nor does it provide technical assistance to developing countries to implement such standards.⁶⁷

The International Financial Institutions: the World Bank and the IMF have a worrying record of imposing loan conditionality and policy advice, especially through the World Bank’s *Doing Business* report that undermines labour standards and Decent Work.⁶⁸ The UK government could be far more outspoken on these issues.

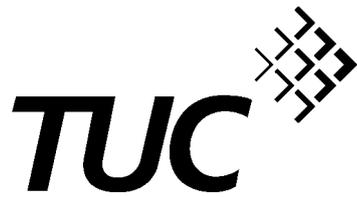
DFID should:

- Award an ILO programme grant based on delivering the decent work agenda in DFID’s priority countries.
- Advocate for a WTO working group on trade and employment.
- Ensure that IMF loan conditions do not undermine decent work.
- Ensure that EU trade agreements include binding labour standards, and packages of assistance to help developing countries effectively implement those standards.
- Advocate for the adoption of a ‘human rights’ safeguard to cover all World Bank Group activities.

⁶⁶ For the full TUC response see TUC General Secretary Brendan Barber’s letter to DFID SOS Andrew Mitchell of 9 May 2011, at www.tuc.org.uk/international/tuc-19553-f0.cfm

⁶⁷ For more information on how trade can deliver decent work see TUC (September 2011) An EU trade policy for Decent Work at www.tuc.org.uk/tucfiles/76/TUC_EU_trade_and_development.pdf

⁶⁸ Global Unions (October 2012) Statement to the Annual Meetings of the IMF and World Bank, Tokyo, at www.ituc-csi.org/IMG/pdf/statement_imfwb_1012.pdf



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