



FAO Mid-term Review of the World Food Summit Plan of Action

Reply by the ILO concerning Commitment Two, Objective 2.1: Poverty eradication among the urban and rural poor

(a) Review and adopt policies to pursue the eradication of hunger and attain sustainable food security

The ILO's mandate to combat poverty derives from the Declaration of Philadelphia of 1944, which states that "poverty anywhere constitutes a danger to prosperity everywhere". The ILO's long experience of work on poverty reduction, both at the policy level and in practice, is now being reinforced in the context of the international commitment to achieve the internationally agreed development goals, including the Millennium Development Goals (MDGs).

The ILO approach to poverty reduction is promoting Decent Work for all. Its four pillars are:

- employment – the principal route out of poverty is through work and income;
- rights – without them, people will not be empowered to escape from poverty;
- social protection – which safeguards income and underpins health;
- dialogue – ensuring the participation of employers' and workers' organizations in shaping government decisions.

The ILO is currently developing ways of promoting a more coherent approach to poverty reduction as a means of ensuring decent work for all.

For this purpose the ILO has in particular expanded its involvement in national Poverty Reduction Strategy processes, where its objective is to develop and promote coherent strategies to connect poverty reduction and the Decent Work Agenda at the national level. The Agenda offers entry-points based on the national priorities of governments and employers' and workers' organizations. The social partners are vital civil society allies in the fight against poverty.

This work focuses on three specific objectives:

- empowering constituents (ministries of labour, trade unions and employers' organizations) to influence the drafting and implementation of national poverty reduction strategies through social dialogue;
- incorporating relevant dimensions of the Decent Work Agenda into poverty reduction strategies;
- influencing development organizations (including multilaterals, bilaterals and NGOs) and government ministries and departments (especially ministries of finance) involved in designing and implementing poverty reduction strategies to embrace fundamental principles and rights at work, employment policies and social protection, and to listen to the voices of the ILO's constituents.

The ILO's efforts to promote Decent Work are hence in line with the FAO's Sustainable Agriculture for Rural Development (SARD) initiative, whose aims include fostering fair conditions of

employment in agriculture and rural development as an essential element to accelerate SARD and make more rapid progress towards agreed development goals.

The ILO's Social Finance programme promotes sustainable finance with a social goal, including credit, savings and other products that help the poor to cope better with risk, take advantage of income-generating opportunities, organize and have a voice. Social finance is also about promoting and encouraging those institutions that cater to the financial needs of the working poor, including women's groups and small and medium enterprises that create jobs. The aim is to promote policies that open up the financial sector to the working majority and create an enabling environment in which microfinance institutions can operate. The programme addresses three major goals: reducing vulnerability, creating jobs through enterprise development, and making financial policies more employment-sensitive.

Microcredit is known for its valuable contribution to poverty alleviation. Yet the movement out of poverty fostered by microenterprise credit is slow and patchy. Sustainable poverty alleviation requires, among other things, long term access to a range of financial services to help the poor to manage risks – including savings, emergency loans, remittances and insurance. Furthermore, to understand the types of services that might be required to reduce vulnerability, it is necessary to consider the most vulnerable segments of the population. These groups, be they refugees, immigrants, women or victims of bonded or child labour, often need special types of financial services that enable them to reduce their vulnerability. For example, in a post-conflict environment, financial services provide a social safety net and help launch the rebuilding process; the provision of financial services is a core component of strategies to eliminate bonded labour, because it reduces the need for workers to take a salary advance from their employer and start down the slippery slope toward debt bondage; and through savings, emergency loans and insurance, social finance helps poor families to weather the storms of unpredictable expenses and income droughts.

Microcredit is of particular relevance to rural development, especially in view of the problems encountered by rural inhabitants in relation to credit facilities. Since in Africa the majority of the rural population are women, this also means addressing social and cultural issues to facilitate their access to credit.

Through research, training and technical assistance, the Social Finance Programme supports financial institutions to develop services that can reach vulnerable persons with a lasting impact. At the same time the Programme intervenes at the policy level to improve the enabling environment required for the delivery of poverty-oriented financial services. During the International Year of Microcredit (2005), the ILO programme organized a number of events worldwide to promote the concept of social finance, including for the informal economy, and in November 2005 the ILO's Governing Body adopted a strategy on social finance – microfinance for decent work, which provides a coherent framework on microfinance applications in the ILO, for more employment, reduced vulnerability and greater involvement of social partner organizations in financial sector issues.¹

(b) Develop human skills and capacities through basic education and pre- and on-the-job training

The world is facing a jobs crisis, especially for youth. This undermines social stability. The work and income available to poor people are usually not enough to break out of poverty. Successfully reducing poverty and hunger requires treating decent and productive employment as a central part of macroeconomic policy. Adequate employment for parents would reduce child labour, for example, which in its worst forms deprives children of education and feeds the cycle of poverty. The ILO

¹ GB.294/ESP/3, <http://www.ilo.org/public/english/standards/relm/gb/docs/gb294/pdf/esp-3.pdf> and GB.294/11(Rev.), <http://www.ilo.org/public/english/standards/relm/gb/docs/gb294/pdf/gb-11.pdf>.

assists governments in formulating national policies, including those inspired by the ILO's Global Employment Agenda (GEA),² an international strategy to promote freely chosen productive employment. The core elements of the GEA are —

- productive employment for poverty reduction and development
- active labour market policies for employment, poverty reduction, security in change and equity
- trade and investment for productive employment and market access for developing countries
- technological change for higher productivity, job creation and improved living standards
- macroeconomic policy for growth and employment
- decent employment through entrepreneurship
- employability by improving knowledge and skills.

The GEA places special emphasis on gender equality and on youth. Specific ILO initiatives include:

- acting as the lead agency in the UN/ILO/World Bank Youth Employment Network to promote decent and productive work for young people, who are especially vulnerable to unemployment;
- promoting strategies for training and skills development with UNESCO;
- pursuing an integrated approach to decent work in relation to the informal economy;
- promoting policies and legal frameworks that are conducive to micro-, small and medium enterprises, which create most jobs in developing countries; these form part of sound labour legislation that reflects social dialogue involving employers and workers;
- promoting labour-based approaches to public investment programmes in construction (e.g. roads, irrigation, sanitation, schools, clinics); such approaches provide productive employment and higher incomes for the poor and opportunities for local entrepreneurs, while expanding infrastructure for growth;
- promoting cooperatives, in conjunction with the International Cooperative Alliance (ICA), workers' organizations and employers' organizations. Cooperatives generate incomes, provide social services, encourage participation and defend poor workers' interests (see above);
- comprehensive participatory strategies for local economic and social development with decent work and poverty alleviation as the ultimate goal;
- extending access to microfinance by linking the experience of trade unions and employers to the microfinance movement.

With some 75 per cent of the poor living in rural areas, targeting agriculture is vital for reducing hunger and poverty. Globally, agriculture accounts for 40 per cent of workers in developing countries. Food availability is critical, but not sufficient for reducing hunger. Another vital means is to improve the productivity and incomes of poor workers. The ILO –

- promotes productive work and decent working conditions in sectors directly or indirectly linked to agriculture;
- takes into account the special characteristics of agricultural work, including gender concerns, child labour and illiteracy;
- encourages governments, employers and agricultural trade unions to join efforts in improving occupational safety and health in agriculture through the adoption of appropriate legislation, the provision of training and the adoption of safework practices.

² <http://www.ilo.org/public/english/employment/empframe/practice/index.htm> .

As more and more people move from rural to urban areas, a focus on urban slums is also critical. The ILO works with UN HABITAT in encouraging municipalities to provide quality urban services in ways that improve access for the poor while creating decent jobs and promoting entrepreneurship. A set of tools supports this work.

The ILO's Cooperatives Programme provides training and basic education as elements of its broader programme of assistance to cooperatives. Its projects take an inclusive view of basic education, recognizing that gaining literacy alone is a necessary but not sufficient step to ensuring a secure path out of poverty. For example, a project based in Dakar and covering Senegal, Mauritania and Mali has targeted the functional elimination of illiteracy. Training manuals, follow-up materials, grammar books and other materials were provided to instructors to assist them in their work. A target group of 1,455 people took part in the programmes, and these people have brought other members of their community into the literacy and numeracy programme. The project has also ensured that poor populations were trained in the other practical skills, including the management of economic activities.

(c) Adopt policies that create conditions which encourage stable employment

The joint FAO-ILO-IUF report of October 2005, "Agricultural Workers and their Contribution to Sustainable Agriculture and Rural Development"³ included a number of recommendations, some of which are specifically addressed to the FAO and ILO, to ensure that conditions of decent work and fair employment prevail in agricultural industries, and that basic human rights in this sector are respected. Implementing these recommendations would help to promote sustainable agriculture and rural development by ensuring that waged workers, along with small farmers, can feed and clothe themselves and their families, and produce good quality, safe and affordable food for communities and consumers worldwide.

The recommendations cover such issues as the role of farmers in sustainable development, support for the development and promotion of an agenda for fair and decent work in agriculture in all relevant forums; the application of the ILO Fundamental Principles and Rights at Work; the need for recognition of waged agricultural workers as a group distinct from farmers; recognition of the role of waged agricultural workers and their trade unions in promoting sustainable agriculture, rural development, and world food security; strengthening cooperation between the FAO and ILO; exploring the possibilities for other specialized agencies to provide the technical, policy and financial support needed to increase the contribution of waged agricultural workers to SARD, world food security and sustainable development; and recognizing the importance of employment for pro-poor growth in rural areas, and the need to encourage development partners to assist countries to mainstream employment into investment policy and poverty reduction strategies, including those focused on rural development.

An important role is played in this respect by the cooperative movement. The adoption of the *Promotion of Cooperatives Recommendation, 2002 (No. 193)*⁴ by the International Labour Conference in June 2002 is proof of the international recognition of this role. In a number of ways the text confirms the important role that cooperatives play in global and national economic and social development. Cooperatives are specifically seen as significant tools for the creation of decent jobs and for the mobilization of resources for income generation.

Since the adoption of the Recommendation a great number of activities have been undertaken to facilitate its promotion. The text of the Recommendation has been translated into 32 languages. A

³ <http://www.ilo.org/public/english/dialogue/actrav/new/061005.pdf> .

⁴ <http://www.ilo.org/ilolex/cgi-lex/convde.pl?R193> .

user's guide to Recommendation No. 193 has been prepared by the UK Cooperative College in collaboration with the International Cooperative Alliance (ICA) and ILO, officially launched in July 2004 in London in the House of Commons. This guide explains how the Recommendation can help ensure an enabling environment in which cooperatives can flourish, by identifying the key components of law and policies on cooperatives. Given the close linkage existing between trade unions and cooperatives, a joint COOP-ACTRAV publication for cooperative promotion by trade union members themselves has been issued. To improve the knowledge of key actors about cooperative legislation, courses on cooperative policy and legislation have been offered at the International Training Centre (ITC) of the ILO in Turin. These courses were attended by government and cooperative movement representatives from 11 countries, ranging from Bolivia to Sri Lanka and South Africa to Palestine. The course concentrated on cooperative policy issues as contained in ILO Recommendation No.193. The ITC/ILO is considering offering this course regularly in English and French, and in Spanish at a later stage. In order to cover a wider range of cooperative policy and legal issues it might also be addressed to other participant groups.

Some examples are indicative of the consideration given to the Recommendation by both developing and industrialized countries. In South Africa the ILO has assisted in the development of a cooperative development strategy. A new cooperative law is making its way onto the statute books, a move that should lay the groundwork for a welcome boost in cooperative development there. Guinea-Bissau has also adopted a national policy on cooperative development, based on the ILO Recommendation, with similar initiatives under way in Ethiopia, Zambia and Zimbabwe. Latin American cooperative movements have organized ten national seminars to familiarize their members with the new instrument. The Recommendation has also been used in Russia, where the Russian parliament, the Duma, discussed rural cooperative development in December 2004, and in China, where a conference of the All China Federation of Supply and Marketing Cooperatives used the text when debating the conceptual basis for the country's future legal framework for cooperatives. The "Organization for the Harmonisation of Business Law" (OHADA), which represents 16 French-speaking countries in Africa, is currently working with ILO assistance on a common cooperative legal framework that would translate the provisions of ILO Recommendation No. 193 into revised cooperative legislation at the national level. The common framework is expected to be adopted soon. The UK's Department for International Development (DFID) has signed a strategic grant agreement with the British cooperative movement to enable the latter to promote Recommendation No. 193 in the UK.

The ILO's *Cooperating Out Of Poverty* (COOP) Campaign, designed jointly by the ILO and the International Cooperative Alliance, highlights the role and contribution of cooperatives in poverty reduction by creating awareness and drawing attention to successful initiatives on the ground. Many of the cooperatives concerned are to be found in the agricultural sector, but many also address non-farm rural activities.

The Campaign aims specifically –

- to create an environment conducive to cooperative development by informing and sensitizing policy-makers in governments and international institutions;
- to deal with the needs of the poor through an approach that focuses on their opportunities, and by stimulating equitable growth and empowerment through self help and mutual assistance based on cooperative principles;
- to promote the cooperative form of enterprise in communities where self-help initiatives can be an effective means of rebuilding after natural disasters and in conflict situations of all types;
- to support peace and conflict resolution through cooperative enterprise;

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- to enlist the support of other organizations with a view to strengthening existing partnerships and forging new ones for joint action; the main activity to be undertaken by participating organizations is to help promote the development of sustainable cooperative business enterprises and create awareness of the significant contribution of cooperatives to poverty reduction;
 - to promote and implement cooperative development activities;
 - to promote and initiate links between different movements (sharing of knowledge and experience, promoting trade links between cooperatives, etc);
 - to produce, collect and disseminate knowledge on successful initiatives and good practice, targeting communities, cooperative members, government decision-makers, etc.);
 - to draw attention to the value of cooperatives and to educate (website links, letters, email, publications).

In addition, at the Extraordinary Summit on Employment and Poverty Alleviation held in Ouagadougou in September 2004, organized by the African Union in conjunction with the ILO, Heads of State and Government of the African Union called for policies to create “an enabling environment for income production and decent employment opportunities to achieve socio-economic development.”

Geneva, March 2005.