

## OVERARCHING CONCERNS

# 1 – Employment – or, more precisely, ‘decent work’ – is a key pathway to poverty reduction. Yet most discussions on poverty reduction overlook the important role of employment.

# 2 - Most of the world’s poor – especially in developing countries – are working. But the working poor are not able to work their way out of poverty.

# 3 – This is because the vast majority of the working poor earn their living in the informal economy where:

- average earnings are low
- costs and risks are high

# 4 – The key pathway to pro-poor growth and poverty reduction is:

- to create more ‘decent work’ opportunities
- to increase the benefits and reduce the costs of working informally

# 5 - There are 550 million working poor – of whom 330 million [60%] are women (ILO 2004). Among the working poor,

- 70% = self-employed
- 30% = paid workers of various kinds

## **WORKING POOR IN THE INFORMAL ECONOMY**

Around the world, the working poor in the informal economy includes those who work:

### **On Streets or In Open Spaces:**

- street vendors
- push-cart vendors
- rickshaw pullers
- jitney drivers
- garbage collectors
- roadside barbers
- construction workers

### **In Small Workshops:**

- bicycle mechanics
- scrap metal recyclers
- furniture makers
- leather tanners and shoe makers
- weavers
- garment makers and embroiderers
- paper-bag makers

### **At Home:**

- garment workers
- embroiderers
- shoemakers
- artisans or craft producers
- assemblers of electronic parts

### **In Fields, Pastures, and Forests:**

- small farmers
- shepherds
- forest gatherers

## WHY THE INFORMAL ECONOMY?

- There are some 550 million working poor earning less than US\$ 1 per day (ILO 2004)
- The vast majority of the working poor – those who earn less than US \$ 1 per day - earn their living in the informal economy
- Average earnings are low and average costs and risks are high in the informal economy
- Poverty reduction is not possible without addressing the root causes of the low level of incomes and the high level of risks in the informal economy
- The root causes of low incomes and high risks in the informal economy include:
  - lack of productive resources and economic opportunities
  - lack of economic rights – as workers and producers
  - lack of social protection
  - lack of organization and representation