



# World Day for Decent Work: Development Research Special Seminar

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## **GLOBALIZATION AND INFORMALISATION OF WORK IN AFRICA: TRADE UNION RESPONSES**

By

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# Introduction



Many African people, mostly women and young people have to survive due to activities of informal economy.

However, the work in this sector cannot be described as "**decent**" when compared to the recognized, protected and stable formal employment.

As part of their concern for decent work and workers' welfare, unions are increasingly taking action to address the challenges facing actors in the informal economy.

Our presentation for this occasion will focus on three main points:



# PLAN

- 1. Africa in the globalization process**
- 2. Importance of the informal economy in Africa**
- 3. African Trade Union initiatives to promote decent work in the informal economy**



# **1. Africa in the globalization process**



In the global economy, Africa can be characterized by three main features:

- The failure of economic policies
- The extreme marginalization on the international scene
- The extreme poverty of its population



## ***Failure of economic policies despite natural and human potential***

- ❑ Various economic policies implemented in Africa have failed in improving peoples' living conditions.
- ❑ Effects of structural adjustment policies coupled with globalization's effects (privatization or liquidation of state-owned companies) have led to spectacular growth of the informal economy in Africa.
- ❑ By its natural and human potential, Africa has attracted and continues to attract economic and strategic interest, both from developed countries (including the United States), and strong developing countries (China, India and Brazil).



## *Africa: A marginalized continent*

- ❑ If there is a marginalized region under globalization, it is truly Africa. On the economic, political and strategic fronts, it weighs nothing or very little in this process.
- ❑ With about **1 billion people** representing **13%** of the world population, Africa contributes only up to **2%** of global GDP and less than **1%** of global industrial added value.
- ❑ The share of Africa in world exports is less than **2%** of exports from developing countries.



## ***Africa: A marginalized continent***

Africa is characterized in this period of globalization by:

- low industrialization level
- subsistence agriculture
- bad governance at all levels,
- weak integration of economies
- high prevalence of HIV/AIDS

All these deficits have underdeveloped Africa and pushed its peoples into extreme poverty.

**To survive, they have little choice beyond the informal economy.**



## *Africa: A continent with extreme poverty and precarious jobs*

### → Increasing incidence of poverty

**More than 50%** of the African population lives on less than 1.25 US dollar a day. This figure varies from **less 2%** in **Egypt** to **88.5%** in **Tanzania**.

Poverty incidence as percentage of the population varies from **16.7** in **Egypt** to **71.3%** in **Congo Dem. Rep.**

Specific figures for some other African countries are in the following table:



## *Poverty Indicators for some African Countries*

	Poverty headcount ratio at \$1.25 a day (% of Pop)	Poverty Incidence (% of Pop)		Poverty headcount ratio at \$1.25 a day (% of Pop)	Poverty Incidence (% of Pop)
Egypt	<b>&lt; 2</b>	<b>16.7</b>	Guinea-Bissau	48.8	65.7
Kenya	19.7	46.6	Ouganda	51.5	31.1
Mauritania	21.2	46.3	Sierra Leone	53.4	70.2
South Africa	26.2	22.0	Burkina Faso	56.5	46.4
Ghana	30.0	28.5	Congo Dem Rep.	59.2	<b>71.3</b>
Cameroun	32.8	39.9	Swaziland	62.9	69.2
Gambia	34.3	61.3	Zambia	64.3	68.0
Ethiopia	39.0	44.2	Madagascar	67.8	68.7
Lesotho	43.4	56.3	Malawi	73.9	52.4
Benin	47.3	39.0	Tanzania	<b>88.5</b>	35.7

Source: Human Development Report 2010, UNDP.



# ***Africa: A continent with extreme poverty and precarious jobs***

**High Employment ratio:** About **60.36%**  
(**72.72%** for males and **48.35%** for females.)

Among youth, this rate is respectively **50.80%** for males and **38.73%** for females.

**Low Unemployment figures but high level for youth:**

- **North Africa: 9.8% (24,6 for youth)**
- **Sub-Saharan Africa: 8% (12,3 for youth)**

**→ These figures mask Africa realities**  
**→ since in this context of the global economy,**  
**→ the majority of people in Africa are in precarious and informal jobs with low income and without any social protection.**



## **2. Importance of the informal economy in Africa**



## Two main features:

- **Importance as contribution to GDP**
- **Importance in providing employment**



## *Importance in providing employment*

- ❑ The informal sector is certainly not unique to African economies, but the characteristics and the importance (both economic and social) of this sector in Africa give it a unique character.
- ❑ It is a functioning socio-economic mainstream of African countries, especially in Sub Sahara Africa.
- ❑ It provides essential functions in employment, production, income distribution, meeting needs, youth training
- ❑ It plays a significant role in terms of employment in Africa by occupying the majority of the labour force.



## **Importance in providing employment**

- ❑ It is estimated that as many as **nine in ten** rural and urban workers have informal jobs. Most are women and young people who have no other choice than the informal economy for their survival and livelihood.
- ❑ According to the statistics of the ILO **60 to 90%** of the active population in Africa is employed in informal economy. **Burkina-Faso: 80%, Ghana:80%, Mali:71%, Zambia:70%, Tanzania: 67%**
- ❑ In sub-Saharan Africa, **84%** of women non-agricultural workers are informally employed compared with **63%** of male non-agricultural workers.



## **Importance as contribution to the GDP**

- ❑ It is not easy to measure the contribution of the informal economy to the national economy in Africa because most of the relevant activities remain poorly measured or not recorded in national accounts in most countries.
- ❑ However, according to the "Report on West Africa, 2007-2008" OECD estimates show that at national level, the informal economy (including agriculture) accounts for between **40% and 75% of GDP** : **Togo (72.5%), Benin (71.6%), Mali (61.6%), Senegal (51.5%)**.



## ***Importance as contribution to the GDP***

- ❑ Excluding agriculture, this proportion varies from **20 to 37%** across countries: **Senegal (35.1%), Benin (33.6%), Togo (32.2%), Mali (24.2%)**.
- ❑ Similar figures would be valid for other countries **in East Africa, Central Africa and Southern Africa**.



# **3. African Trade Union initiatives to promote decent work in the informal economy**



- ❑ The informal economy is characterized by **precarious jobs, low incomes, significant discrimination, lack of social protection, low literacy level, lack of safety measures at work and low unionization rates.**
- ❑ Even though some African trade unions as in Ghana and Zimbabwe began organizing informal economy workers before the end of the last century, it is only during the last decade that paying attention to the needs of the informal economy has become more or less a generalized preoccupation for the entire African trade union movement.



Thus, over the last decade, issues of the informal economy featured significantly in congress deliberations of African regional trade union organizations as well as those of their national affiliates.

Within a year of the founding of ITUC-Africa, ITUC and ITUC-Africa organized in Lomé in December 2008, a high level regional conference on the informal economy under the theme of "**Organizing workers in the informal economy** “



- What emerged from this conference was the need to support initiatives at the level of national affiliates that :
  - ➔ **Promote the rights of informal workers**
  - ➔ **Increase their income**
  - ➔ **Ensure them a social protection**
  - ➔ **Enable them participate in social dialogue**



## *Initiatives at National level*

To fulfill the above ITUC-Africa has supported national projects that have sought to institute benefits for informal economy operators including:

- Getting national social security schemes to cover them as in Ghana and Sierra Leone;
- Establishing mutual health insurance schemes as in Togo and Benin;
- Supporting savings and credit schemes to improve access to finance
- Promoting access to vocational training.



# Conclusion

- Given the size of the informal economy in Africa it is important to recognize that very little has been done towards achieving decent work there and that a lot remains to be done.



□ As an important part of Africa's economy, policy makers have to pay closer attention to the needs of the informal economy to help transform it and for it to become a real part of development

□ Informal economy operators need strengthened organization and greater advocacy to ensure that their needs are recognized and catered for so they can achieve decent work for decent life



- African trade unions should intensify their efforts in linking up with and organizing informal economy workers who constitute the majority of the labour force in Africa.
- This will contribute to making the trade unions genuine campaigners and advocates of decent work and decent life for all.



**THANKS FOR YOUR ATTENTION**