

REPORT OF THE DIRECTOR-GENERAL

# WORKING OUT OF POVERTY

INTERNATIONAL LABOUR CONFERENCE  
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## Preface

This is my third opportunity to offer the Director-General's Report to the International Labour Conference. The first, *Decent work*,<sup>1</sup> revisited our mandate, interpreted it and defined our mission for the world of today, based on ILO values. You subscribed to the agenda we set out, which affirmed that the ILO had to be concerned with all workers, including those beyond the formal labour market.

My second Report, *Reducing the decent work deficit*,<sup>2</sup> examined the gap between people's aspirations about work and the reality. I identified the decent work deficit as a measure of that gap between the world we work in and the hopes that people have for a better life. That Report observed that, for many, decent work is the quality road to poverty reduction and greater legitimacy of the global economy. This year's Report zeroes in on that theme. It focuses on the working poor and the poor who are excluded from work. It shows the "decent work dividends" that accrue to families and societies as a whole through a concerted effort to attack poverty.

Chapter 1 crystallizes my thoughts, commitments and ideas on this vital issue. We have a rich historic mandate that calls us to the challenge of fighting poverty. Our experience on the ground is bringing that mandate to life throughout the world. And we face common challenges as we join with others to provide women and men with the tools and support to work out of poverty. Chapter 1 is my personal exploration of these key issues.

The subsequent chapters are more technical in nature, providing an in-depth and detailed account of the various dimensions of ILO efforts to eradicate poverty. Chapter 2 focuses on the complexity of poverty and the cycle of disadvantage that it creates. Chapter 3 describes ILO action on the ground and tools in the fight against poverty. Chapter 4 examines how rights at work and the institutional structure of the informal and formal labour market relate to employment creation, poverty reduction and competitiveness in a global economy. Finally, Chapter 5 discusses the need for a coordination of policies that focus on different dimensions of the life of people living in poverty.

<sup>1</sup> ILO: *Decent work*, Report of the Director-General, International Labour Conference, 87th Session, Geneva, 1999.

<sup>2</sup> idem: *Reducing the decent work deficit: A global challenge*, Report of the Director-General, International Labour Conference, 89th Session, Geneva, 2001.

We know that work is the best route out of poverty. But one cannot legislate employment in and poverty out. It is a long and complex process that requires all elements of society to work together. Governments, employers and workers each have a unique and crucial role to play in defining a positive consensus. I invite you to emerge from this International Labour Conference with a renewed tripartite commitment to helping free people and societies from the global poverty trap. Tripartism is our strength and unique contribution. Together, let us take the next and needed step on the road out of poverty and to decent work for all.

April 2003

Juan Somavia

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## 1. Overview: The decent work dividend

The persistence of poverty is a moral indictment of our times. While there are some signs of progress, the fact remains: never have we seen so much wealth while so many continue to live in abject poverty.

Poverty is a complex, deep-seated, pervasive reality. Virtually half the world lives on less than US\$2 a day. More than 1 billion people struggle on \$1 a day or less. And an even greater challenge lies beyond what statistics can measure – poverty breeds a growing sense of powerlessness and indignity, of being unable to think, plan or dream beyond the daily struggle to survive.

For individuals, poverty is a nightmare. It is a vicious circle of poor health, reduced working capacity, low productivity and shortened life expectancy. For families, poverty is a trap. It leads to inadequate schooling, low skills, insecure income, early parenthood, ill health and an early death. For societies, poverty is a curse. It hinders growth, fuels instability, and keeps poor countries from advancing on the path to sustainable development. For all of us – and for all these reasons – the cost of poverty in shattered human lives is far too high.

But there is another face to poverty. People living in conditions of material deprivation draw on enormous reserves of courage, ingenuity, persistence and mutual support to keep on the treadmill of survival. After all, for most people living in poverty, there is no safety net and little state support. Simply coping with poverty demonstrates the resilience and creativity of the human spirit. In many ways, the working poor are the ultimate

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