



A note on the implementation of the Third United Nations Decade for the Eradication of Poverty (2018–2027)

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Eradicating poverty: a key objective of a human-centred approach

- Poverty eradication and sustainable development efforts are under threat by the consequences of an uneven recovery from the multiple shocks, emerging geopolitical tensions and ongoing bottlenecks in supply chains have created the conditions for a simultaneous high inflation, low growth, high interest rates and debt servicing, that is affecting incomes and living conditions of most.
- Poverty remains pervasive in many developing countries and represents a serious threat to the achievement of the 2030 vision of a “just, equitable, tolerant, open and socially inclusive world in which the needs of the most vulnerable are met” and “a world in which every country enjoys sustained, inclusive and sustainable economic growth and decent work for all” (UN, 2015).
- This note presents some factors affecting the persistence of poverty and decent work gaps and how ILO continues to contribute to poverty reduction through policy support and development cooperation.

Assessment of challenges and policy responses

Challenges and impact

- Policymakers face a challenging trade-off as they deal with elevated inflation in an environment of incomplete jobs recovery. Most countries have not yet returned to the levels of employment and hours worked seen at the end of 2019, before the outbreak of the COVID-19 health crisis.
- The severe rise in inflation, combined with a global slowdown in economic growth, are causing a striking fall in real monthly wages in many countries. The crisis is reducing the purchasing power of the middle classes and hitting low-income households particularly hard.
- The cost-of-living crisis comes on top of significant wage losses for workers and their families during the COVID-19 crisis. Rising inflation has a greater cost-of-living impact on lower-income earners. This is because they spend most of their disposable income on essential goods and services, which generally experience greater price increases than non-essential items.
- In the midst of these challenging circumstances, major decent work deficits persist around the world, undermining social justice. Hundreds of millions of people lack access to paid employment. Those who are employed all too often lack access to social protection and fundamental rights at work, most workers being informal or unable to express their interests through social dialogue. Incomes are distributed highly unequally, such that many workers fail to escape poverty.



- Informality and working poverty rose further with the COVID-19 crisis. Despite the recovery that started in 2021, the ongoing shortage of better job opportunities is likely to worsen with the projected slowdown, pushing workers into jobs of worse quality and depriving others of adequate social protection.
- Globally, around 2 billion workers were in informal employment in 2022. The incidence of informal employment declined by 5 percentage points between 2004 and 2019. Employment recovery from the COVID-19 crisis has been driven mainly by informal employment, which has caused a slight increase in the incidence of informality.
- In 2022, an estimated 214 million workers were living in extreme poverty (earning less than US\$1.90 per day per person in purchasing power parity [PPP] terms), corresponding to around 6.4 per cent of employed people. Low-income countries are estimated to have the same rate of extreme working poverty as in 2019, and a rising number of working poor.
- In sum, an environment of high and persistent uncertainty has emerged globally, depressing business investment, especially of small and medium-sized enterprises, eroding real wages and pushing workers back into informal employment. Progress in poverty reduction achieved over the previous decade has largely faltered and convergence in living standards and work quality is coming to a halt as productivity growth slows worldwide, making decent work deficits more difficult to overcome.

Policy responses

- From the second quarter of 2022 onwards, central banks and monetary authorities across the globe have responded to the current inflation crisis by, in particular, raising interest rates to stop inflation from soaring further. However, the tight monetary policy could lead to adverse outcomes for certain segments of the population and trigger a period of recession.
- Some countries, particularly high-income countries in Europe, have implemented policies to ease the impact of the cost-of-living crisis on households, which range from measures targeting specific groups, such as means-tested vouchers provided to low-income households to enable them to buy essential goods, to more general interventions aimed at reducing the cost of living for all households, such as the (often temporary) reduction of indirect taxation on goods and services.
- Cuts to value added tax (VAT) can mitigate the burden of inflation among low-income households while further helping to reduce inflation.
- As countries begin to lift public health restrictions, it is essential to unlock the full potential of employers' and workers' organizations and to strengthen social dialogue and collective bargaining. A human-centred recovery implies that employers and workers have a voice in the decisions affecting them and can play a role in shaping the future of work. Rather than hindering adjustment, collective bargaining can adapt and respond to changing conditions, and in the face of uncertainty it can provide the parties with a degree of procedural and substantive certainty. This can be a valuable source of stability.
- A more human-centred policy approach is required to strengthen the resilience of economies and societies – to advance social justice amidst the major economic shifts and shocks under way. This needs to include strengthening labour and social protection to insure workers and their families against various forms of risk as well as expanding education and vocational training to help workers to transition to alternative sectors or occupations. Large educational gaps exist, producing significant barriers to structural transformation and productivity upgrading.
- The ILO is supporting building institutions of work. These broadly comprise international labour standards, labour market and labour administration institutions, and social dialogue, all of which



help define and implement policies, regulations and programmes not only for the good governance of labour markets but also for broader sustainable economic and social development. The institutions of work are instrumental in reinvigorating the social contract between actors of society, reduce poverty and promote social justice.

- The ILO is supporting improving social protection systems. These are an essential part of building lasting productive and human capacity and eradicating poverty. They are essential to increase the capacity to accelerate development. Stronger social protection systems are also needed to facilitate transitions and a structural transformation that is inclusive and contributes to social justice.
- The ILO is working with governments and social partners in designing and implementing national employment policies that support the operationalization of national development plans.
- Transition to formality means including enterprises and workers within a regulatory framework; Operating in the formal economy has several advantages for workers, enterprises and society as a whole and it constitutes a key component of structural transformation leading to poverty reduction. It The ILO is supporting interventions for allowing broader and deeper transition to formality by tackling different causes of informality.
- Given its central importance to inclusive and sustainable socio-economic development, social justice constitutes one of the cornerstones of the renewed multilateralism that is required to overcome current challenges – a rallying point as well as an organizing principle. The Global Coalition for Social Justice promoted by the ILO will provide the platform for an effective and coherent multilateral effort to strengthen the social dimension of sustainable development and economic growth.

Key ILO analytical contributions

World Employment and Social Outlook 2023

- The report covers the extent and consequences of the labour market disruption caused by overlapping economic and geopolitical crises and analyses global patterns, regional differences and outcomes across groups of workers. The report pays particular attention to the impact of the different crises on productivity, job quality and job opportunities and how these trends risk undermining social justice around the world.

Global Wage Report 2022/2023

- The report analysis the evolution of the real total wage bill from 2019 to 2022 to show how its different components – employment, nominal wages and inflation – have changed during the COVID-19 crisis and, more recently, during the cost-of-living crisis. The decomposition of the total wage bill, and its evolution, is shown for all wage employees and distinguishes between women and men.
- The report also looks at changes in wage inequality and the gender pay gap to reveal how COVID-19 may have contributed to increasing income inequality in different regions of the world. Together, the empirical evidence in the report becomes the backbone of a policy discussion that could play a key role in a human-centred recovery from the different ongoing crises.

Social Dialogue Report 2022

- The report examines the role of collective bargaining in mitigating the impact of the COVID-19 crisis on employment and earnings, helping to cushion inequality while reinforcing the resilience of



enterprises and labour markets. The tailoring of public health measures and strengthening of occupational safety and health at the workplace, together with the paid sick leave and healthcare benefits provided for in many collective agreements, protected workers and supported the continuity of economic activity.

References

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UN (United Nations). 2015. "[Transforming Our World: The 2030 Agenda for Sustainable Development](#)."