



# Employment

## Productive and Decent Work for Poverty Reduction

Employment is the main source of income for people living in poverty and their main route out of poverty. To create more productive and decent employment for the working poor, including people in the informal economy and other vulnerable groups, is a fundamental requirement for inclusive economic development and poverty reduction and therefore a priority for Swedish development cooperation. Sida's financial support to programmes where employment was the principal objective or a significant objective amounted to SEK 7.2 billion in 2023, constituting almost 30 percent of Sida's total disbursements.



### DEVELOPMENT IN THE WORLD

Employment is high on the global agenda, as reflected in the Global Goal 8 of the 2030 Agenda. The World Bank<sup>1</sup> estimates that before 2030, 600 million new productive and decent jobs are needed only to absorb the young people that enter the labour market globally. At the same time, the productivity and incomes have to increase in existing jobs to reduce poverty. The ILO estimates that 22 percent of all employed persons in the world live in poverty, under 3.20 USD per day.<sup>2</sup> As many as two billion people work in the informal economy.<sup>3</sup>

For the future of work, changes in the international labour market due to technological advances, green transition and climate change raise concerns. People living in poverty are often more directly affected by climate change and dependent on the surrounding landscape, environment and natural resources for their livelihood. Climate change will increasingly undercut jobs and incomes, but new technology and efforts to greening economies will also create new job opportunities. Generating green economic opportunities can be an engine of growth that contributes to poverty reduction, social inclusion and a better environment. Conflicts, displacement and insecurity are other

elements that could increase unemployment levels and informal occupations which in turn increase vulnerability and poverty.

Hence, an important task for development cooperation to combat poverty is to support the mass creation of productive and decent jobs for the working poor, which also ensures sustainability and stability.

Participatory dialogue with all stakeholders in the society as well as investment in new skills and qualifications will be crucial to ensure a just transition towards more productive, greener and equal societies where "no one is left behind".

### MAIN AREAS OF SUPPORT

#### Productive and Decent Work

Jobs and income generating activities need to be productive, above the poverty level, and to protect the rights, dignity and safe working conditions for people living in poverty.

Sida's interventions in market development, including self-employment, access to finance and international trade enable poor and vulnerable people to participate in, contribute to and benefit from the process of economic growth through productive and decent work.

Sida also supports improved working conditions and labour rights, which include the right to organise and to collective bargaining; to decent working hours and conditions; the rights of labour migrants, such as ethical

<sup>1</sup> World Bank (2021). Small and Medium Enterprises (SMEs) Finance.

<sup>2</sup> International Labour Organization, World Employment and Social Outlook – Trends 2021, p. 28, ILO Geneva, 2021

<sup>3</sup> International Labour Organization, World Employment and Social Outlook – Trends 2023, p. 12, ILO Geneva, 2023.

### THE GLOBAL GOALS

The Global Goals for Sustainable Development include everyone – and we can all contribute. The goals are interdependent and therefore indivisible. Sida's main contribution is to implement development cooperation, thereby reducing poverty and saving lives. Together we can build a better future where no one is left behind.



## Results

recruitment, and protection against child and forced labour. Improving labour market functions and policies as well as skills development are other important interventions in supporting productive and decent work.

### Systems Approach for Inclusive Market Development

Sida encourages its partners to take a holistic and systems-oriented approach, addressing underlying causes to poor performance in the market systems and transforming them to be inclusive and reach many people living in poverty. Therefore, the Market Systems Development Approach is one of Sida's prioritised approaches in employment and market development. Currently, Sida supports market systems programmes, in among others, Ethiopia, Liberia, Western Balkans and Eastern Europe in order to improve employment, incomes and markets for the rural and urban poor.

### SIDA'S SUPPORT

Productive and decent employment provide the link between economic growth and poverty reduction and therefore an important means for development. Employment is thus an important objective in many of Sida's contributions. Sida's support to programmes where employment was the principal objective amounted to SEK 1.6 billion whereas employment as partial objective amounted to SEK 5.6 billion in 2023. In total, this constitutes 30 percent of Sida's total disbursements.

Employment related goals such as job creation, labour rights or social dialogue were represented in 16 strategy goals in Sida's bilateral, regional and global strategies.

Sida's support to productive and decent employment focuses on the specific sectors, labour markets and geographical areas of relevance for many working poor, in particular women and youth in Sida's partner countries. This includes the formally and the informally employed, such as smallholder farmers and micro entrepreneurs as well as migrant workers and displaced persons.

Sida addresses constraints both on the demand side (job creation), for example by stimulating markets, improving the business environment and value chain development, as well as the supply side (employability), such as access to labour markets, skills development, women's economic empowerment and social protection.

Geographically, Africa constituted the largest recipient, followed by Asia and global support. As Sida increasingly targets conflict and crisis-affected countries, including refugees and internally displaced persons, the humanitarian-development-peace nexus approach is highly relevant for Sida's employment portfolio. Employment and income

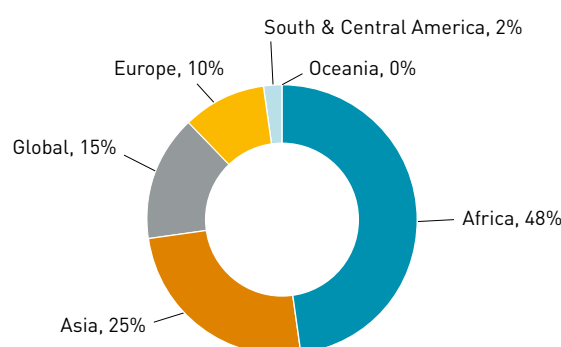
### Example of Sida contributions

- World Bank's Umbrella Trust Fund on Jobs
- Generation Kenya- Youth Employment and Decent Work
- Fostering employment and growth opportunities, Kosovo
- Decent Work and Labour Rights in Southern Africa
- Promoting Green Growth in the RMG Sector Through Skills, Bangladesh

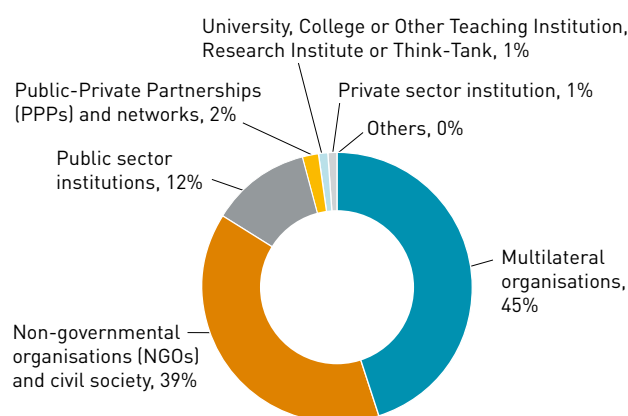
generation strategies can help the transition from crisis to recovery. In displacement situations, decent work opportunities are key to provide refugees and internally displaced persons as well as host communities, means for social cohesion, livelihood and self-sufficiency.

Multilateral organisations, such as the ILO and the World Bank, are the largest recipients of Sida funds followed by non-governmental organisations (NGO's). Public sector and public-private partnerships are also important implementing partners for Sida but constitute a smaller share.

**FIGURE 1: GEOGRAPHICAL DISTRIBUTION FOR EMPLOYMENT AS PRINCIPAL OBJECTIVE 2023 (%)**



**FIGURE 2: TYPE OF IMPLEMENTING ORGANISATIONS FOR EMPLOYMENT AS PRINCIPAL OBJECTIVE 2023 (%)**



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