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LABOR SECTOR STRATEGIC ASSESSMENT GUIDE

EXECUTIVE SUMMARY



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Defining the Labor Sector and Its Role in USG Development and Diplomacy Programs

The U.S. government's (USG) primary foreign affairs goal is to "help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty, and conduct themselves responsibly in the international system."¹ This project focuses explicitly on labor and the labor sector because full consideration of diplomacy and development issues in the labor sector can be critical to building well-governed, democratic states able to respond to their citizen's needs. The 2000 Report of the Advisory Committee on Labor Diplomacy to the Secretary of State and the President declared that "[p]romoting core worker rights is central to the basic purpose of U.S. foreign policy, which is to create a more secure, prosperous and democratic world...."²

Full consideration of diplomacy and development issues in the labor sector can be critical to building well-governed, democratic states able to respond to their citizen's needs. As addressed in this paper, therefore, the "labor sector" is defined as the aggregate of labor rights, regulations, actors, and institutions that shape labor relations and the functioning of labor markets, both formal and informal. It is the arena in which youth as well as adult men and women, prepare for and participate in the world of work. ***A focus on the labor sector matters because of its impact on people's abilities to find decent work, realize sustainable livelihoods, and raise themselves and their families out of poverty.***

The world of work is understood here in its broadest context, encompassing people engaged in agriculture, industry, and service sectors, whether formally employed, and thus protected under the law, or informally engaged in making a living. People work on- and off-farm, in rural and urban areas, in their own countries or abroad. They may toil in legal or illegal activities. They may be working voluntarily or, in the case of trafficked persons, against their will. Given the uneven access to power, economic resources, and political decision-making that frequently characterizes the position of workers and compromises their ability, individually and collectively, to access their rights, free and democratic labor unions can provide workers with a crucial voice in their places of work, in the industries in which they play a role, and in national decision-making as well.

Failure to address issues in the labor sector may increase a country's vulnerability. A country that cannot offer the prospect of employment to its labor force may leave itself open to the destabilizing pressures that can arise from unemployed and disaffected adults and youth. A country that cannot assure working conditions compliant with international standards or cannot provide stable labor relations may make itself less attractive to foreign investment. And a country that does not provide appropriate knowledge and skills to its workforce through education and training may risk productivity and its competitiveness on the global market. These factors in turn may discourage investment and exacerbate a downward economic spiral. The net result of these factors may be an increased reliance of the citizenry on public social

¹ U.S. Department of State, "Framework for U.S. Foreign Assistance." (Washington, DC., 2007) Available from <http://www.state.gov/f/c23053.htm>. The Obama Administration is finalizing its strategic reviews of foreign policy, including development. The results of the Presidential Study Directive on Global Development and the State Department's Quadrennial Diplomacy and Development Review are expected to be released in September 2010.

² U.S. Department of State. 2000. Report of the Advisory Committee on Labor Diplomacy to the Secretary of State and the President of the United States. September.

entitlement programs, such as social security and health programs. This in turn places huge burdens on the public treasury, straining the government's ability to provide for the basic needs of its people.

Since 2007, USAID and the U.S. Department of State's Bureau of Democracy, Human Rights, and Labor (DRL) have sponsored analytical work to develop a more uniform methodology to understand issues in the labor sector and how they intersect with U.S. diplomacy and development goals. A suite of technical products has been developed, including a **technical paper** outlining a conceptual framework, this **strategic assessment guide**, and a **programming handbook**. The conceptual framework was field-tested in Cambodia, and applied in four additional **country labor sector assessments** (Bangladesh, Honduras, Nigeria, and Ukraine). Three shorter **labor sector strategic outlines** were also subsequently carried out (Georgia, Mexico, and South Africa).

This Strategic Assessment Guide lays out the methodology recommended to conduct labor sector assessments, outlining the necessary steps to be undertaken prior to departure, while in the country, and upon return to home base; the various quantitative and qualitative data that should be solicited, and a range of questions that need to be probed while in the field and addressed in the assessment report. Approaches to the Country Labor Sector Assessments are elaborated, and an information checklist is included to guide the analysts to ensure adequate coverage while in the field.

Approach to Labor Sector Assessments

Undertaking a country labor sector assessment (CoLSA) normally involves several steps:

- Step 1:** *Identification of Need for an Assessment:* A country will be identified – by USAID's Global Democracy & Governance or Economic Growth, Agriculture, and Trade offices, by a local USG mission, or by a partner country or organization – as a candidate for a labor assessment. The reasons for the assessment and the outcomes sought from its completion should be specified very early on in the process.
- Step 2:** *Prepare:* From the outset, the assessment team should understand clearly who the main client is and what the client seeks from the assessment. International and local experts are identified to serve on the assessment team, with one person named as team leader. The local expert prepares a Labor Sector Briefing Note for the team's introduction at least two weeks prior to arrival, arranges meetings schedules with core institutional organizations and other labor sector actors, and organizes logistics in coordination with the contractor's home office support team. A shared labor sector outlook and vocabulary are cultivated within the team. The assessment team reviews literature to gain an overview of the historical, labor rights, democracy/governance/political, economic, and cultural contexts in which the country's labor market operates. Preliminary team communications are conducted and expectations set.
- Step 3:** *Conduct the In-Country Assessment:* The labor sector assessment team is briefed upon arrival by the USG mission; mission and assessment team concur from the outset on the scope of the assessment's objectives. Key local labor sector issues (see "Information Checklist" on page 17), and actors are identified and prioritized. The nuances of issues, relationships among actors, and other factors that enter into the labor sector profile are probed more deeply through both the collection of quantitative data and a series of structured interviews and focus group discussions with a diverse sample of informants. Interviews are triangulated to ensure all sides of the issues are adequately explored and where possible collect quantitative data to validate more subjective sources. A two- or three-day trip outside the capital city may

be organized to provide additional perspective from another of the country's economic centers.

Step 4: *Distill Understanding of the Labor Sector:* During the course of the assessment, team meetings are held to review what is being learned and the potential impacts of findings on USG goals and programs. Members of the team begin to lay out a *gaps analysis* of the country's labor sector. Strategic considerations are distilled, prioritizing unresolved issues that require attention and considering constraints faced by USG and other donor organizations. Local mission is debriefed on findings and the emerging themes that might constitute the basis of a strategy are "truth tested" with them.

Step 5: *Prepare Country Labor Sector Assessment Report:* Several steps are involved in preparing the CoLSA report: 1) Draft a document that synthesizes perspectives of multiple actors and sectors and lays out several strategic options, with next steps. Co-authors review for accuracy, team leader finalizes first draft. 2) Submit draft to USAID Contracting Officer's Technical Representative (COTR), revise as necessary. 3) Submit to USG mission for comments, revise as necessary. 4) Present to Labor Forum for comments, revise as necessary, report is finalized upon USAID approval.

A similar process is outline for the conduct of labor sector strategic outlines (LaSSOs), which are meant to be undertaken in a shorter time frame, with more limited budgets, focused more narrowly on a particular labor sector dimension, and with the goal of preparing a Results Framework (RF) template that can be used by the local USG mission to plan a labor sector program.

Step 1: *Understand the Country Development Context.* Because of the more limited breadth of the LaSSO team and the more limited time spent in the field, pre-mission preparation is crucial. Background documents are prepared by both the Local and the International Labor Sector Experts in order to understand development challenges facing the country and specific challenges faced by the country's labor movement before embarking, in order to shape an effective LaSSO mission itinerary.

Step 2: *Assess Labor Sector Constraints and Key Opportunities.* During the field visit, the LaSSO team seeks to identify which dimensions of the labor sector would benefit from USG support. The focus of LaSSO investigation is usually one of the four labor sector components (for example, trade unions and other worker organizations), as opposed to all four components of the overall sector.

Step 3: *Identify Broad USG Development and Diplomacy Objectives in the Country.* Since the LaSSO seeks to prepare strategic recommendations for the labor sector that will further the USG mission's overall development and diplomacy objectives it is crucial that the best available information regarding the latter is gained during the field mission.

Step 4: *Elaborate an Illustrative Results Framework.* The Results Framework is USAID's basic planning tool, linking assistance objectives with intermediate and sub-intermediate results (or outcomes with outputs and inputs or activities). An illustrative Results Framework (RF) is prepared by the LaSSO team to suggest a tentative labor sector RF (or one that is more narrowly focused on a special objective, e.g., worker organization development) structure to the USAID mission and get the

mission's feedback on how that might fit into their assistance plans. Worksheets are provided to aid the team in RF preparation.

Step 5: *Prepare the LaSSO Report.* A report outline is suggested, to be finalized upon discussion among the LaSSO team and representatives from USAID/Washington and the field mission.

Included in appendices at the back of this Strategic Assessment Guide are references for suggested background reading materials, detailed information checklists for field trips, illustrative scopes of work, and technical guidance for preparing an illustrative Results Framework.

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