

# 2010 SUBSTANTIVE SESSION COORDINATION SEGMENT

## Informal Summary Panel III

### **“Operationalizing the United Nations system’s short- and long-term responses to the economic and financial crisis: Progress towards implementing the Social Protection Initiative and the Global Jobs Pact”**

*Wednesday, 7 July 2010, 10:15 a.m.-12:15 p.m.*

With the global economic crisis still on the verge of a long-awaited recovery, which severely affected the markets in the North and threatened to repeal gains in developing countries, the Economic and Social Council (ECOSOC) addressed at a panel discussion the operationalizing of the United Nations system’s short and long-term responses to the economic and financial crisis, and the progress towards implementing the Social Protection Initiative and the Global Jobs Pact.

The United Nations Chief Executives Board (CEB) has closely monitored the development and social effects of the global financial and economic crisis and its impact on the Millennium Development Goals (MDGs). In that context, the ILO Global Jobs Pact is the only internationally agreed policy framework to address the social and employment impact of the financial and economic crisis. It provides a portfolio of crisis-response measures, amongst them the social protection floor, which are built around the decent work agenda. The objective is to provide a roadmap for countries that wish to promote a productive recovery centred on investments, employment and social protection, rights at work and social dialogue.

Policy experts participating in the panel included, Mr. Assane Diop, Executive Director of Social Protection, ILO, Dr. Carissa Etienne, Assistant Director General WHO/Health Systems and Services, Dr. Norberto Ciaravino, Chef de Cabinet in the Ministry of Labour, Employment and Social Security, Argentina, and Mr. Carlos Acevedo, President of the Banco Central de Reserva of El Salvador. The panel was chaired and moderated by H.E. Mr. Morten Wetland, Vice-President of ECOSOC.

The **key messages** that emerged from the discussions were the following:

- There was a need to reinforce the United Nations system’s commitment and readiness to scale-up its collective efforts on the policies and programmes aligned with the Global Jobs Pact, and to assist Member States in accelerating progress towards achieving the MDGs by the target date of 2015;
- Promoting job creation at the global level was critical, particularly within the context of the agricultural sector which is labour intensive;

- Efforts should be stepped up in involving youth in capacity building, including expanding government-funded training programmes to make youth work-ready; and
- Creating a sustainable social protection system for all by providing social protection to workers and securing labour-market involvement.

**Mr. Assane Diop** stressed that the Global Jobs Pact was inseparable from the concept of social protection, and particularly within the context of the Social Protection Floor (SPF) Initiative.

That initiative, adopted by the Chief Executives Board in 2009, was founded on an innovative, holistic approach that would ensure the availability and continuity of access to social services, including housing, employment, and social transfers for children and the elderly, among others.

The financial and economic crisis has affected all countries. ILO estimates that the worldwide level of employment has declined by 1 per cent since 2009. Unemployment has increased significantly, reaching 210 million in 2010. The social costs of the current crises are enormous, with 25 per cent of the world population (1.4 billion people) living on less than US\$ 1.25 per day.

A global solution to these crises was needed, and all countries should participate actively. The contribution of the South in job creation and social protection was deemed important in the implementation of the Global Jobs Pact. China, India, Brazil and South Africa, because of the size of their populations, had the ability to make productive investments. It was suggested that employment growth in these countries would contribute significantly to boosting employment worldwide.

Some Member States of the ILO expressed interests in developing a “national pact for employment”, not only as an effective response to the crisis and recovery strategy, but also as a framework for a development model, which would maximize the positive impact on job creation and sustainable business.

The ILO believed that there was a need to develop policies that addressed both economic growth and social growth. Decent work was the best way to distribute income as widely as possible; and social protection was an effective instrument for poverty reduction.

**Dr. Carissa Etienne** stressed that the Social Protection Floor was central to the UN’s work, and particularly WHO’s work, over the longer term. Financial crisis or not, most of the world’s 1.3 billion poor people did not have access to the health services they needed –either because of lack of services or simply because they could not afford to use them. Some 150 million people suffer severe financial hardship each year, and 100 million are pushed below the poverty line due to the high cost of health services.

The promotion and protection of health was essential to human welfare and to sustained economic and social development. To that end, WHO fully endorsed the

Renewal to Primary Health Care (PHC), in which the principles of equity, solidarity and human rights are promoted, as well as a recommitment to the pursuit of the goals of universal coverage, people-centred care, multi sectoral approaches and good leadership. WHO placed special emphasis targeting vulnerable populations, the poor, women and children, migrants, ethnic minorities and indigenous persons.

WHO was currently working with many countries to help them develop their own health financing systems to broaden peoples' access to health services. These efforts were carried out in partnerships with ILO, the World Bank, Germany and France, and within the framework of the Providing for Health (P4H) Initiative.

As a long term view, Dr. Etienne proposed to decentralize the system and move actions from a headquarters system to a country driven UNDAF process. WHO would like to strengthen the information flows regarding the Social Protection Floor Initiative among UN agencies, and other partner agencies at the country level, and promised WHO's full support in the implementation of such a process.

**Dr. Norberto Ciaravino** provided an overview of the situation in Argentina regarding labour and social security. According to him, Argentina had been through an acute early version of the crisis that occurred between 2001 and 2002. The basic problems that emerged from the current crisis were *decent work* and *social protection*.

In order to overcome this crisis, Argentina's government has focused mainly on job creation and the necessity to create social protection for all, and to offer social benefits that were not part of those available within the regular job market. Since its inception, the Government has successfully managed to reduce the nation's unemployment rate from 25% to 8% and has also created a functional pension system. It has also focused on providing children under the age of 18 years with the provision of \$50 per month per child, as well as access to vaccinations and basic medical care. Workers have been integrated into job preservation programmes and businesses have been offered Government support while being encouraged to retain their workers and freeze the hiring process instead of laying off personnel.

Despite a growing economy, mild effects of the crisis still remain. Nevertheless, by 2008, Argentina had managed to overcome its difficulties and managed to implement an effective social security system in support of its workers, as well as a child benefit programme. This has resulted in a reduction of extreme poverty, and increased consumption.

**Mr. Carlos Acevedo**, provided an overview of the recent experience of social protection and employment generation in El Salvador. The country had been adversely affected by the international economic and financial crisis in 2009 when its Gross Domestic Product (GDP) fell by 3.5 per cent and the number of jobs lost reached 40,000 in the formal sector. In response to this, the Government adopted a new model for social and economic development.

Policies adopted to counter the impact of the crisis included a short-term programme aimed at cushioning the impact on vulnerable groups in the population.

Within a medium to long-term context, the Government implemented a five year (2009-2014) plan to overcome the crisis. The main objectives of the Government were to:

(i) protect existing employment and generate new jobs; (ii) initiate the implementation of a universal social protection system; and (iii) use the crisis as an opportunity to develop more effective economic and social policies.

The five year plan includes objectives such as a universal social protection system, as well as a new financial system to promote national development and public investment in strategic programmes and projects. In order to successfully implement the Anti-Crisis plan, El Salvador collaborates closely with the United Nations, specifically with the UNDP in assisting the functioning of the country's Consejo Económico y Social, and ILO in the implementation of the Jobs Pact.

Mr. Acevedo informed that the World Bank had supported El Salvador with a loan of \$50 million for income protection and employment generation, and the Inter-American Development (IADB) has contributed \$300 million for projects in urban poverty reduction, housing and improving neighbourhoods, water sanitation and rural roads. So far, the Government has taken a series of relevant actions and most programmes have recently started to be implemented. These actions taken so far include conditional cash transfers for the elderly in the poorest rural areas; poverty alleviation programmes which have been extended to selected urban areas; the granting of access to social security for unemployed workers; and the provision of affiliation for domestic workers to the Salvadoran Social Security Institute (ISSS).

### Interactive dialogue

During the course of the interactive session, many speakers stressed that there was a need to create decent jobs as a means of overcoming the crisis. The main themes that emerged from the general discussions stressed the involvement of the private sector as crucial in the process of job creation, the involvement of youth in capacity building, the importance of promoting agriculture, and the need to find urgent solutions to protect the social system.

**As to whether the Global Jobs Pact had been sufficiently included in United Nations cooperation efforts**, ILO confirmed that there had indeed been cooperation. The ILO had incorporated the Pact into its country programmes on decent work, which were also supported by the United Nations.

**The role of agriculture** in developing countries was highlighted, and speakers confirmed that this sector was an important part of the GDP for many countries. The impact of the social protection floor on agriculture was real, and cooperation between WHO and ILO must continue in that regard. The issue of endemic poverty in the agricultural sector was also raised in the context of El Salvador where agricultural workers were not covered by social security, and productivity was lower than in other sectors.

**On the question of youth**, Brazil's *bolsa familia* was highlighted as a successful social protection programme, which provided financial aid to poor Brazilian families on

condition that their children attended school and were properly vaccinated. On the same note, Argentina also had also initiated a youth programme, targeting youth aged 15 to 18 years old who were unemployed and marginalized, and who were offered training and assistance in finding stable work. The programme covered over 600,000 young people.

In terms of **South-South cooperation**, China's cooperation with countries in the South was stressed, as well as Brazil's agreement with ILO and the South to focus on development cooperation.