

Ensuring policy coherence and an enabling environment at all levels for sustainable development

ILO Director-General Speaking Note for Round Table 2

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Thank you Co-chairs and Moderator

The theme of these roundtables – policy coherence – is one that has preoccupied the ILO for some time. It is actually built-in to our Constitution from the 1944 relaunch of the ILO and refers in particular to coherence between finance and employment. The goal of decent work for all is one that requires the full range of policies working together coherently. Labour market and social policies are important but cannot realize full and productive employment alone. Macro policies need to pull in the same direction. So do health, education, environmental, trade and financial policies, to name just a few.

Now as we look ahead to 2030 and an ambitious, but absolutely essential, set of sustainable development goals for the planet and its people, the challenge becomes ever more urgent.

A fully integrated approach to means and ends is essential if development is to be truly sustainable.

I would therefore like to raise two issues for our discussion this morning.

The first concerns the inter-relationship between the financial system and the productive capacity of our economies.

The second is the need to invest in creating decent work opportunities as a driver of inclusive and sustainable development.

First, nearly seven years after the fall of Lehman Brothers the international financial system is not yet fully repaired, the world economy is at risk of sliding into a slow growth trap and unemployment and under employment remains elevated. A well-functioning financial system is vital for sustainable growth and development.

This is not just a rich country “Wall Street and Main Street” issue. The world’s nearly 800 million \$2-a-day working poor are acutely vulnerable to becoming trapped in un-payable high interest loans taken on to pay for emergency health care or to buy seeds or a cow. Social protection floors that provide some insurance against personal crises are a key financing for development issue and core element of a new social compact for the eradication of extreme poverty.

Affordable and accessible credit for households and micro, small and medium-sized enterprises is essential to poverty-reducing employment creation.

Furthermore, full and productive employment and decent work for all constitutes a primary source of resources for development by generating a virtuous cycle of income in which more and better jobs lead to rising consumption, increased savings, higher private and public investment and increased productivity. Accelerating the generation of decent work

opportunities is thus both a means and also an end of sustainable development.

Generating full and productive employment and decent work for all and promoting MSMEs supports domestic resource mobilization as well as spurring investment demand, generating productive capacity and decent work while building social cohesion. As a major cross-cutting area of the emerging development agenda, it connects directly to delivering social protection and essential public services for all.

Inequality has increased in many countries and is damaging growth as well as causing many serious social and political tensions. Action to break out of the slow growth trap and make a vigorous start on the post 2015 development agenda, especially the goal of inclusive growth and decent work, is urgently needed and Addis is a good launch pad for this effort.

Second, just to keep pace with the growth of the global labour force and reduce unemployment to pre-crisis levels requires over 600 million new jobs by 2030 – that’s around 40 million year. Narrowing the participation gap between women and men by say 25 per cent by 2030 requires another 200 million new jobs. And 780 million women and men are working, often long and hard, and still not able to lift themselves and their families out of \$2 a-day poverty.

Worldwide almost 74 million young people (aged 15–24) were looking for work in 2014 and not finding any.

Only 39 per cent of young women participate in the labour market. This is 16 percentage points lower than the participation rate of their male counterparts. In six of ten emerging and developing countries recently surveyed by the ILO, over 60 per cent of young people are either unemployed, working but in low quality, irregular, low wage jobs, often in the informal economy, or neither in the labour force nor in education or training.

These are daunting numbers. But the repercussions of not rising to the challenge of generating every year for fifteen years 40-50 million decent new jobs and improving another 40-50 million poverty jobs are even more, economically, socially and environmentally damaging and politically disastrous.

Investing in decent jobs is both the means and end of sustainable development.

A key dimension of such investment is anticipating and encouraging the transformation of employment patterns to match the changes in production and consumption needed to ensure that poverty-reducing growth is carbon-lite.

The ILO has a range of policy tools that can both help increase the impact of different forms of investment on goals such as poverty reduction, decent job creation and environmental protection. I could mention several but time is short.

[Omitted: For example, these policy tools include:

- *Design of employment intensive infrastructure investment.*
- *MSME programmes to improve the environment for sustainable enterprise to start up, grow and survive.*
- *ILO's Multinationals Declaration is the only set of employment and social principles globally agreed between employers, unions and governments and thus is a sound guide to responsible foreign direct investment.*
- *The Green Jobs Initiative works with governments, employers and unions on solutions that from the ground up enable both decent jobs to be created and poverty reduced while reducing damaging carbon emissions and other forms of environmental damage.*
- *In collaboration with partner agencies in the UN initiative on youth employment, ILO supports multidimensional approaches to increased decent work opportunities for young women and men with a strong emphasis on skills development.*
- *In collaboration with the Social Protection Inter-Agency Coordination Board, the ILO promotes its Recommendation 202 on Social Protection Floors and enables countries to assess social protection systems, identify potential social protection policies and reform options and analyse trends over time.*
- *The ILO's rights-based approach to remittances proposes financial education training tools and programmes for migrant households that help migrant workers make responsible decisions about budgeting, spending, saving, borrowing, and investing.]*

To conclude connecting the world of finance to the world of work can become a key partnership for sustainable development. Governments will need the active engagement of business and labour to build and sustain a conducive environment for inclusive, sustainable and job-rich growth.

The ILO is of course itself a tripartite partnership and our constituents are keen to work with other ministries, other multilateral agencies and other social and economic actors to mobilize not just finance but also the sustained political momentum to realize the SDGs.

Policy dialogue around the implementation of the new global agenda is the way to identify how to ensure that policies that are the responsibility of different ministries and international agencies pull together in practice and move the world onto a sustainable development trajectory.