

BACKGROUND NOTE

Panel Discussion on the Second UN Decade for the Eradication of Poverty



International
Labour Office

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DECENT WORK: THE PATHWAY OUT OF POVERTY

At the close of the First United Nations Decade for the Eradication of Poverty, we note that there has been some reduction in the levels of poverty in some parts of the world, most notably in China.

However, our goal still remains elusive with 2.6 billion people – 40% of world's population – living on less than \$2 a day, the same number as it was in 1981.

The ILO's 2008 World of Work Report¹ shows despite strong economic growth that produced millions of new jobs since the early 1990s, the income gap between richer and poorer households widened significantly. As well, in 51 out of 73 countries for which data are available, the share of wages in total income declined over the past two decades. The report further concludes that the ongoing global economic slowdown is affecting low-income groups disproportionately.

The most vulnerable will be increasingly in danger of losing their jobs, their shelter and their ability to afford basic health and education services is jeopardized.

Poor families in developing countries who face the loss of income are more likely to withdraw children from schools and send them to work. Irregular and casual workers are often laid-off first and migrant labourers suffer reduced earnings and therefore reduce remittances that are essential for many poor communities.

This situation is all the more unacceptable since it is not the poor who cause poverty. Poverty is the result of structural failures and ineffective economic and social systems.

This current picture of world poverty heightens the urgency to critically rethink our strategies and efforts to help the poor. Have we truly made best efforts to eradicate poverty? Can we do better? Will constrained economic circumstances curtail our efforts to eradicate poverty or will

¹ *World of Work 2008: Income Inequalities in the Age of Financial Globalisation*, ILO, 2008,
<http://www.ilo.org/public/english/bureau/inst/download/world08.pdf>

they provide a window of opportunity to recast our priorities towards a more effective plan of action?

In this context of continued and persistent poverty and qualified results after the First United Nations Decade for the Eradication of Poverty, the International Labour Organization is pleased to offer its views at the opening multilateral discussion on the Second Decade for the Eradication of Poverty. It is hoped that this information will assist member states as they engage in designing a strengthened United Nations' response to the eradication of poverty.

Building on its Constitution and the 1944 Declaration of Philadelphia annexed to its Constitution which states, "poverty anywhere constitutes a danger to prosperity everywhere", the tripartite members of the ILO recently adopted unanimously, the Declaration on Social Justice for a Fair Globalization². Housed in this contemporary vision of the ILO mandate in the era of globalization, is the articulation of a framework for development and poverty eradication that has at its heart, the generation of productive employment and decent work for all, including for women and young people. It is principled on the belief, that given the chance, the poor can work their way out of poverty using what is often their only asset, their own labour.

The United Nations knows this framework as The Decent Work Agenda. It combines the mutually supportive activities of promoting employment and creating a sustainable economic environment, enhancing measures of social protection adapted to national circumstances, promoting social dialogue and respecting fundamental rights to describe an inclusive action plan well suited to the eradication of poverty.

During the first decade for poverty eradication, application of the Decent Work Agenda came only as an "after-thought"; certainly late in the day with respect to the Millennium Development Goals. Employment and decent work are often considered at the meso and micro policy levels, but when they are not included as central priorities in macroeconomic planning, the positive impact of these productive measures is significantly undermined. Decisions about fiscal, tax and trade policy can dramatically affect the generation of employment and decent work and thereby overall levels of poverty.

The following elaborates how these four pillars of the Decent Work Agenda are essential to the improvement of our economic and social well-being for a fully inclusive and equitable globalization.

The promotion of employment by creating sustainable institutional and economic environment is essential in achieving decent living standards, social and economic integration, personal fulfillment and social development.

- Promoting sustainable enterprises is about strengthening the institutions and governance systems which nurture enterprises – strong and efficient markets need strong and effective institutions – and ensuring that human, financial and natural resources are

² *ILO Declaration on Social Justice for a Fair Globalization*, Adopted by the International Labour Conference at its Ninety-seventh Session, Geneva, 10 June 2008. [http://www.ilo.org/public/libdoc/ilo/P/2008/09710\(2008-97-13A_B\).pdf](http://www.ilo.org/public/libdoc/ilo/P/2008/09710(2008-97-13A_B).pdf)

combined equitably and efficiently in order to bring about innovation and enhanced productivity.

- Enterprises need to ensure that their core business activities continue to add value and are undertaken efficiently and effectively. Enterprises also need a supportive enabling environment characterized by, among other things, the existence of open, rule-based, predictable and non-discriminatory markets and a non-corrupt and well-governed economy.
- Equity and economic and social inclusion are important basic conditions for sustainable enterprises. Inequality of assets and opportunity hinders the ability of poor people to participate in and contribute to growth. Social inclusion – whether based on gender, ethnicity or any other factor – is inherent in sustainable societies and strengthens the potential for sustainable enterprises.

The **development and enhancement of social protection measures**, adapted to national circumstances, are both an economic necessity and fiscally affordable.

- It can be shown that those countries that have been the most successful in achieving long-term sustainable growth and poverty reduction have all put in place extensive systems of social security at an early stage.
- Economies cannot develop and grow without a productive workforce and it is that productive workforce that will unlock a country's full growth potential.
- It is feasible to put in place a floor consisting of a basic old age pension, a child support grant linked to school attendance, a minimum health care package focused on the big killer diseases, basic skills development and labour intensive infrastructure programmes.
- For example, in some Africa countries a basic package of modest pensions and child benefits can reduce the poverty head count by 40 per cent at a cost of 3-4 per cent of GDP. In Latin America the cost of a modest package of conditional child cash transfers, universal pensions and basic health care can be kept under 5% of GDP which will effect more than 50% of those living in poverty.

The **promotion of social dialogue and tripartitism** are the most appropriate methods for translating economic development into social progress.

- Social dialogue is defined as all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.
- Social dialogue promotes consensus building and democratic involvement among the main stakeholders in the world of work.
- Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress

Respecting, promoting and realizing fundamental rights at work are essential for economic growth, investment and development.

- The ILO develops international legal frameworks by elaborating and promoting international labour standards to ensure economic growth and development go along with the creation of decent work.

- The ILO's unique tripartite structure ensures that these standards are backed by governments, employers, and workers alike. International labour standards therefore lay down the basic minimum social standards agreed upon by all players in the global economy.
- A growing body of research indicates that compliance with international labour standards often accompanies improvements in productivity and economic performance. Higher wage and working time standards and respect for equality translate into better and more satisfied workers and lower turnover of staff.
- A market governed by a fair set of rules and institutions is more efficient and brings benefit to everyone. Fair labour practices set out in international labour standards and applied through a national legal system ensure an efficient and stable labour market for workers and employers alike.

As the current difficulties in the world's financial markets demonstrate, there is a high degree of interconnectedness among world economies. This underscores the call for greater policy coherence at the international, regional and national levels and confirms our understanding that the eradication of poverty is a shared responsibility for both developed and developing countries.

The Decent Work Agenda is powerful in its simplicity, elegant in its inclusiveness and has been recognized by ECOSOC, the World Summit, the UN Commission for Social Development and other development fora as a foundation for sustainable development and an essential strategy for poverty eradication.

As such, this has led to a call by the CEB and the Member States to mainstream employment and decent work into development policies and programmes through the development of a practical and workable Toolkit³ that functions both at the strategic and operational level. That toolkit is now a reality and can be used by the UN system in pursuit of its goal of lifting people out of poverty.

But more can be done to influence relevant organizations to develop a new, stronger international institutional architecture that fosters a balanced and integrated approach to sustainable development and poverty eradication. In this context, the Second United Nations Decade for the Eradication of Poverty gives the United Nations an opportunity to consider the role a productive agenda for employment and decent work can have in ensuring that social development is considered alongside economic development as we build for a sustainable recovery, the eradication of poverty and a pattern of globalization that is fair.

³ *Toolkit for Mainstreaming Employment and Decent Work*, ILO, 2007
<http://www.ilo.org/public/english/bureau/deo/selecdoc/2007/toolkit.pdf>