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Office for ECOSOC Support and Coordination

Full and Productive Employment and Decent Work

Dialogues at the
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NOTE

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DESA

The Department of Economic and Social Affairs of the United Nations Secretariat is a vital interface between global policies in the economic, social and environmental spheres and national action. The Department works in three main interlinked areas: (i) it compiles, generates and analyses a wide range of economic, social and environmental data and information on which States Members of the United Nations draw to review common problems and to take stock of policy options; (ii) it facilitates the negotiations of Member States in many intergovernmental bodies on joint courses of action to address ongoing or emerging global challenges; and (iii) it advises interested Governments on the ways and means of translating policy frameworks developed in United Nations conferences and summits into programmes at the country level and, through technical assistance, helps build national capabilities.

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GLOSSARY OF ACRONYMS

AICESIS	Association of Economic and Social Council and Similar Institutions
AIR	Agency for Inner-city Renewal
AMR	Annual Ministerial Review
AS	Private Limited Liability Companies
ASA	Public Limited Liability Companies
AUHSG	African Union Heads of State and Government
BIS	Bank for International Settlements
BWIs	Bretton Woods Institutions
CAP	Common Agricultural Policy
CATA	Comite de Apoyo a los Trabajadores Agricolas
CBT	Community Based Training
CEB	United Nations Chief Executives Board
CEDAW	United Nations Convention on the Elimination of All Forms of Discrimination Against Women
CEO	Chief Executive Officer
CGE	Computable General Equilibrium
CIFOR	Center for International Forestry Research
CIS	Commonwealth of Independent States
CLC	Canadian Labour Congress
CONGO	Conference of NGOs
CPE	Contrat de Première Embouche
CSO	Civil Society Organizations
DCF	Development Cooperation Forum
DDR	Disarmament, Demobilization and Reintegration
DESA	Department of Economic and Social Affairs
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	Economic and Social Council
ECOWAS	Economic Commission of West African States
EPZs	Export Processing Zones
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for West Asia
EU	European Union
FAO	United Nations Food and Agriculture Organization
FDI	Foreign Direct Investment
FSF	Financial Stability Forum
FTI	Fast Track Initiative
FWEAN	Federation of WOMEN Entrepreneurs Association of Nepal
G-8	Group of Eight
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GNP	Gross National Product
GUFs	Global Union Federations
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IAAP	International Association of Applied Psychology
ICFTU	International Confederation of Free Trade Unions

ICT	Information and Communications Technology
IDEAL	Institute for Development of Education Arts and Leisure
IDF	International Debt Framework
IF	Integrated Framework
IFC	International Finance Corporation
IFIs	International Financial Institutions
IFP/SEED	InFocus Programme on Boosting Employment Through Small Enterprise Development
IICA	Inter-American Institute for Cooperation on Agriculture
IISD	Institute of International Social Development
IITC	International Indian Treaty Council
ILO	International Labour Organization
IMF	International Monetary Fund
INAIL	Italian National Institute for Insurance Against Industrial Injuries
INGO's	International Non-Government Organizations
IOE	International Organization of Employers
IOM	International Organization for Migration
IRENE	United Nations Informal Regional Network
IRS	Internal Revenue Service
IT	Information Technology
JEF	Jamaican Employers' Federation
JITAP	Joint Integrated Technical Assistance Program
JWG	Joint Working Groups
JYEN	Jamaica Youth Employment Network
KDP	World Bank's Kecamatan Development Program
LDCs	Least Developed Countries
LICUS	Low Income Countries Under Stress
MDGs	Millennium Development Goals
MFIs	Micro-Finance Institutions
MNEs	Multinational Enterprises
MOU	Memorandum of Understanding
MPTF	Mulchand & Parpati Thadhani Foundation
NAMA	Non-Agricultural Market Access
NAP	National Action Plan
NDBs	National Development Banks
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organizations
OCCAM	Observatory for Cultural and Audiovisual Communication
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
OHRLLS	Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
OSAA	Office of the Special Advisor on Africa
OTC	Over-the-Counter Markets
PCNAs	Post-Conflict Needs Assessments
PDHRE	People's Decade of Human Rights Education
PECC	Pacific Economic Cooperation Council
PIPE	Partnership for Indigenous Peoples Environment
PPPs	Public-Private Partnerships
PRS	MDG-based Poverty Reduction Strategies
PRSP	Poverty Reduction Strategy Paper

PSIA	Poverty and Social Impact Assessment
RECs	Regional Economic Commissions
RGC	Royal Government of Cambodia
SIDS	Small Island Developing States
SDC	Swiss Agency for Development Cooperation
SEC	Securities and Exchange Commissions
SMEs	Small and Medium Enterprises
TDR	Trade and Development Report
TRIMs	Trade-Related Investment Measures
TRIPS	Trade Related Aspects of Intellectual Property Rights
TRM	Transitional Results Matrix
TRIPS	Trade Related Intellectual Property Rights
UDEN	National Union of Educators
UNOWA	United Nations Office for West Africa
UK	United Kingdom
UIA	Argentine Industrial Federation
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDESA	United Nations Department of Social and Economic Affairs
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIFEM	United Nations Development Fund for Women
UNFIP	United Nations Fund for International Partnerships
UNFPA	United Nations Population Fund
UNHSP	United Nations Human Settlements Programme (UN-Habitat)
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNITAR	United Nations Institute for Training and Research
UNTV	United Nations Television
VAT	Value Added Tax
WAO	Invalidity Insurance Act
WCL	World Confederation of Labour
WEAN	Women Entrepreneurs Associations Cooperative
WFP	World Food Programme
WFUNA	World Federation of UN Associations
WHBEEC	W. Haywood Burns Environmental Education Center
WHO	World Health Organization
WSA	World Sports Alliance
WSPA	World Society for the Protection of Animals
WTO	World Trade Organization
YCG	Youth Consultative Group
YEA	Young Entrepreneurs Association
YECA	Youth Employment Coalition of Azerbaijan
YEN	Youth Employment Network

PREFACE

At the 2005 World Summit, United Nations Member States strongly supported a fair globalization and the attendant goals of full and productive employment and decent work for all, particularly through policies and efforts designed to achieve the Millennium Development Goal—MDG 1—of cutting extreme poverty and hunger in half by 2015.

To propel action on this important Summit decision, the Economic and Social Council decided to devote the High-level Segment of its 2006 Substantive Session to the theme of “*Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development*”. The Segment took place in Geneva from 3 to 5 July, preceded by an Informal Preparatory Meeting in New York from 4 to 5 April. The two events energetically engaged policy-makers, government representatives, international organizations, regional institutions, and civil society and the business sector in the same pressing task: to assess and develop national and international policies to tackle the growing problem of global unemployment.

The discussions at the High-level Segment have testified to the convening power of the Council and its ability to promote coherent multisectoral approaches to implementing the UN development agenda, of which employment generation has come to occupy a central place. At the same time, ECOSOC has shown that it can effectively address cross-cutting issues like employment in a comprehensive manner with the participation of a significant number of ministers and high-level officials, carrying diverse portfolios such as development cooperation, finance, planning and labour.

This publication offers a comprehensive view of the Council’s 2006 High-Level Segment. It compiles the proceedings—statements, issues papers and summaries of high-level roundtable dialogues—of both the Segment and its Informal Preparatory Meeting. It also presents the current status of the reform of the Economic and Social Council, as called for by the 2005 World Summit. The publication is intended as a resource for Member States, scholars and policy-makers, while also carrying to a wider public audience the message of the role of employment within the broader global development agenda.

Putting in place the policies discussed in this publication to achieve the goal of full employment and decent work for all—while taking into account environmental and social sustainability—will present enormous challenges and opportunities, especially in the context of rapidly changing technologies and expanding markets. But it is precisely by doing so that all partners can make a major contribution to realizing the great promise that the United Nations’ Development Agenda holds for the development of all societies.



JOSÉ ANTONIO OCAMPO
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INTRODUCTION

The substantive session held in July 2006 was the first opportunity by the Economic and Social Council to address aspects of the outcome of the 2005 World Summit. The Council chose the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development" in response to the declaration by the Heads of State and Government at the 2005 World Summit that they strongly support a fair globalization and resolve to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of national and international policies.

The choice was timely. The report of the Secretary-General to the Economic and Social Council found global economic growth is increasingly failing to translate into new and better jobs that would lead to a reduction in poverty. Unemployment has risen over the decade and its quality has deteriorated so that half of the labour force does not make enough money to escape poverty. According to the report, most of the working poor work in the informal sector, which now comprises one-half to three-quarters of non-agricultural employment in developing countries. Young people, who are only 25 per cent of the world's working population, make up half of the world's unemployed and even when employed, are less likely to have decent and productive jobs. The report made clear that this situation is economically and socially unsustainable and urgent action is required.

In reporting to the Council on ways to generate full and productive employment and decent work, the Secretary-General stressed the importance of increasing both the rate of economic growth and the employment content of growth. Such a strategy should have, over the long run, two components: investing in the dynamically growing sectors of the economy, while building capacity in sectors where the majority of labour is employed, and establishing linkages between the two. In the context of globalization, countries should devise policies that enable them to pursue both economic efficiency and social security, allowing flexibility for firms and protection for workers. Social dialogue is instrumental for designing and implementing such flexibility-cum-security programmes and is necessary for raising acceptance to change.

The report noted that to be effective, that national policies would require a supportive and enabling international environment in which coherent policies are pursued within the framework of multilateral system that provides greater market access, development assistance, technology transfer and support for development of institutional capacities, as well as an equitable sharing among countries of the responsibility for maintaining high levels of effective demand in the global economy.

The High-level Segment was organized around a number of events which brought together all stakeholders, including governments, civil society actors and the United Nations family, in a wide-ranging dialogue on how to generate full and productive employment and decent work for all. The first event, an informal preparatory meeting of the Council, held on 4-5 April 2006, consisted of a mixture of plenary meetings and

simultaneous roundtables on various aspects of theme. The first day focused on broad global issues related to generating full and productive employment and decent work for all, while the second day focused on a range of “sectoral” or thematic issues: from raising employment and productivity of low-income groups in rural and urban areas to promoting productive employment and decent work for women and young people, working out of crises and labour migration. Specific NGO-dedicated events were also held prior to the High-level Segment to define the NGO input into the debate on the theme. The first NGO Forum was held in New York on 6 April 2006 with participation of more than 100 NGOs. The second Forum was held in Geneva on 28-29 June 2006 with the participation of 450 NGOs.

The 2006 High-level Segment continued innovations launched at the 2005 session aimed at bringing additional dynamism to the opening session of the Council. An event entitled “Working out of Poverty” featured presentations by three Heads of Government, including H.E. Mr. Shaukat Aziz, Prime Minister of Pakistan, H.E. Mr. Jens Stoltenberg, Prime Minister of Norway and H.E. Mrs. Luisa Dias Diogo, Prime Minister of Mozambique. Presenting ideas on how the international community can support efforts to integrate productive employment and decent work into the sustainable development agenda as a way of achieving the Millennium Development Goals (MDGs), the three Prime Ministers presented a number of key political messages namely that: economic growth is vital for job creation and poverty alleviation; unemployment is probably the biggest security risk many countries confront; small and medium enterprises have to be nurtured to provide jobs; investment in education and the upgrading of skills is essential to taking advantage of the revolution in technologies; worker-friendly policies, including empowering women through increasing their employment, can enhance competitiveness; agricultural employment in rural areas in poor countries and the employment in the informal sector more generally can be a sustainable route out of poverty; and that the Council has an important role to play in coordinating an international approach to full employment and decent work agenda.

These important messages were further explored by delegations during the General Debate. It was agreed by all that achieving full employment and decent work should be at the centre of development policy discussions. Many delegations asserted the need for incorporating the ILO's Decent Work Programmes, Conventions and Pillars into national development policies. They further stressed that job creation, flexibility, efficiency and worker security must be simultaneously addressed and that the gap between rich and poor in developed countries compared to developing countries must be narrowed. Most delegations highlighted the importance of ensuring sustainable growth by strengthening knowledge-based infrastructure. Several delegations emphasized the importance of providing adequate education for youth in order to increase their employability, while other delegations promoted an increase in vocational training, specifically for youth.

The need to broaden technical skills by increasing human technical capacities especially in rural and agricultural sectors in developing countries was also addressed by many delegations. Most speakers strongly emphasized the urgent need to ensure gender equality and eliminate employment discrimination, especially by promoting women's integration into the labour force, as a way to reduce poverty. Most speakers expressed concerns regarding international migration in the context of globalization. Several

speakers specifically argued that migration leads to the loss of skilled workers from developing countries, as people are compelled to seek better jobs in the developed world.

Many speakers urged that trade be liberalised in order to achieve the full employment and decent work goals and to bridge wage and employment gaps between developed and developing countries. A non-discriminatory, open and equitable multilateral trading system is essential in order to allow developing countries fair access to international markets. Many speakers voiced disappointment regarding the current lack of results at the Doha Round and urged a consensus to be quickly reached. The importance of supporting the growth of the private sector, particularly micro enterprises, small and medium-sized businesses was also strongly emphasized.

The roundtable dialogues at the High-level Segment sought to amplify and deepen the discussions held at the informal preparatory event and during the General Debate. Given that the special needs of Africa and the least developed countries are identified in the Millennium Declaration and the Outcome Document of the 2005 World Summit, care was taken to address issues of particular concern to these countries in various roundtables. In addition to mainstreaming these issues in all roundtables, one roundtable was dedicated to “Meeting the challenge of employment creation in Africa and the Least Developed Countries (LDCs)”. Other roundtable dialogues included “Creating decent work opportunities with productivity growth”; “Globalization and labour migration”; and “Innovation at work – national strategies to achieve gender equality in employment”. All roundtables sought to highlight best practices that are potentially replicable in countries and regions where making progress in the area of productive employment and decent work remain great challenges.

The rich dialogue from the opening session and the general debate was also reflected in numerous side events held during the three-day meeting. The side events provided a forum for Member States, civil society groups and all other stakeholders to further explore, in an informal setting, a range of issues related to employment and decent work. Examples of these side events include: a forum held by the European Commission, in cooperation with the Finnish Presidency of the European Union, on “Promoting decent work in an era of globalization”; an interactive luncheon on Employment and Decent Work organized by the Department of Economic and Social Affairs (DESA) and the Conference of NGOS (CONGO) in consultative status with ECOSOC, and a Ministerial Roundtable Luncheon Meeting on “Sports as a Means to Support Local Economic Development and Job Creation” sponsored by DESA and Give them a Hand Foundation. In addition, a number of Ministerial Roundtable Breakfasts were held on a range of topics, including on decent work and international development cooperation, youth employment in the least developed countries (LDCs), fighting urban poverty, migrant work remittances in Africa and the LDCs, the role of ICTs in employment creation, expanding decent rural work opportunities and the gender dimensions of labour migration. These were sponsored by ILO, UNIDO, UN-Habitat, IOM, UNFPA, the Office of the High Representative for Least Developed, Landlocked and Small Island Developing Countries (OHRLLS), the Office of the Special Adviser on Africa (OSAA), the Department of Economic and Social Affairs (DESA) and the International Land Coalition (ILC).

The Council also benefited during the 2006 High-level Segment from a series of informal discussions focused on defining the future role of ECOSOC. Two informal sessions were held on issues critical to the follow-up to the 2005 World Summit Outcome that have implications for how the Council will be integrated in the new architecture of global governance. The Outcome Document adopted by global leaders at the 2005 World Summit in New York called for much stronger system-wide coherence across the various development-related agencies, funds and programmes of the United Nations. In addition to supporting ongoing reforms aimed at building a more effective, coherent and better-performing UN country presence, it specifically invites the Secretary-General to "launch work to further strengthen the management and coordination of United Nations operational activities." The Outcome Document calls for such work to be focused on ensuring the UN maximizes its contribution to achieving internationally agreed development goals, including the Millennium Development Goals, including proposals for "more tightly managed entities" in the field of the environment, humanitarian assistance and development. This is clearly within the remit of the Economic and Social Council.

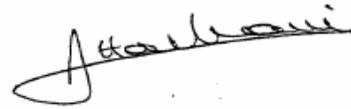
The first informal session discussed the two new functions given to the Council by the 2005 World Summit, namely, holding Annual Ministerial Reviews (AMRs) of progress towards achieving the internationally agreed goals, and convening a biennial Development Cooperation Forum (DCF). Ministers and high level officials of the United Nations system and other stakeholders agreed that these two instruments have the potential for bringing all actors together to ensure policy coherence among all stakeholders and ensuring that there is effective mobilization of resources for the implementation of the United Nations Development Agenda. More specifically, it was suggested that the AMR, owing to its ministerial participation, can authoritatively identify gaps in implementation at the global, regional and national levels and help the international community to adjust policies in support of the agreed development goals. They also agreed that the high-level biennial development cooperation forum would provide a unique opportunity for Member States to keep global development aid cooperation issues high on the agenda of the international community. In their view, the DCF should have a real impact in promoting international development cooperation and gearing it to support the realization of internationally agreed development goals. It could also scale-up actions to increase the link between normative and operational work of the UN, and help translate what we have learned into improved policies, strategy and practice at all levels.

The High-level Segment was followed by a dialogue with the Executive Secretaries of the Regional Commissions on the "Regional dimension of creating an environment conducive to generating full and productive employment and decent work for all". The dialogue was conducted in a framework of a continuous effort of ECOSOC to promote further the linkages between the activities and contributions of the regional Commissions with the overall activities of the United Nations in the economic and social sectors, as well as to the policy work of the Council. The dialogue was useful in providing an overview of the issues related to generating decent and productive employment opportunities and sharing experiences on policy choices in each of the five regions covered by the United Nations Regional Commissions.

At the conclusion of the High-level Segment, Member States were able to agree on a Ministerial Declaration which identified a number of concrete steps to further the implementation of the 2005 World Summit commitment to make the goal of full and productive employment and decent work for all a central objective of national and international policies. The Declaration called for the development by ILO of time-bound action plans to 2015 and assigned the Council a role in monitoring progress in its implementation. By doing so, the Council has ensured that the issue of full and productive employment and decent work is now considered as a critical element in the achievement of the internationally recognized development goals. It has now become an integral part of the United Nations Development Agenda which will be reviewed as part of the follow-up of all major United Nations conferences and summits.

The overall assessment of the 2006 High-level Segment is that it was a resounding success. Thanks in part to the close collaboration with the International Labour Organization (ILO) in its preparation. It attracted the participation of three Prime Ministers, a range of Ministers with diverse portfolios, including Foreign Affairs, Economic Cooperation, Planning, Labour and Finance, and a number of Heads of Agencies and high-level officials from the Organization for Economic Cooperation and Development (OECD) and the European Commission and other institutions. This kind of participation allowed for a holistic and integrated approach to policy setting both at the national and international levels. The discussions at the Council also put the issue of full and productive employment and decent work at the forefront of the agenda. The quality of the debate and ideas put forward reflected the commitment of the stakeholders, and this bringing together of different levels of society showed the importance of the Council.

There is no doubt that ECOSOC is in a critical transitional period in its work. With boldness, the Council can embrace the opportunity given to it by the 2005 World Summit to make a qualitative advance in its impact and influence and to live up to its mandate given to it in the Charter. This will also go a long way towards reinforcing the image of the UN as the hope and the advocate for the poor.



H.E. Mr. Ali Hachani
President of the Economic and Social Council
Ambassador and Permanent Representative of Tunisia to the United Nations

Chapter 1

WORKING OUT OF POVERTY

Overview

The internationally agreed development goals, including in particular the Millennium Development Goals adopted in 2000, stress the need for an integrated and broad approach to combating the scourge of poverty as a means for promoting sustainable development, security and human rights for all. The political momentum generated by these development goals gained strength when world leaders at the 2005 World Summit recognized the crucial role of employment for poverty reduction, and resolved “to make the goals of full and productive employment and decent work for all a central objective of (their) relevant national and international policies”¹. This momentum was strengthened by ECOSOC’s decision to devote its 2006 High-level Segment to the theme of employment and its impact on development. Such a focus is sorely needed as the reduction of poverty and hunger must be urgently achieved if the other Millennium Development Goals are to be successfully realized by the agreed deadlines.

This chapter highlights some of the most salient issues relating to this topic and offers various proposals and recommendations for addressing the problem of working out of poverty. The following is a synopsis of the contributions outlined in this chapter.

Mr. Mark Malloch-Brown, the Deputy Secretary-General of the United Nations, speaking on behalf of the Secretary-General, focused his contribution on *The problems and special challenges of youth unemployment*. He notes that while young people aged 15 to 24 form only a quarter of the global working population, they comprise half of its unemployed. The fact that approximately 1.2 billion young persons worldwide will be coming of working age in the next decade means that this issue must be given greater prominence in the development agendas of policy makers and politicians worldwide. Several strategies are highlighted for dealing with the many different faces of youth unemployment, including the need for national efforts to augment employment-oriented growth strategies, training (including vocational and on-the-job training), education, microfinance initiatives, and, above all, new job creation.

H.E. Mr. Shaukat Aziz, in his contribution *Promoting the United Nations’ vision of attaining higher standards of living through sustainable development*, cited the need to address several critical aspects of the current social and economic environment, among them: heightened global integration, renewed focus on security, and growing imbalances in both trade and income distribution. In order to develop feasible solutions, he called for overarching reforms to address the challenges and opportunities offered by globalization. Peace and stability were highlighted as essential elements for growth and development, as were women’s empowerment and entrepreneurial incentives. He discussed eight essential elements of a framework for working out of poverty: homegrown reforms and absorptive capacity, improved investment climate and enhanced private sector action, non-dependency on foreign aid, trade improvements, strengthened partnerships with the developed world, greater skill, technology and productivity levels, direct economic and

social gains for citizens, and greater institutional and governmental leadership. All of these characteristics are considered indispensable for development with dignity, which he considered to be dependent on four factors: economic sovereignty, democracy, good governance, and social inclusion.

In *The importance of women's empowerment and increased equal opportunity in the workplace*, H.E. Mr. Jens Stoltenberg, Prime Minister of Norway, described how a country can achieve the greatest gains, both economically as well as politically, through empowering women and ensuring equal opportunity, providing women with proper education, health care and basic social services, and by increasing the ratio of women's active participation in the workplace. In his view, a truly comprehensive agenda to generate full and productive employment and decent work for all required comprehensive governance at all levels. In his statement he also highlighted the importance of the role of the United Nations for achieving these goals, maintaining that it has to be brought up to date and provided with the necessary means to effectively fulfill its tasks.

Promoting employment in the agricultural sector to enhance poverty reduction, gender equality and social inclusiveness was the focus of the contribution made by H.E. Mrs. Luisa Dias Diogo, Prime Minister of Mozambique. She noted that agriculture remained the most important sector in Africa, contributing significantly to the GDP of most of the countries on the continent. As it employs a large percentage of the working population, many Africans are heavily dependent on agricultural sector's performance for their incomes, family security, subsistence and other means of livelihood. Thus, until and unless income and poverty levels in the agricultural sector are improved, most African countries will most likely remain entrenched at current poverty levels. Particular emphasis needed to be given to the important role of two vulnerable but vital groups in the labour force in Africa: women and young people.

H.E. Mr. Chadli Laroussi, Minister of Labour and Youth Employment of Tunisia, in his contribution entitled *Incorporating employment promotion into national development policy programmes*, cited his country's achievement of reducing unemployment by 2 per cent while at the same time realizing a fourfold increase in Tunisia's per capita income since 1987. Employment promotion was at the heart of his country's national priorities and economic programmes due to its value as a fundamental component of human rights policy, as well as a harbinger of economic and social stability. He pointed also to the value of establishing national solidarity funds as a means of spurring economic and social development. Such an undertaking would facilitate the establishment of economic and social programmes designed to create jobs and provide income in the least developed regions of a country, thereby allowing them to become better integrated into the social fabric of the nation. Other effective initiatives are the creation of a Solidarity Bank to help citizens establish and finance their own micro-credit enterprises and small businesses so as to increase their income, and the creation of a national employment fund to help support targeted employment promotion policies.

In his address *Making the global goal of decent work for all a national reality*, Mr. Juan Somavía, Director-General of the International Labour Office, outlined six areas governments and policy-makers need to focus on in order to effectively work towards the global achievement of decent work for all. Firstly, being more aware of the value of work

and the central role it plays in the lives and well-being of people everywhere. Secondly, the need to acknowledge the political urgency to act, as unemployment is probably the biggest security risk many countries are confronting today. Thirdly, meeting the decent work challenges head on, through a better coordination of national efforts, particularly through the strengthening of cooperation between employers' organizations, trade unions and government. Fourthly, promoting local and community development by expanding local markets and capacities - actions that would help in promoting the informal sector as well as entrepreneurship in smaller enterprises. Fifthly, he stressed that the policy environment must be better attuned to changes in the global markets if enterprise development and decent work opportunities were to be successfully achieved. Sixth and lastly, greater cooperation amongst international organizations of the multilateral system was required if the desired results of full and productive employment and decent work for all were to be achieved.

The Problems and Challenges of Youth Unemployment²

By Mr. Mark Malloch-Brown
Deputy Secretary-General
United Nations

Every day, 30,000 children die of preventable diseases, and every minute a woman dies because of complications in pregnancy and childbirth. In the 1990s, some 60 countries in various parts of the world actually grew poorer. Today, nearly three billion people subsist on less than \$2 a day, the same number as ten years ago. Clean drinking water remains out of reach for more than 1 billion people, while environmental degradation continues to render once-fertile soils incapable of supporting the most basic needs of families.

This sobering reality demands a strong response from the United Nations. And I am here to tell you that all of us in the Organization need this Council to lead the way.

ECOSOC has always been the United Nations' principal body for coordinating and advancing development policy. Yet its track record is decidedly mixed. Confusion over the overlapping mandates with the Second and Third Committees of the UN General Assembly, as well as with the Bretton Woods Institutions, have plagued the Council and hampered its work.

Fortunately, today we have the makings of an antidote. The Millennium Development Goals present an opportunity for ECOSOC to rally around a concrete set of clear, universally acclaimed and achievable targets. The World Summit has already charged the Council with making sure that these Goals are implemented. It is now up to the Council to have these benchmarks, and the broader "UN Development Agenda", define its work.

As a principal organ, the Economic and Social Council has always mattered to the United Nations. Now, you have a chance to play a more pivotal role in the daily lives of ordinary people everywhere.

To do so I believe the Council must, as the pending General Assembly resolution envisages, seek to become an inter-governmental lobby for the Millennium Development Goals and the other conference goals. It should be the political and policy-level global forum for tracking and correcting progress towards the Millennium Development Goals.

A place where ministers commit, and are held accountable for action on those commitments.

Already, the Council is preparing for important changes. These include the introduction of Annual Ministerial Reviews, as well as a biennial Development Cooperation Forum.

Such change can make ECOSOC the development parliament of the United Nations.

Millennium Development Goal by Millennium Development Goal, region by region, ECOSOC's members must review progress, correct setbacks, hail advances, win new resources, and urge future reforms so as to help keep the world on track for 2015.

In this context, I am especially pleased that this year's High-level Segment addresses the grave and growing problem of global unemployment.

Let me use my time in front of you to address a particular concern of Kofi Annan: the special challenges of youth employment.

Excellencies, people aged 15 to 24 are only a quarter of the world's working population but they comprise half of its unemployed. Across the world the young remain more prone than other age groups to work longer hours for lesser pay with little job security. In economic upturns, they are the last to be hired, and in downturns, the first to be fired.

This lack of opportunity for the young is an appalling waste of human resources, energy and creativity. And with approximately 1.2 billion young people worldwide coming of working age in the next decade, it is an issue that will push its way up the agenda of policymakers and politicians.

Youth unemployment has many faces: young farm workers thrown off the land by overpopulation, land degradation, and shifting or unclear land ownership issues; their young cousins, migrants in the new mega-cities of the South, eking a living at the bottom on the informal system; the children of the new Southern middle class finding that growth has not created better jobs - or even more jobs; and their young counterparts in the North finding that the first rungs on the career ladder are equally perilous because of training, education and structural economic issues.

These different faces of youth unemployment require a variegated response.

Yet common to them all are: adapting to a global economy and dramatic pace of change, employment-oriented growth strategies, training, and education, and above all new job creation.

In Germany, a national agreement guarantees a place to all young people applying for vocational training, while the United Arab Emirates provides young nationals with training and enhanced career opportunities through a skills development fund.

Ideally, the young should also be given entry channels from educational institutions into the labour market, or be provided opportunities for on-the-job learning. Once young people have some working experience their chances of finding new employment increase dramatically.

Japan, for example, offers a youth trial employment scheme that provides financial incentives to companies offering short-term on-the-job training to unemployed youth. Similarly, Croatia subsidizes employers taking on salaried apprentices and interns.

Any comprehensive youth employment strategy must also address the disadvantaged position of vulnerable groups, including women and the poor.

Entrepreneurship—by which the young become their own employers—is another important avenue for youth empowerment. Microfinance initiatives in many parts of the developing world have sought to do exactly this, with largely favourable results. Indeed, some countries have gone even further: Mexico, for instance, provides support to young men and women in formulating project proposals, obtaining finances and in running small enterprises.

The UN System, for its part, is working with Member States to address this challenge through the Secretary-General's Youth Employment Network—a collaboration between the United Nations, the World Bank and the International Labour Organization. Yet the issue is one where ECOSOC can provide crucial leadership; it can guide policy, influence action, and oversee implementation.

Of course, I hope a similar approach is also brought to bear on the many other development goals before the Council. The target year of 2015 is approaching very fast. Our agenda for at least the next decade is clear. Let us not disappoint the many millions of people who look to us, and to our Organization, for help in bettering their lives and those of future generations.

Promoting the United Nations' Vision of Attaining Higher Standards of Living through Sustainable Development³

By H.E. Mr. Shaukat Aziz
Prime Minister of the Islamic Republic of Pakistan

It is a real privilege to be in your midst today to share with you my thoughts for taking forward our agenda on working out of poverty and to achieve the Millennium Development Goals.

We meet at a time of great challenges and opportunities for the world. We have seen historic progress during the last decade in many countries and regions, yet a large part of the world's population continues to be at the margins of subsistence. Illiteracy, malnutrition and disease continue to command a large segment of humanity to perpetual poverty. The existence of poverty in the midst of global prosperity is undeniably the most serious challenge confronting the world today.

Going forward in the third millennium, the sobering array of other challenges that we face ranges from supply of assured and reasonably priced energy to ensuring adequate water reservoirs, global warming, food security, vulnerability to natural disasters, threat of pandemics, terrorism, proliferation of weapons of mass destruction, and digital divide.

Nevertheless, there is no greater challenge to humanity, nor to the international order, than the failure to realize the United Nations' vision of promoting "better standards of life in larger freedoms".

The key factors that are influencing our social and economic milieu include: one, increasing economic integration with flow of capital, labour and technology across borders that has led to immense industrialization resulting in structural shift in production, as well as impacting the distribution of global savings and investment flows; two, premium placed on security emanating from geopolitical and bio-security considerations and high energy prices; and three, the widening trade imbalances and income gap between the rich and the poor seemingly making MDGs out of reach by 2015.

The world's vibrant economies, today, are justifiably concerned with the imbalances in global trade, budget deficit, rising oil prices and fluctuating currencies. There are signs of global economic fragility. These imbalances also affect, perhaps most acutely, the poorest and most vulnerable peoples.

Yet, there is a great opportunity within our collective grasp—an opportunity that is indeed historic and presents itself only rarely during one's lifetime. The world has, perhaps for the first time in history, the collective capacity to end hunger and poverty, realize the promise of universal prosperity, save succeeding generations from the scourge of war and promote social progress. Today, we have the vision of a world where the poor for once not only dare to hope and dream but also see and feel positive changes in their lives.

While globalization has exposed us to new challenges, at the same time, it offers huge opportunities. Much of the world's prosperity and improved living standards in recent years derive from the expansion of global trade, investment, information, and technology. As I often said, globalization is a tide which we must learn to ride or we will be swept away. We need to leverage its opportunities to overcome its challenges.

To do so, we must adjust to the changing paradigm unfolding before us rather than remain mired in the past. At the heart of this transformation is the willingness and the capability to undertake deep, broad-based and comprehensive reforms to open up the economy, freeing up the entrepreneurial spirit of the private sector, empowering our women to become part of the dynamics of positive globalization, and good governance. We must remember that reform is not a one-off measure but a continuous process—a treadmill on which we cannot afford to stop or slow down.

Never before the world was so closely linked as it is today. No longer can the nations remain isolated and indifferent to global occurrences. In our increasingly interconnected world, the symbiotic relationship between development and security is self-evident. Once again, the demands of ethics, peace, security and economic interest are converging.

We understand that peace and stability is an essential prerequisite for growth and development that requires countries and regions to resolve their mutual disputes and differences. Only then would we be able to create the enabling environment to facilitate development. Only then would we be able to focus our energies and resources on progress and prosperity of our people. Therefore, we must address the peace and security with the same urgency as poverty and development.

Yet while development is urgent and difficult, doing it with dignity is even more painful. In my view, the edifice of development with dignity is based on four pillars including economic sovereignty, democracy, good governance and social inclusion that reinforces diplomacy, reduces threats to national security, helps in building stable, prosperous and peaceful societies and mitigates poverty in the long run.

We can move forward towards working out of poverty and development with dignity by pursuing the following broad framework that can be adapted to local situations as there are no “one-size fits all” models:

First, to firm up *holistic homegrown reforms and develop absorptive capacity* for which the primary responsibility is that of the developing countries themselves. They have to provide the vision, the spark and the commitment to restructure and to deliver reform within a stable macro-economic framework. History has shown us that only when we do our part will others do theirs. Reforms must be carefully calibrated and implemented in tandem with each other and must have total ownership backed by strong political will and conviction based on a vision and philosophy which has broad participation.

Second, *improving the investment climate* as well as *unleashing the opportunities for the private sector* is vital to attract global capital for investment and to benefit from the dynamism of private enterprises that will create millions of jobs, raise income level and bring sustained reduction in poverty.

Third, we believe *aid should not be used as permanent crutch* but as a means to help us to help ourselves. Raising the effectiveness of aid through creating a sound environment, an appropriate framework for investment, ensuring good governance, achieving high standards of transparency and involving civil society is our prime responsibility.

Fourth, *trade* which brings new technology, new ideas, new work culture and expectations of openness. Greater access to the markets of wealthy countries has a direct and immediate impact on the economies of developing nations and is vital for growth, financing development, generating employment and reducing poverty. Every extra dollar of exports from a developing country feeds a poor family and builds a better future for them.

Developing countries need a fair and transparent global trading system, and the capacity to take advantage of it. The huge subsidies provided by developed countries to their farming and other sectors, and the denial of market access to the most dynamic exports of the developing countries, such as textiles, through high and escalating tariffs, generate concerns over unfair trade. We must, therefore, endeavour to achieve the development goals of the Doha Round of trade negotiations.

Furthermore, the developed countries should progressively remove restrictions against the migration of labour and provide incentives for direct investment in developing countries.

Fifth, we look for *partnerships* with the developed world that provide not only concessional financing flows but also technology and knowledge to bring the developing countries at par. This would be a crucial contribution to the promotion of the global development goals.

Sixth, *building up educational and skill levels, becoming technologically innovative, improving productivity and managing international integration* is a must. As we package reforms and act, we must remember that the true source of economic progress is the creativity and ingenuity of our human capital, our most valuable asset. We must invest in our people to prepare them to attain global skills and enable them to harness their true potential. Truly, the greatness of a society is secured by unleashing the greatness of its people.

Seventh, *translating the benefits of growth and development into meaningful gain for our people* is crucial. All that we may espouse or theorize or achieve in macro-economic stability and reform will come to naught, if it does not lead to a better life for the countless poor people who have known nothing more than the squalor and indignity.

Lastly, the most important element perhaps is the *visionary leadership, capable government and strong institutions* with the ability to think and plan on a long-term basis, to prioritize challenges and responses, to promote equitable economic growth and development and to mainstream gender, encourage social inclusion and create jobs for poverty alleviation.

Let me now share with you Pakistan's policy of comprehensive multi-sectoral reforms which have helped in our struggle against poverty and our quest for enhancing the economic growth, development and welfare of our people.

Over the past seven years, in pursuance of our policy of development with dignity, Pakistan has undergone a qualitative transformation achieved through broad-based home-grown structural reforms encompassing all areas of the economy, social sectors, governance and development. These reforms are rooted in national ownership and are outlined below:

Improving governance through transparency and accountability, as well as consolidating devolution by ensuring democracy at the grass roots level, both as a means of empowerment and better service delivery apart from ensuring social and economic justice;

Sound economic management based on our philosophy of deregulation, liberalization and privatization. Better fiscal and monetary discipline by controlling fiscal deficit, balancing external payment deficit, increasing revenue generation;

Achieving high and broad-based economic growth focusing particularly on the rural economy, while maintaining macroeconomic stability;

Investing in human capital with a renewed emphasis on effective delivery of basic social services;

Bringing the poor, vulnerable and backward regions into the mainstream of development through targeted interventions and expanding social safety nets;

Focus on empowerment of women and minorities as well as improving the access to quality healthcare and education; and,

Pursuing peace and cooperation through dialogue and forging close bilateral and regional economic partnerships in order to leverage our strategic geographical location at the crossroads of three vital regions – South Asia, Central Asia and West Asia.

This multi-pronged strategy has yielded rich dividends. We have witnessed an unprecedented surge in economic growth, poverty reduction and development. The size of our economy, together with per-capita income and revenue collection, are on the rise since 1999.

Today, we are one of the fastest growing economies in Asia. Pakistan is fast emerging as the destination of choice by investors because of a liberal investment policy and low tariff regime, and this year, we received the highest ever foreign private investment since our independence. Better credit rating and improved debt profile has made our paper highly attractive in the international capital markets.

Pakistan's economic performance is especially satisfactory when assessed against the backdrop of rising energy prices and the massive destruction caused by the October 8, 2005 earthquake in Pakistan.

The high-growth trajectory and accelerated pace of development maintained over the past several years created millions of jobs and has helped in raising per capita income as well as bringing down poverty from 34.5 per cent in 2001 to 23.9 per cent, a decline of 10.6 percentage points.

Mindful of the challenge of jobless growth and its implications, employment generation remains a major priority of our poverty reduction strategy. We have taken a series of policy initiatives to promote productive employment and a decent work environment.

These include encouraging small and medium enterprises, establishment of National Vocational and Technical Education Commission to upgrade skills of our workforce as well as making them more demand-oriented; establishing national skills standards, certification and accreditation; sustained increases in investment in technical education as well as new skills; and pursuing an upgrade of our industry, absorbing the revolution in technology, and seeking expansion of our value-added sector.

Our country programme for decent work aims at achieving four strategic objectives: (i) fundamental principles and rights at work; (ii) employment and income opportunities; (iii) social protection and social security; and (iv) social dialogue and tripartism. We are committed to promoting and protecting the lawful rights of our working men and women.

We are proud of the achievements made over the past seven years to ensure prosperity and socio-economic progress for our people. We have achieved development with dignity. But, at the same time, we recognize that much still remains to be done. We have, accordingly, embarked on a second generation of reforms covering infrastructure upgrading, institution building and human resource development.

Turning to the responsibility of United Nations and its allied bodies in working out of poverty, we recognize that the UN has a pivotal role to play in advancing the global development agenda as envisaged by the UN Charter. It is, therefore, incumbent on us to ensure that the advantages offered by the United Nations system, its universality, neutrality, expertise and convening power, are utilized more fully and effectively.

As a Co-Chair of the UN Secretary-General's Panel on Coherence, together with the Prime Ministers of Norway and Mozambique, and with other distinguished Panel members, we are doing our best to evolve recommendations that could enable member states to build a United Nations development system that is fully equipped to support developing countries in their national efforts to realize the MDGs and other internationally agreed development goals; to respond to the global challenges of the 21st Century and to help in realizing the UN Charter's goal of universal prosperity.

We believe that a revitalized Economic and Social Council can play an effective role in the implementation of the agreed goals and commitments. On the basis of the proposal developed by Pakistan, together with a few other member states, during its Presidency of ECOSOC last year, the 2005 World Summit has assigned several responsibilities to ECOSOC for promoting policy dialogue, development cooperation, post-conflict development, and coordination within the UN system. We look forward to the early implementation of the Summit's decisions on ECOSOC reform and development.

To conclude, we have a global partnership of mutual responsibility, accountability and above all, trust forged at Monterrey and reaffirmed at Johannesburg. The world perhaps has rarely, if ever, seen such unanimity of views on issues impacting the global community.

We have the availability of sufficient financial, technical and human resources, the instruments of national action and international cooperation to apply these resources for rapid growth and development. And, we have examples to show that with the right policies and determined efforts, economic success can be achieved even in the most difficult circumstances.

The challenge before us is to translate this vision into reality. We cannot afford to lose further time if the Millennium Development Goals are to be achieved by 2015. We must deliver on our promises to the noble ideals we agreed to in the Millennium Declaration and Monterrey Consensus.

We are inching forward in that direction but much more needs to be done. We must respond to the great humanitarian needs and challenges of our time to lay the foundation of lasting peace for our children and grandchildren.

Recognizing that official development assistance is essential to jump-start growth, development and poverty reduction, such assistance should be adequate and respond to national development priorities and programs.

Nevertheless, we must move away from donor-client relationship to genuine partnership between developed and developing nations, recognizing the latter as full and equal participants with all the responsibilities allowing their equitable integration into the global economy. Our global financial architecture must reflect the emerging economic realities and create conditions that would reverse the outflow of financial resources from developing to the developed countries.

We have witnessed the overwhelming power of nature in the recent past; we have seen even greater power of human compassion demonstrating that the world is more compassionate and hopeful when we act together. Let us together build a bridge between developed and developing nations, between each of us, between the rich and the poor, promote relationship based on shared vision for the world, mutual respect and understanding, deliver on our promises and commitments for developing an integrated global community free of hunger, disease and unemployment, work towards achieving an equitable international order with reinforced multilateralism to bequeath to our present and future generations a stable, peaceful, compassionate and prosperous world with mutual dependencies and win-win for all.

Together we can do it and together we can rise.

The Importance of Women's Empowerment and Increased Equal Opportunity in the Workplace⁴

By H.E. Mr. Jens Stoltenberg
Prime Minister of Norway

It is a special honour to share the podium with my fellow co-chair of the Panel on System-wide Coherence, Prime Minister Shaukat Aziz. Pakistan is making important progress socially and economically under his leadership and the leadership of President Musharraf. Pakistan is opening its economy, inviting investment and reaping benefits of globalization and reform. And I commend him also for the guidance and leadership and insight that he is bringing to the Panel on UN reform which is meeting today and tomorrow.

It is an honour also to share the podium with the International Labour Office's (ILO) Director-General Juan Somavía, who for many years has been the most ardent proponent of this important agenda of employment and social progress. Norway sees the ILO as one of the most important international organizations that has ever been created. The strong will be just and the weak secure only as long as protection of workers' rights is overseen by a global institution. And ILO has a unique system of membership, directly involving the employers' as well as employees' organizations. Its history is paved with milestones of human progress.

As you know, Norway is fortunate to have a prosperous economy and almost full employment. People sometimes ask me what we produce in Norway - beside oil and gas - or what we are known for.

I believe the greatest product we have developed is the welfare state. One of the world's most equitable, secure, competitive and innovative welfare states. And this is not only a question of having sufficient financial resources available. We became prosperous because we developed the welfare state.

If we look back some decades, there were economists, politicians and writers who suggested that the time of the Nordic welfare state had peaked and would decline. They predicted that countries with weaker social policies would be tomorrow's winners.

But that did not happen. If you look at the international statistics - be they the United Nations' Human development indicators or the Geneva-based World Economic Forum's competitiveness report - the Nordic countries are always amongst the top ten.

So a system of extensive workers' protection, a public and universal social security system, and even a relatively high level of taxation are not economic liabilities. They give us a competitive advantage. More equal opportunities and fair outcomes for all are basic reasons why we have a high national income. We are market economy, yes, but we have found a balance between the state and the market.

And every year we are working hard to improve that system. Because there will always be shortages even in the most developed economy.

My main message today, however, is that the greatest gains countries can achieve, economically as well as politically, come with empowering women, ensuring equal opportunity, health care, and increasing the ratio of women's active participation in working life.

Let me share with you some of the experiences we have made in Norway. Because we have not always been in the forefront:

In the 1970ies, Norway had one of the lowest ratios of women's employment in Europe. Today, we have one of the highest, if not the highest. Iceland, I believe, is higher. If our ratio had been lower - for example at the same level as Germany - the total number of people employed would have been about 200,000 less than what it is today. And that in a country of 4.5 million people. And our economic performance would have been equally lower.

But this increase of women's employment did not occur by itself. It did not accidentally happen. It came as a result of systematic policy changes aimed at empowering women and giving them more equal opportunity. It came as a result of greatly extended maternity leave rules, including greatly improved maternity leave benefits. Today, we are working hard on increasing the numbers of kindergartens and day-care centres.

These policies allow women to choose both to have a family and children as well as a professional life and income too.

So I would like to make the following assertions. Empowering women is a competitive advantage. Building kindergartens is a competitive advantage. Improving women's educational opportunity is a competitive advantage.

Those countries are most competitive and yield the best economic performance which offer women the most equal opportunity. And those countries who manage to overcome existing cultural impediments to such policies - be it in the North or in the South - are going to grow and prosper.

This is our experience. And hard figures support my conclusions. This is also why we are working with many of you to improve the conditions of women and children: because a healthy, well educated population is any country's most important asset.

Norway is working on all eight Millennium Development Goals, including #3 and #5 on gender equality and maternal health. But we have made the decision to contribute in a special way to actually achieving the Millennium Development Goal #4 on reducing child mortality by two-thirds by 2015.

I want to see this achieved. Children are the future. It is unnecessary and unacceptable that a child dies every third second, that more than 26,000 children die every day, and that more than 10 million children die every year. One fourth of these children can be saved by vaccines available today or in the very near future. This is possible. This is affordable. How can we justify not doing it?

As a father, I have been sensitized to the injustice that, while all Norwegian infants are immunized, in parts of Asia and Africa, only one in five receive the magic shots.

As an economist, I could appreciate that immunization is the most cost-effective means of preventing disease and child mortality and that vaccine programmes are key to economic growth in poor countries.

As a politician, I have the privilege to do something about it.

In total, Norway will contribute one billion dollars to vaccines and immunizations through 2015.

If we succeed in working effectively together, we can proudly tell the citizens of the world, 10 years from now, that we changed history, and that more countries had become safer and their societies more equal. And truly, nothing offers more hope for the future than the look in the eye of a healthy child ready for life.

Ready for education, ready to realize the talent with which they were born and raised.

We all know the importance of the United Nations. Not only as an *arena* for norms and common solutions to common problems, but also as an *agent* for peace, development, human rights and dignity at the country level.

The world of today is different from the world when the UN was created. The UN too has changed, but we see a UN with a growing gap between what is expected of it, and what its resources permit it to do.

We have to bring the United Nations up to date. The most radical decision we can make about the UN and how it should be organized is to decide that we will not change it.

I believe that we who are the staunchest supporters of a strong and effective UN must also be the key drivers of change and renewal of the UN.

Change is necessary for every organization, private or public. We must bring an end to duplications, fragmentation and rivalries. We must get as much as we can out of the system, focusing on impact rather than who does what within the UN family. Not to pay less to the UN. But we need to spend less on bureaucracy and more in the field. We need to get more development, more humanitarian relief and more environmental protection.

If we manage to save resources, which I believe we will, let us pledge to use it all for development.

These observations are guiding principles for my co-chairmanship of the Secretary General's Panel on System wide Coherence.

We regret that the trade negotiations did not succeed last week here in Geneva. But we still have a binding global regime for trade and with *effective dispute settlement and sanctions*.

We have not been able to agree on a similar agenda to ensure the promotion and protection of human rights and decent work for all.

The rules we have developed to ensure protection of the environment are particularly fragmented. And enforcement mechanisms are weak.

We must not run the risk that competition for trade and investment undermines our ability to promote and protect the common good. Social dumping is the antidote of unchecked globalization.

Thus, a truly comprehensive agenda to generate full and productive employment and decent work for all, with a positive impact on sustainable development, will require comprehensive governance at both the national and global levels.

To quote Director-General Somavía in his speech when visiting Oslo earlier this year: “Nationally and internationally, we need to develop policies that create level playing fields for all, in economic, social and environmental issues”. The Director General also said that we must start thinking of an international system of compliance to advance the respect for international labour standards.

This will take our vision and will to realize our *long term* self-interest in pursuing the common good. This the greatest challenge to us all!

Promoting Employment in the Agricultural Sector to Enhance Poverty Reduction, Gender Equality and Social Inclusiveness⁵

By H.E. Mrs. Luisa Dias Diogo
Prime Minister of the Republic of Mozambique

The adoption of the Millennium Development Goals in 2000 and the subsequent political momentum thereafter have highlighted the need for an integrated and broad approach to the major international issues, particularly the global efforts to fight the scourge of poverty, by giving equal weight and importance to the development, security and human rights agenda.

In this regard, creating an environment at national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development must be addressed in the context of national and regional efforts to eradicate poverty.

Agriculture remains the most important economic sector in Africa contributing significantly to the Gross Domestic Product (GDP). Agriculture employs the majority of the working population, with many African people being heavily dependent on the performance of this sector for their incomes, family security, subsistence, inputs for local industry, and participation in international trade.

As such, until and unless income and poverty levels in agriculture are improved, most African countries are unlikely to emerge from the current poverty levels.

Many women are working in agriculture throughout the world, often in the most precarious situations. Regrettably, the current trends in employment levels display an alarming trend of increasing unemployment, particularly among women and young people, two vulnerable and important groups in the labour force in Africa. It is worth noting that agriculture is a sector that can have a meaningful role in providing employment and decent work, as the majority of our population lives in rural areas.

In this sense employment plays a crucial role in poverty reduction, gender equality and social inclusiveness.

It is against the background of the relationship between the performance of agriculture, land and agrarian reforms, poverty, conflicts and HIV/AIDS that Africa must stimulate and promote 'decent work'. This calls for an integrated approach to economic and social policy in a manner that is inclusive of the majority of the population in a given developing country setup.

Employment must be seen as the key in supporting the commitment towards the realization of the Millennium Development Goals (MDGs) and the basis of economic empowerment.

As we gather here to reflect on the ways to draw strategies that will provide our fellow citizens around the world with opportunities to find decent and productive employment, allowing them to become independent and responsible global citizens, I would like to share with you a few ideas to explore the link between employment and working out of poverty.

In order to focus on employment issues in the process of development it is important to have a clear picture of the population situation in each country: its dynamics, structure, migration trends, and their implications. The large experience of the United Nations and its universality are critical in supporting the member states to produce data and analysis for the design of policies and its monitoring and implementation.

At the same time given the characteristics of most developing countries, and African in particular, it is important to have a clear understanding of the concepts of:

- Employment,
- The informal sector
- The family sector (subsistence agricultural farms), and
- The role of women in the productive activities.

Poverty reduction means improvements in wealth, and wealth comes from productive activities; in other words, creation of value added. On the other side, productive activities occur from a dynamic domestic private sector. Wealth also can be expressed in terms of assets accumulation: labour, physical capital and human and institutional capacity.

In this regard, in Mozambique, the Five-Year Poverty Reduction Strategy Program encompasses the establishment of adequate policies conducive to job creation through:

- Human Capital, that includes education, health and other social sectors;
- Economic Development that includes infrastructures and all the productive areas including agriculture and issues related to private sector development.
- Good Governance that includes decentralization, judicial reform, and fight against corruption.
- Cross cutting issues such as HIV-AIDS, environment, disaster preparedness, and gender.

In this domain, we face several challenges. Some concrete questions are addressed for further analysis and here the role of the United Nations System is crucial in embracing them jointly with the developing countries agenda:

What is the definition of employment?

What is the most appropriate concept taking into account the specificities of developing countries?

Do we use the standard manual definitions and how do they fit in the policy dialogue within the country?

Data collection on employment, its analysis, their uses in policy design in order to promote employment and reduce regional disparities, and how the data links with population censuses and household surveys?

How do we define the “informal sector” and the “family sector” and the impact on wealth creation and self-employment? The success in this challenge involves the need of making our people, especially women and youth, employable, providing opportunities, developing individual skills for entrepreneurship.

The broad goals of sustainable development call, today, for a wide range of partnership between member states, the United Nations, and the society as a whole, so as to drive our countries on the path to sustained growth and improved living conditions for its people.

The challenges of long-term sustainable employment require a concerted and coordinated approach that draws on the strengths of all countries and explore different alternatives.

Let me end with the words from the Secretary-General of the United Nations in the report to the Director-General of the International Labour Organization: “the best program against poverty is employment, and the best guarantee for wealth is decent work”.

Incorporating Employment Promotion into National Development Programmes⁶

By H.E. Mr. Chadli Laroussi
Minister of Labour and Youth Employment of Tunisia

Promoting employment and fighting poverty in the world is one of the major challenges facing the international community today. The world reality requires now even more awareness of the phenomena throughout the world. A resurgence of unemployment, poverty and marginalization within poverty requires a comprehensive view that takes into account all economic, social, and political aspects of the problem. Clearly, fighting world unemployment means constantly working and applying, in addition to national and local efforts, concerted efforts by the international community to achieve greater solidarity throughout the world, gearing the benefits of development in such a way as to overcome disparities among people and to uphold an international partnership based on tolerance, interdependence and cooperation.

These are the cornerstones as set by the Millennium Summit, where Tunisia had the opportunity to set up a vision of a better future of employment throughout the world, based on dialogue for directing shared responsibility for a world economy that is governed by justice, fairness, and equality. Implementing the Millennium Development Goals to fight poverty and unemployment requires, of course, a more realistic strategy in the medium and long term, with a coherent vision in order to invest the efforts of the international community to develop employment to assist young people to obtain opportunities for integration through decent productive work.

In this context, I would like to recall the initiative of our President, His Excellency Mr. Ben Ali, who, in 1999 at the United Nations' 44th Session, called for consideration of having a universal covenant on peace and progress based on justice, strengthened cooperation and solidarity amongst states.

We believe it is now time to translate this subject into action. The 1995 Copenhagen Social Summit spoke of this. We should step up assistance to fight poverty to 0.7 per cent of GNP in industrialized countries. The United Nations is a global organization with multiple agencies, and, thus, can implement development objectives throughout the world, encouraging the international community to take initiatives to support employment in poor and developing countries.

Employment receives absolute priority in the development policies of our country. Tunisia has undertaken a series of structural reforms since 1997 in order to promote the development content of employment. We have also been attempting to ensure that our people can live in dignity and truly increase our per capita income. We have undertaken reforms in the educational system, and in our training system. We have tried to diversify our economy and have adjusted our legislation as it applies to various sectors such as investment and exports. We have overhauled our industry and other sectors of the

economy and have improved infrastructure. All of this has gone hand in hand with the development of a modern telecommunications network.

With this overall approach, my country has achieved very encouraging economic and social results. We have seen a 5 per cent growth in our economy over the last decade, and that in turn has reduced the level of unemployment by 2 points and has increased the per capita income fourfold since 1987. This means that the level of poverty has been restricted. Only 4 per cent of the population now live in poverty whereas in the 1960s that figure was 40 per cent. This has increased social stability and social cohesion and reduced the gaps between groups within the population in various regions, economically speaking.

All these achievements have been highlighted by international organizations over the years. Analyses carried out by the United Nations of GDP have also emphasized the progress Tunisia has made. Tunisia is among the top 20 countries in the world according to the UN in terms of economic development, and that is, to a great extent, the result of progress achieved over the last decade. By 2009, we should be among the top 10 on the Human Development Index. Tunisia was recently elected as a Member State of the UN Human Rights Council, in part, no doubt, because of the success of its overall approach with regard to human rights issues.

I should recall that employment is a fundamental component of human rights policy. That was reiterated by our President, Mr. Ben Ali, when on the first of May, we celebrated Labour Day in Tunisia. He stated at the time, and I quote from his address, “employment promotion is at the heart of our national priorities and economic programs because we feel that employment is a fundamental component of the dignity of the individual and the economic and social stability in our country and is *sine qua non* for both.”

Our country is now drawing up its development plan for the next five to ten years to be structured basically on employment promotion, on developing the knowledge economy, and on meeting the needs of more vulnerable groups within the population. Experience worldwide has shown that solving the unemployment problem is not only a question of achieving good levels of economic growth - it is also a question of the quality of the growth one achieves, the direction that growth takes and that, to a certain extent, depends on how far the social dimension of growth is taken into account.

That being the case, Tunisia has in its development programme given equal importance to the economic and social dimensions of development. We base this approach on our understanding of the interdependence which exists between all members of society. That is a fundamental point for us and a moral issue too. In 1993 we set up a national solidarity fund. Individuals and institutions participate with the purpose of carrying out development and social programs which create jobs and a source of income in the least developed regions of Tunisia. This will help to promote economic and social growth in those regions, and better integrate those regions into the social fabric of the nation.

I mentioned the President’s initiative to set up this national solidarity fund. Having done so, Tunisia urges that this experience be built upon internationally by, for example, setting up an international development fund to fight against poverty in the Least Developed Countries which, as we know, are often struggling with several crises at once.

We need more social justice in the world; at least as much as the interdependence which exists between nations, groups and individuals. Tunisia's initiative has, I believe, been welcomed and supported by the General Assembly at its 55th session in 2002. Efforts are currently being made to launch the operational stage of the fund.

Given our conviction that the digital divide is also a developmental divide, and given that creating a knowledge-based economy and a communications economy is the best way of promoting development and thereby reducing gaps between states, Tunisia has urged the international community to focus on these issues. The World Summit on the Information Society held its 2nd phase in Tunisia in 2005, as you know. At that time, it looked at ways of bridging the digital divide between developed and developing nations. It laid down the foundations for what we describe as worldwide digital solidarity, guaranteeing equality of access to knowledge for wealthy and poorer countries alike.

As part of the employment component of our development policy and in order to boost income for more vulnerable groups, we have also set up a Tunisian Solidarity Bank that provides micro credits to help people finance their own micro enterprises and small businesses, and to increase their income. This is of great assistance to those who need to borrow small sums of money, often so small that they don't have access to the more conventional banking system.

Since the year 2000 we have had our national employment fund up and running too and that is there to support targeted employment promotion policies. They provide training and integration of the unemployed into the labour market by supplying various types of training courses. One third of the action undertaken by this fund has been taken with respect to priority areas from a development and employment points of view.

Tunisia also attaches great importance to, and is very grateful for, the global initiatives which have been taken in combating poverty by fighting unemployment. However, we still feel the need to remind others to increase the efforts being made in this respect by the international community. What we need is a worldwide partnership which will help us to act more effectively to promote just and fair globalization which will offer opportunities to everyone and build bridges between people, thereby reducing unemployment, guaranteeing greater peace and security, and thus guaranteeing human dignity for all countries worldwide.

Making the Global Goal of Decent Work for All a National Reality⁷

By Mr. Juan Somavía
Director-General
International Labour Organization (ILO)

The 2006 High-level Segment of ECOSOC has the extraordinary possibility of mainstreaming the goal of full and productive employment and decent work for all into the regular activities of all relevant UN organizations.

It could also set in motion a process of policy dialogue within the multilateral system including the Bretton Woods Institutions in order to stimulate the necessary policy convergence behind this global goal agreed to at the 2005 United Nations Summit.

Equally, it is an opportunity to link more strongly development cooperation policies and the Decent Work Agenda.

These would be three very practical operational contributions to create an economic, social and political environment that generates enough decent work to make poverty history.

In the course of the next ten years, we will have to systematically implement the notion that “working out of poverty” is key to the realization of the Millennium Development Goals. They go hand in hand.

Why is this so important?

Because decent work is one of the basic needs in the life of people. Too often, a need that goes unsatisfied.

We are facing a global jobs crisis that calls for a global response.

- More than 20 per cent increase in official unemployment in the last ten years and the accompanying growth of informal work.
- 430 million net increase in the global labour force in the next ten years.
- Youth in all countries – who have unemployment rates two to four times higher than adults – know well that we are not coping with the problem.

So what do we do to change the disappointing job creation record of recent years and move to a growth strategy that favours employment, pro-poor sustainable development and builds a fair globalization?

Among the many issues that need to be tackled, let me mention six areas of focus.

First, value work

Prevailing policies in the last decades have tended to consider job creation as an outcome of macro policies, rather than a specific objective in itself. We all know the results.

Yet, when problems emerge and crises appear, labour is the main adjustment factor. The real life effect of these trends is that the dignity of work has been devalued.

We cannot consider labour as a simple commodity. Of course, it is part of the cost of production and there is a labour market. But the social significance of work goes much beyond that.

President Ellen Johnson Sirleaf of Liberia addressed the International Labour Conference just a few weeks ago. She made this point. Her country is facing a massive unemployment crisis of over 85 per cent, especially amongst youth.

She spoke from her heart and told us that for her the Decent Work Agenda is the “sustainable route out of poverty. It is rooted in the central role of work in the lives and well-being of women and men, their families, their communities and their societies. It is key to human security and social stability.”

The present model of globalization has forgotten these values.

Second, acknowledge the political urgency to act.

As every politician knows, having opportunities for decent work is the most widespread democratic demand in the world today. Election after election, this is what citizens are saying. People vote with hope but for too many the good jobs don't come and insecurity abounds.

This is having a profound impact on the credibility of our governance structures – be it governments, the business community or international organizations. And beyond, doubts about the ability of our institutional systems to really solve the jobs crisis and, in some regions, even of democracy itself.

At a time when we are discussing how to deal with global monetary and financial imbalances and putting so much effort into addressing trade imbalances, not dealing effectively with the global decent work imbalance would be a serious political mistake. Unemployment is probably the biggest security risk many countries are confronting.

And we must be aware that more and more people are asking us why can't all of you, with public and private power, come together and focus on policies that will give us an opportunity to solve our employment problems.

Third, the diversity of work is almost infinite, but all countries have decent work challenges.

Solutions will vary, however there are some common elements of a policy framework – productive employment and enterprise development, social protection, labour standards and social dialogue – with gender equality cross-cutting all issues.

All of them need to be reinforced, respecting the specificities of very diverse national realities. This is why real respect for national ownership is so important.

Work requires a coordination of efforts, which is most effectively achieved through dialogue. We need to strengthen the cooperation between employers' organizations, trade unions and government – tripartism. It is a widely used and successful institutional practice for finding consensual and differentiated solutions to a wide variety of labour market issues.

Fourth, we need much better policies to promote local and community development by expanding local markets and capacities.

In addressing the issue of creating a conducive environment for decent work, the attraction of global linkages should not overshadow the need for a sound understanding of local development. This is particularly necessary to upgrading work in the informal economy, which for many countries – particularly in Africa and the least developed countries – is probably the biggest employment challenge. It is also central to promoting entrepreneurship in smaller enterprises.

Fifth, at the same time, the policy environment must increasingly be attuned to the way in which global markets are changing.

This is key to support the development of enterprise and the creation of decent work opportunities in real time.

In all countries workers, employers and governments are constantly searching for the right balance between flexibility and security in working arrangements. Business needs the security of property rights and contract enforcement to invest – but also the flexibility to be able to reorganize production to meet changes in the market. Workers need the security that policies will protect them in reasonable ways from the impacts of adjustments to globalization and growing precariousness – but also the flexibility to combine work and family responsibilities. Governments need the security of a stable and fair financial and trading system – but also the flexibility to develop employment policies that meet each country's specific circumstances without undue conditionalities.

Sixth, we need much greater cooperation among international organizations of the multilateral system.

No single international organization or single government can put in place, on its own, the policies conducive to generating full and productive employment and decent work for all. It will be the fruit of intense global cooperation and national commitment or it won't happen in many places. Unfortunately, as I have said on so many occasions, the multilateral system is certainly underperforming on this account.

Many of the component elements of a conducive global environment are dealt with in a segmented way both in national governments and the international system. The potential synergies between policy domains go largely untapped. And the present jobs crisis will continue.

In looking at these issues, we all need to have a reform mind set. We all must contribute to an effective and revitalized multilateral system. A renewed look at efficiency of

resource management and effectiveness of outcomes of prevailing policies is essential. Simply repeating the policies of the last decades won't do.

In this respect, devising the practical ways in which the relevant international organizations can come together on policies for full and productive employment and decent work for all, may be an important guidance that the High-Level Panel on United Nations Reform could give us. It would connect to this key democratic demand of people everywhere.

As the Secretary-General said in Vienna a few weeks ago with respect to policies, we must have “an institutionalized reflex which constantly asks what can this do for jobs?”

We at the ILO, as the world's “decent work agency” have a major responsibility in developing that response. And we have oriented our strategic policy framework to focus on progressively making the global goal of decent work a national reality.

The four pillars of a decent work strategy – jobs, rights, social protection and dialogue – crosscut by the common themes of gender equality and development, constitute the drawing board for the ILO's new decent work country programmes. These programmes are an ILO delivery mechanism for the range of our technical cooperation and policy advice activities. They are also the means for interaction with national development plans and international support frameworks such as UNDAF and PRSPs.

To advance multilateral cooperation, we are developing a Policy Coherence Initiative with other interested international organizations on growth, investment and jobs – as well as a toolkit on decent work requested by the United Nations Chief Executives Board.

The founders of the United Nations recognized the need for policy coherence over 60 years ago when they included an Economic and Social Council in the architecture of the United Nations. The question today is whether we are willing, politically, to actually use the strong ECOSOC mandate under the United Nations Charter and give it the role conceived in San Francisco. This is what paragraph 155 of the Outcome Document and many other statements in the past have asked us to do.

If we do, then I believe ECOSOC can and must insist on asking us all, United Nations and Bretton Woods agencies alike, the hard questions, the people's questions:

- What are your strategies doing to create more and better jobs?
- How are you working with other agencies for employment rich pro-poor sustainable development?
- How are the international support frameworks for development contributing to increased decent work opportunities and thus the achievement of the Millennium Development Goals?

We are not going to answer all these and other questions in this meeting, but we know we must address them. Doing so will reconnect the United Nations to the widespread democratic demand of people and families everywhere – a fair chance at a decent job.

Notes

- 1 Paragraph 47 of GA resolution 60/1 entitled “2005 World Summit Outcome”
- 2 From the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 3 July 2006
- 3 Ibid.
- 4 Ibid.
- 5 Ibid.
- 6 This text is an edited, transcribed version of the keynote address made by H.E. Mr. Chadli Laroussi, Minister of Labour and Youth Employment of Tunisia at the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 3 July 2006
- 7 From the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 3 July 2006

Chapter 2

GROWTH AND EMPLOYMENT: CREATING A NATIONAL ENVIRONMENT CONDUCIVE TO FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK

Overview

Ten years ago, the World Summit on Social Development sent out a powerful message that a sustained generation of productive and remunerative employment was the most effective means of reducing poverty, overcoming social exclusion and achieving equitable and sustainable development. The Social Summit also sent out a strong message that job creation must be promoted simultaneously with full respect for rights at work.

These powerful ideas that emerged from the Social Summit were to crystallize in the International Labour Organization (ILO) into the concept of “decent work” for all women and men. Decent work, with its emphasis on both the quantity and quality of employment, reflected a new development paradigm and captured more fully the state of the changing global labour market where most people work under conditions of poverty and insecurity, and lack voice and representation.

The Special Session of the General Assembly in 2000 requested the ILO to develop a coherent and coordinated international strategy for the promotion of freely chosen and productive employment. This resulted in the development and adoption of the Global Employment Agenda, the employment pillar of decent work, through tripartite consensus in the ILO in March 2003.

The continuing grim employment and labour market situation in most parts of the world, with one third of the world labour force either unemployed, underemployed or belonging to the working poor¹, has led to the realization that many of the MDGs may not be met, especially in Africa. Against this backdrop the UN World Summit in 2005 identified decent work as a national and global goal. The placing of decent work at the centre of economic and social policies both nationally and at the international level defines a clear new direction. It is now imperative to initiate a dynamic process of implementation.

1. Analytical framework: Key policy areas and issues

Some of the critical challenges and questions that need to be addressed for creating a national environment conducive to full and productive employment and decent work for all relate to the following issues:

- (a) *How to ensure a stable macroeconomic framework that spurs economic and employment growth?*

Though the relationship is far from automatic, a high rate of economic growth can be an engine to expand the demand for labour and create a more favourable environment to achieve full employment and poverty reduction objectives.²

Economic stability as reflected in key macroeconomic indicators is important for attracting investment and generating economic growth. The question is how best to stabilize.³ Stabilization “at all costs” can prove to be economically inefficient and socially inequitable. Many countries need to break away from the “low level stabilization trap” where stringent stabilization measures have led to low levels of inflation, fiscal deficits and manageable balance of payments, but failed to spark the much-needed economic growth vital for job creation and poverty alleviation. Fiscal space for critical public expenditures should be preserved especially in situations of economic and employment stagnation and downturn that may often warrant anti-cyclical policies.

- (b) *How to reconcile the need for productivity growth and competitiveness with sustained employment growth?*

The labour absorption capacity of the economy can be influenced by a number of factors acting simultaneously and sometimes in opposite directions: technological change and higher productivity; the sectoral mix in the pattern of growth of an economy between labour-intensive and capital-intensive sectors; labour market duality between a growing number of workers with excessively low productivity (informal economy) and those with high productivity.

The employment route to poverty reduction means in many cases adopting a sectoral approach, in a competitive environment, that allows balancing policies and incentives across relevant sectors (labour-intensive vs. capital-intensive; formal vs. informal) so that the growth is as job-rich as possible in a context of accelerating technological change and productivity.

- (c) *How to promote entrepreneurship and enterprise development that results in decent work?*

The most significant source of new employment comes from entrepreneurship and small- and medium-sized enterprises. While many jobs are created in the formal sector, a large number – indeed in many developing countries a majority – are created in the informal economy.

At the national level, policies must promote a policy and regulatory environment that encourages investment and ensure that new business growth is not inhibited by unwarranted regulatory and administrative burdens, and does not create excessive barriers and disincentives for informal economy operators to grow and enter the formalised economy. Access to credit and other services is essential for business start-up and expansion and is closely linked to good governance in such areas as property rights. Careful attention also needs to be given to ensure the protection of workers’ rights

At local and sectoral levels, business expansion and job creation can be promoted through local economic development strategies and through upgrading of enterprise clusters and enhanced linkages with local, national and international value chains and markets.

At the enterprise level, policies and strategies are needed to promote work place practices which sustain continuous upgrading of productivity and competitiveness through innovation, good working conditions, sound labour-management relations, skills upgrading and involvement of the workforce.

- (d) *What are the critical challenges in investing in knowledge and skills development in order to develop a globally competitive workforce?*

For an individual, his or her education, skills and competencies define his or her capacity to make use of job and income opportunities, and to adapt to the changes in the labour market and work organization brought about by technology and globalization.

For companies and organizations, the skills of managers and workers and firm- specific knowledge are key determinants of firm-level productivity.

For economies, a skilled and knowledgeable workforce improves the investment climate and is a major determinant of sectoral and economy-wide productivity growth. Effective policies are needed to improve efficiency of training and training systems. Competitiveness and growth in open economies requires large investments in human capital.

- (e) *How to develop well-functioning labour markets and labour market institutions that promote growth, security and competitiveness?*

Globalization and technological change are exposing national economies to more intense competition. Firms have to adjust more frequently their operations and their labour force to meet fluctuations in demand and boost productivity. But simply responding to firms' need for flexibility, without taking care of the workers' need for security, would be socially inefficient and would have negative effects at the individual as well as at the macroeconomic level. There is therefore a need for a well-functioning labour market with institutions and policies that lower the barriers of adjustment for firms, while ensuring income and employment security to workers.⁴

An important ingredient for success is that the labour market policies be institutionalized. In addition, tripartite social dialogue is necessary for designing and implementing effective labour market policies. Tripartism will aid the acceptance of change, improve the design of regulations and policies, and ensure sustainable financing.

- (f) *How to extend social protection and income security especially in developing countries?*

A central challenge is that less than 20 per cent of the world's population is properly covered by social protection. In many developing countries affordable social protection systems and social safety nets need to be put in place through innovative programs and microfinance initiatives.

Social protection is a critical factor in the management of change as it can enhance the dynamism of the economy and the mobility of labour. People who face sudden loss of income without any form of protection are naturally reluctant to take the sort of risks involved in job creation and more productive employment. Social protection also helps to stabilize the economy, for example, through income replacement during recessions. In the developed world, transition countries and parts of the developing world, social protection faces the problem of workforce ageing.

2. Strengthening capacities and mobilizing partnerships

To make decent work more central in economic and social policy making, institutional capacities in key economic and social ministries including ministries of labour, in employers' and workers' organisations and in tripartite and social dialogue institutions need to be developed. In most countries policy coordination is lacking. Thus the macroeconomic, trade or industrial policy spheres do not always take employment specifically into account in their policy formulation.

The next generation of poverty reduction strategies (eg. PRSPs and UNDAFs) should build on the experience gained and more effectively embed decent work goals in the policy and implementation framework. Countries could greatly benefit by pooling resources, benchmarking and learning from each others' experiences.

3. Establishing guidelines, monitoring progress and setting up a global peer review process

If decent work is to be made a central goal in national economic and social policy making there is a need to develop guidelines and checklists to reflect the commitment a country makes and to assign priority to full employment and decent work in its overall policy framework. The results of these efforts could then be monitored against a broad set of employment and labour market indicators. This would require investing more resources than at present in developing labour market information systems.

An important initiative could also be recommended. It is the development of practical guidelines and tools for conducting assessments including the setting up of a peer review process. The suggested approach would need to be practical and sufficiently flexible for application in a range of different contexts and with varying resource constraints. Based on this initiative, countries could develop more specific guidelines and indicators of progress for their own use as well as share experiences with each other.

The papers in this chapter address the issue of creating a national environment conducive to full employment and decent work from a variety of perspectives. At the background are increasing national and international commitments to make full employment and decent work a central objective of economic and social policy making, by sharing national experiences including what does and does not work and highlighting best practices at the national and local levels.

Creating a Conducive Environment for Full Employment and Decent Work – the experience of the Netherlands points out that sustainable growth of productivity and decent work are mutually reinforcing. Decent work is the key to sustainable productivity growth and vice versa. It explains the European efforts towards the promotion of more and better jobs. In particular, it highlights the experience of the Netherlands. It emphasizes the importance of policy coherence on national, international and multilateral levels. To this end, it points out the role that ECOSOC could play in enhancing policy coherence on the issue of decent work among the multilateral institutions.

The Role of the Private Sector and the State in Promoting Full Employment and Decent Work highlights important roles that the private sector and the state play in creating a conducive environment for full employment and decent work. It also points out the

serious situation of unemployment among young people. The paper asserts that the private sector is the main creator of employment. But it further points out the social obligation that the business has. In highlighting the importance of corporate social responsibility, it also refers to the success of the United Nations Global Compact. With regard to the role of the state, the paper points out that it is not the creation of employment, but establishing conditions to promote full and productive employment as well as decent work for all. At the international level, the paper highlights the main comparative advantages of ECOSOC as a high-quality platform for involving the different parties involved. To this end, it calls for a substantial improvement in the interaction between ECOSOC and civil society.

Global Labour Market: A Moving Paradigm highlights the enabling conditions for creating sustainable enterprises and their growth, noting their crucial role in generating economic growth and creating job opportunities. It underlines the importance of good governance, transparency and government systems that encourage domestic savings and investment. It also points out the importance of respect for the rule of law and the well-managed welfare system. The paper illustrates policy mix for enterprise growth, highlighting protection of property rights, entrepreneurship and technology development, while noting the different circumstances of each country. The paper also touches on the global labour market, noting that globalization has enabled companies to increase productivity by transferring operational elements across borders to improve efficiency. It underscores that international sourcing is not a zero-sum game, but can be win-win. In concluding it points out that although the business community has a role of wealth creation, the success will depend on the willingness and capacity of local and national governments to create and implement the appropriate policy frameworks.

The Role of Enterprise Development in Promoting Decent Work elaborates on factors affecting developing countries, effectively using the example of the Jamaica Employers' Federation. First, it points out a number of hindering factors, including the absence of financing and of a business culture, as well as other well-documented factors, such as inflexible labour market policies, onerous registration processes and costly demands on enterprise. In addition, it underscores the role played by small enterprises in developing countries and the need for support mechanisms for them to prepare for globalization. It further highlights that the failure of small enterprises and the lack of other acceptable employment opportunities have resulted in increased outward migration from many developing countries. It also calls for debate on the appropriateness of having a universal standard of decent work. It further points out that enterprises, governments and the international community need to collaborate to foster the development of emerging entities in developing countries.

In the paper, on the theme of *National Development Strategies for Generating Productive Employment and Decent Work*, Mr. José Antonio Ocampo, Under-Secretary General for Economic and Social Affairs, cited three key dimensions that needed to be addressed: designing more effective domestic policies and creating a more conducive and sustainable employment environment at the national level, ensuring that work opportunities available to the poor contribute to lifting the burden of poverty, and that the economic environment at the international level - particularly in trade, finance, investment, technology and international migration - support the goal of full employment

and decent work for all. He stressed that governments needed to muster the political will to make employment generation a key priority, not only in social development efforts, but also in terms of economic strategies at both the macroeconomic and sectoral levels. He also noted that most developing countries rely on the agricultural sector as the main source of employment, making the need for rural development more acute with a view to expanding market access, employment and productivity. Investments in education and training are also crucial to achieving a skilled and adaptable workforce in a globalized world. Governments should also strengthen the link between employment and social protection, and promote social dialogue with labour unions and employers' associations.

Creating and Environment for Full Employment highlights a few key issues important for creating a national environment conducive to full employment and decent work. First, it underlines that economic growth and full employment are the means to important social ends, not ends in themselves. Second, it points to the fact that how this problem is solved will have a lasting effect on the quantity and quality of economic development and employment. Third, developing countries could learn from each other, sharing a pragmatic approach to solving their economic and social problems. Fourth, the paper reminds readers that demand for labour is *derived* demand, thus depending on the level and growth of aggregate demand. Finally, the paper points out the fact that globalization may affect the effectiveness of macroeconomic management in a single country. Therefore, it is highlighted that economic prosperity and socio-political stability become increasingly an internationally shared responsibility. The paper concludes by pointing to the challenge to the international community of how this shared responsibility is to be exercised.

More and Better Jobs: A Multi-sector Strategy recognizes that the efforts of the last decade on the economic and social transformation have not resulted in major improvements in labour market outcomes. It points out a number of interacting factors, including: larger supply of youth cohorts for employment, globalization leading to stronger competition, and non-pro-labour growth. It also points out that small and medium-sized enterprises, which are more labour-intensive, are often disproportionately affected by a poor investment climate and incur regulatory costs. The paper underscores five factors that are critical for creating conditions for sustained economic growth, a climate of investment and enterprise formation: sound macroeconomic policy, good investment climate, appropriate labour market institutions, good formal and informal education, and social safety nets.

Creating an Environment Conducive to Generating Full and Productive Employment and Decent Work for All: Contribution of Forestry Activities elaborates on measures that improve the contribution of forest-based activities in generating more and better jobs. It first illustrates the importance of forestry activities in generating income, in particular for poor people, ethnic minorities, women and other marginalized groups, but it notes that they have been neglected in the discussion of employment. Six suggestions on measures are: promoting forest tenure reform; redirecting incentives to activities that truly improve livelihoods; promoting participatory approaches for sustainable forest management; making micro-enterprise development projects to support forest-based activities; working closely with grass-roots forestry organization; and incorporating the previous five measures in the Poverty Reduction Strategies.

Growth and Labour Market Outcomes asserts that sustaining poverty reduction and progress towards the Millennium Development Goals entails an improvement in labour market outcomes, which must include attention to the informal sector. It further points out the widely agreed notion that broad-based, labour-using economic growth is the only sustainable way of improving labour outcomes. The paper sketches out the key elements for achieving these aims. They include: maintaining a stable macroeconomic environment; improving the environment for a stronger private sector; accelerating human capital formation; improving governance; substantially increasing aid that is aligned with country needs and consistent with the absorptive capacity of recipient countries; and liberalizing trade. The last two elements call for action by international community as well as developing country governments. In conclusion, the paper highlights the importance of the efforts to achieve better labour outcomes being based on country-owned and –led poverty reduction strategies or equivalent national development strategies that are linked to medium-term frameworks.

Increasing Employment Opportunities and Productivity of Labour for Low Income Groups in Rural and Urban Areas focuses on a number of policy perspectives and interventions of the Decent Work Agenda, which has been neglected in various development policy frameworks. It points out the significance, given the fact that the large majority of the working poor are found in low wage employment in the informal sector. It first emphasizes the importance of employment-intensive approaches to job creation in areas such as infrastructure. The second range of policy interventions includes training, skills development and capacity building. It highlights the importance of small- and medium-sized enterprises in employment creation and calls for specific measures for their promotion. Another area highlighted is the support for cooperatives. In order to implement these policies, it calls for the Decent Work Agenda to be integrated in the MDG-based poverty-reduction strategies and identifies a number of employment-related indicators to be monitored. It finally calls for ECOSOC to bring the international financial institutions and the World Trade Organization along with the United Nations and specialized agencies into a regular policy dialogue to ensure such policy coherence.

Creating a Conducive Environment for Full Employment and Decent Work – The Experience of the Netherlands⁵

By H.E. Mr. Aart-Jan de Geus
Minister for Social Affairs and Employment
The Netherlands

While preparing this roundtable I concluded that many people inside and outside international organisations are thinking about solutions for this problem. And, although there is no one-size-fits-all approach, I hope this conference brings us to a better mutual understanding and new ideas on how to address this issue.

As Secretary-General Annan expressed at the UN Summit of 2005, decent work is recognized as a central objective in reducing poverty and achieving the Millennium Development Goals. The ILO has a leading role in achieving this objective.

The central question I want to address in this workshop is how to reconcile the need for productivity growth and competitiveness with decent work?

Let me be clear on this: Decent work is about providing access to quality employment. It is also about protecting workers and their rights, adequate social protection and social dialogue. These are essential goals in enhancing competitiveness and productivity. The Decent Work Agenda of the ILO is a key factor in achieving sustained productivity in a highly competitive world. This will require that:

- Employment promotion is an integral part of economic growth plans;
- Both quality and quantity of jobs are equally guaranteed;
- Skills and employability are primary goals;
- The fundamental rights of workers are protected including access to social protection.

Such employment nurtures self-esteem, permits self-fulfilment, and provides for the voice of workers to be heard. These, in turn, are the prerequisites for full worker participation in enhancing productivity. Decent work is a global demand today, confronting political and business leadership worldwide. Much of our common future depends on how we meet this challenge.

In my view, productivity growth does not automatically lead to the creation of decent work. Unfortunately there are many examples to illustrate this.

However, I believe that decent work is the key to sustainable productivity growth and vice versa. Studies of the ILO, OECD, World Bank and UNCTAD illustrate this.

I believe an important key towards sustainable productivity growth is sustainable investment. Investment simultaneously generates income, creates new jobs, expands

productive capacity and carries technological progress, skills acquisition and institutional deepening. Other important factors influencing productivity growth are:

- creating a level playing field for all enterprises;
- reducing excess regulation;
- stimulating innovation; and
- providing access to markets and capital especially in developing countries.

The production structure of an economy is, of course, another important key for the development process and for the supply of decent jobs. The level of productivity and the potential for technical progress and productivity growth vary significantly across agriculture, industry and services.

In Europe, the Lisbon Strategy, the European Social Agenda and the European Model of Development provide a broad political framework for resolute action in favour of employment creation and decent work, equal opportunities and social cohesion. From the predominantly reactive approach of employment and social policies in the past, the European model stresses the importance of a pro-active approach. Improving labour productivity is not an end in itself, but a means to combine economic competitiveness and social justice.

In the Netherlands, I have put in place an Active Social Policy Agenda. Social policies need to help individuals overcome barriers to work. Social policies must help reconcile work and family life and they have to become less age-dependent. Reforms in the system of social benefits, early retirement, pre-pension schemes and the health system were therefore necessary steps in the Netherlands to realise both national and European goals of sustainable economic growth combined with solidarity.

What conclusions can we draw on an international level?

1. First of all I want to stress the importance of policy coherence on national, international and multilateral levels, working together, informing each other, and reinforcing each others' efforts on full and productive employment and decent work for all.
2. Secondly I want to underline the central role of the ILO and the importance of the ILO Decent Work agenda and the ILO Decent Work Country programmes. The latter has already shown to be successful in implementing coherent policies in close cooperation with national, bilateral and multinational partners.
3. Thirdly ECOSOC has a role to play in this framework. I hope multilateral institutions can find in ECOSOC a platform where they can work on policy coherence on the issue of decent work on a regular basis.
4. Fourthly I want to stress the important role of enterprises with regard to sustainable development and especially with regard to corporate social responsibility. The positive contribution these enterprises can make to environmental, economic and social progress should be encouraged. In this context I underline the importance of

the ILO tripartite declaration of fundamental principles and rights at work, the OECD guidelines for multinational enterprises and the UN Global Compact.

5. Finally the Secretary-General could contribute to the process, by including in his report on the follow-up to the outcome of the Millennium Summit and the World Summit, the progress achieved on both the policy and the operational levels of the creation of an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development.

The Role of the Private Sector and the State in Promoting Full Employment and Decent Work⁶

By H.E. Ambassador Walter Fust
Director-General
Swiss Agency for Development Cooperation

Introduction

The importance of access to reasonable work for everyone hardly needs to be stated. It is essential for combating poverty, cementing social cohesion and helping to make the world a fairer place. It is also an area in which the state and the private sector are inseparable because neither can achieve its goal alone. However, the challenges to be faced are considerable and require great determination on the part of all the parties involved.

The specific situation of young people

The situation of young people is a major concern. The current figure of 86 million unemployed young people is unacceptable. Young people account for one out of every two unemployed persons. On the human level, this is a real tragedy, and it has a disastrous impact on the economy, on social cohesion, security and peace. It is imperative to make the employment of young people a priority in political decision-making, not only in developing countries but also in industrialised countries.

Because it is convinced of the crucial part that young people play in the realisation of the Millennium Development Goals, Switzerland is currently devising an institutional policy which is designed to integrate young people in its overall development activity.

Role of the private sector

In absolute terms, the private sector is the main creator of employment. However, the business world is not exclusively concerned with financial profit. It also has obligations to society. The quality of employment is linked to respect for framework conditions in the economic, social and environmental fields. To give an example, social protection, and working norms have given rise to international standards for the elimination of toxic chemical products. The notion of companies' social responsibility plays an important role in the promotion of decent work. In this context, Switzerland is delighted with the success of the United Nations Global Compact. The companies that subscribe to the principles of the Global Compact are willing to act on their own initiative in favour of social rights and thus to contribute to development. This approach is particularly important in cases where legislative standards are not high or where the state does not have sufficient capacity to check the implementation of these standards. The Global Compact – along with similar initiatives along the same lines – is a specific instrument which encourages responsible practices by companies, as called for the heads of state and government at the global summit of September 2005.

The role of the state

The main role of the state is not to create employment but to establish conditions that promote full productive employment and decent work for all.

The state plays a key role by establishing a legislative framework. It must do so in such a way as to promote the development of the private sector and the creation of employment. The factors that influence the creation of companies and the development of the private sector are numerous: political decisions on macro-economic issues, legislation on interaction between companies (anti-trust legislation) or on their interaction with their clients and their partners (consumer protection, the fight against corruption), procedures relating to the registration of new companies (reduction of bureaucratic obstacles). The dynamism of the private sector depends crucially on administrative procedures that are transparent, reliable and fair for all partners – employees, employers and job seekers.

The state has another crucial function – that of ensuring decent working conditions. To do this, it drafts legislation concerning social protection, working conditions, human rights, minimum wages, child labour, and guarantees of the right of freedom of association for workers and employers. Provisions in these areas should aim particularly to improve the conditions of the most vulnerable persons and population groups.

The state also performs the function of checking the implementation of these provisions. This mandate presupposes the existence of reliable and responsible institutions, as well as the establishment of mechanisms to ensure the implementation of the legal provisions and compliance with norms.

The state is in a position to allocate resources. To this end, it has substantial funds for promoting the access of all to full productive employment and to decent work by allocating the necessary budget and by providing basic services such as education and health. Public investment in job-creating infrastructure also has a direct and immediate effect on the reduction of poverty, especially when it is targeted on rural areas, areas to which decision-makers and providers of funds should concentrate more if the Millennium Development Goals are to be achieved.

Access to quality education for all is one of the main tasks of the state, in conjunction with interested partners. Improvement of the level of education and the integration of professional training in the national educational system would directly contribute to greater access to the labour market for young people. Depending on the situation in the country, professional training could be based on the sharing of responsibility with the private sector. My country's experience in this regard has been very positive.

The key to development is to make markets work better for the benefit of the poor. In this context, the informal labour market is a serious obstacle in view of its size and of the vulnerability of those who work in it. Although it has absorbed many of the increasing number of workers, especially in developing countries, the quality of the work that it provides remains unsatisfactory. The regularisation of such jobs must therefore be a priority. The need to tackle the problem of the informal sector is one of the main challenges for the state.

The role of ECOSOC in the dialogue with the parties involved

One of the main comparative advantages of ECOSOC is that it is a high quality platform for involving the different parties involved. A debate on employment and decent work, just like any debate on major and complex issues illustrates the fact that states need to engage more with civil society, including the private sector and social partners. In this regard, the tripartite structure of the ILO (founded 1919) could serve as a source of inspiration to strengthen the dialogue between the parties involved.

In the framework of the ongoing discussion about the United Nations reform process, Switzerland would like to see a substantial improvement in the interaction between ECOSOC and civil society. The interactive dialogue with civil society which will take place on 5 July 2006 is a first step in the right direction. However, it will be necessary to institutionalise this dialogue in a more permanent fashion and therefore to increase the quality, the relevance, the effectiveness, the impact and the visibility of ECOSOC's work.

National Development Strategies for Generating Productive Employment and Decent Work⁷

By Mr. José Antonio Ocampo
Under-Secretary-General for Economic and Social Affairs
United Nations

The 2005 World Summit firmly put the development goal of “Full and productive employment and decent work for all” at the forefront of the United Nations development agenda. Indeed, the Summit showed a solid consensus that employment and decent work need to be at the centre of economic and social policies for achieving the primary MDG goal of cutting poverty in half by 2015. Moreover, at the Summit, world leaders concluded that the MDGs and the whole array of internationally agreed development goals may not be reached in many parts of the world under the prevailing employment and labour market conditions.

In tackling this theme, we should focus on its three key dimensions:

- First, designing domestic policies and creating a conducive environment at the national level to full and productive employment and decent work;
- Second, ensuring that the work opportunities available to the poor contribute to lifting the burden of poverty; and
- Third, ensuring that the economic environment at the international level—especially in the critical areas of trade, finance, investment, technology, and international migration—supports the goal of full employment and decent work for all.

Let me begin, however, with a few snapshots. Over the decade since the World Summit for Social Development at Copenhagen, unemployment has risen, rather than fallen. According to the ILO’s Global Employment Trend Brief, in 2005, the number of unemployed worldwide reached new heights—nearly 192 million people. This means that the actual link between global and economic growth and the creation of new jobs has been weak and cannot alone guarantee the much-needed significant reduction in poverty.

At the same time, underemployment, characterized by low productivity and inadequate income, remains pervasive and is probably increasing. Half of the world’s labour force still does not earn enough to lift themselves and their families above the global poverty line of US\$2 per day. While unemployment poses the major challenge in many industrial economies, in most developing countries, poverty results less from unemployment than from the inability of workers to secure decent incomes from their work. This is particularly so in the agricultural sector and in the urban informal economy, which together account for the major share of employment in most developing countries, especially LDCs.

Third, globalization and other related economic processes have widened disparities in incomes among the employed, particularly between skilled and unskilled workers. This trend, together with two others—the rising share of profits and, in some countries, growing regional or urban-rural disparities—explain the fairly widespread trend towards rising income inequality within countries over recent decades. In turn, and in conjunction with other processes, they have contributed to the growing divergence in economic welfare among countries, resulting in what some have described as a “twin peaks” phenomenon with a hollowing out of the middle-income economies.

Finally, we also see significant changes in employment opportunities across the globe, both within and among countries. The net employment effect of shifting production across the world may, in fact, have net job creation effects, with the shift of labour-intensive manufactures or the off-shoring of services to developing countries. Similarly, while trade liberalization may bring efficiency gains, those who lose their jobs gain little comfort from knowing this. More generally, the world seems to be experiencing a long-term trend loss in what people perceive as “secure employment”, whether in the private or public sectors. This trend, together with persistent calls for more labour flexibility, has generated a broad-based and growing sense of economic and social insecurity. In any case, social problems have grown as people lose their jobs or otherwise feel more insecure as a consequence.

The challenge of creating the conditions for full and productive employment and decent work rests first and foremost with national governments. This entails mustering the political will to make employment generation a key priority—not only of social development strategies, but also, and perhaps mainly, of *economic* strategies, at both the macroeconomic and sectoral levels.

Two essential elements of such strategies are sound macroeconomic policies and an overall national development strategy conducive to dynamic employment generation. Economic growth is important, but in both quantity and quality, where the latter is measured particularly in terms of the dynamic generation of quality jobs. This means that employment should be a key objective of macroeconomic authorities, including independent central banks. The idea that macroeconomic policies aim to promote full employment used to be a fundamental tenet of economic analysis, so much so that “the promotion and maintenance of high levels of employment” was enshrined in the IMF’s first Articles of Agreement. But this has often been abandoned due to monetary policy’s shift in focus to the single objective of achieving and maintaining low levels of inflation. Exchange rate policies are also crucial for employment generation in developing countries, particularly as trade liberalization has reduced policy space to adopt pro-active industrial policies. And the fiscal space for public expenditures should also be preserved, especially in situations of economic recession that may necessitate counter-cyclical policies.

For many developing countries, the agricultural sector is still the main employer, particularly in sub-Saharan Africa and South Asia. Accordingly, a more intense focus is needed on rural development, with a view to expanding market access, employment and productivity. More broadly, the prevalence of the working poor in the developing world points up the importance of creating employment sufficiently productive to yield a decent

income. For this reason, employment generation and productivity growth must be pursued jointly. A comprehensive strategy for achieving them together over the long run involves investing in dynamically growing sectors of the economy; promoting micro and small enterprises, where most employment is generated today in too many countries; and building strong linkages between dynamic sectors and small firms. It is in this context that promoting entrepreneurship plays an essential role, by making it easier to start and nurture small enterprises that provide more and better jobs.

The evident restructuring of firms, sectors, and even whole regional and national productive structures around the world has put in even sharper relief the crucial role that investments in education and training play in ensuring a skilled and adaptable workforce in a globalized world. Beyond that, the rising sense of job insecurity must be managed through strengthened social protection systems. In developing countries, where the traditional link between employment and social protection is weak, this will require increased State responsibility for providing social protection through fiscal mechanisms not tied to social security contributions. Indeed, the need to balance labour market flexibility with protection must be at the center of the global development agenda. This also includes avoiding excessive rotation of personnel that, according to existing evidence, reduces productivity. It is important as well to take into account alternatives to traditional labour market flexibility to facilitate adaptation to technological change and global competition. This could involve institutions that enhance labour-business cooperation for adapting to changing circumstances, at national and local levels and within firms: that is, social dialogue in the language of the ILO. And, above all, flexibility should never be treated as a substitute for adequate macroeconomic policies. For, indeed, in an unstable macroeconomic environment, additional flexibility may lead to a sharp deterioration in the quality of employment, while yielding only dubious benefits in terms of the quantity of “formal” labour employment, its primary objective.

We need to bear in mind that, beyond their effects on the quantity of formal employment, labour market institutions have implications for both the quality of employment and labour-business cooperation, as well as distributive effects. In this regard, some analysts argue that labour flexibility has been one of the major forces behind the broad-based trend towards worsening income distribution in the world, while centralized wage bargaining has functioned as a defense against this trend in a few countries. Labour unions are also a major means of social participation. Social dialogue, engaging labour unions and employers’ associations, can help to ensure that policies are balanced and enjoy wide public support. Countries may also consider developing guidelines and benchmarks, along with peer review processes, in order to strengthen country-level implementation and accountability for achieving full employment and decent work.

While national governments play a key role in developing a national policy environment conducive to employment and decent work, enhanced international cooperation in addressing macroeconomic and trade-related issues is also essential. Particularly important at the international level is a more balanced and coordinated strategy for sustainable global growth and full employment, and one which includes equitable sharing among countries of responsibility for maintaining high levels of effective demand in the global economy.

Patterns of international investment, the growth of trade and cross-border movements of workers all affect jobs, incomes, security and the rights of workers. Better-coordinated international policies in all of these areas are therefore needed to improve the prospects for achieving productive employment and decent work for all in the global economy.

This also means better coordinated policies in the UN system and the wider international community. In this respect, I am encouraged by signs of more concerted and coherent action by all UN agencies, funds and programs, the international financial institutions, and donor and lending agencies to place employment issues at the centre of their activities, exemplified in the wide and diverse participation their event has attracted. More effective mainstreaming of employment policies into national development and growth strategies should figure prominently at the country level, including through the incorporation of the ILO's Decent Work Country Programs into the UN Development Assistant Frameworks (UNDAFs).

I am convinced that the goal of full employment and decent work for all can be achieved through integrated and coherent policies at the national and international levels. Let us, over the next two days, make a solid contribution to this goal, so crucial to our making manifest the broader vision of development for all, which we all share.

Global Labour Market: A Moving Paradigm⁸

By Mr. Daniel Funes de Rioja
Member of the Executive Committee and President of the Social Policy
Department at the Argentine Industrial Federation (UIA), and
Employers Vice President at the Governing Body and the Conference of
the International Labour Organization

Introduction

The fundamental role of business in society is wealth creation and enterprise development, which constitute the main sources of employment generation. Enterprise and job creation is the crucial ingredient for functioning and developing societies. When it is hampered, emasculated or not properly cultivated, major economic and social pressures can emerge. Political systems can be compromised and instability can result.

As employers, we uphold that the free initiative model can only exist where there is democracy, freedom and a sound institutional framework. Good governance, transparency and government systems that encourage domestic savings and investment are essential factors that can boost economic growth and, with it, will shorten the path to well-being and progress.

Employers support efficient and effective governance because simply put, *it is good for business*. The State must of course be present because no well functioning society can exist without a State that guarantees respect of the law and places the welfare of the people before that of the individual, while at the same time guaranteeing respect for individual rights.

Creating sustainable enterprises

The challenge today is to turn economic virtue into a virtuous social integration process, based not simply on expressions of will but on concrete efforts towards productive investment. But there must be incentives for productive investment and genuine employment, particularly in small and medium enterprises; access to technology and to markets must be facilitated; and there must be an education system that fosters the link between enterprises and society to ensure the training of qualified personnel who meet the needs of business in a globalized and highly competitive world.

The 10 fundamental pillars

Globalization is rooted in the market but it does not end there: freedom must be exercised responsibly. This is the root of good governance within the enterprise. I see “10 fundamental pillars” for sustaining enterprise development and creating a favourable investment climate. These are:

1. Democracy and the Rule of Law;
2. Sensible fiscal policies and an efficient public administration;

3. Investment policies, access to technology, encouragement of private initiative and enterprise development;
4. Friendly regulatory frameworks, particularly in relation to small- and medium-sized enterprises;
5. Respect of fundamental human and labour rights. The ILO *Declaration of Fundamental Principles and Rights at Work* remains vitally important as the only truly global consensus on the principles that all governments should look to achieve. The Declaration has played an important role in social development;
6. Protection of property rights;
7. Employment creation as the basis of sustainable development;
8. Labour flexibility and efficient social security nets that do not impair competitiveness (flexi-curity);
9. An inclusive and modern education and vocational training system;
10. Social dialogue.

Creating the environment for enterprise growth

The last number of years have seen an increased recognition of the fundamental importance of the market economy system and the private sector as its principal actor, in generating economic growth; achieving social development goals and in creating jobs and opportunities where none existed before. The right policy mix that enables the market economy to function effectively and the private sector to thrive, underpinned by open access to global markets, has produced extraordinary results, where it has been implemented.

Developing the appropriate national and international policies to create an environment conducive to economic growth and job creation requires investment in physical and social infrastructure to foster productivity and achieve competitiveness and -- as a logical consequence -- income distribution that guarantees social cohesion, creating the necessary conditions to achieve a balance between production and labour, leading to a true sustainable development.

Political stability and effective rule of law are evidently key platforms to stimulate enterprise creation and development because business needs a predictable and stable environment in order to have the confidence to engage in entrepreneurial activity. In many countries, in particular developing countries, the regulatory environment with which enterprises, particularly SMEs, find themselves faced with can be both oppressive and emasculating. Enterprises in many developing countries can face up to three times the administrative costs, and nearly twice as many bureaucratic procedures (and the delays associated with them). Moreover, they often have fewer than half the protections of property rights of developed countries.

There is, of course, no simple configuration of laws and regulations that can be termed as 'ideal' for a given country to adopt. Each national circumstance is different and policies need to take into account those differences making it easier to open and close a business.

Reforming legislation and regulation is also not a black and white issue. For instance, many micro- and small enterprises are neither completely formal nor informal. Markets need rules to function effectively. It can be the case that *more* legislation is required (for instance in the case of property laws). In other instances it can be a case of “smarter and more effective legislation”: it is not simply a case of advocating for widespread dismantling of legislation. Hypothetical calculations (by the World Bank) of the impact of a better business climate have shown that annual economic growth can be increased by up to two percentage points.

A refrain often heard is that regulatory reform is costly. However the actual costs are modest for many of the most necessary reforms. Small businesses above all need a level playing field in which to operate. Where subsidies are in place, such as special licenses, this can act as an unfair barrier and discourage competition.

Rules that constrain market entry and expansion can have a negative effect on SMEs. Predictable rules and access to enforcement of contracts and dispute resolution mechanisms are essential for SMEs to enable them to innovate, scale up existing activities and diffuse their knowledge. A supportive tax regime needs to be in place to encourage entry into the formal economy.

Adapting the rules of the labour markets to the new realities of the world of production with labour flexibility but also with social protection as a vital element of well-functioning market economic systems, will provide an essential safety net (flexi-curity). An individual establishing a business is going to be hesitant to employ someone if they know that if market conditions change it will be very difficult to let that person go, thus putting the entire entity at risk. Social protection systems need to be affordable, sustainable and innovative, because generous social systems can act as a direct barrier to enterprise development.

Property rights: Foundations for development

If individuals have confidence that their property rights are secure then they are much more likely to look to expand and develop the business and reinvest their profits than those that do not. Property rights are tools for empowerment and play a key role in helping small enterprises to develop into fully fledged and growing enterprises. In parallel with reforming property rights governments also should if necessary put in place improvements in the land registry, collateral registry and access to the courts.

Entrepreneurship: Making society thrive

Let me now turn to the essence of what we are talking about – job creation. The fundamental importance of entrepreneurship in terms of national development strategies is now increasingly acknowledged by international policy makers. The report of the UN Commission on the Private Sector and Development entitled *Unleashing Entrepreneurship: Making business work for the poor* (March 2004) stated: “The poor entrepreneur is as important a part of the private sector as the multinational corporation. It is about acknowledging that the private sector is already central to the lives of the poor and has the power to make those lives better... ..it is about unleashing the power of local entrepreneurs to reduce poverty in their communities and nations”.

Entrepreneurship is the vital tonic that keeps economies dynamic. For governments, policies aimed at increasing and scaling up entrepreneurial activity have direct and immediate repercussions in terms of expanding the tax base. The benefits are clear and tangible in that respect. But the wider benefits are job creation, providing opportunities to other enterprises as suppliers; fostering trade and investment relationships (which can also lead to increased stability).

Technology: Driving innovation

For society as a whole the essence of entrepreneurial activity is innovation. Successful entrepreneurial activity should by nature be a reaction to a given market demand. It is providing a choice. A key element in encouraging enterprise development is technology. When we think of technology we think of broad band (complicated IT platforms and so forth) but also of basic technology and its impact – for example, the mobile phone.

Innovation is particularly important as it is the crucial element in generating endogenous growth – the chain reaction that leads to virtuous circles of growth by utilizing new technologies, which in turn leads to increases in productivity, thus expanding further existing market opportunities and in turn leads back to incentives to innovate.

But the key challenge for potential innovators in many developing countries is incentive. Governments should develop incentives to innovate, through intellectual property rights and, perhaps most importantly, capitalizing on existing technology developments. Even if countries are not inventors of technology they can still be beneficiaries through the importation of technology.

In order to create sustainable development conditions there needs to be a focus on the long term – creating the conditions for innovation. This means investment in basic sciences in universities (and more generally in technical and scientific education), keeping a strong emphasis on productivity improvements, and creating the conditions to enable markets to expand.

Government needs to ensure that incentives are in place to motivate individuals to create innovative companies in all economic sectors, especially in those that require knowledge-intensive skills.

Global labour market: A moving paradigm

Countries are increasingly facing competitive pressures. Certain economic sectors have seen (and will continue to see) change, sometimes significant change, as operations move to more cost-effective locations. This needs to be seen in terms of the natural evolution of societies and economies. Globalization has enabled companies to increase productivity by transferring elements of their operations to others that can do such tasks more efficiently.

Cost savings are enabling companies to offer new, cheaper, more flexible, and often higher quality services to their clients and allows them to focus on what they do best, freeing up capital to be reinvested in research and development and more productive activities.

This process also gives companies access to scarce talent and facilitates access to foreign markets. The ability to outsource lower skilled jobs abroad rather than shutting up operations is also giving many small companies a future they may not have had. In low-income and transition countries it is enabling enterprises to provide increasingly sophisticated services around the clock.

For these countries the development of labour-intensive high-tech service industries helps countries to gain high-income services jobs and boosts economic growth.

The cross-border supply of IT and business process services helps to transfer technology and to reduce the technological divide. The key point is that international sourcing is not a zero-sum game- it can be *win-win*.

Final remarks

The business community is clear in its primary role in society of wealth creation and opportunity. However, ultimately success will depend on the willingness and capacity of local and national governments to create and implement the appropriate policy frameworks, and to pursue social dialogue and partnerships within society, because working collectively and in harmony, these key social actors can deliver on the promise of decent and productive work for all.

The Role of Enterprise Development in Promoting Decent Work⁹

By Ms. Jacqueline Coke Lloyd
Executive Director
The Jamaica Employers' Federation

The work of the United Nations Economic and Social Council (ECOSOC) is recognized and greatly respected. The theme “creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all” highlights the collaborative nature and international flavor of any effort that is to succeed at creating decent work for all. Indeed it is an effort that must reflect not only the leadership of employers but also the productive efforts of employees.

The topic of the present paper is “the role of enterprise development in promoting decent work”. To better consider what the role of enterprise might be in this context, let us focus a little on what the ILO considers decent work to be.

According to the Director-General, Juan Somavía, “the primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.” An extended explanation of decent work drawn from the ILO website states that “decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men”. From this perspective, decent work may not be attained outside of the context of freedom, equity, security and human dignity.

This suggests that decent work extends beyond the bounds of the workplace into the arena of politics and societal norms. Why politics? Because issues such as freedom of expression are governance matters often tied to the political arena. Equity is both a socio-cultural and political matter. The implication here is that decent work that considers these factors is as much an objective to be attained by good business practice, as it is a matter for society and state to facilitate. For this reason, although decent work is often associated more with the developed countries than developing, workers are also found to be working in conditions that may not be considered decent in economically prosperous or growing countries due to the political bent of the leaders. In this regard, some countries of the world that are growing in economic prosperity do not allow freedom of expression. Equally, some others that are considered economically advanced do not allow equality in areas such as gender.

Perhaps the experience of the Jamaica Employers' Federation (JEF) in introducing the Youth Employment Network (JYEN) to Jamaica provides an approach that may be considered. In establishing this network in Jamaica, JEF communicated with all the

stakeholders including government and civil society and got them involved as members of the steering committee of the JYEN. The course of development of the network and the approach to delivering its objectives were all shaped by this collaborative process. The end result is that the JYEN has been implemented with the full support of the government of Jamaica and its relevant agencies, the private sector and civil society. The JYEN has now taken on a life of its own with the JEF supporting as the Secretariat and as a member of the steering committee. It has to be noted that this is an example of good collaboration, not of a political environment that is not conducive to decent work because the Jamaican government has done much to facilitate a good work environment. Having said that, this multi-stakeholder approach could be taken in the pursuit of the development of enterprise that seeks to foster the ideals of decent work. To achieve this, enterprises need to collaborate with each other in such a way as to garner a political and societal response to the need for an appropriate environment for decent work.

Enterprise development as an end in itself is an avenue through which decent work may be created. In many of the poorer countries of the world, the absence of opportunities for work lead people into marginal employment. Peddlers by the roadside selling cigarettes or other small items, unable to earn enough to eke out a reasonable living for themselves or scrounging in unhealthy environments to produce substandard goods are but a few examples of this. Clearly, the development of meaningful enterprises will reduce the extent to which this may happen. The need for enterprise development is most apparent in developing countries with persistently high levels of unemployment and underemployment. However, there are often hindrances to the establishment of new enterprises in these countries. One of the hindrances is the absence of financing. In my country, while many new financing opportunities are being created, sadly, many small manufacturers of items such as furniture are unable to access funding to grow their business.

The reason is that financing for micro-enterprise is focused on enterprises that offer quick cash returns rather than those that await longer term returns. The result is that many artisans who might have been able to grow into bigger businesses are operating marginally. This is also true with respect to agriculture. As a priority, the international community will need to examine its role in influencing the creation of financing avenues for enterprises such as these. Otherwise, marginal employment will continue to characterize small and micro manufacturers as well as agriculture.

Another hindrance to the growth of enterprise is what I will term the absence of a business culture. By a business culture, I mean a bent to seeing and acting on opportunities for business. In many developing countries, opportunities for business go “a begging” because there are no takers. There is a need to incorporate in the training and education of the general populace, especially the young in these countries, an understanding of how to identify and act on business opportunities. This is a most crucial step in the process of enterprise development. This needs to be accompanied by practical training in how to operate successful businesses. Those countries of the world that have become drivers in the world of business have grown on the enterprising nature of their population. There is therefore a critical need for this type of orientation.

Some of the other hindrances to business development are well-documented and often ventilated. These include inflexible labour market policies, onerous registration processes, costly demands on enterprise that make business operations expensive and high government taxes. These have led to the growth of the informal sector. These hindrances are not easily removed. With respect to the registration processes, in some countries, the absence of appropriate technology aligned with the need to monitor the operations of enterprise lead to the creation of cumbersome and unwieldy procedures. The solution is to assist government to devise mechanisms that will allow them to monitor business activities without resorting to complex registration procedures.

On the matter of the costs involved in business operations, the causes are varied. In many of the less developed countries, the absence of appropriate technology makes the operation of business more expensive. Sometimes it is a matter of being unable to afford the technology. At other times it is a matter of needing to be exposed to and trained in the use of the desired technology. With respect to the issue of affordability, small micro businesses need to consider collaboration in the purchase and use of expensive equipment. They need also to consider a joint approach to marketing in order to be able to access bulk markets and thereby increase their sales and profitability.

As regards exposure and training, a collaborative approach would also allow these enterprises to gain access to training opportunities and technology fairs where they may view new and advanced equipment. The developed countries could consider more innovative development and marketing strategy that will render technology more accessible to small entities in developing countries.

Of course, government may advance the process by creating incentives such as duty waivers and tax breaks to encourage the use of appropriate technology in small businesses and to assist in incubating new businesses. Financing institutions may assist by looking at creative financing mechanisms that consider the special needs of small manufacturing and agricultural enterprises in particular.

Having looked at some of the issues surrounding enterprise development, I would like to revisit the notion of decent work. There are realities in developing countries that may not exist in developed countries and which may impinge on the way that enterprises develop and operate and on how they define and regard decent work. These are often reflected in social and cultural norms. The question is: to what extent should the definition of decent work consider differences in socio-cultural values? Should consideration be given to what is acceptable by the society in looking at the way in which enterprises develop and practice? Is there such a thing as a universal standard? If so, whose standard should be the universal mark? I am not here attempting to say whether or not there should be a standard nor am I attempting to say what this standard should be but I believe it is an issue that should be raised for consideration. In this regard, I draw your attention to the employers' working definition of decent work as expounded by the International Organization of Employers (IOE). They state that decent work:

- requires, in the first instance, the creation of employment opportunities.

- does not mean universal standards applicable to all workers and jobs throughout the world. It is a relative concept, a moving target and a goal to be achieved within the capacity and development goals of each country.
- does not mean every worker performing comparable work must receive the same quantum of wages and enjoy the same conditions of work everywhere.
- does not mean the application of all international labour standards in all countries.
- is conditional on a country having an adequate level of sustainable economic development and capacity, which are prerequisites for alleviating unsatisfactory social and economic conditions. This definition recognizes the impact of differences in culture and socio-political environment.

As we contemplate these issues, the impact of globalization on the development of enterprises in developing countries comes into focus. Globalization is a reality that all countries of the world must face. It has brought into focus international standards and benchmarks. It has brought with it competition that has in some instances, fuelled the advancement of enterprise in developing countries. It has created opportunities for growth and development that have pulled some developing economies into the first world and are continuing to pull others. However, in other instances, it has worked to the detriment of some enterprises. The changes in the trading regimes under the *Lomé Convention* for example have created unemployment in agricultural enterprises and for small farmers. The centuries-old problem of unequal trade (enterprises selling low value products in return for high value goods and services) and the imposition of standards on under-prepared enterprises are two other consequences of globalization. The result is that many small businesses have gone under in developing countries and left segments of the population impoverished or working in conditions that are substandard.

The failure of small enterprises and the lack of other acceptable employment opportunities have resulted in increased outward migration from many of these countries. This outflow has involved equally the highly skilled and low-skilled workers from the countries involved. World Bank estimates indicate that the majority of tertiary level graduates in countries such as Jamaica emigrate due to lack of employment opportunities. This so-called brain drain is believed to have affected the rate of development of some countries of the world.

One of the best ways to promote decent work for the poor is to invest in people's indigenous skills and competences by facilitating an enabling environment for entrepreneurs and small enterprises. This, however, will require the commitment and support of the governments of our respective countries as well as other international donors in ensuring the long-term viability of these enterprises. These enterprises may range from agricultural production, service-type industries, light manufacturing or home-based enterprises. The size of these enterprises may also involve an entire community, a small group of workers or a single individual, all having the potential to employ other workers.

These enterprises have worked successfully in several developing countries as a source of jobs for the poor and even in our richest nations. It is therefore no surprise that the ILO's

global agenda for employment places small enterprise in its proper place – “at the heart of job creation”. Data from the United States’ economy suggest that over 60 per cent of the country’s Gross Domestic Product (GDP) and employment is generated from small and medium enterprises. We can therefore, with confidence, support these self-help programs as a vehicle through which we can provide sustainable decent work, primarily because assistance and relief programs are temporary responses and cannot create sustainable jobs.

As mentioned earlier, the Jamaica Employers Federation is at present the Secretariat for the Jamaica Youth Employment Network. One of the non-governmental organizations (NGOs) supported by the JYEN is the Agency for Inner-city Renewal (AIR). The mode of operation of this entity is to actually go into the targeted inner city areas to directly incorporate unemployed individuals. This organization therefore adopts a proactive approach towards stimulating employment and entrepreneurship in the inner-city area of Trench town, Jamaica (home of Bob Marley). AIR utilizes the business incubator approach whereby business ideas of residents are given support in the areas of business plan development, financing, procurement, business management training and marketing. One example of the success of the program is a computer network enterprise. This started as an idea of a young man in the inner city, and through the support of AIR that micro-enterprise has a permanent business location, and a clearly identified market. The proprietor has also been facilitated to start a degree program in management. In addition to all of this, the business has been able to generate employment for five (5) individuals. This is a prime example of identifying employment opportunities outside of the traditional areas of employment.

A second initiative of JEF in assisting to create non- traditional employment opportunities is our Young Entrepreneurs Association (YEA). The key objective of this organization is to facilitate networking, business venture and market expansion opportunities as well as the lobbying of regulatory agencies to facilitate an enabling environment in which young enterprises can grow and prosper.

In JEF’s continued effort to identify new market opportunities and to enhance the quality of output by our workforce, we have entered into two partnership arrangements, a concept that we wish to promote at this meeting. The first is a Memorandum of Understanding (MOU) between the national training agency of Jamaica and JEF. The foremost objective of this MOU is to facilitate cooperation between the two partners in enhancing the quality of the Jamaican workforce. We must inform you that some of the primary beneficiaries of this program are the unemployed and marginalized in our society. These individuals benefit by acquiring skills and competencies via training opportunities made available to them. In this partnership these individuals are given work experience and additional training at our members’ organizations, thus improving their ability to take full advantage of previously out-of-reach employment opportunities. This mutual relationship also allows them to have the basis by which they can start their own accounting businesses.

Another partnership launched by JEF is the Youth Career Development Program. This is a special tripartite proposal comprising JEF, the Jamaica Hotel and Tourist Association and the Jamaica Chamber of Commerce. The program is designed to target school

dropouts who are most at-risk of being recruited into criminal activities; in other words, those most in need of the opportunity.

Another initiative in promoting decent work is the Employer of Choice competition hosted by my federation. This competition and awards process seeks to improve the productivity and competitiveness of enterprises through their attraction, employment and retention of the best workers. This competition mandates that enterprises assess their policies and strategies including labour management relations, working conditions, learning opportunities, communication with employers, employee satisfaction, occupational safety and health, public relations/image and wages and benefits. These policies and strategies are evaluated by experts and workers in the business. Employers are provided with a status report upon completion.

From the foregoing, a number of factors become clear. First, the development of enterprise is essential to the removal of substandard working conditions as new and prosperous enterprises provide decent employment and working conditions. The failure to do this contributes to the brain drain. Secondly, enterprises may not prosper outside of an enabling environment in which business processes are relatively easy, credit is available, technology is affordable and available, government facilitates and workers are productive. Third, the provision of decent work does not hang only on the enterprises but also on the socio-political environment in which they operate. Fourth, there is need to debate the appropriateness of having a universal standard of decent work in the context that some enterprises operate in countries where the political or cultural-legal framework do not support some of the notions of decent work that are internationally held. Fifth, globalization has affected some small businesses in a negative way and this has contributed to the impoverishment of some segments of the population in developing countries; this points to the need for support mechanisms that operate at the enterprise level to prepare enterprises for globalization.

In Jamaica, there has been increased focus on the role of private enterprise as the engine of development. This has transformed the structure of the labour market and appears to have borne fruit as the main indicators of economic development are getting better. In this regard, the unemployment figure has fallen from close to 20 per cent to less than 12 per cent in the last 10 years. Similarly, the figure for poverty has fallen from 30 per cent in 1989 to less than 15 per cent in 2004.

There is little doubt that a great deal of this success is related to the increased importance of enterprise in the development of the economy. This notion is supported by the fact that over the last 10 years, the role of government as an employer has shrunk from close to 50 per cent of employment to less than 13 per cent in 2004. Conversely the proportion of self-employed workers has risen from close to 10 per cent 15 years ago to over 34 per cent in 2004. Our intervention has highlighted the fact that collaboration between young enterprises and the support of an enabling environment are catalysts for the success of these businesses. All considered, it is clear that enterprises, governments and the international community need to collaborate to hasten the development of emerging entities in developing economies. This collaborative approach will ensure that the issues attendant on the successful development of enterprise and on their contribution to the creation of decent work will be resolved.

In conclusion, it is pointed out that what is contained here is not necessarily the final or indeed the complete word on the subject. Rather, it is to present perspectives that could contribute to discussions that will fuel the development of appropriate policy and spur the implementation of appropriate action as we pursue the goal of decent work for all.

Creating an Environment for Full Employment¹⁰

By Dr. Milivoje Panić
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A few key issues are suggested here for discussion. Though not new, they deserve to be considered carefully because each is of critical importance in creating a national environment conducive to full employment and decent work.

First, it is surprising how often it seems to be forgotten that economic growth and full employment are the means to important social ends, not an end. The goal – and all major economists agreed about this – is to provide people with a standard of living and economic security that will free them from poverty, squalor, ignorance, disease, despair and low self-esteem caused by unemployment and idleness. As President Roosevelt warned the Congress in 1938: “The liberty...is not possible [in a country] if its business system does not provide employment and produce and distribute goods in such a way as to sustain an acceptable standard of living.” The problem is that economic growth and high levels of employment do not guarantee automatically ‘an acceptable standard of living’ for all.

Second, how this problem is solved will have a lasting effect on the quantity and quality of economic development and employment. Modern industrial economies and societies can function only through a highly complex collective effort. The intricate division of labour, on which their success is based, makes every individual and group highly dependent on countless other individuals and groups. To achieve important economic and social objectives under these conditions requires solidarity, widespread commitment to the same goals and equally widespread consensus on how to realize them. Not surprisingly, virtually all the countries that, according to UNDP, enjoy the highest level of human development tend to share two characteristics: a high degree of social inclusion and a distribution of benefits from economic progress that are generally regarded as ‘fair’. People will give full support to economic change when they have a stake in it.

Third, these countries tend, actually, to share something else that is equally important for success in the collective effort: a pragmatic approach to solving their economic and social problems – adapting the best practice institutions and policies from other countries to their own traditions, circumstances and needs. This is of particular relevance to our discussion today. Countries around the world are under considerable pressure now, not least from some members of my own profession, to deregulate labour markets, emasculate the welfare state and cut labour taxes. These measures are believed to be the only way to achieve high levels of employment.

They may well be appropriate in some countries – provided that their population is prepared to tolerate the kind of problems that I mentioned at the beginning. However, the fact is that many of the countries that have the highest levels of human development, employment and economic security in the world are continuing to enjoy all these benefits

even though they regulate their labour markets, have a highly advanced welfare state and high labour taxes. They have also an effective consensus creating framework that involves labour unions, employer organizations and the government.

Fourth, even some of my fellow economists seem to forget these days that demand for labour is *derived* demand. It depends on demand for the goods and services that labour produces. In other words, taking the economy as a whole, it depends on the level and growth of aggregate demand. The goal of full, even high, employment is unlikely to be achieved, therefore, if the primary, overriding objective of macroeconomic policy is to maintain a low and stable rate of inflation irrespective of what is happening to unemployment.

The result of such a policy, as the world learned in the 1930s, is persistent deflation, economic stagnation, unemployment, low levels of economic security and income, greater inequality and poverty. These are precisely the conditions that, as happened then, give rise to political upheavals and military conflicts.

Finally, globalization may affect the effectiveness of macroeconomic management in a single country. It does not make it irrelevant. A number of small countries in Europe, for example – whose economies are, because of their size, always ‘open’ and therefore ‘globalised’ – continue to demonstrate the relevance of appropriate macroeconomic policies that take into account more than the inflation objective.

However, globalization inevitably reduces the ability of a country to create an environment conducive to full and productive employment if its most important trading partners pursue either different goals or policies inconsistent with the objective of full employment. As a result, in conditions of globalization, economic prosperity and socio-political stability become increasingly an internationally shared responsibility – though the main responsibility for economic welfare of each country continues to rest with its people and national authorities. How this shared responsibility is exercised is probably going to present the international community with its biggest challenge in the present century.

More and Better Jobs: A Multi-Sector Strategy¹¹

By Mr. Robert Holzmann
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The World Bank

The economic and social transformations over the last decade have put the economies of many developing countries on higher, and more sustainable, growth paths. In too many cases, however, these transformations have not led to major improvements in labour market outcomes, resulting in high or even increased unemployment, particularly among youth, and in more inequality and exclusion.

The unfavorable employment outcome observed is the result of a number of interacting factors. Sustained growth and job creation were required to absorb the increase in labour supply implied by the larger youth cohorts that entered the labour market over the past decade in much of the developing world. Greater integration in the global economy has increased opportunities for developing countries to access new markets and technologies, but has also exposed them to stronger competition from other countries. In particular, the full integration of China and India in the world economy has put pressure on wage rates world-wide. Globalization has also led to a strong integration in the markets for goods, services, and factors of production allowing firms in the developing world to choose their production technologies. This choice would not be pro-labour if policies, rules and incentives dictated otherwise. Yet, economic growth that does not lead to employment generation will not deliver on its own poverty reduction and development objectives.

Creating more and better jobs requires strong and sustained economic growth, as well as an increase in the employment content of growth. The empirical evidence suggests that certain firms – often small- and medium-sized ones – are more labour intensive than others, that some sectors are more conducive to job creation than others, and that enterprises in a given sector react to incentives and relative prices in their choice of production technology and hence labour content. The policy conclusion that follows this assessment, however, is not for governments to actively try to influence the enterprise's choice of sector, firm size or production technology. The experience of such policies has, in general, not been encouraging. What is of utmost importance is to create a *level playing field* for enterprises. Very often small- and medium-sized enterprises are disproportionately affected by a poor investment climate, and many of them prefer to stay informal and small. Moreover, potentially innovative firms that can contribute to the creation of good jobs are often hampered by regulations and lack access to markets and capital in many developing countries. And lack of competition and preference treatment for large, well-established businesses often creates incentives for enterprises to adopt more capital intensive production modes.

Creating at once the conditions for sustained economic growth, a climate of investment and enterprise formation, as well as more and better jobs requires a multi-sector approach. Five sectors are considered critical and their review is worth the *extra MILES to go*: **M** as in sound macroeconomic policy, including a supportive fiscal space; **I** as in

good investment climate to promote job creation by private firms as well as sound institutions able to foster good governance; **L** as in appropriate labour market institutions which support the necessary flexibility while providing protection to workers; **E** as in good formal and informal education, market-relevant skills and life-long learning; and **S** as in social safety nets and other income support measures that protect the vulnerable, allow individuals to take risk, and help create more equity in a globalizing world.

The **MILES** approach suggests as a first step a review of policy and institutional frameworks in various countries in order to identify the key binding constraints in policy areas to be reformed. A critical element at this stage is a policy dialogue and close interaction between the key policy makers and ministries. The effectiveness of government actions on job creation, poverty and growth should be closely monitored and evaluated. The system should allow for policy adjustments but should also entail a learning process across countries. This approach underlies the focus of a recent World Bank study in Eastern Europe and the former Soviet Union as well as ongoing work in Turkey. Current plans include country pilots in other World Bank regions which are undertaken in close coordination with internal and external partners, and are closely monitored.

Creating an Environment Conducive to Generating Full and Productive Employment and Decent Work for All: Contribution of Forestry Activities¹²

By Mr. David Kaimowitz
Director General
Center for International Forestry Research (CIFOR)

Many times forestry activities get forgotten when people discuss employment. In fact, a study done several years ago by Peter Poschen from the ILO estimated that forestry generates roughly 17 million formal sector jobs globally and the equivalent of another 30 million informal sector jobs; and while formal sector employment has tended to stagnate, informal forestry activities continue to grow. A recent World Bank review of 54 studies of household income in 17 countries in Asia and Africa found that on average forestry activities provided about one fifth of the households' total incomes. Collecting, processing, and selling fuelwood and all sorts of non-wood forest products is particularly important for women and many studies show that its precisely in situations of household or social hardship that people rely on forests most.

Even so, forest-based activities generally get neglected. There are a number of reasons for that:

First, as soon as anyone mentions forests people tend to think about the environment, and forget about how important things like fuelwood, medicinal plants, wild meat and construction materials are to poor people, and where they get the materials for all their carpentry, furniture, and construction work.

Second, many informal forestry activities are officially illegal, and do not get counted. There are all sorts of laws against small-scale logging, hunting wild animals, and similar things that supposedly help the environment but actually only breed corruption, deny opportunities, and criminalize the poor.

Third, these activities tend to get neglected for the very same reasons they are important for this discussion. They mostly involve really poor people, ethnic minorities, women, and other marginalized groups that generally do not get much attention. And even for these people they are often not their main activities, but only one of a number of things they do to survive.

This *is* an area though where there are lots of opportunities. For example, the very rapid growth in urban populations in Africa has greatly increased demand for locally produced furniture, charcoal, medicinals, bushmeat and construction materials. That can be a great opportunity, if we can work with local people to make the activities more sustainable and give them the support they need to increase their value added. We are also seeing a lot more interest from companies in South Africa and parts of Asia in contracting small farmers to plant trees to make pulp. Forest tenure reforms in a number of Latin American

and Asian countries have also opened up new possibilities for commercial community forestry activities.

The key question for this discussion, of course, is not so much what are the trends, but what do we need to do so that forest-based activities can generate more and better jobs?

For that, there are six specific suggestions:

First, national governments need to continue to promote forest tenure reform, and give small farmers and local communities greater access to publicly owned forests. Giving these groups access to those forests will almost certainly provide more jobs than turning them over to big companies.

Second, the various explicit and implicit subsidies governments currently give to large-scale forestry activities and poorly managed forest rehabilitation efforts should be re-directed to activities designed to truly improve livelihoods.

Third, forestry laws and regulations need to be redesigned to stop criminalizing the poor and to encourage more participatory approaches to making forest management more sustainable.

Fourth, micro-enterprise development projects need to make specific efforts to support forest-based activities, and they need to work with producers to make those activities more sustainable. Currently most micro-enterprise development projects give very little attention to forest-based activities, except perhaps for carpentry and furniture. And our experience suggests that it is not going to change without a very concrete explicit effort.

Fifth, we need to work closely with grass-roots forestry organizations where they exist. Right now those organizations tend to be much stronger in Latin America, South Asia, and the Philippines, but hopefully they will soon emerge in other regions as well, as countries become more democratic.

Sixth, these five points need to be fully reflected in the Poverty Reduction Strategies. Our experience has been that over the last few years significantly more Poverty Reduction Strategies talk about forests, but it is mostly rhetoric and there are very few concrete measures that are likely to really help poor people. Unless we get those measures firmly into the priority policy and investment lists, it is going to be very hard to push them through.

In summary, we are convinced that forests are extremely important for getting people jobs and they could be much more important if we had the right policies in place. If this forum makes a few small steps in that direction, it will definitely have been worthwhile.

Growth and Labour Market Outcomes¹³

By Mr. Peter Fallon

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Sustaining poverty reduction and progress towards the Millennium Development Goals (MDGs) entails an improvement in labour market outcomes. Improvements must include not only increases in employment generation in the formal sector but also higher wages in agriculture and the informal sector. Higher incomes for rural and urban informal workers are particularly important, as such workers may constitute the bulk of the national labour force and usually earn less than their counterparts in the formal sector.

It is by now widely agreed that economic growth, especially broad-based, labour-using growth, is the only sustainable way of improving labour outcomes. In low-income countries where underemployment may persist in the subsistence agricultural and informal sectors, growth can raise labour income in these sectors while permitting the transfer of workers to higher-paid, higher-productivity jobs in the formal sector. Such a transfer should reduce inequality in labour incomes. The importance of growth for labour outcomes is borne out by empirical evidence for low- and middle-income countries— in countries where data are available, higher long-term growth is normally associated with rising real wages in agriculture and manufacturing. I would like to sketch out the key elements of an agenda geared to achieving these aims.

There are a number of elements in any sensible agenda aiming to lay the basis for sustained growth with employment generation and other desirable labour outcomes. Maintaining a stable macroeconomic environment must be at the top of the agenda. Otherwise, it is very difficult to attract both domestic and foreign direct investors and to sustain efforts at boosting the physical capital accumulation required for long-term growth, with the result that fewer jobs will be created. Although they may seem attractive as a way of stimulating the economy and possibly even directly creating jobs through increased government expenditure, expansionary monetary and fiscal policies that lead to macroeconomic instability eventually do more harm than good. Evidence for this link between instability, and adverse labour market outcomes comes, for example, from the East Asian crisis of the late 1990s, in which real wages fell significantly and poverty rose.

A second agenda item is to improve the environment for a stronger private sector. A better business environment not only leads to more and higher-productivity investment, but it also facilitates the entry of small businesses and an associated shift from the informal to the formal economy. To strengthen the private sector environment, policies should focus on simplifying the regulatory system, securing property rights and strengthening contract enforcement. Investment in physical infrastructure should also be increased, particularly in sub-Saharan Africa where deficiencies in infrastructure are particularly severe. An objective of fiscal policy in many developing countries should therefore be to reorient government expenditure away from unproductive areas and towards growth-supporting infrastructure.

A third item is to accelerate human capital formation through better provision of health and education services. Raising the skill levels of workers and improving their health will contribute to growth, ease shortages of skilled workers in the modern sector, raise labour incomes and reduce inequality. Low-income countries now allocate higher proportions of government expenditure to health and education than in 1990, but spending still falls short of what is needed to achieve the MDGs.

Improving governance in developing countries is a fourth and overarching part of the agenda, as it is crucial to the business environment and to ensuring high quality public investment and service delivery. In the macroeconomic sphere, the governance of the central bank and the safeguards built in to the public expenditure management system are critical to the conduct of macroeconomic management. Although governance is improving in some countries, reforms still need to be accelerated in many.

The remaining two items require actions on the part of the international community and developing country governments:

- First, a substantial increase in aid could help to support efforts to raise growth rates. Project aid can have direct employment effects as well as leading to higher long-term growth, but other types of aid are helpful as well. Aid volumes are rising, but more is still needed to accelerate growth with favorable labour outcomes. It is also vital that aid have more developmental impact than in the past. This means aligning aid more with country needs and ensuring that higher aid volumes are consistent with the absorptive capacity of recipient countries. It also means that developing countries need to manage aid efficiently.
- Second, trade liberalization can have tremendous benefits for growth and consequently for labour outcomes. For example, a joint World Bank-IMF study found that 27 million jobs are foregone in developing countries because of quotas and tariffs on textiles and clothing in importing countries. Improving market access for agricultural exports from developing countries would also provide a major boost to growth and labour incomes. To take advantage of trade liberalization, developing countries will need to improve their investment climates and relevant infrastructure.

In conclusion, let me note that it is important that efforts to achieve better labour outcomes in low-income countries be based on country-owned and –led poverty reduction strategies linked to medium-term frameworks. Equivalent national development strategies should perform this role in middle-income countries. Donors should use these strategies as the basis for aligning and harmonizing assistance.

Increasing Employment Opportunities and Productivity of Labour for Low Income Groups in Rural and Urban Areas¹⁴

By Ms. Gemma Adaba
Representative to the United Nations
International Confederation of Free Trade Unions (ICFTU)

The theme of full and productive employment and decent work is of great importance for the international trade union movement – the International Confederation of Free Trade Unions (ICFTU), the World Confederation of Labour (WCL) and the Global Union Federations (GUFs), collectively representing over 150 million workers in 154 countries covering all five continents. Tackling poverty alleviation and achieving decent livelihoods through the decent work agenda and the promotion of workers' rights defines who we are and what we do as a union movement. And so it is heartwarming to see that through this process, the Decent Work Agenda is being advanced as a global goal of development policy.

The Decent Work Agenda with its four-tier definition (covering employment, rights at work, social protection and social dialogue), has so far not been integrated into the development frameworks driving national development policies (barring a few exceptions). Whether using the UN Development Assistance Framework (UNDAF), or the Poverty Reduction Strategy (PRS) or the more recent MDG-based PRS emanating from the Millennium Project recommendations (“Investing in Development: A Practical Plan to Achieve the Millennium Development Goals”), development policies have largely neglected the Decent Work Agenda as a component of the underlying framework.

This paper focuses on a number of policy perspectives and interventions of the Decent Work Agenda which should be integrated into these frameworks, and links these to the topic: “Increasing employment opportunities and productivity of labour for low income groups in rural and urban areas.” This is clearly of the utmost importance, given the fact that the vast majority of the working poor – the 550 million workers earning less than \$1 a day – are to be found in low wage employment in the informal economy.

Firstly, within the various Development Frameworks, governments need to place special emphasis on employment-intensive approaches to job creation in infrastructure, including road construction and maintenance with a view to bringing rural produce to markets, as well as affordable housing, and public works schemes. Employment-intensive approaches to job creation have the merit of adopting targeted interventions which deliver jobs and services to the poor. Such schemes will result in income transfers to the poor through job creation, increased market opportunities for local produce, and improved shelter, thereby contributing to securing decent livelihoods, as well as demand-led growth in the local economy. Moreover, infrastructure projects should use appropriate procurement procedures to ensure the targeting of socially responsible local entrepreneurship for the supply of inputs, and the contracting of attendant services within the community. This will both maximize local job creation and create positive linkages between small and

medium enterprises (SMEs) and larger firms. Such projects should be coupled with longer-term strategies to stimulate the productive base of local economies and overcome supply-side constraints: lack of skills development and limited access to credit for small-scale enterprises.

This brings us to a second range of critical policy interventions, i.e.: training, skills development and capacity building. Low productivity is a feature of work in the informal economy, while unskilled workers find themselves unable to adapt to the changing demands of the world of work, and are excluded from labour markets. Training and skills development are important for overcoming these constraints. Policy developers should explore adopting best practice from the ILO's work in this area, notably the CBT methodology (Community-Based Training). The starting point for these programmes is the identification of community interests, needs and potential market opportunities, and the design of training programmes and credit support schemes around them. Training programmes include both vocational and managerial components, as well as gender dimensions. For example, training sites are in central locations close to where women live, and the duration of learning sessions takes into account women's need to combine training with the exercise of family responsibilities. Programmes have recorded good success rates in terms of producing sustainable income-generating activities in Cambodia, Jamaica, and the Philippines. These countries have also incorporated the CBT methodology into their national training policies. Capacity-building for community organizing and the exercise of leadership, with a view to having a voice in local governance and decision-making on development issues affecting the community, should also be a key component of CBT programmes.

SMEs account for a large proportion of employment in developing countries, and must be supported within development assistance frameworks. Many people work in very small enterprise units, or even one-person businesses. Sixty to seventy per cent of workers in the non-agricultural informal economy are self-employed. The ILO's InFocus programme on "Boosting Employment through Small Enterprise Development" (IFP/SEED) illustrates best practice in this regard. By offering skills training and helping entrepreneurs or small-scale community developers to build up their own infrastructure, this programme has made some significant contributions to the creation of sustainable livelihoods. Programmes have been successfully implemented in Tanzania, while other East-African countries such as Kenya and Uganda have since followed suit. Such programmes should be scaled up and extended to other countries.

Increasing the availability of credit to low-income producers must be a priority for the Decent Work Agenda. Micro-Finance Institutions (MFIs) have an important role to play in this regard, and progress has been encouraging since the micro-credit Summit of 1997. In 1997, MFIs were reaching 7 million poor people, while by 2001 MFIs were providing services to 27 million people. However, much more needs to be done. Tools need to be developed to monitor and mitigate risk and to ensure favourable concessional terms on loans, so that loan repayments are not burdensome, and services can be expanded to a much larger number of poor people. A regulatory framework must be put in place to simplify procedures for the establishment and functioning of MFIs serving low-income producers and the poor. Measures must specifically target women entrepreneurs and ensure that they are not excluded from opportunities to obtain credit.

Another policy intervention we recommend is support for cooperatives. Central to the cooperatives concept is the pooling of community resources for sustainable development: skills, capital, know-how, and organizational capacity. They provide an effective model for community-centered, participatory development, empowering local communities to take development into their own hands and overcome the constraints to achieving sustainable livelihoods. Many successful examples can be found of producer, consumer and marketing cooperatives; cereal banks (so critical to food security); credit unions; and mutual self-help schemes. Trade unions have set up cooperatives to provide a range of services to their members, as well as to local communities.

Trade unions are also engaged in campaigns and projects aimed at supporting workers in the informal economy to organize with a view to having their rights recognized, and improving their incomes and conditions of work. A particular challenge to address in this regard is the lack of legal recognition for workers in the informal economy who, oftentimes, are not covered by labour legislation and social protection provisions. The ILO has begun consulting with over 40 different countries on strategies to develop social and income security systems adapted to their individual situations, and with a view to providing social protection coverage to workers in the informal economy. Trade unions are strong supporters of such initiatives and of a progressively constructed welfare system that extends the rights and protections of the formal economy to the informal economy, thereby effectively formalizing the informal economy.

In so far as the Millennium Project Report is being used as the blue-print for MDG-based poverty-reduction strategies at national level, the Decent Work Agenda should be integrated into its methodology of policy interventions and monitoring around a set of goals, targets and indicators. Currently, we have the eight MDGs, 18 targets, and 48 indicators for the measurement of progress in achieving the MDGs. We recommend the integration of decent work targets under MDG1, encompassing the four-tier definition of decent work, namely: employment, social protection, social dialogue and workers' rights.

Then ILO indicators should be used to measure progress on policy implementation of MDG-based poverty reduction strategies. Such indicators should include:

- trends in levels of unemployment, underemployment, employment in informal, unprotected jobs, employment in jobs below the poverty line with data disaggregated by sex and age,
- the level of investment in education and skills training,
- the level of resources devoted to labour inspection to ensure observance to workers' rights and health and safety standard,
- the level of resources devoted to employment and income-generating programs,
- the level of ratification of ILO core labour standards, and
- the level of public and social security expenditure.

In the interest of policy coherence, the global policy making of the IFIs and the WTO should align itself with this MDG-based development framework, including the objectives, targets and indicators of the Decent Work Agenda. The ECOSOC should use

its convening authority to bring the IFIs and the WTO, along with the UN and specialized agencies including the ILO, into a regular policy dialogue to ensure such policy coherence.

Notes

- 1 See the ILO's Global Employment Trends Brief, January 2006, Geneva at <http://www.ilo.org/public/english/employment/strat/stratprod.htm>
- 2 For an analysis of the employment-poverty-development linkage see Islam R. (2006), *Fighting Poverty: the Development-Employment Linkage*, Lynn Rienner, Colorado, London.
- 3 See Muqtada, M. (2003), "Macroeconomic stability, growth and employment: Issues and Washington Consensus, Employment Paper 2003/48," Employment Sector, ILO Geneva.
- 4 The ILO has contributed substantially in the discussion on adjustment, flexibility and workers' protection in the framework of globalized economies. See Auer, P. and Cazes, S. (2003), *Employment Stability in an Age of Flexibility*, ILO Geneva; Cazes, S. and Nesporova A. (2003), *Labour Markets in Transition: Balancing Flexibility and Security in Central and Eastern Europe*, ILO, Geneva; Auer, P. Berg, J. and Coulibaly, I (2005), "Is a stable workforce good for productivity", *International Labour Review*, Volume 144/3.
- 5 From the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 July 2006.
- 6 Ibid.
- 7 This text contains the statement made by Mr. José Antonio Ocampo, Under-Secretary-General for Economic and Social Affairs of the United Nations at the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 4 April 2006.
- 8 From the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 July 2006.
- 9 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 4 April 2006.
- 10 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 4 April 2006. Most of the issues raised in this statement are analysed in Mr. Panić: "Does Europe Need Neoliberal Reforms?", *Cambridge Journal of Economics*, November 2006.
- 11 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to

- generating full and productive employment and decent work for all, and its impact on sustainable development”, 4 April 2006.
- 12 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 5 April 2006.
 - 13 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 4 April 2006.
 - 14 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 5 April 2006.

Chapter 3

AN INTEGRATED GLOBAL AGENDA TO ACHIEVE FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK

Overview

Some 520 million working women and men are unable to earn enough to lift themselves and their families above the one dollar a day or less per person extreme poverty line. More than twice that amount, 1.4 billion earns \$2 a day or less— the same number as ten years ago and half of the global labour force. Moreover, the number of unemployed worldwide, currently, at about 192 million, climbed to new heights in 2005. The world, in short, is facing a structural challenge for job creation; one that growth alone appears incapable of resolving.

In order to attain the Millennium Development Goals and the UN development agenda both the quantity and the quality of jobs need to be increased in order for people to move out of poverty. Greater attention, therefore, needs to be paid to decent work, defined as opportunities for men and women to obtain productive work, in conditions of freedom, equity, security and human dignity. Decent work is central not only as a source of income, but also as a condition for people to live a self-determined life, and to participate fully as citizens in their communities. As such, it facilitates social integration and social cohesion of societies. An employment strategy that aims to promote full, freely chosen and productive employment with full respect for the Fundamental Principles and Rights at Work should be a foundation of development strategies and be made a central objective of national and international policies.

A policy framework for working out of poverty needs to focus on both creation of decent work and productivity growth. Productivity growth is an important way to improve human welfare and development. It is the catalyst for structural transformation, from agriculture to manufacturing and services. During this transition, workers should obtain better wages and working conditions, reflecting higher productivity. Behind sustained demand increase and structural change lies productivity growth, originating from implementation of increasingly improved production techniques which enterprises need to introduce.

This objective of decent and productive work for all should be pursued through coherent gender sensitive policies within the multilateral system enhancing macroeconomic and trade-related international cooperation to arrive at a more balanced and coordinated strategy for sustainable global growth and full employment. This includes greater market access, increased development assistance, technology transfer, and support for development of institutional capacities.

National strategies for full and productive employment and decent work are likely to vary widely according to country circumstances. Global rules and policies on trade and finance should therefore allow space for policy autonomy in developing countries, and do so by honouring commitments made in the Monterrey Declaration. There is a need to

promote more transparency and coherence for countries to manage investment in a way that ensures that the benefits are realised. Phasing trade reform carefully and ensuring that labour markets are prepared at each step can make trade policy more employment-friendly.

Employment policies need to be fully integrated into national development and growth strategies, and supporting frameworks such as poverty reduction strategies (PRSs). This would include promoting an enabling economic environment, including good governance, appropriate policy and regulatory frameworks, sound macroeconomic policies, transparency, appropriate laws for property rights, adequate infrastructure, and a developed financial sector.

Labour market policies

A common challenge to which all integrating economies nowadays have to respond is that structural change and labour market adjustment have become quasi-permanent features of national economies in a globalised world. Consequently, the social protection system that should accompany structural change has also to be institutionalised. This requires reforms of the social security system, especially regarding its aspects traditionally linked to the holding of a formal, stable job. Policies should also facilitate sectoral and inter-firm mobility of workers that is crucial in face of rapid technological change and increased competition. In addition, social protection is needed to reduce income risk from labour displacement associated with global competitive pressures.

Labour market flexibility and employment security are not mutually exclusive objectives, but with appropriate policy regimes should reinforce each other. Although there is no one-size-fits-all model of labour market policies, there are some institutional characteristics that, if put in place, could help improve the effectiveness of labour markets. First, social dialogue is instrumental for designing and implementing flexibility-cum-security programmes and necessary for promoting acceptance of change in labour policies. Effective policy-making and implementation of employment and labour market policies requires the active engagement of employers and workers through their freely chosen and representative organisations. Sound labour-management relations and collective bargaining can also contribute to the management of change and the raising of the productive performance of enterprises and the economy as a whole. Such approaches can support Governments in improving the quality, relevance, timeliness, and balance of public policies to accommodate change and to promote decent and productive work. Second, active labour market policy should be included as a central component of macroeconomic policy. Third, there is the need for a stable policy framework for active labour market policies, for example by establishing labour market policies as a component of public policy. Fourth, public expenditure needs to adjust automatically, or at least rapidly, to the changing phases of the business cycle.

Rapidly changing skill requirements call for a comprehensive effort to increase the educational level in all countries but especially in developing countries. This would call for national policies for an integrated educational system in which workers skill be permanently upgraded and youth are being prepared for the challenges of globalization. In order to mainstream youth employment into national development strategies, measures

to enhance the employability of youth should be a key component of active labour market policies and educational reforms.

Rural development and agricultural policies

During the past decades there has been a period of policy neglect of the agricultural and rural sectors at the national level. There needs to be a renewed focus on rural development with a view to expanding market access, decent work, and productivity. In developing countries with surplus labour, agricultural policies should, as a general principle, be as employment friendly as possible by not overemphasizing mechanization that leads to sub-optimal displacement of labour.

The rural poor, in particular rural women, should be helped to secure rights on their land and access to other resources, including water, forest genetic resources, fertilisers, and appropriate technology. Land reforms can be instrumental in this regard. The promotion of labour-intensive approaches for building and maintenance of rural infrastructure can thereby offer new skills, employment opportunities and income for rural workers.

Considering the positive interaction between rural on- and off-farm economic activities and the importance of productive diversification for rural employment generation and growth, Governments should proactively facilitate the development of productive and remunerative non-farm activities as a means to create employment and to deepen linkages between the agricultural sector and the broader economy as well as to expand lending beyond micro-credit to meet the needs of the agricultural cycle.

In light of the negative effects of agricultural trade distortions on local producers in developing countries, it is imperative that any international strategy towards employment generation in the agricultural sector address, especially through the Doha round of trade negotiations, issues of agricultural trade and market access, reduction of trade barriers, building capacity and minimisation of the effects of commodity price fluctuations, taking fully into account the special needs of LDCs arising from preference erosion, price shifts, and increased market competition.

Enterprise development

In order to facilitate structural transformation, Governments should design effective enterprise development in areas of potential comparative advantage. To upgrade the productivity and to access new markets, countries need to create an enabling environment in terms of secure property rights and contract enforcement, infrastructure requirements and access to support services. Backward and forward production linkages can be particularly beneficial to the development of SMEs and, consequently, to employment generation.

SMEs are of particular importance as they are essential in creating employment opportunities and a main source of economic growth, while increasing competition and contributing to a more equitable distribution of income. However, decent work deficits in informally operating enterprises are particularly pervasive in terms of low pay, income insecurity, social protection, rights at work, and social dialogue. Therefore, while, in the short term, policies to improve the productivity in informal economies, for example, through access to credit, could be contemplated over the long-term, the goal should be to

make jobs in the informal economy gradually more formalised, where they will be covered by labour laws and standards. To this end, improvements in the policy and legal environment are needed to lower the costs of establishing and operating businesses.

Governments and institutions should encourage and facilitate mutually beneficial supply chain linkages by providing an inclusive industrial policy framework and by encouraging lead firms' participation in voluntary agreements. Respect for the 1998 Declaration on Fundamental Principles and Rights at Work should be strengthened in all countries, as it provides a set of minimum social ground rules for labour in a globalizing world economy. Inter-firm cooperation, in the form of business clusters, can provide an effective alternative to supply chain linkages that can help SMEs to overcome their traditional weaknesses of isolation, and lack of economies of scale and scope.

Making decent work a global goal and a national reality

There is a need for continuing efforts towards and focus on the goal of decent work for all. The Council has various options for enhancing a system-wide follow-up to the commitment to decent work for all in the Summit Outcome document. Some of the possibilities are outlined in the Secretary-General's report and the Conference room paper for the High Level Segment. A more informal exchange of ideas over how to meet the challenge of improving national and international mechanisms for coherent pursuit of the goal of decent work for all would be most useful. Looking to the future and the 2015 target date for the Millennium Development Goals, decent work for all is a cross-cutting objective that can make a vital contribution to achieving all the other goals. Decent work should therefore be a central part of any development strategy. In this connection, active engagement by agencies in the development and use of the "tool kit" to promote decent work currently being developed by the ILO at the request of the Chief Executives Board is an important operational step to facilitate, system-wide follow-up and appropriate ways of integrating decent work into the agencies' strategic objectives, policies, programmes and activities.

Chapter 3 addresses issues of policy coherence, in particular with regard to investment, trade, aid, and debt relief. It also tackles the challenge of mainstreaming decent work into development policies.

Full employment: rights at work reviews the concept of "decent work", which includes both quantitative and qualitative aspects. Among the latter are not only the core international labour standards, but also fair incomes and social protection. It emphasizes employment and decent work as critical components of a fair globalization and calls for reform at the national and international levels to advance towards that end.

Growth, investment and employment examines the critical relationship among these three variables. It emphasizes that active support for investment and innovation through a pro-growth macroeconomic framework and an equitable income distribution are necessary conditions for a sustainable and inclusive growth, where the dynamism of production and productivity in the leading sectors generates employment and growth in other sectors of the economy.

Trade: the missing leg of the development tripod evaluates progress in the implementation of the development agenda agreed at the 2005 World Summit. After

touching upon debt, aid and capital flows, it highlights the priority areas where progress is required for implementing the development dimension of the Doha agenda.

Ensuring Decent Work for All: When Micro and Meso Solutions are not Enough focuses on the institutional and policy aspects of international finance as they relate to the goal of “decent work for all.” It first articulates some of the weaknesses of the current global financial system, such as the association with financial liberalization and increased volatility in financial markets. It then makes a series of recommendations for the global and national levels, and closes with some brief observations about the firm level.

Growth and Employment: Creating a national environment conducive to full employment and decent work discusses employment and decent work in national development strategies and addresses the necessary conditions for well functioning labour markets. It emphasizes the need to include employment targets and decent work strategies in national development plans, particularly PRSPs. It also assesses the approaches followed and policy prescriptions provided by the IMF and the World Bank in these areas.

Full Employment: Rights at Work¹

By Ms. Sharan Burrow

President

International Confederation of Free Trade Unions (ICFTU)

To achieve the UN Millennium Development Goals (MDGs) we need decent work for all. This will also ensure we build both sustainable economies and just and peaceful societies.

We consider the decision last year by over 150 Heads of State and governments to unambiguously support the objective of “fair globalization, full employment and decent work for all” a truly remarkable achievement.

However, merely reaching agreement that we should have a world characterized by fair globalization, full employment and decent work for all does not make it so. In fact, at the moment we have a world that is light years away from this objective. And unfortunately, in recent years, we have been moving further and further away from this objective rather than closer to it – with the consequences of exclusion including civil and political unrest.

The decent work concept embodies both quantity and quality dimensions and we believe these to be inextricably linked.

The latest global data indicates that some 192 million people were unemployed in 2005, accounting for some 6.3 per cent of the total working population. This is 34 million more people unemployed than a decade ago. This would be a serious enough challenge but, as we all know, in developing countries in particular, the “unemployment rate” greatly underestimates the extent of labour market distress. A more appropriate measure includes the underemployed and the income underemployed, or those living in extreme poverty. Using this measure we get a global labour underutilization rate of 25 per cent: a quarter of the global labour force.

It is unconscionable that more than 1.4 billion people live on less than \$2 a day – 550 million people less than a dollar a day, that 60 per cent of these are women; that 185 million people are unable to find employment, and that 88 million of these are young people. This is the time to forge a global partnership between developed and developing countries to ensure that employment growth policies are put in place to put an end to this scourge of our times which increases unemployment, poverty and inequality.

Thus there can be no work more important than that directed towards realizing the decision by 150 Heads of State and their governments to support the objective of “fair globalization, full employment and decent work for all.”

This meeting is a strategic opportunity to discuss with governments strategy for implementation of this commitment. We also look to ECOSOC to provide the leadership for the policy coherence that will facilitate success. I was in the room in Jomtien, Thailand in 1991 and celebrated with the worlds’ governments when they committed

themselves to “education for all” and then experienced the despair we all have felt as that deadline has been pushed back further and further.

We cannot afford to fail the fair globalization test of decent work and full employment if we are to secure a future for all nations and their peoples. The good news for this teacher is that any plans for full employment must encompass “education for all” as success requires infrastructure for health, education and childcare services equal to and integrated with growth in industry, energy, technology and transport.

Decent work, work that is underpinned by rights, is central to realizing economic development and sustainable employment. These rights include but go beyond core labour standards.

The challenge also extends beyond developing nations. In industrialized and developing countries alike it is ironic that large scale unemployment coexists with labour shortages and underdeveloped sectors of the economy. For example, in many economies the healthcare and social services sectors face critical skill shortages and the potential for new innovative services in these sectors remain under-explored. Given expected demographic changes in most developed countries the need to rapidly expand these labour-intensive sectors should be a high priority.

Over the last five years, ILO publications have described decent work at length. Perhaps the most comprehensive definition to date stated that:

“The Decent Work Agenda promotes access for all to freely chosen employment, the recognition of fundamental rights at work, an income to enable people to meet their basic economic, social and family needs and responsibilities and an adequate level of social protection for workers and their family members.”²

The Oxford English dictionary defines “decent” as “following accepted moral standard and of an acceptable quality”. There is a clear distinction between “decent standards” and what might be termed as “basic” or “minimal” standards.

Consequently, it is evident that the decent work concept includes what many people call the core international labour standards. These cover freedom of association, the right to collective bargaining, freedom from forced labour, child labour and discrimination at work.

In 1998 all governments that were members of the ILO committed themselves to these fundamental rights. Yet progress on implementation remains problematic at best. Unfortunately, we have witnessed regression on freedom of association and collective bargaining. Governments like my own have passed legislation that dramatically curtails these rights. They are not alone.

What is particularly distressing is that governments have often been encouraged and praised by certain international organizations when they have curtailed these rights. For example, the International Monetary Fund (IMF) has been fulsome in their praise of labour legislation reforms in Australia that clearly infringe these basic rights.

This is why the focus on policy coherence within the UN must be broadened to encompass the international financial institutions. All multilateral institutions must use

their policies and programs to promote implementation of the core international labour standards.

But it is clear that a decent job has to be much more than this. The mere absence of slavery, abusive child labour and the most basic forms of discrimination are not sufficient conditions to make work “decent”.

As the ILO definition I previously quoted indicates, a decent job must also provide fair incomes and social protection.

Decent work is about providing a social floor that is fair. While the core labour standards are absolute and must be implemented in all countries, other components of the decent work agenda are more relative and should be adjusted to the level of economic development within a particular country.

Contrary to popular opinion, labour leaders are as interested in profit and investment as employers. The central difference is the distribution of profit share and the rights and entitlements that guarantee decent work. We argue that where employers take a medium to long-term view, they too understand that both growth and sustainability require increased consumption. To have millions of producers in our global workforce who have little or no hope of being consumers, or to put it another way, to not have the choice of even small amounts of discretionary income, is counterproductive in a global economy based on capitalism. Thus core labour standards, in particular collective bargaining, have a central role to play. As controversial as it may be, so too does a minimum wage – a living wage based on the level of economic development within countries and perhaps related to the GNP or average wage levels of individual economies.

The social threat to having 25 per cent of the world’s labour force either excluded or deeply frustrated by inequity is both a time bomb in global security terms and a threat to a sustainable global economy. As the Director-General of the ILO has said, “if we continue along the present path, the world risks becoming more fragmented, protectionist and confrontational.”

Employment + decent work (rights at work) = fair globalization: can we do it?

We know the challenge is serious. Juan Somavía declared in January at the World Economic Forum that the world is facing an “unprecedented global jobs crisis with the need to create some 40 million jobs each year over the next decade just to keep up with the growing numbers of those who are seeking work”.

What I know is that we can’t do it off the back of the greed of corporate globalization. It is not viable for companies to drive down prices and drive up profits where decent work is the cost.

Examine the behaviour of multinational companies of the west in China. Despite record FDI with close to half a million companies having been set up in China by foreign investors since 1980, very few have delivered decent work to their employees with regards to wages, working time, social security or occupational health and safety, let alone union rights and core labour standards.

Remember that in China 700 million people live on less than \$2 a day, more than 15,000 people die in industrial accidents each year, millions of people work 60-70 hours a week and earn less than their country's minimum wage while living in dormitories of up to 20 people in each room. Inequity is growing and there are almost as many recently unemployed people as in the rest of the world combined.

Much of this is our collective responsibility, for the “China price” is now so globally entrenched that corporate giants refuse to allow price rises; rather buyers in wholesale and retail markets insist on further reductions. As illustrated by Mr. Huang, a factory engineer talking about stereos produced for the US market, “the profit is really small, we have to constantly cut costs to satisfy Wal-Mart”.

These cost pressures are equally felt in Africa, in Latin America, in Asia – the world over in the global supply chains of multinational companies. Unless corporate globalization is tamed such that MNEs have to take responsibility for their supply chains, and governments and international institutions recognize the twin growth engines of public services and SMEs such that each sector is supported by investment in both physical and social infrastructure, decent work will remain elusive.

From the perspective of humanity, the world cannot stand by and watch the exploitation of working people and their families continue. Children forced to work, too often in bonded or forced labour; women and men forced to live for months, sometimes years, without their families in EPZs or in migration settings in other countries; women forced to undergo pregnancy tests to secure work and sacked if they become pregnant; inhumane hours of work, inadequate or unsafe workplaces, bullying, harassment and worse and no support for the injured, no pensions, no health services – it all happens, we know it and yet the CEOs draw obscene salaries, parade as respectable citizens in their communities and turn a blind eye.

Let me tell you about Madam Chung who, as reported in the China Daily, died on the job. She died of exhaustion after working a 24 hour shift in a handicraft factory in the southern Guangdong Province. Following weeks of 15 hour days this 30-year-old migrant woman fell into a coma after a 24 hour shift and died on 3rd Nov 2005. In a certain way, she died for the world's greed. Shocking, yes; extreme, yes; but whether it's factory workers in China or the irregular migrants here in the US, working people and their families cannot continue to pay the price of decent work deficits.

But if human dignity and social justice fail to motivate then surely the economic arguments related to key sectors have to command the attention of world leaders.

Adequate education, health, childcare and aged care services can all generate millions of jobs with the good news that the economic multiplier of investment in such services being at least equal to that of other areas of infrastructure investment.

The education sector is an obvious area where there is considerable potential to expand productive employment in developing countries, particularly if the focus is on primary education in poor rural communities. For example, UNESCO estimates that currently 115 million children are not in school. Using a conservative ratio of one teacher to forty children, at least 2.9 million teaching jobs would be created if resources were directed to this priority. However, training more teachers or providing additional primary health

care workers without the infrastructure to effectively utilize these skills would be wasteful.

The generation of productive public employment requires coordination of policy across a broad range of fields. Consequently, the pursuit of productive employment at the sector level places a high priority on policy coherence across fields as diverse as training and human resource development, rural and community development, research and development, industry policy, government expenditure policy and infrastructure development. It requires that virtually all aspects of public policy have a strategic employment focus and are closely integrated.

Increasing the quantity of jobs in developing countries will require a renewed emphasis on the rural economy. Policies that facilitate access of the poor to land, seed and fertilizer at affordable prices have contributed to these success stories. On the other hand, one factor explaining high levels of underemployment and low productivity in many low-income countries is that the very poor do not have access to resources. In the past these concerns have given rise to proposals for land reform and targeted subsidies. Several of the most successful developing countries carried out major land reforms prior to, or in the early stages of, their development transformation.

To prevent displaced rural workers from swelling the ranks of the urban informal economy in congested developing country cities, a policy focus on the development of rural, non-farm activities makes sense. This should include industries both “downstream” from agriculture, such as food processing and upstream such as tool making. Coherent rural development policies which include increased investments in transport, infrastructure and distribution networks are an important part of balanced development.

Equally there is much work to do to see 1) labour mobility/migration respected for the growth generated in receiving countries, and 2) rights afforded to all migrants while 3) the reciprocal responsibilities for co-development models to overcome brain drain are put in place.

Where companies and unions work in partnership with governments, we can realize decent work. This requires legislative frameworks and company/union relationships to demonstrate that safe workplaces and human resource development, along with a minimum wage and rights inclusive of freedom of association and the right to organize and bargain collectively can sit side by side with growth in productivity. This, in turn, boosts consumption and promotes more balanced growth in all countries.

This was certainly the story of my own country in the late ‘80s and early ‘90s where, on the base of strong migration programs to grow the labour force, the social partners with government facilitated corporate restructure, up-skilling, low inflation and productivity growth and set up our economy, in large part, for the long period of growth it has experienced.

Sadly, you can’t look to Australia today. Decent work and rights at work have been torn up by a government in the grip of the greediest of business leaders. The government has just introduced labour legislation that includes extreme forms of flexibility and undermines ILO core conventions. These reforms set the scene for growing inequity, industrial defiance and political unrest.

I know many countries are watching the Australian experiment as they did with New Zealand but let me assure you, you will simply waste time if these forms of corporate greed dominate the global landscape. In our democracies people will fight for social justice, will fight for rights for our children and grandchildren. Governments of particular persuasions come and go but our efforts must be beyond the short-term politics as we seek to establish a base of global values where all nations can thrive. It needs political will for no political party, just as no corporate entity should be successful off the backs of the misery of people.

Yesterday my colleague, Peter Bakvis, highlighted problems with the “Doing Business” report of the World Bank. However, the news from the World Bank is not all bad. The World Bank’s IFC has taken a massive first step in its decision to include core labour standards as part of the conditionality for loans. There is increasing research that demonstrates that where union bargaining is active not only is discretionary income higher but productivity growth is positive. In the case of pilot programs with the IFC, workers in “Group M” saw their wages doubled through collective bargaining outcomes. This, in turn, will spawn associated jobs in the community to meet retail, construction and service demand.

By contrast, the IMF still needs remedial education. When a global institution of such importance views human rights and core labour standards as labour market rigidities, they not only espouse a bankrupt morality and render invisible the crimes against humanity perpetrated by the dark side of unbridled capitalism but they cripple progress in both economic and social terms.

Likewise when their prescriptions fail to recognize that rather than promoting an agenda of reducing the state, they should be concentrating on modernizing and strengthening the capability of the state, they impede growth and development. The ILO recently affirmed that “the idea that the state must get out of the way is wrong.” Rather the role of the state with “its institutions, transparent regulations, and enabling facilities is crucial for business and communities to grow. Governments, workers and employers agree that countries need strong, efficient state institutions, as well as strong and dynamic markets to achieve good economic and social results.”

The UN is embarking on an important reform agenda. The ILO can assist ECOSOC and UN agencies with this area of its work. It is uniquely placed to help, given its tri-partite structure. Able to bring governments, unions and companies together it can, with policy coherence and partnership across the international family, assist to manage the negotiations necessary to ensure whatever components of development are necessary: industry policy, infrastructure, public services, a rights-based management of migration or otherwise.

With the Global Employment Agenda, the multilateral guidelines for rights-based management of migration and the Multinational Enterprises Declaration, the ILO has approved instruments that can support and monitor the efforts required.

The international union movement concurs that we need reform on two levels. At a national level, we require an increase in aggregate demand and the expansion of industries and services that are employment-intensive.

At the international level, reforms in the trade, finance and development fields are to give developing country governments more policy space to stimulate and diversify their economies. Consequently, we are delighted that the United Nations is pursuing greater policy coherence. This should be a fundamental objective of the UN reform process. Moreover, this reform process must be comprehensive and cover all the relevant multilateral institutions including the IMF, World Bank, and WTO. We firmly believe that all international institutions that exert influence on economic policy and globalization must ensure that their policies and programs are targeting the UN objective of achieving fair globalization, full employment and decent work.

There will never be a better chance. Fair globalization requires global leadership. Decent work and full employment can be realized if the partnership represented here goes to work. The world's people deserve nothing less.

Growth, Investment and Employment³

By Mr. Heiner Flassbeck
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In its macroeconomic analysis UNCTAD has shown that income growth is sustainable if it is based on investment growth. Sustainable income growth is the most important provider of decent jobs. The successful countries of the past, Asia in particular, have succeeded in employing a profit-investment-nexus to establish these conditions. Linkages between capital accumulation, technological progress and structural change constitute the basis for dynamics reflected in rapid and sustained productivity and employment growth, rising living standards and a successful integration into the international economy. Investment holds a central place in this interplay, because it simultaneously generates income, creates new jobs expands productive capacity and carries technological progress, skills acquisition and institutional deepening.

Countries raise the standard of living of their populations by raising labour productivity through capital deepening. This is associated with a substantial change in the sectoral pattern of production and employment, from agriculture to industry, and a shift from labour-intensive activities to a growing range of capital- and technology-intensive activities. The production structure of an economy is of key importance for the development process and for the supply of decent jobs, because the level of productivity and the potential for technical progress and productivity growth vary significantly across agriculture, industry and services.

In a market economy transformation of the production structure requires entrepreneurs who are capable and willing to invest in new activities. At the beginning of the last century Schumpeter pointed to the importance of innovative investment for economic development, and Baumol recently argued that innovation and the consequent rise in productivity, account for much of the extraordinary growth record that has occurred in various parts of the world since the Industrial Revolution. Both suggest that market pressures force firms to integrate innovative investment into their routine decision processes by providing higher pay-offs to those firms that are more efficient in renovating production processes and whose products are better equipped to create additional demand of consumers.

However, the occurrence of innovative investment, and, more important, the occurrence of waves of such investment, is, even in well functioning market economies, not automatic; it asks for structural and institutional framework and an appropriate macroeconomic environment encouraging investors to create or expand productive capacity and jobs for higher qualified workers on a broad scale.

In economies characterized by high domestic labour mobility (or centralized wage bargaining) and by a similar level of wages for workers with similar qualifications across

the economy, structural development and jobs are driven by profit differentials. Uneven productivity growth and more even wage growth across enterprises or sectors create profit differentials which are the most important source of both structural change in the domestic economy and changes in the comparative cost advantages of different countries in specific industrial sectors⁴. The search for temporary monopoly rents is the major incentive for starting the process of “creative construction” or “destruction” along Schumpeterian lines, and hence for making innovative investments and for creating sustainable jobs.

Whilst innovative investment in developed countries shifts the technological frontier in developing countries it very often means the adoption, imitation and adaptation of technology invented elsewhere. While this does not affect the key importance of productivity-enhancing investment for competitiveness and profits at the firm level it facilitates the exercise of raising the level of technology used by domestic firms. Developing-country imports of goods that embody foreign technology positively affect the domestic competitive position without the need to invest directly in shifting the technological frontier. This process very often is driven by foreign direct investment in fixed capital in low wage countries.

An important condition for innovative investment to govern the evolution of the economic system in general is that firms have access to reliable, adequate and cost-effective sources for financing their investments and complementing profits. Even if profits are the main source of investment financing, for waves of investment to carry the creation of jobs the stance of domestic monetary policy is of crucial importance. High levels of nominal and real interest rates do not tend to crowd out the innovator but all those following the pioneers. In addition, a restrictive monetary policy biases investment decisions in favour of financial assets, or fixed investment in production activities with known cost and demand schedules over innovative production activities for which investors face uncertainty as to the volume of sales and the true costs of production.

Econometric evidence prepared by UNCTAD has shown that the freedom to set pro-growth macroeconomic conditions (interest rates and exchange rates) has been the main (and quantitatively by far the most important) feature of Asia’s success in comparison with Latin America. Monetary conditions in Latin America were anti-growth and volatile since the 1980s whereas in Asia they were stable and pro-growth.

Moreover, macroeconomic and institutional conditions are crucial for employment creation associated with high growth rates. Recently, many developing countries have increased their growth rates without improving significantly the employment situation. Rising demand for raw materials and the improvement in the terms of trade boosted these countries’ gross domestic income and encouraged new investment to increase the production of commodities. Despite relatively high growth rates in several African, West-Asian and Latin American countries, the employment performance is rather disappointing. In a number of cases, growth is concentrated in a few capital-intensive branches, like mining and hydrocarbons, with little productive linkages with the rest of the economy.

In these cases the creation of new employment depends crucially on the use of the income generated in the export-oriented sectors. If the bulk of that income doesn’t spill

over into the domestic sector at large then the initial GDP growth will only have small effects for the sustainability of growth and for employment. If the domestic sectors including the government and workers receive a significant part of that rent then the positive repercussions inside the country will be high. Governments receiving higher revenues from rising natural rents (directly, through the ownership of the resource, or indirectly through taxation) will be able to finance domestic projects and to provide public services which generate many formal jobs. The question of the distribution of natural rents, one of the oldest development issues, has recuperated centre stage with the recovery of prices of primary commodities (TDR 2005).

Summing up, employment-oriented policies should include active support for investment and innovation through a pro-growth macroeconomic framework (avoiding overvaluation and high interest rates) and an income distribution (including that of natural rents) disseminating the increase of purchasing power to all citizens and social classes. These conditions are necessary for a sustainable and inclusive growth, where the dynamism of production and productivity in the leading sectors generates employment and growth in other sectors of the economy.

Trade: The Missing Leg of the Development Tripod⁵

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The September 2005 UN Summit Outcome document reflects the consensus of the largest-ever Heads of State meeting in world history. It raised hopes that 2005 would be a year during which significant progress would be made on the interrelated issues of aid, debt and trade in a policy coherent manner.

While much still remains to be done, pledges/commitments were made on both aid and debt cancellation in 2005. However, with the sluggish pace of the Doha Round of trade negotiations, the contribution of trade, arguably the most important leg of the development tripod, has lagged. Hence my comments, while touching on debt, aid and capital flows, will particularly focus on trade.

1. Debt

Progress is slowly being made to bring international policies on debt in line with national efforts to promote development and employment.

The reasons for high levels of indebtedness in developing countries are varied. Internal and external shocks have prompted servicing problems for many countries that have led to debt levels becoming unsustainable, but often these shocks have simply compounded inappropriate lending or the misuse of borrowed resources. Some of the debts would be classified by some as odious or illegitimate.

High levels of debt servicing have been a factor preventing countries from making the necessary investments in full employment and decent work to a sufficient degree. Where this occurs and debt servicing takes priority or sometimes even the primary toll on government revenues, debt levels are inconsistent with MDG achievement and should be reduced.

Once fully implemented, debt relief programmes, such as HIPC or the recent Multilateral Debt Relief Initiative, will reduce debt levels and free up resources for investment in a select group of low income countries. However, more needs to be done to broaden relief to other indebted countries currently outside of these initiatives, including highly indebted middle income countries. More also needs to be done to reduce the transaction costs of debt relief [negotiation, excessive or inappropriate conditionality], and to make debt relief additional to aid flows.

2. Development assistance

Even after debt relief, many countries will require increased levels of development assistance to enable investment in full employment and decent work. Donors will need to

be held to account for the increased aid commitments they have made in the years up to 2010.

These aid flows must be at an appropriate degree of concessionality to ensure that further problems do not develop with unsustainable levels of debt, and much more effort should be made to ensure that potential recipients receive stable and predictable flows.

Aid should continue to be disbursed in support of country-derived priorities as outlined in national development strategies. Innovative financing mechanisms may prove a useful complement to the main bilateral contributions.

External finance provided through development assistance and debt relief can be used to support domestic investment in job generation and decent work. This includes investment in:

Human capital to increase welfare and enhance productivity - through basic education, skills and better health

Physical infrastructure - transport, communications technologies and power

Policies and institutions both to support entrepreneurship and effectively regulate in the public interest – functioning legal systems, effective regulation, business councils, trade and standards bodies, access to financial services, as well as social protection systems for those unable to find employment in the short or longer terms.

3. Capital flows

Policy and practice on capital flows needs to be consistent with supporting full employment and decent work. Longer term flows through FDI potentially have more benefits for recipients if there is a complementary policy set to encourage horizontal and vertical linkages in the domestic economy, knowledge and skills transfer, and re-investment of profits.

Shorter financial flows often create instability and risk for developing countries as they can move quickly and be drawn out depending on a change in policy or priority on the part of the investor, or a change in the host environment. Moreover, they can fuel investment bubbles that are unsustainable in the longer term, with associated costs of correction.

4. Trade – Post Hong Kong

The Outcome document of the September Summit clearly states that there is a need to “work expeditiously towards implementing the development dimensions of the Doha work programme.” This urgency underscores the importance of trade, which stands at the core of the interdependence that binds countries together.

Global multilateral trade rules have the potential to benefit both industrialized and developing countries. It is widely recognized that when properly harnessed, international trade can make a substantial contribution to economic growth, by raising productivity, creating employment opportunities, increasing exposure to new technologies and disseminating knowledge, thereby creating opportunities to spur growth, and assist poverty reduction and human development.

But none of this is inevitable. Current patterns of liberalization and globalization, while creating new opportunities and prosperity for some, have simultaneously exacerbated inequalities between both rich and poor people and countries. It is, therefore, imperative that the Doha Round should lead to an expansion of trade and economic growth which particularly benefits developing countries and their more vulnerable population groups.

Yet, the difficulty of reaching agreement on the Outcome document wording in New York, and the failure of Trade Ministers in Hong Kong to agree on any of the issues of high economic or development value that were on the negotiating table, are poignant reminders of the unfulfilled promise of both Doha, and the global partnership for development agreed in the UN Millennium Declaration and the Monterrey Consensus.

Hong Kong did not become the third WTO ministerial collapse since 1999 only because of the strategy of “downwards recalibration” of its expectations. This however does not change the fact that hardly any progress was recorded on all of the major negotiating issues (eg. domestic support in agriculture, market access in all three major areas – agriculture, non-agricultural market access or NAMA and services – as well as Special and Differential Treatment for non-LDCs).

Annex C of the Ministerial declaration on services was perhaps the most controversial of the “big” issues and the initial draft sent to Ministers in Hong Kong had the entire Annex in square brackets, meaning there was no agreement on any of it. The Services Annex was later endorsed but only with reservations officially put on record by a couple of developing country WTO Members.

The duty and quota free market access package of 97 per cent of LDC exports was hailed as a great development-oriented outcome of the Hong Kong meeting, but it could actually exclude most if not all product lines that LDCs have a comparative advantage in.

The 2013 deadline for the phase-out of agricultural export subsidies was perhaps the most important achievement, but these account for less than 4 per cent of all EU subsidies. These export subsidies will largely be phased out by 2013 anyway, as a result of the current EU Common Agricultural Policy (CAP) reform process. Moreover, the phase-out of these export subsidies is contingent on modalities in agriculture being agreed by 30 April 2006 and agreement on the broader ‘single undertaking’ package. April 2006 will thus be extremely important since April 30th has been designated as the deadline for agreeing on modalities in agriculture and industrial tariffs.

Despite some steps forward, including consensus on aid for trade and an enhanced Integrated Framework package, much in the development agenda of the Doha Round clearly remains unfinished. The fact that so many poor countries are struggling to cope with balance of payments and other difficulties associated with rising global oil prices, is one additional good reason for prioritizing and placing emphasis on the development dimensions of the Doha Round after Hong Kong.

For this to happen, global trade rules will need to shift their primary concern from the promotion of liberalization and market access to enabling or at least not constraining the already existing national policy space for human development. While recognizing that trade liberalization and market access can make an important contribution to human development in specific situations and for specific sectors, the global trading system must

not constrain the domestic policy space and flexibility for fostering MDG progress within member states. A step in that direction in the current negotiations would require significant progress from a developmental perspective in at least five areas which are of vital interest to developing countries. These are agriculture, including cotton subsidies; industrial tariffs; services; special and differential treatment; and aid for trade.

Agricultural subsidies

The impasse in agricultural trade talks was the major deadlock in Hong Kong and continues to inhibit progress in other areas of negotiation. Intractable obstacles stand in the way, however. Led by the world's farm subsidy superpowers, the European Union and the United States, OECD countries spend almost \$1billion a day in support to agricultural production. The incoherence is clear when this amount is compared with what is spent over a full year --- just over \$1billion --- on aid to developing country agriculture!

Industrial tariffs – Trade and industrial policy

Retaining policy flexibility on industrial tariffs is of crucial, strategic importance at this stage in international trade negotiations, especially for developing countries which have not already ceded policy autonomy in this area, either unilaterally, as a result of loan conditionalities or because of a bilateral or regional free trade agreement.

While it is true that tariff protection may not always be the most efficient way to promote technologically dynamic industries, many effective first best options used for industrial upgrading in the past (eg. by the Republic of Korea and Taiwan, province of China) are either no longer available to developing countries or much more costly for them because of their multilateral commitments in the areas of subsidies, TRIMs and TRIPS.

The NAMA negotiations thus take on a far greater significance for policy space in the Doha Round than they otherwise would have for many developing countries, especially late industrializers. It is also worth recalling here that the objectives and principles espoused by the advanced OECD countries on NAMA do not conform to their historical experience since protectionism was the rule and free trade the exception during the early stages of their development and industrialization.

Services - GATS Mode 4

Considerable importance has recently been placed on the importance and development impact of individual remittances from workers and the diaspora for many developing countries. While these can be useful, their value in terms of financing and otherwise contributing to national development strategies will remain greatly underutilized unless there is significant progress in fashioning an inter-governmental agreement on the short-term movement of people, especially semi-skilled workers, at the multilateral level, specifically through Mode 4 of the WTO's General Agreement on Trade in Services (GATS).

Such an agreement can help correct the glaring asymmetry between the mobility of capital and labour in the current globalization process in addition to becoming a huge win for human development in developing countries if it is appropriately designed and integrated into national development strategies.

Unfortunately, Mode 4 discussions at the multilateral level are moving at a glacial pace, have focused primarily on skilled, not semi-skilled workers, and have been further complicated by security concerns in the post September 11, 2001 period.

It is important to clarify that the temporary short-term movement of workers does not imply that host governments open up to permanent migration from developing countries. It does, however, imply the implementation of a “GATS visa” for temporary workers, under guarantees from source country governments that these workers will return to their country of origin within a specified period.

The development potential of such measures is the greatest of any area under current negotiation in the Doha Round. According to one estimate, such a movement of workers from developing countries, even if equivalent to only 3 per cent of the industrial country workforce, could generate gains of \$156 billion for the developing world, more than twice the projected gains in agriculture and industry combined. While these computable general equilibrium (CGE) model based estimates have their problems, the direction and orders of magnitude of the projected gains are indicative of what is possible from a genuine Doha Development Round. Moreover, the possible gains go far beyond income increases and include gains in learning, knowledge acquisition and organizational skills, which are hard to quantify accurately, but are vital for domestic industrialization and growth.

Aid for trade

Many of the elements of ‘aid for trade’ are not new. They entail a re-packaging of mechanisms that have been part of both national development expenditures and external development assistance during the post-World War II period, while bringing renewed emphasis to trade-related development infrastructure and supply side constraints. There are elements, such as the fiscal and terms of trade adjustment, preference erosion and implementation costs associated with trade agreements, which could potentially be treated differently in terms of financing sources and given more attention than they have thus far received as a result of a revitalized ‘aid for trade’ concept.

Despite a number of developing country concerns, many of which are clearly reasonable, it is possible to argue that renewed emphasis on ‘aid for trade’ is legitimate and, if handled appropriately, can be beneficial for developing countries as a whole, not just LDCs. However, there will need to be explicit consensus on the fact that even an ambitious ‘aid for trade’ package cannot and should not be viewed as a substitute for the development dimensions of the Doha Round, even though it can be an important complement to it. There is also a need to shift away from a conditionality mindset of ‘aid for trade’ for trade liberalization and integration to aid for trade development.

Ensuring Decent Work for All: When Micro and Meso Solutions are not Enough⁷

By Ms. Jo Marie Griesgraber
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This paper focuses on the institutional and policy aspects of international finance as they relate to the goal of “decent work for all.” It begins by articulating a few “stylized facts” as my analytic foundation. From there it proceeds to make a series of recommendations for the systemic or global level, at the national or meso level, and close with some brief observations about the firm or microlevel.

Stylized Fact #1: The explosion in global financial liberalization has been associated with frequent and severe bouts of volatility. Because of more mature financial institutions and greater access to capital, industrialized countries have been less affected by such volatility than emerging market, middle income and low income countries. The poorest countries, especially those dependent on one to three basic commodities, not only are badly buffeted, they also do not recover from financial crises.⁸ For these countries, a 1 per cent decline in GDP translates into a 2 per cent increase in abject poverty. When developing and emerging market countries do grow and engage in international trade, the benefits have been found to be much smaller than once projected and skilled workers tend to benefit more than unskilled workers, whether urban or rural, thereby increasing rates of inequality.⁹ Indeed in five country case studies sponsored by New Rules, whenever growth did occur, in every case it was accompanied by increased inequality.¹⁰

Van der Hoeven and Lubker maintain that “volatility in international financial markets is currently perhaps one of the most harmful factors for enterprises and labour in developing countries.”¹¹ Polaski demonstrates that the labour insecurity and increasing income inequality is near universal, including the industrialized world as well.¹² Polaski further observes that the labour over-supply is global, and standard approaches to job creation will not solve this reality.

“Stylized Fact #2”: The current financial system is designed to give preference to protecting and expanding the value of capital, resulting in a corresponding de facto devaluing of labour and “land,” with the latter defined here to mean natural resource inputs. Capital account liberalization is consistently promoted as the goal for all countries whereas labour mobility is often treated as illegal behavior. (Photo Washington Post, April 1, 2006: fishing boat from Mauritania to the Canary Islands, the Arizona-Mexico Border where white vigilantes—themselves the children of immigrants, hunt down new immigrants.) This fact may be attributable either to market forces, placing higher value on scarce resources, or to a confluence of dynamics—political, social, and economic—reinforcing the status quo allocation of power.

“Stylized Fact #3”: The current financial system is one of unfettered capital seeking the maximum profit in the shortest possible time. This Stylized Fact derives from work by

Raymond Baker, a business man with 35 years experience in the developing world, and a fellow at the Brookings Institution, who recently concluded a masterful book: *Capitalism's Achilles Heel*.¹³ In this book he traces the dirty money that leaves developing countries through corruption, crime and commercial behavior. This money was either illegally generated, transferred, or spent. Fundamental to his exposé, is his description of the systems set up in the 1960s by the wealthy countries of the West to facilitate the withdrawal of wealth from former colonial areas to the West. These systems have been perfected with the advance of computers and telecommunications. Baker is concerned about the survival of capitalism; a major focus of the book is tax havens that wealthy people from across the globe use to avoid paying taxes. The system he describes is the same system that the IMF actively supports as the ideal for all countries: the free, unfettered flow of capitalism. The IMF accepted—seemingly uncritically—the rationale that a fully liberalized financial market would allocate funds in the most efficient manner, bringing about the best results for all, though without looking closely at the immediate or medium term impact on workers. Van der Hoeven and Lubker document how the Fund's positive aspirations differ considerably from reality. Baker summarizes the problem as a system whereby unfettered capital seeks the maximum profit in the shortest possible amount of time. Profits are maximized hourly or overnight—a timeframe too short to build factories, plant crops, train workers, educate children. And Baker worries that the quest for profit maximization will provoke the collapse of capitalism.

This condensed analysis of reality constitutes the background for a series of recommendations that are pragmatic and feasible. Many of these recommendations were derived from the 5 multi-stakeholder consultations the New Rules for Global Finance Coalition conducted in collaboration with the UN Financing for Development Office in the lead up to the 2005 biennial high-level dialogue on the follow-up to the Monterrey Consensus Document.¹⁴ New Rules, a coalition of NGOs and academics, focused on Section F of the Monterrey Consensus Document, namely Systemic Issues, involving the governance of international financial rule making bodies and global financial crises—their prevention and resolution.

It is the conclusion of our multi-stakeholder consultations that to achieve the goal of “decent work for all,” changes are required on every level: at the global or systemic level, at the national level and at the firm level.

On the global level, the goal must be to reduce volatility while retaining sufficient liquidity for growth.

1. This goal requires inter-governmental institutions to incorporate interests beyond those of capital-rich stakeholders. Currently the key international financial rule-making bodies are the IMF, the Bank for International Settlements, Financial Stability Forum, and the Basel Committees. The governance structure of all of these institutions share common characteristics: a penchant for secrecy and for representation capital-rich countries that ranges from exclusive to just disproportionate over-representation. The Financial Stability Forum is an anomalous institution, where private associations act on par with national governments, and poor countries are “represented” by the World Bank and IMF, themselves run by the economic powers of 1944.

The first steps toward correcting this governance problem are quite simple—even if politically challenging. The IMF must ensure that its Board meetings are open, and reallocate representation on its board to represent current market sizes: Europe and Saudi Arabia are over represented; middle income countries such as Mexico, Brazil, and South Korea are under represented; the African country representatives are over-worked.¹⁵ The BIS and Basle Committees must commence at least rotating representation of developing countries.

Unless their governance changes, one cannot expect different outcomes from these institutions. A global financial system requires global financial institutions that enjoy legitimacy through equitable representation of all peoples.

2. A second core goal of systemic change must be to create missing pieces of the financial architecture, most notably a mechanism for dealing with the de facto bankruptcy of sovereign debtors. Bankruptcy courts have long been a core institution of well functioning markets. Governments often borrow and are charged interest like other borrowers. Creditors charge interest for two purposes: first, to cover their opportunity costs since their capital is not invested in some other profit making venture, and second, interest payments serve as an insurance against non-repayment of loans.

The current arrangement of dealing with indebted countries is a labyrinthine maze, with no exit for the debtors, allowing no comprehensive conclusion to their over-indebtedness. Any analysis of poverty in low income and in many middle income countries invariably refers to the severe costs to the government and to the poor of debt service payments.

It is long overdue that the global community establishes a comprehensive debt workout mechanism that embodies the hallmarks of good practice that characterize national bankruptcy courts. These characteristics include:

- Comprehensive treatment of all debt;
- Protection of the life and livelihood of the debtor (In the case of sovereign debtors, this encompasses the well-being of citizens, including the most vulnerable);
- Neutral judge or balanced panel of arbitrators; and
- Authority to enforce judgments.

Any reasonable person would recognize that neither the HIPC nor the more recent pledges that originated at the 2005 G-8 Summit approximate this fair and rational approach to sovereign debt workouts. Most reasonable people would also agree that the international political climate is scarcely conducive to supporting any new international debt facility. Therefore, the New Rules Coalition has proposed a gradual approach that we call the International Debt Framework.¹⁶ It is neither the wholly voluntary approach favored by the private sector, nor the “black letter law” nor international treaty approach favored by some non-governmental organization, the International Debt Framework proposes using an Anglo-Saxon or Common Law model: go gradually, build trust through information exchange, and develop precedents for comprehensive and pragmatic debt workouts on a case by case basis.

3. A third pillar of reform on the global or systemic level addresses the need for transparency and inclusivity with regard to taxes. Governments cannot acquire the resources to execute their responsibilities without taxes that are characterized by: 1) progressivity, i.e., those who are able to pay more do so; 2) effective collection; and 3) scrupulous integrity on the part of public employees—both elected officials and civil servants, who in turn are paid decent wages so that bribes are not a requirement for survival.

For progress on the tax front on the national scale, international cooperation is a prerequisite. Baker, referred to above, described the activities and consequences when some 70 countries serve as tax havens—locations where one can safely hide one's wealth from any tax collector. While small island states are among the more "notorious" tax havens, the largest tax havens are actually in New York, London, Lichtenstein, and Geneva. The United States is not a model to be emulated in this regard: the IRS cannot share tax information with the Securities and Exchanges Commission. Mark W. Everson, the current IRS Commissioner, recently testified before Congress that many firms report losses to the IRS, but at the same time report gains to the SEC. The amount of income that developing countries forego under current arrangements—conservative estimates put the amount of dirty money fleeing developing countries each year at roughly \$500 billion—dwarfs the funds currently available through official development assistance, which is about 1/10 of that, or a mere \$50 billion.

The UN is beginning to collaborate with the OECD to establish principles for effective information sharing between banks and other financial agencies in information "transmitting" countries and tax agencies in information "receiving" countries. Noted tax attorney David Spencer with the Tax Justice Network testified before the UN Committee of Experts on International Cooperation in Tax Matters last fall (2005) and detailed amendments to basic tax treaties so that "effective" information would be exchanged.

The tax conundrum may be the most central problem to overcome en route to providing decent work for all. Without an adequate tax base, countries turn to loans and then become ensnared in the debt trap. Developing countries lack the resources to invest in their own citizens' health and education as well as national infrastructure. Private capital seeks to maximize profits rather than seek a "fair" return through productive capacities in the real economy.

If governments are going to meet the Millennium Development Goals, or to provide the social and physical infrastructure needed for growth and decent work for all citizens, they cannot do so relying on foreign aid or even foreign direct investment. These external sources of financing will be essential for some of the poorest countries; they may be helpful in many other cases. But governments must be able to have reliable and sufficient sources of revenue from taxes—which are not debts that must be repaid, and are not aid that is accompanied by someone else's agenda, ex pat consultants, and strings stipulating what must be bought from whom at what price. Taxes also entitle citizens to hold their governments accountable. Many developing countries collect taxes that amount to less than 5 per cent of GDP; the minimum goal should be 15 per cent of GDP. If developed countries cooperate by discouraging dirty money from entering their own

economies, developing countries have a better chance of capturing some of those funds in taxes. This can only happen with greater international cooperation.

A bridge issue between the Systemic or Macro level Recommendations and the National or “Meso” level is the need for better research. Especially important is the ability to better project the likely impact of policies on the lives of the poor and of the marginally employed. The absence of such research is painfully evident. For example, in its recent report on the performance of the World Bank’s role in trade policy in developing country, the World Bank’s Internal Evaluation Group found that the Bank had failed to assess the results on poverty of trade liberalization policies. Van der Hoeven’s seminal piece on the linkages between financial liberalization and the labour impact thereof proposes an important new line of research. Matthew Martin and Hannah Bargawi, writing for the Commission on Africa on the impact of exogenous shocks on African states, report that a core need is for better research. Martin’s recommendation is echoed by the African heads of state.

Currently bilateral donors, especially Germany, the United Kingdom and Canada, are actively supporting Poverty and Social Impact Assessment. PSIA, as it is referred to within the World Bank and IMF, is designed to be a comprehensive analysis of the impact of policies on various segments of the population. It employs social analysis as well as econometric modeling. To date its weaknesses are that it is employed late in the process, and is used primarily to design ways to lessen the harm of policies already in place, instead of being employed before hand to anticipate varying impacts of a range of policies. Further, PSIA has been used on a country-by-country basis primarily to assess sectoral or structural policies, rather than the impact of the package of macro-economic policies prescribed by an IMF arrangement. Still less has PSIA been employed for sub-regional or regional studies of the medium- to long-term effects of exogenous shocks.

The global community has the intellectual capacity to tackle these issues. It is no longer sufficient to require or even to recommend that countries apply policies based on “established economic theory” rather than solid empirical evidence and tools of project. As both Polaski and the World Bank are finding, trade liberalization is not the guaranteed panacea for growth and poverty reduction as was once advertised.

On the national level, policy changes related to the financial sector that would enhance the likelihood of decent work for all include:

1. Capital account regulations. On the national level, governments need to have and to exercise the right to regulate capital flows, with Chile and Malaysia offering successful models for policies that can be replicated. It is recognized that capital regulations will need to be refined and changed over time, since capital will find ways around virtually any regulation.
2. Prudential regulations are essential for any well functioning economy, and these must expand to, include monitoring of hedge funds and derivatives, beginning in the financial centers.¹⁷
3. Developing countries need greater policy space that can come about through greater flexibility in macro-economic policies, for example by avoiding “the corner solutions” in the classic policy “trilemma” regarding open capital account, stable

exchange rates, and independent monetary policy. Growth requires stability over the medium to long term, with flexibility in the short term—whether the country involved is in Europe or Africa.¹⁸

4. Regulation of the financial sector, especially banking.
 - a. Retail financial institutions are needed to provide credit at reasonable rates and for extended periods
 - i. This can involve national development banks, targeted to small and medium enterprises, and structured to avoid the corruption endemic to NDBs of yore (work by DESA).
 - ii. National mechanisms for long term loans such as mortgages made available for example through the Freddie Mac and Fannie Mae institutions in the United States.
 - iii. Retail institutions can eventually provide funds at rates below “micro-finance” for longer periods of time, while offering more services.
 - iv. Retail banks can assist in low cost transfers of remittances from overseas, and facilitate channeling such funds into longer term investments, and not just immediate consumption needs.

Access to credit is sometimes described as a right. It is certainly essential if unskilled workers struggling to survive in the informal economy—whether urban or rural—ever hope to improve their situation. Credit can come from retail banks, micro-credit, remittances, or government programs, but come it must.

- b. The operations of foreign banks must be regulated in a manner similar to that of national banks:
 - i. Cannot extract resources from the country side to invest in the cities, nor extract from a developing country to invest in developed countries
 - ii. Foreign banks, like domestic banks, should be expected to invest in the areas where their customers work and reside, along the lines of the principles that undergird the US “Community Reinvestment Act”.

Regarding the firm level, just three recommendations will be made here:

1. Corporations are chartered by governments. The charter is a social contract between the firm and the government, hence the firm has certain obligations, that go along with its rights.
2. Corporations benefit from the courts, the physical infrastructure, and public investment in education and health of workers—all provided by governments. They therefore have an obligation to pay for those services through just taxes and decent wages.

3. Shareholders are entitled to fair profit—not to profit maximization in the shortest possible time at the cost of everything else. (Cf. Baker)

In sum, workers as human beings and as citizens are entitled to decent wages. Workers' efforts are located in the real economy where profits are earned over time, unlike the profits from capital which earn profits over nanoseconds. Workers are citizens, and human beings with intrinsic value, and therefore essentially different from capital. Firms and governments and global institutions must protect the rights and well being of human beings. This is more likely to happen when governing bodies are characterized by representation that adheres to principles that the polity regards as "fair" and their decisions are made openly and with integrity.

With these changes, financial volatility can be diminished, the real economy can grow, children can be educated, workers and corporations can flourish, and inequality can be reduced.

Growth and Employment: Creating a National Environment Conducive to Full Employment and Decent Work¹⁹

By Mr. Peter Bakvis
Director of the Washington Office
International Confederation of Free Trade Unions (ICFTU)/Global Unions

This paper elaborates on two topics:

1. Employment and decent work in national development strategies and
2. Necessary conditions for well functioning labour markets

It largely focuses on developing countries, where the ICFTU has approximately two-thirds of its affiliates.

We in the international trade union movement very much welcome this ECOSOC debate on “generating full and productive employment and decent work for all”. Employment creation, and notably creation of decent work, has to be central to national development strategies if the Millennium Development Goals are to be attained. This is especially true for MDG 1, the reduction of extreme poverty. Most poor people have their labour as their only or principal asset. Decent employment, protection of workers’ rights and their physical safety, and appropriate social protection measures are essential to achieving sustained poverty reduction.

Unfortunately, employment targets and decent work strategies are usually absent from what has become the proxy for national development plans in many low-income countries, the Poverty Reduction Strategy Paper (PRSP). The formulation of PRSPs has been a condition for debt relief and concessionary lending from the IMF and World Bank since 1999. These documents are supposed to be “country-owned”, that is, prepared by governments themselves rather than the international financial institutions (IFIs), and based on the participation of civil society organizations.

In the trade union movement, we saw the PRSP processes as an opportunity to put forward the importance of decent work, and to develop strategies explicitly focussed on job creation, not leaving employment as a residual. The ICFTU has affiliates in almost all of the approximately sixty countries where PRSP processes have taken place, and many of our affiliates have taken up the challenge of putting forward such proposals, but in most cases they were ignored. (In the few cases where they were not ignored, the ILO played a very helpful role in ensuring that labour’s voice was heard.) We are now at the point where some of our affiliates are contemplating an end to their involvement in PRSP processes because they see their participation, which uses up scarce human resources that could be more effectively used elsewhere, as having no impact.

The reason that unions’ input to the PRSP processes has had no impact in most cases is that these documents are essentially prepared by finance ministries whose dominant

preoccupation is fiscal constraint and stable monetary policy. Their perspective tends to be highly influenced by IMF policy conditions or recommendations. Obviously, unions agree that a stable financial system is necessary for growth and development, but the IMF has tended to propose unduly restrictive requirements for poor countries, such as insisting that inflation be kept below a 5 per cent threshold. There has been no discussion of possible trade-offs, such as tolerating a slightly higher rate of inflation or a slightly lower primary budget surplus in order to not restrict employment growth. Inflation targets and government spending limits were simply set as IMF loan conditions, without discussing them with civil society, and countries were expected to abide by them.

We were recently pleased to hear IMF representatives tell an international trade union delegation in Washington that the Fund is developing more flexibility for some macroeconomic and fiscal targets in low-income countries so as not to hinder economic growth or spending for important social programmes. For example, the IMF would allow for inflation targets, at least for temporary fluctuations, of up to 10 per cent rather than the previous target. We will have to see how this is actually applied on the country level.

The ICFTU and its affiliates have made several suggestions for improvement of the PRSP process. One of these is that the IMF and World Bank should encourage countries, in their national PRSP processes, to submit macroeconomic and structural policy options to consultation by civil society, and not simply reproduce classic IFI structural adjustment policies (sometimes referred to as the “Washington Consensus”). The IFIs should also encourage involvement of national parliaments in the discussion and ratification of PRSPs and encourage countries to invite trade unions and civil society organizations in all stages of the PRSP process, including in the drafting of the final document.

Given the importance of decent work for achieving sustained poverty reduction, the IFIs, in their own country analyses, should analyse and emphasize the need for employment-intensive growth, demonstrate how the violation of core labour standards contributes to the persistence of poverty, and describe the needs for improved social protection. The ILO could be a very effective partner for developing these kinds of analyses, which would in turn provide useful information for enhancing the labour content of PRSPs and provide a valuable alternative to the IFIs’ usual practice of calling for labour market flexibility without evaluating the impact of such a policy.

The other area I will speak about concerns the conditions necessary for a well-functioning labour market. I thought that Under-Secretary-General José Antonio Ocampo spoke about this in a very considered manner in his opening statement. The Issues Note invites comment on the “need for a well-functioning labour market with institutions and policies that lower the barriers of adjustment for firms, while ensuring income and employment security to workers”. Now, we know that many developing-country labour markets are characterized by a high level of informality and a low level of enforcement of labour laws. An unfortunate tendency of some international institutions has been to say, in effect: *“If there is weak enforcement, it must mean that labour laws are too restrictive. Let’s ask investors what level of worker protection (or lack thereof) they would prefer, and we’ll recommend that countries remove all levels of protection above that level.”*

A current example of this is what the World Bank is carrying out with its *Doing Business* publication, which is now into its third annual edition. Through its “hiring and firing workers” indices, countries are told that if they have minimum wages of more than 25 per cent of GDP (which can mean thresholds of less than \$20 per month in countries of Sub-Saharan Africa), a maximum work-week of anything less than 66 hours, or any requirement about advance notice for mass dismissals, they have labour legislation which is unfriendly to investors. South Africa has been told that its affirmative action programme – put in place by the post-apartheid government to help non-white workers advance in the workplace – is anti-business.

Doing Business has engaged in a public shaming exercise of countries that have “excessive” labour regulations, publishing rankings of countries based on whether or not they have any of the types of regulations just mentioned, even though in many cases the countries with a bad rank are simply abiding by ILO Conventions. These rankings are used in World Bank and IMF country-level reports to pressure countries to deregulate labour markets, either through loan conditions or policy recommendations. For example, a *Bolivia Country Economic Memorandum* issued by the World Bank in October 2005 states that, because Bolivia’s “firing cost” indicators are slightly higher than the Latin American average, firms established in the country’s export processing zones should be exempted from the application of the country’s “excessive” labour regulations. Curiously, the same World Bank report on Bolivia includes the admission that the Bank’s researchers do not know whether the regulations in question actually impede investment in the country.

This is the worst kind of “one-size-fits-all” policy prescription. If a country’s ease of hiring and firing indicators, as calculated by *Doing Business*, are slightly higher than its neighbours’, it is told that labour regulations should be weakened or not applied. In so doing, the World Bank ignores any costs, for example in terms of employment insecurity, which removal of the regulations would entail. It furthermore pays no attention to industrial relations practices or social protection laws that exist (or are absent) in the country and that may explain some regulations. I must emphasize that we are not talking here about a one-sided or biased research paper with which we disagree simply on intellectual grounds. We are speaking of the World Bank’s premier publication in terms of volume of printing and circulation, whose recommendations work their way into loan conditionality of both the Bank and the IMF. *Doing Business* has become a leading instrument in what Mr. Ocampo, in his opening statement, called the “persistent calls for more labour flexibility, [which] has generated a broad-based and growing sense of economic and social insecurity”.

It is interesting to note that the World Bank does not take the same approach on corruption or lack of enforcement of property rights as it does with labour laws. The Bank does not say: “*There is a problem of government fraud in country X – let’s relax the rules on corruption so the problem goes away*”; or “*Country Y is not enforcing property rights, so let’s just abolish them*”. The Bank is not saying this, and rightly so. It is in fact calling for stronger rules and better enforcement, as we have seen in the highly publicized anti-corruption campaign launched by the World Bank’s new president. Why should the approach be so radically different when the Bank deals with labour laws

and regulations, where countries are told that if there is any resistance to abiding by the rules, they should do away with the rules?

That said, many ICFTU affiliates are engaged in processes for reforming national labour laws to meet the challenges of globalization. This may require stronger regulations or better enforcement in some countries. In others it may require replacing unduly restrictive dismissal rules by more adequate social protection. The ILO has played an important supportive role in such processes that are based on tripartite dialogue and aim at finding consensus. In the global trade union movement we would welcome support from other international institutions for these processes. However such support cannot be based on a vision that labour regulations impose costs but have no benefits and can therefore be eliminated without evaluating the impact. Nor is it compatible with practices that we have seen in some countries of international organizations advising governments to ignore or circumvent institutions of national tripartite dialogue.

In some countries, trade unions have been told that they should submit to labour deregulation even though it is to workers' disadvantage, because globalization is inevitable or because business has determined that deregulation is for the general good. This is the surest recipe for ensuring no change will take place. If workers are told they will be on the losing end of reforms, they will oppose them with all their force. On the other hand, I would like to echo what an earlier speaker in this panel, Mr. Milivoje Panic, said: "People will give full support to change when they have a stake in it." This is nowhere truer than in the area of labour reforms. Successful efforts to achieve sustained poverty reduction require that all facets of the decent work agenda – decent employment, workers' rights, and appropriate social protection – be incorporated in national and international development strategies.

Notes

- 1 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 April 2006.
- 2 ILO, "The scope of the employment relationship", Report to the ILC June 2003.
- 3 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 4 April 2006.
- 4 See UNCTAD 2004, p.139-141. Indeed, as Keynes put it in his "Treatise"(Vol. V of The Collected Writings, p. 141): "the departure of profits from zero is the mainspring of change in the ... modern world. ... It is by altering the rate of profits in particular directions that entrepreneurs can be induced to produce this rather than that, and it is by altering the rate of profits in general that they can be induced to modify the average of their offers of remuneration to the factors of production."
- 5 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to

- generating full and productive employment and decent work for all, and its impact on sustainable development”, 4 April 2006.
- 6 The views expressed in this paper are those of the author alone and do not necessarily reflect UNDP policy.
 - 7 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 4 April 2006.
 - 8 Shocks also tend to have major long-term and cumulative effects on the economy. Commodity price shocks tend to be especially “persistent” – they reach their maximum negative effect after 4 years and low-income economies take 5 years to overcome around 50% of their effects (see World Bank 2004). Shocks also have almost irreversible effects such as falls in human capital (deaths), large capital outflows, credit crunches and permanent unemployment. The most important impact of shocks is on poverty. All of the shocks described above will reduce scope for poverty reduction - for example, by decreasing smallholder export earnings, by reducing imports of goods or aid flows destined for poverty reduction, and by reducing budget expenditure on poverty reduction. A large amount of recent analysis has demonstrated that many different types of shocks – including financial crises - have a dramatic impact on increasing poverty, reversing trends towards the MDGs.
 - 9 Sandra Polaski, *Winners and Losers, Impact of the Doha Round on Developing Countries*. Carnegie Endowment for International Peace, Washington, DC, 2006
 - 10 Drafts of the five case studies on experiences with ex ante assessment of macro-economic policies in Bangladesh, Cameroon, Ghana, Nepal, and the Philippines can be found at the website of New Rules for Global Finance Coalition www.new-rules.org
 - 11 *External Openness and Employment: The Need for Coherent International and National Policies*, Rolph van der Hoeven and Malte Lübker, Policy Integration Department, International Labour Office (Geneva) Paper presented at the XXII G24 Technical Group Meeting, March 16-17, 2006 (Palais des Nations, Geneva).
 - 12 *Job Anxiety is Real, and it's Global*, Policy Brief No. 30, April, 2004, Carnegie Endowment for International Peace, Washington, DC.
 - 13 Raymond W. Baker, *Capitalism's Achilles Heel, Dirty Money and How to Renew the Free Market System*, John Wiley & Sons, 2005.
 - 14 Final Report and Recommendations Derived from Multi-Stakeholder Consultations Organized by New Rules for Global Finance Coalition November 2004 through September 2005 On “Addressing Systemic Issues”, Section F, Monterrey Consensus Document International Conference on Financing for Development Monterrey, Mexico, March 2002. Prepared for UN 2005 World Summit, Segment on Financing for Development, September 14-16, 2005. www.new-rules.org
 - 15 At the September 2006 Annual General Meeting of the World Bank and IMF in Singapore, the IMF Board of Governors did approve an ad hoc adjustment of the quotas of China, South Korea, Turkey, and Mexico. The IMF's Medium Term Strategy anticipates further adjustments to both the quota formula itself and to other middle-income countries' quotas, to the allocation of basic votes every country receives based on membership alone, and assured the low-income countries that they would not suffer any reduction in votes.
 - 16 Kathrin Berensmann and Frank Schroeder, *A proposal for a new International Debt Framework (IDF) for the prevention and resolution of debt crisis in middle income*

- countries*, Paper for the Multistakeholder Consultation on Systemic Issues, in Lima, Peru; February 17-18, 2005. Draft. <http://www.new-rules.org>
- 17 Prudential regulations can improve the resiliency and viability of financial institutions, as well as enhance the efficiency, dependability and stability of financial markets and the overall economy.
 - 18 Colin I Bradford, Jr., "Prioritizing Economic Growth: enhancing Macroeconomic Policy choice," Paper presented at the XIX G24 Technical Group Meeting, September 27-28, 2004, Washington, DC. Cited in van der Hoeven and Lubker, p. 23.
 - 19 From the preparatory meeting for the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 4 April 2006.

Chapter 4

PROMOTING PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR WOMEN AND YOUNG PEOPLE

Overview

Employment is widely recognized as a source of economic empowerment and a critical pathway out of poverty for women and young people¹. Nevertheless, gender and age-stereotypes and discrimination continue to limit their labour market access and have pushed them into low-productive, poorly-paid and inadequately-protected jobs, primarily in the informal economy. In developed and developing countries alike, there is an enduring trend of horizontal and vertical sex segregation in the labour market due, inter alia, to socio-cultural attitudes and gender inequality in education, training and recruitment, restricting girls and women from maximizing their human potential. Women are still less likely than men to hold paid and regular jobs and more often work in the informal economy; fewer women than men own businesses; and worldwide over 60 per cent of unpaid workers in family enterprises are women. Of the roughly 520 million working people living in extreme poverty in 2005, earning less than \$1 a day, 60 per cent are women. While the global share of adult² female participation in employment increased from 51.7 per cent in 1995 to 52.2 per cent in 2005, the overall female participation rate decreased due to the decline in labour force participation of young women.

This has resulted in *direct costs* to women and young people in terms of high rates of unemployment and underemployment, lower earnings and higher poverty as frequent and prolonged spells of unemployment, in particular early in life, which can have a negative impact on future labour market opportunities. In addition to the direct costs for the affected women, joblessness and lack of decent work for women and young people have led to *societal costs* in the form of lost economic growth opportunities, tax-base erosion and increased welfare costs. The inability of women to work themselves out of poverty limits the education and life prospects of their children and thus leads to inter-generational transmission of poverty.

Youth is particularly hit by the predicament of unemployment and under-employment. About 86 million young women and men were unemployed in 2004, accounting for 45 per cent of the 191 million unemployed globally. On average, young people were more than three times as likely as adults to be out of work and some 106 million young working poor, or 20 per cent of all working youth live in households with an income of less than \$1 a day and are engaged in unproductive work, not earning enough to overcome poverty.

Being female and young can be a double disadvantage. Young women often have most difficulty entering the labour market and retaining decent jobs. In many countries, young

women are increasingly emigrating in search of work as independent migrants, and when emigration is unregulated, they face a higher risk of trafficking and forced labour.

Despite the large direct and societal costs there is still insufficient attention to promoting productive employment and decent work for women and young people. Action therefore is urgently needed. Tackling unemployment requires coherent macro-economic and targeted interventions, addressing labour demand and supply as well as the quality and quantity of employment. Policies are most effective if they are part of broader national policies that promote sustained growth through increased aggregate demand, guided by the twin objectives of growth and job creation. Strategies to give people a chance to get decent work cannot be separated from efforts to improve working conditions and advance rights for all workers and, in many countries, to combat child labour.

It is crucial to complement broader employment and other economic and social policies with targeted measures to overcome the specific disadvantages many women and young people encounter in entering or remaining in the labour market. For instance, addressing the overrepresentation of women engaged in the informal economy will require providing commercial incentives, simplifying registration procedures, securing legal rights to property and credit, and ensuring access to the formal economy, information, markets, education and training and information and communication technologies. Experience across a number of countries shows that initiatives are more effective if they combine education and training, labour market services, work experience and entrepreneurship training. Their success is likely to increase when they are designed and implemented in collaboration with employers' and workers' organizations.

While progress towards gender equality has been slow, today many countries have embarked on initiatives to tackle the problem of gender inequality in employment. At the national level the new generation of Poverty Reduction Strategy Papers (PRSPs) is beginning to recognize the crucial importance of youth employment in the implementation of pro-poor poverty reduction strategies. National Action Plans on youth employment, promoted under the aegis of the United Nations Secretary-General's Youth Employment Network (YEN), provide a framework for an integrated approach focusing on employment, employability, entrepreneurship and equal opportunities.

The contributions of Ms. Mayanja, *Special Adviser on Gender Issues and Advancement of Women*³ and Ms. Simonen, *Deputy Executive Director of UNFPA*⁴ give a comprehensive introduction into the subject and provide an overview of the progress made to date at the national and international level in improving gender equality at work. They also propose strategies and identify further concrete actions which could be taken to work towards greater gender equality in employment.

The Challenge of Youth Employment: A Youth Perspective calls for special attention to the needs of youth given that although young people make up only 25 per cent of the working-age population, they represent 47 per cent of the total number of unemployed. Today, youth are often forced to take jobs with low incomes, high insecurity, and with little prospect for advancement. Over the long term this harms their employment prospects, makes them more vulnerable to involvement in criminal activities or drug abuse and, in regions where armed conflicts exist, frequently makes them the main victims and perpetrators of violence. The contribution appeals that young people be

considered as an asset, instead of a liability, and urges decision makers to pursue an integrated and targeted approach which involves youth, to better tap into its potential.

The experience of Norway in working towards gender equality in employment provides an assessment of progress made in this field. A recent legislative change in Norway has been identified as an innovative approach for promoting women's leadership at the highest level of the corporate world. On 1 January 2006, a law was passed in Norway that requires Norwegian company boards to appoint at least 40 per cent women in the next two years. Failure to comply would lead to the dissolution of companies. It also highlights the legal framework put in place for childcare, which starts from the premise that childcare is a shared responsibility.

Towards gender equality in employment – a Canadian perspective describes the successes and set backs on the way toward gender equality in employment in Canada and illustrates that political support is a key determining factor for tackling gender inequality in employment.

Women are taking their empowerment into their own hands – provides an inspiring example of a grass root initiative in Nepal to empower women to take their lives into their own hands. Launched in 1986 as a small project which helped women to get training marketable skills, the initiative has triggered the formation of a network and associations promoting women empowerment across the country.

The struggle for equal pay for men and women in the Senegalese Civil Service highlights the large and persisting inequalities between women and men in the public sector in Senegal, in particular with regard to gender pay gaps, tax discrimination and job related benefits as well as career development opportunities. It also describes the dangerous repercussion arising from such gender inequalities, including debt and covered prostitution. The paper presents concrete positive steps which women have taken to fight for greater equality in employment.

National Strategies for Achieving Gender Equality in the Labour Market⁵

By Ms. Rachel Mayanja
Assistant Secretary-General, Special Adviser on Gender Issues and
Advancement of Women
Office of the Special Adviser on Gender Issues and Advancement of
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This meeting is most timely, in as much as the discussions on new initiatives and practical strategies to achieve the goals of full and productive employment and decent work for all, including for women and young people, contained in the Beijing Platform for Action and the 2005 World Summit are at an important stage in ECOSOC. These goals are increasingly at the centre of national and international development policies and strategies, including poverty reduction strategies, as part of efforts to achieve the Millennium Development Goals (MDGs).

It is important to engage in a dialogue on innovative national strategies for achieving gender equality in the labour market. The dialogue would inform policy and planning at the national, regional, and international levels, encourage increased advocacy, raise awareness and build capacity, and promote the involvement of employers' organizations, trade unions, the private sector and civil society.

Women are key contributors to the economy and to combating poverty, through both remunerated and unremunerated work at home, in the community and the workplace. Growing numbers of women have achieved economic independence through gainful employment. However, gender stereotypes and discrimination continue to limit women's access to the labour market and push them into low-productive, poorly-paid and inadequately-protected jobs, primarily in the informal economy. As a result, women's access to paid employment is lower than men's in most of the developing world: women in Southern Asia, Western Asia and Northern Africa still hold only about 20 per cent of paying jobs in sectors outside of agriculture and over 60 per cent of unpaid workers in family enterprises worldwide are women.

Failure to create full and productive employment for women, not only has direct costs to women in the form of high rates of unemployment and underemployment, lower earnings and higher poverty, but also has costs for the whole society in the form of lost economic growth opportunities, tax-base erosion and increased welfare. Moreover, studies have shown that companies with higher representation of women on their top management teams actually experienced better financial performance than companies with lower representation of women in such positions.⁶

The promotion of productive employment and decent work for women requires concerted action among various government ministries. It needs effective coordination between central and local institutions as well as public and private agencies, and partnerships with representatives of civil society, such as parliamentarians, human rights advocates, women's and youth organizations and the private sector.

Employment Opportunities for Women, Men and Young People⁷

By Ms. Mari Simonen
Deputy Executive Director of the United Nations Population Fund
(UNFPA)

The 2005 World Summit Outcome resolved to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of relevant national and international policies as well as national development strategies, including poverty reduction strategies, as part of efforts to achieve the Millennium Development Goals.

It is critical that women's and men's employment opportunities, risks and vulnerability are considered from a life-cycle approach since these may vary at different points of time in women's and men's lives. For example, the girl child may be vulnerable to early withdrawal from school, which could have serious implications on job opportunities later on in her life. Similarly, women's responsibility for care for younger and older family members may expose them to unemployment, or employment insecurity in the formal sector.

Worldwide, women and young people make important contributions to economic development, including through productive wage employment, entrepreneurship, and as unpaid workers in family businesses and reproductive work in households and communities. For example, rural women make major and multiple contributions to the achievement of food security and produce more than half of the food grown worldwide. Migrant women contribute substantially to the economic and social development in both countries of origin and destination, including through financial and social remittances and investment by diasporas.

Of roughly 520 million working people living in extreme poverty in 2005, earning less than \$1 a day, 60 per cent are women. Women are less likely than men to be in regular employment; earn less for the same type of work; more often work in the informal economy; own fewer businesses; and are less represented in managerial positions.

The most challenging factors that limit women's contribution to the labour market, the economy and to development at large are gender stereotypes and discrimination, and horizontal and vertical segregation. The current socio-cultural attitudes and gender inequality in education, training and recruitment are at the base of the persistent gaps between men and women's earnings. Horizontal segregation restricts women and girls from maximizing their potential, and prevents them from entering traditional "male occupations", and vice versa. Vertical segregation upholds gender discrimination in hiring and promotion, limits women's career development opportunities and prevents them from reaching managerial positions.

These factors not only have direct costs to women in form of high rates of unemployment and underemployment, lower earnings and higher poverty, but also societal costs in form of lost economic growth opportunities, tax-base erosion and increased welfare costs. It is, therefore, critical that women's empowerment in the labour market is kept high on the agenda of the High-Level Segment of ECOSOC.

Many countries have already embarked on initiatives to deal with these issues. For example, in 2005, France passed a law to eliminate gender pay gaps. If desired results are not reached within three years, the Parliament would be requested to enforce a penalty on companies that violate the law.

In Malawi, efforts are made to train men and boys in non-traditional fields, such as nursing and home economics, and women and girls in engineering and law. Samoa increased the recruitment and representation of women in the police force.

In 2003, Norway adopted a law which requests 40 per cent women in private sector boards. From January 2006, the companies have to start recruiting more women into the board-rooms in a two years time, or they will be dissolved. A similar initiative has been carried out by Denmark, Estonia, Greece and Sweden, through a project funded by the European Commission called "Women to the Top". The project has created incentives to challenge the under-representation of women in top managerial positions, by raising awareness of key actors and initiating actions at company level.

With increasing numbers of women in the workplace in both the public and private sectors, there is an urgent need for more family-friendly policies. Such policies would not only benefit female and male employees by encouraging a better balance between work and family or personal life, but could also improve overall business productivity. An example of a good practice is the Icelandic Act that grants fathers a third of the whole parental leave.

Currently young people account for nearly 50 per cent of the world's unemployed. On average, young people are over three times more likely to be unemployed when compared to adults. And millions of young people cannot afford to be unemployed and are working long hours under informal, intermittent and insecure work arrangements that offer few benefits, limited protection and inadequate prospects for advancement. Some 106 million working youth, or one in five of all working youth, live in households with an income of less than US\$ 1 per day and do not earn enough to lift themselves out of poverty.

This problem is not going to disappear. Some 1.2 billion young people will enter the labour force in the next decade. The challenge we face is not only one of finding jobs for those youth who will be entering the labour market. But there is also an urgent need to find decent jobs for all young persons who are often underemployed and working in rural areas or the informal economy. Across the globe, young people bring energy, talent and creativity to our economies and societies. They are an untapped asset that we cannot afford to squander. What our young people do today will create the foundation for what our economies will do tomorrow. Unless we invest in this valuable human capital, we will surely lose the opportunity to use youth as a springboard for economic and social development and to realize the Millennium Development Goals.

Investing in youth employment is an investment in the future. Access by young people to productive work that generates an adequate income is the surest way young people can realize their potential, improve their life and work prospects and actively contribute to their communities. Decent work for young people provides economies with significant benefits in terms of increased wealth. The ILO estimates that halving the world's youth unemployment rate (from 14.2 to 7.2 per cent in 2003), bringing it closer to the adult rate, would add between US\$ 2.2 trillion and US\$3.5 trillion to the world economy. Decent work for young people also benefits societies. Starting right at work can open the gates to the fulfillment of young people's responsibilities and aspirations, not only as workers, but also as citizens.

Almost every country in the world has sought to address the youth employment challenge, and a wealth of approaches has been implemented. However, many interventions have been confined to specific programmes that are narrow in scope and limited in time. In addition, the emphasis has often been placed on labour market entrants, with less attention to the poor working conditions of many young workers.

What has now become clear is that such approaches are not producing sustainable results. What is needed is an integrated approach – one that combines supportive macroeconomic and targeted measures, and addresses labour demand and supply, as well as the quantity and quality of employment. This means that policies should stimulate aggregate demand and create additional employment opportunities for young people coming onto the labour market. Also, broader employment and other economic and social policies should be complemented by targeted measures to overcome the specific disadvantages many young people encounter in entering or remaining in the labour market. Initiatives to create more jobs for youth should go hand in hand with measures to enhance the employability of young people. But again, it is not just a matter of more jobs but also of better jobs.

The United Nations recognizes the vital importance of youth employment for the development agenda. In 2001, the Secretary-General created the Youth Employment Network (YEN) – an inter-agency partnership between the UN, the ILO, and the World Bank – to operationalize the Millennium Declaration commitment of “developing and implementing strategies that give young people everywhere a real chance to find decent and productive work”. Together with delegates of Governments, the world of work represented by workers' and employers' organizations, complemented by the academic community and the larger multilateral family, a wealth of knowledge and experience is available.

This broad mix of policy-makers, experts and practitioners is what is needed to strengthen dialogue and mobilize partnerships to promote productive employment and decent work for women and youth. This requires concerted action among various government ministries. It also needs effective coordination between central and local institutions as well as public and private agencies. Social dialogue between governments, employers' and workers' organizations is key to ensuring sustainable changes for women and youth at work. Cooperation and alliances with representatives of civil society, such as parliamentarians, human rights' advocates, women's and youth organizations, and the private sector can highlight and replicate good practices and durable solutions, participation in and commitment to measures and reforms affecting employment prospects.

The Challenge of Youth Employment: A Youth Perspective⁸

By Mr. Budi Tjahjono
Rapporteur of the Youth Consultative Group of the UN Secretary
General's Youth Employment Network

Youth and Employment

The issue of youth employment has become a centre of discussion and concern for different countries around the world, and a subsequent focus of attention by governments, political parties, regional and international institutions and academics. The growing importance of the issue was underscored by the commitment in 2000, by the largest gathering of Heads of State and Government ever, within the Millennium Declaration to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work”. This commitment was subsequently included in the Millennium Development Goals. In 2001, the Secretary-General created the Youth Employment Network (YEN) – an inter-agency partnership between the UN, the ILO, and the World Bank – to operationalize this commitment.

Youth is often considered as a transition phase from childhood into adulthood. It is the transition from being dependant on others to being independent. One of the most significant factors during this transition is indeed, their employment status. Young people often feel that having a job is a sign of independence which could lead them to their own choice in their lives vis-à-vis their family and peers. For different reasons, young people find it more and more difficult to find a job. This is a global reality. The number of unemployed youth has increased steadily over the past decade to the current level of 88 million unemployed youth globally. The total youth unemployment rate remains double that of older workers. Although young people make up only 25 per cent of the working-age population, they represent 47 per cent of the total number of unemployed⁹, a figure which only represents the tip of the iceberg given that many more millions of youth are forced to seek a living in the informal economy, often in dangerous circumstances, with no social protection, and working for long hours at very low wages¹⁰.

Young people are confronted by further obstacles which make them especially vulnerable to social, economic, physical and psychological influences. The difficulty of finding employment can lead to feelings of vulnerability and idleness. Many young people never complete secondary school, about two third of school drop-outs are young girls and less than one fourth of girls attend secondary school in many developing countries. Young people with limited education and skills will face various difficulties when they seek to enter the labour market. The type of jobs available for them, are often jobs with low incomes, high insecurity, and with little prospect for advancement. Over the long term, disadvantages experienced by youth, can harm their employment prospects for life. Furthermore, young people without means or opportunities are more vulnerable to involvement in criminal activities or drug abuse. In regions where armed conflicts exist, youth are frequently the main victims and perpetrators of violence.

A generation without a hope of stable employment can be a burden for the society in which they live. Youth unemployment has serious global economic consequences. The lack of education, training and skills among the youth means that for many the only chance to secure work are in unstable and low income jobs, which rarely pay enough to enable them to escape the inter-generational cycles of poverty they and their families are trapped in. Ignoring the potential of tackling the problems of youth employment can be an economic waste. According to an ILO estimate, reducing the global youth unemployment rate by half, from 14.4 per cent in 2003 to 7.2 per cent would add between \$ 2.2 to 3.5 trillion to the world economy¹¹.

Table 1: Estimates of the numbers of youth, age 15-24, living in poverty in 2005 in millions

Region	Less than \$1/day	Less than \$2/day	Undernourished
South Asia	84.1	206.1	57.8
Sub-Saharan Africa	60.7	102.1	39.9
East Asia and the Pacific	46.5	150.5	38.6
Latin America and the Caribbean	11.1	27.2	10.8
Middle East and North Africa	2.0	12.1	7.1
Europe and Central Asia	4.1	18.1	5.8
World	208.6	515.1	160.1

Source: R. Curtain, Youth in Extreme Poverty: Dimension and Policy Implication with Particular Focus on South East Asia (Melbourne, 2004) as quoted in Report of UN Secretary General on World Youth Report 2005, A/60/61-E/2005/7.

Key Statistics

- One in five people in the world are between 15 and 24 years old. Some 85 per cent of them live in developing countries.
- In 2003, 88 million young people were unemployed. A much higher number is underemployed.
- Over the next decade, as many as 500 million young people are expected to enter the world's workforce.
- The unemployment rate for young people is two to three times higher than that for adults.

- In over a quarter of the industrialized countries, young women’s unemployment rate is 20 per cent higher than that for young men.
- The informal sector accounts for up to 93 per cent of all jobs available to young people, wages in the informal sector are 44 per cent lower than in the formal economy, and protection and benefits are non-existent.

From the regional perspective, the Middle East and North Africa as well as the Sub-Saharan Africa have had an unemployment rate above 20 per cent for more than a decade whilst all other regions with the exception of East Asia have an unemployment rate above 10 per cent.

Table 2: The World and Regional Youth Unemployment Rate

Youth Unemployment rate (%)	1991	1995	2000	2001	2002	2003	2004
World	12.1	12.1	13.4	13.8	14.2	14.1	13.8
Developed Economies and European Union	14.2	15.2	12.9	13.1	14.1	14.4	13.6
Central and Eastern Europe (non-EU) and CIS	17.5	16.9	17.9	17.8	18.1	17.5	18.3
East Asia	7.4	7.1	7.9	8.1	7.8	7.6	7.5
South East Asia and the Pacific	8.5	9.4	12.9	15.4	17.7	17.2	17.1
South Asia	10.0	9.0	10.5	10.4	10.5	10.8	10.8
Latin America and the Caribbean	16.2	14.6	16.7	17.1	17.4	17.0	15.3
Middle East and North Africa	24.0	26.7	25.9	26.6	26.4	26.4	26.3
Sub-Saharan Africa	21.1	19.2	20.0	19.8	20.2	20.2	19.7

Source: Key Indicators of the Labor Market, ILO, Fourth Edition 2005

The table below shows that the world ratio of youth-to-adult unemployment in 2004 stood at 3.1, meaning that young people are 3.1 times more likely to be unemployed than older workers. South East Asia and the Pacific have the highest rate with 5.6 per cent in 2004. These figures underscore the specific vulnerabilities and difficulties youth face in the labour market.

Table 3: Ratio of youth-to-adult Unemployment Rate

Ratio of youth-to-adult Unemployment rate (%)	1991	1995	2000	2001	2002	2003	2004
World	2.8	2.9	3.1	3.1	3.1	3.1	3.1
Developed Economies and European Union	2.4	2.3	2.3	2.4	2.3	2.3	2.3
Central and Eastern Europe (non-EU) and CIS	2.1	2.6	2.4	2.4	2.4	2.3	2.4
East Asia	2.8	2.8	2.7	2.7	2.7	2.7	2.7
South East Asia and the Pacific	4.5	4.8	5.3	5.4	5.5	5.7	5.6
South Asia	3.9	3.8	4.0	3.9	3.8	3.7	3.7
Latin America and the Caribbean	2.7	2.7	2.7	2.6	2.6	2.6	2.6
Middle East and North Africa	3.4	3.3	3.2	3.3	3.3	3.3	3.3
Sub-Saharan Africa	3.5	3.9	3.4	3.4	3.4	3.5	3.5

Source: Key Indicators of the Labor Market, ILO, Fourth Edition 2005

Youth Involvement

Youth unemployment is often considered a consequence of the failure of youth themselves to prepare for the world of work. Policy interventions based on this rationale have frequently stereotyped youth as a burden and sometimes even as risks to be managed or threats to be contained. In fact, it needs to be underlined that it is the unemployment that is the problem, and that youth are in fact the solution. This generation of youth, the largest ever, must be viewed in terms of an opportunity, a 'demographic dividend', rather than a problem to be solved. Youth can play a decisive role in solving the youth employment question, if they are given the right tools, and the knowledge and empowerment to use them. Indeed in order to develop effective and lasting interventions in the field of youth employment, it is essential to listen to the youth themselves, and understand their own experiences, frustrations and aspirations.

Case Study: CPE- France

To address the issue of youth unemployment, the French government has introduced a new law called Contract Première Embouche (CPE –First Employment Contract). This new law focuses on young people under the age of 26 and gives employers the opportunity to employ youth using flexible job contracts. Whilst these contracts make it easier to hire young employees the law also allows employers to terminate contracts without explanation at any time during the first two years of employment. The new law has triggered nation wide protests and strikes mainly by the university students, high school students and trade unions. On March 2, 2006, between one to three millions protesters massed in France’s largest cities to ask the government to withdraw the law. Youth backed by the unions feel the law is only serving to institutionalize the existing situation of employment *precarité* (precariousness) that has been a growing concern in France for some years. The French government also stands accused of not consulting the youth, students and trade unions in drawing up the law. Regardless of the political dimensions of this new law, the case of CPE in France shows that a failure to develop youth employment policy in a holistic and multi-stakeholder manner can result in policy interventions which are ineffective, unpopular, and ultimately very difficult to implement.

The two United Nations resolutions on the youth employment issues have clearly given the mandate to involve young people in policy-making discussions. In its resolution 58/133, the General Assembly “*recognizes the importance of the full and effective participation of young people and youth organizations at the local, national, regional and international levels*” in promoting and implementing the World Programme of Action. This resolution reiterates the previous General Assembly resolution (A/RES/57/165) on promoting youth employment which asked “Member States to prepare national reviews and action plans on youth employment and to involve youth organizations and young people in this process, taking into account, *inter alia*, the commitment made by the Member States in this regard, in particular those included in the World Programme of Action for Youth”.

In responding to this, youth organizations began engaging with the YEN in 2001, and entered a process which led to the formal establishment of a YEN Youth Consultative Group in 2004. The YEN Secretariat works very closely with YCG¹² especially in building a link with national and local youth groups in the YEN Lead countries, and reminding governments of their commitments to engage young people in the development and implementation of their National Action Plan (NAP). At the global level, the YCG works to represent the concerns of young people on the functioning and strategic priorities of the YEN through interaction with the High Level Panel and other structures of the YEN. At the national level, YCG, through its affiliates, acts as a catalyst and resource to support youth participation in the development, implementation and review of the National Actions Plans.

Examples of the YCG actions at the national and regional level:

- In Iran, Congo, Rwanda, Nigeria and Georgia, it was active youth who motivated governments to step forward as YEN Lead Countries.
- In Azerbaijan, youth groups have formed a Youth Employment Coalition of Azerbaijan (YECA) to provide youth perspectives and input into the NAP Process.
- In Brazil, youth created YEN-Brazil Advisory Committee to support the NAP. They have created a website to gather youth inputs and held a number of workshops in partnership with the government including one on the youth entrepreneurship during the World Social Forum 2005.
- In Namibia, the National Youth Council has been included in the country's National Youth Employment Taskforce – the multi stakeholder body responsible for the development of Namibia's NAP.
- In Uganda, Youth Parliamentarians have helped build support for the NAP process and the National Youth Council is providing a vehicle for broad youth input into the development of the NAP.
- The European Youth Forum, a member of the YCG, was involved in the designing of the European Youth Pact which addresses the youth employment issue in a broader and comprehensive way at the regional level.
- YCG with the assistance of the YEN Secretariat is collecting information regarding successful examples of youth led, youth driven, employment related projects. This activity is being carried out within the framework of the YEN funded, World Bank led Global Stocktaking of youth employment interventions. Such good practice examples can serve to demonstrate the value of involving young people in policy-making processes focused on integrating youth into the labour market.

The Key Challenges of the Youth Employment Issue

Young people need to be considered as assets - as a catalyst for development - rather than as passive beneficiaries for whom employment must be found. Youth have the potential to positively shape the landscape of the world economy, as well as social, cultural, technological and political development. They are ready to play key roles either as workers, innovators, agents of change, professionals or entrepreneurs. Tapping into this potential of youth requires both an integrated and targeted approach. Such an approach takes into consideration the diverse characteristics of young people, which needs to be considered as much as the diversity of labour markets in each economy.

Education provides young people with the knowledge and skills in different domains which later become the necessary tools to facilitate their entry into the labour market. Often it is assumed that after completing their studies, youth will find it easier to find a job. Unfortunately, this is not always the case. In many countries, young people find that

what they learned in school does not always match with the requirements needed by the labour market. While it is necessary to focus on the intellectual development of the students, the educational system should also be reviewed, as necessary, and brought into a greater conformity with needs of the world of work.

Having a high school diploma or a university degree is no guaranteed passport to the right job. The employment the young people get often does not correspond with the skills they acquired during their education. Rather than choosing to remain unemployed, the youth opt to take whatever job opportunity comes first for them. One such example is the so-called trend of “outsourcing” or “offshoring” of jobs - whilst the relocation of a call-centre from the United States to India could help to provide jobs for Indian youth, many of the young people employed have high qualifications such as engineering and computing degrees which exceed the qualifications needed to be call-centre operators. Thus, the second concern related to education is regarding decent work for youth.

Examples of Azerbaijan¹³:

Youth with secondary schooling have the highest unemployment rates, and the rate by comparable adults is found among young vocational school and higher education graduates

Also likely to be at a disadvantage in the labour market are those who are not studying, not working and not seeking work; the less educated and young women are the most disadvantaged within this group.

As mentioned at the beginning of this paper, youth employment has a direct linkage with and impact on the poverty agenda. At the moment, more than 200 million youth live under \$ 1 a day, while 450 million youth live under \$ 2 and more than 160 million youth are undernourished. Unemployment and underemployment affect young women more deeply as they face greater vulnerabilities and risks. To tackle poverty, there is a need for the governments to provide comprehensive and innovative macroeconomic policies which favour providing decent and productive work opportunities for young people. Tackling poverty from a youth entry point will also help to address the intergenerational transmission of poverty.

Recommendations

1. Given that decent employment provides the only sure-fire route out of poverty for unemployed and under-employed youth and their families, the governments should recognize the critical entry point youth employment offers in the fulfillment of MDGs. Addressing poverty through the youth employment lens will enhance the possibility of breaking down the intergenerational transmission of poverty. Governments should allocate sufficient resources for the youth employment policy development, including the resources coming from official development assistance (ODA).

2. The youth employment challenge should be addressed through a network approach. It means that a broad coalition between the government, employers, workers, youth and other actors in the civil society should be formed and mechanisms should be put in place for such a network to function in a sustainable and durable manner.
3. Governments need to develop a comprehensive policy on the youth employment at the national level which places employment at the heart of development policies through an integrated and coherent approach that combines macro and microeconomic interventions, and addresses both labour demand and supply and the quantity and quality of employment. Governments should be able to translate the four E's (Employability, Entrepreneurship, Employment Creation and Equal Opportunity) into tangible programmes for young people.
4. The private sector as one of the key stakeholders on youth employment should be involved to a greater extent in addressing the issue. Its involvement is especially important in the fields of training, internships, and mentorship for entrepreneurs, beside its main role in the field of job creation. Private sector support can be facilitated through government incentives such as the provision of tax breaks. While the educational system should ensure the intellectual development of the youth, the private sector can provide support to bridge the gap that exists in many countries between educational curricula and the needs of the labour market.
5. Youth should not be considered a problem but part of the solution for the issue of employment. This will require encouragement from governments for the youth to create their own employment opportunities through self-employment and entrepreneurship development. This should be reflected through the provision of vocational training centres, or the integration of entrepreneurship concepts into educational curricula. There is also a need for policies focused on addressing the more fundamental causes of youth unemployment such as the provision of free primary education for all and ensuring equal education and employment opportunities for girls and boys as well as protecting other vulnerable groups.
6. The involvement of youth and youth organizations in the policy making process regarding employment should be enhanced. It is very unfortunate that the YCG analysis of the NAP progress report in 2005 showed that, from the 40 countries which had submitted reports, eight countries only had explicitly mentioned the involvement of youth or youth organizations in their policies and programmes concerning youth employment. Governments need to move beyond the symbolic engagement of youth to having more substantive mechanisms for youth participation and this should be reflected in the policy making process at all levels (national, provincial and district level). This will help instill a sense of ownership among young people in policy developments, as well as the recognition of their own capacity to define the type of policies suitable for their own needs.
7. This means that young people and youth organizations need to push and give voice to their hopes and aspirations through a call to governments for more involvement in employment policy development. Governments need to consider supporting the establishment of broad based representative and democratic youth advisory groups or other national consultative youth structures during the formulation, implementation

and later, the evaluation of NAP. There should also be a provision of space for youth on any national coordination body related to NAP development.

8. In turn employers' and workers' organizations have important roles to play in ensuring that the government policies regarding youth employment bring the human dimension and values into the world of work. Policies should ensure a respect of labour rights, and should not consider youth merely as tools of production. At the same time, the trade unions should also prepare the young people to ensure that they know their rights once they enter the world of work.
9. Young people make important contributions as innovators, entrepreneurs, workers, consumers, and citizens. Investing in young people provides them with hope and dignity as well as prevents immense costs associated with alienation and frustration. Young people themselves should participate in policy making for youth employment and local economic development. Policy makers should not only invite young people but also listen and act upon their advice. Participation and real influence have positive effects on people's sense of belonging, the legitimacy of policies and programmes, and hence also their success.

The Experience of Norway in Working towards Gender Equality in Employment¹⁴

By Ms. Anne Kathrine Slungård
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of Norway

Norway and Europe as a whole are facing two main challenges in the years ahead. The first is to ensure that more children are born. The second is to ensure that more people work and that more people work longer. The solution to these challenges is to consider family and equality policy in close conjunction with labour market policy. We must both increase the birth rate and achieve an inclusive working life.

Today, 43 percent of employed women in Norway work part-time. Men work full time, and many of them work a great deal of overtime. This means that we are a long way from full equality on the labour market, in the division of power and care and in terms of income and promotion. It is impossible to exploit the workforce potential represented by women unless men take their share of child care. Workplaces must notice that men are parents.

Norway has recognized this and has put in place good public arrangements for families with small children, which have been introduced precisely to make it possible for both mothers and fathers to combine work with child care. Flexibility is a key word such as a long period of paid parental leave and a father's quota which is now of six weeks. Also from January next year it will be easier for parents to combine part time work with paid parental leave. Moreover, the Government gives high priority to providing full day care coverage and organized after-school activities.

As a next step, in 2007, the Government will present a White Paper to the Parliament on "*Men and Gender Equality*", the first of its kind in the world. Equal parenthood is the key to equality at work. Equality at work, where both men and women take part in the labour force and contribute their expertise, experience and skills is, in turn, the key to increased productivity and economic growth.

Recognizing that this is not enough and that gender equality in work life is a question of who is at the top, the Norwegian Parliament in December 2003 adopted a new law which requires 40 per cent of board members to be women. From January 2006, companies have to start recruiting more women into board-rooms and they are only given two years to complete this. If they do not succeed, they may be dissolved.

Why was this decided and what kind of firms is affected and will it actually be possible to implement such a law? It was decided because we need more diversity in our management and board rooms and because we have to use all the human resources in the country, not just half of it. Diversity strengthens the companies' possibilities to rapid adjustments and improves the management of companies. For several years, more women than men have finished higher education. Almost 65 percent of the students at

universities and university colleges are women. The problem is thus not a lack of qualified women. Rather the challenge is to recruit our highly qualified women into leadership positions and make use of their competencies. The kind of companies affected by the legislation are (1) Companies that are 100 per cent state owned; (2) Privately owned public limited liability companies (ASA), and (3) Private limited liability companies (AS). The rules do not concern the administrative management of the companies, but the supervisory boards, consisting of members elected by the general assembly.

With regard to enforcement of the legislation, no new laws regarding enforcement have been passed. Company legislation provides for the enforcement of the rules regarding the composition of the board. The rules regarding gender representation will have a natural place in these provisions. According to the rules on enforcement, a company which does not have a board that fulfils the statutory requirements will be dissolved automatically by order of the Court if it does not fulfil the legal demands within the given time-limits. Dissolution has been a part of the legal system since 1977, in almost 30 years, and has not caused any problems. Experience shows that most companies where discrepancies are pointed out, correct these in due time. Therefore, it is unlikely that any companies will be dissolved by the court on account of the gender representation rule.

Norwegian companies are these days very active in recruiting women both to board positions and into the administrative management of the companies. We should all take seriously that half of the competence that companies need to maintain position in international competition is found among women. So, achieving gender equality is both a question of justice and a question of productivity and economic growth. These are not just fine words, they are harsh realities that we must accept.

Towards Gender Equality in Employment — A Canadian Perspective¹⁵

By Ms. Barbara Byers
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Member of the ILO Governing Body.

The American abolitionist, Frederick Douglas said in 1857: *Power concedes nothing without a demand. It never has and it never will.* The road to equality in Canada is full of demands and our journey toward equality has been extremely slow. Everything we have achieved thus far has been through many hours and years of advocating for equality with politicians, the public, at bargaining tables and any place we could be heard.

While there have been clear wins it is more accurate to say that we often come close but rarely achieve the full benefits that we have been working for. Here are some modest advances we have made, along with the challenges we continue to face:

1. Most women have access to some form of pay equity or equal pay for work of equal value mechanisms through human rights or labour standards legislation. Unfortunately, it is complaint based and not pro-active. Canadian women still earn on average 80 cents for every dollar a man makes. Unions have been the promoters of pay equity complaints and have found that their efforts have been challenged at every level by employers, including governments as employers. Women in the federal public sector, at Canada Post and at Bell Canada have won large pay equity settlements because their unions were prepared to allocate the necessary financial and staff resources to achieve those wins. Still, the settlements sometimes fall short of the full amount owing women from the time they first entered their complaints.

The previous federal government established a special parliamentary committee to consider the issue of pay equity. After three years of comprehensive consultations with employers, unions, women's organizations, civil society etc. the committee presented a comprehensive report which was endorsed by all political parties and which would have made a huge difference in the economic and social lives of Canadian women. Unfortunately, the government of the day did not act on it and just before they were defeated they had called for further study of the matter.

2. Women advocated for and won increased unemployment insurance benefit duration for maternity and parental leaves after the birth of a child. They also advocated for and won security against discrimination in labour legislation should they take these leaves. Currently, they have access to up to 50 weeks; some of this time is for the mother alone and the bulk of the remaining time can be taken by either parent or by both parents. While this was considered a win it also has some major barriers - a new method of calculating access to benefits has excluded the vast majority of women who should be eligible. In addition, the benefit levels have been lowered by

successive legislations since 1989, which in effect means that most women who do qualify cannot afford to take the full time they would be eligible for.

3. Unions in one province worked for many years to achieve labour legislation which would have allowed those working part-time in larger enterprises to maximize their hours up to full-time. This would have benefited women workers and young workers more than any other group. The provincial government actually passed the legislation in 1994 and then refused to proclaim it into effect due to the opposition of large employers, primarily chain stores and those in the fast food chain industry. It attempted to implement the legislation a few years ago however withdrew it in total after similar opposition.
4. Women finally thought they had won a major step forward in child care last autumn when the federal government of the day made financial arrangements with provincial governments which would have created tens of thousands of child care spaces across the country, and assisted with raising the wages of child care workers (the vast majority of whom are women). The newly elected government has refused to live up to these arrangements and instead has implemented a family allowance payment (taxable) to parents of children under the age of six years. This new payment will not create any new spaces for families who require child care.
5. Unions and labour centrals in Canada have been very aware of our need to increase the influence of women throughout our elected and staff structures. Since 1984 the Canadian Labour Congress has had affirmative action positions for women on our Executive Council. This advance also led the way for other positions on the Council for trade unionists in other equality seeking groups (Aboriginal, workers of colour, disability rights, youth, gay/lesbian/bisexual/transgendered) and for retirees. In this way our Council is more representative of our membership. These equality measures by the CLC have created similar measures in union structures and in the structures of our provincial/territorial federations of labour and municipal labour councils.
6. Finally, unions and labour centrals have been active in promoting the involvement of women in trades and technology. We have been involved in promotion of trades with young workers and have ensured that this promotion includes the involvement of young women in trades. We should also work to ensure that workplaces are welcoming young women into the trades and that there are opportunities for their advancement in the trades.

Women Taking their Empowerment into their Own Hands — A Case Study from Nepal¹⁶

By Ms. Shanti Chadha
Managing Director, Nepal Women Crafts

Nepal is a small country, landlocked, between two giant countries - India and China. Nepal has a population of 26 million people and women represent a little over 50 per cent of the population. Being a patriarchal society, education and formal work is largely the domain of men. The constitution of Nepal stipulates non-discrimination and equality as fundamental rights; however the state laws and social and religious norms still relegate women to inferior status. Women to date work 10 to 16 hours a day compared to 7.51 hours worked by men. The literacy rate for women stands at 35 per cent compared to 63 per cent for men. Hence, our efforts to eradicate poverty and the gender gap must continue.

From my personal experience working with the Government and national and international Non-Governmental Organisations, I am aware that each one of them is doing full justice towards development of women. The question that I put myself with six other women entrepreneurs in 1986, was why we saw so little results. We therefore came to the conclusion that there was a need to help women empower themselves, to come to the fore front and enable them to be self-reliant. We decided to form “Women Entrepreneurs Association of Nepal”. We had a difficult start, but today we are partners with the government and the International NGO'S and thousands of women have been trained in skills that are in demand on the local market and overseas.

It soon became apparent that giving skills and relevant trainings was not sufficient and that the answer was to get real business access. Therefore, we founded the “Women Entrepreneurs Associations Cooperative” (WEAN) where women could market their products. This has proven to be a very successful venture through which produce of hundreds of women entrepreneurs products are sold locally and overseas.

We also found that another problem for women entrepreneurs was that once a small enterprise was growing, access to funds was scarce, as collateral was sought by the financial institutions. Therefore, WEAN started micro finance which has encouraged women entrepreneurs to expand their businesses. However, as their businesses were still growing further, micro credit was no longer sufficient and WEAN Members opened a bank where women can borrow larger sums at low interest. The bank raises funds giving a 2 per cent to 3 per cent interest to the promoter members.

Solidarity amongst women not only in the capital but throughout the country is vital. In 2003, we therefore established a “Federation of WOMEN Entrepreneurs Association of Nepal” (FWEAN) with the aim of establishing subsidiary WEAN chapters in all 75 districts working towards representing the collective efforts of women entrepreneurs in the economic progress of the nation and strengthening their role in decision-making at the national level. With the establishment of the Federation, thousands of women have been encouraged to start their home based enterprises, independent enterprises and export businesses.

The Struggle for Equal Pay for Men and Women in the Senegalese Civil Service¹⁷

By Ms. Awa Wade
Deputy General Secretary
National Union of Educators, Senegal

Senegalese women make up 52 per cent of the national population, while they only represent 15 per cent of civil servants, half of them with inferior occupations. In spite of this weak representation, they play a very big role in supporting the households, constantly put to the test by work in their home and by the solidarity which is expected from their extended family. These everyday challenges are accentuated by the difficult national context and widespread poverty.

The Poverty Reduction Strategy Paper (PRSP) finds that extreme poverty remains widespread, in particular in rural areas. With 72 to 88 per cent, extreme poverty in rural areas has been nearly twice as high as in urban areas where it concerns 44 to 59 per cent of the population. The PRSP also established that the expenditure of 35 per cent of the households is lower than the food threshold and that there is a severe inequality in income distribution. The wealthiest 10 per cent of households account for 44 per cent of total income.

In spite of the ratification of the CEDAW convention in 1985, the adoption in 2001 of a constitution that is favorable to women, followed by the adoption in December 2004 of the protocol to the African Charter of Peoples' and Human Rights related to the rights of women, and its integration in the Senegalese law, the man remains the only "head of the family" (article 152 of the code of the family). Accordingly, the "paternal power" is assigned to the father of the household (article 277). It follows that women experience discriminatory treatment in relation to the advantages tied to dependent children.

The consequence of "Paternal Power" on women working in the civil service is that they do not receive extra benefits for family expenses. Such discriminations include discrimination in pay, higher taxation (no tax allowance for dependent children), less social welfare support (no recognition of dependent children and husband; no family allowances), injustices in career advancement (no advantages when occupying higher positions). This situation increasingly subjects them to excessive interest rate, running into debt or cloaked prostitution.

The National Union of Educators (UDEN) has led a crusade against these blatant injustices, including:

- Training of 30 women leaders charged to give an impetus to social communication, in labour/social law and in communication techniques;
- Sensitizing key actors, in particular other trade unions, civil society, populations, opinion leaders but also the public at large by sketches and publicity spots on

television, interactive broadcasting, seminars, as well as visits to religious authorities;

- Appealing to Parliament and the Government;
- Forging a partnership with civil society and development partners.
- Including gender equality on the agenda of an ad hoc committee on the status of women teachers and of the teachers' inter-union, using collective bargaining to do so.
- These measures culminated in the signature of a petition which was presented to the Prime Minister.

The results recorded to date have indeed been modest, but made it worth it:

- Increased attention paid to the issue within our chapter and at the Union's Headquarters
- The adoption of these demands in the inter-union platform
- A synergy on this issue within the civil society
- Launching parliamentary debates on these issues at the national level
- Process leading to the adoption of a new legislation has been launched by national authorities.

Noted constraints:

Among several "ambushes" of social and political order, we have noted:

- The general outcry of the religious lobbies
- The reluctance of the conservative sphere
- The Dilatory of the government facing the above reactions (electoral forces)
- The dependence of the parliamentary majority to the instructions of their party.

Remaining challenges

- Lead Senegal to harmonize domestic law with ratified international instruments on the protection of women and children
- Request an institutionalized mechanism for follow-up, early warning and monitoring
- Demand improved access by women to resources (land, knowledge, ICTs) and their participation and representation in decision-making processes at all levels
- Lead the international community to propose the respect of women's rights as a condition to obtain development financing, at the same level as democracy and good governance.

Notes

- 1 Young people are the group of people from 15 and 24 years.
- 2 Adult is defined as 25 years and older.
- 3 Introductory remarks made at the ECOSOC Roundtable on “Innovation at work: National strategies to achieve gender equality in employment” on 5 July 2006.
- 4 Statement delivered at the Informal Preparatory Meeting on the Theme of the 2006 High-level Segment, 5 April, 2006.
- 5 From the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 5 July 2006
- 6 Studies such as: Adler, Roy D. (2001) “Women in the Executive Suite Correlate to High Profits” Glass Ceiling Research Center, Pepperdine University; “The Bottom Line: Connecting Corporate Performance and Gender Diversity.” 2004 Catalyst, sponsored by BMO Financial Group; and Wirth, Linda (2001) “Breaking through the Glass Ceiling: Women in Management”, and the 2004 Update, ILO, Geneva.
- 7 From the preparatory meeting of the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 5 April 2006
- 8 Ibid.
- 9 ILO, Global Employment Trends for Youth, 2004. (Geneva, ILO, 2004).
- 10 ILO, Global Employment Trends Brief, February 2005. (Geneva, ILO, 2005).
- 11 ILO, Global Employment Trend for Youth 2004, (Geneva, ILO, 2004).
- 12 There are 13 members of YCG representing a larger pool of 30 international and regional youth organizations. The 13 youth organizations have the mandate until September 2006, where there will be rotation among them. They are: World Organization of the Scout Movement (WOSM), Asian Student Association (ASA) Arab Youth Union (AYU), African Youth Network (AYN), European Youth Forum (YFJ), Latin American Youth Forum (FLAJ), International Confederation of Free Trade Union (ICFTU) Youth, International Organisation of Employers (IOE) Youth, International Movement of Catholic Students (IMCS – Pax Romana), International Young Democrat Union, International Federation of Liberal Youth, International Union of Socialist Youth and International Movement of Catholic Agricultural and Rural Youth (MIJARC)
- 13 Martin Godfrey: Toward a national action plan for youth employment in the Azerbaijan Republic, Employment Strategy papers of Employment Strategy Department ILO, 2005.
- 14 From the 2006 ECOSOC High-level Segment on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 5 July 2006
- 15 Ibid.
- 16 Ibid.
- 17 Ibid.

Chapter 5

THE CHALLENGE OF GLOBALIZATION: LABOUR MIGRATION

Overview

Recent globalization trends have been characterized by the greater integration of global markets for goods, services and capital across borders while their impact on the cross-border movement of people and labour remains much more restricted, regulated by immigration laws and policies that uphold the principle of state sovereignty.¹ Yet globalization has had important implications for international labour migration, acting as a “push” and “pull” factor. It has facilitated linkages of international labour markets through vast improvements in information and communications technology (ICT). The demand for high-tech skills has expanded opportunities for mobility of skilled labour. Concurrently, expanded trade would reduce the need for migration by creating jobs in source countries. Virtual mobility enabled by ICT has similarly promoted outsourcing and more jobs in source regions.

At the same time, globalization has also led to widening disparities of employment opportunities, incomes and living standards across the globe.² In some countries, globalization has adversely affected jobs and livelihoods in traditional sectors. The failure of globalization to create new jobs where people live is a prime factor in increasing migration pressures. “When people cannot find work at home in their communities and societies they look elsewhere”.³

Each year millions of women and men leave their homes and cross national borders in search of greater security for themselves and their families. “Throughout human history, migration has been a courageous expression of the individual’s will to overcome adversity and to live a better life”⁴. Most are motivated by the quest for higher wages and better opportunities, but some are forced to do so because of famine, natural disasters, violent conflict or persecution.⁵ Labour migration has increasingly become a livelihood strategy for women and men because of the lack of opportunities for full employment and decent work in many developing countries. Almost half of the international migrants are women, now mostly migrating on their own and not as family members. In the face of numerous immigration barriers in receiving countries, an increasing proportion chooses – or is forced – to migrate in irregular status, which has been a cause of concern for the international community.

Most of the world’s migrants – estimated at 191 million in 2005 – are migrant workers (those who migrate for employment) and their families. In 2000 economically active migrants were estimated to number some 81 million, and with their families accounted for almost 90 per cent of total international migrants. Refugees and asylum-seekers account for about 10 per cent of migrants.

Global economic, social, political and demographic trends indicate clearly that international labour migration is likely to increase in the future, and not decrease. Thus the challenge is how to manage migration in such a way that the positive effects are maximized, making it a win-win phenomenon for all concerned.

In addressing international labour migration under globalization in the context of a discussion on “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all”, four issues should be highlighted: migration and development linkages, protection of migrant workers, international cooperation and the role of the international community.

Migration and development

There is increasing international recognition of the links between migration and development, partly triggered by the phenomenal rise in migrant remittances. The United Nations Secretary-General's annual reports to the General Assembly on international migration and development have played a pioneering role in promoting this debate.

Labour migration can serve as an engine of growth and development for all parties involved: host and source countries and the migrant workers themselves. In receiving countries, it has rejuvenated workforces, rendered economic many traditional sectors like agriculture and services, promoted entrepreneurship, supported pension schemes and met the demand for skills for emerging high-tech industries. In the developing regions where they come from, positive contributions of migration are reflected in remittance flows, transfer of investments, technology and critical skills through return migration and transnational communities (Diasporas)⁶. In its report, *Global Economic Prospects 2006*, the World Bank predicted large gains in real income to destination and origin countries if the labour force of high-income countries were to be increased even by a modest level (3 per cent by 2025) through migration.⁷

The World Bank estimates total remittances of about \$250 billion if informal flows are also included. Remittances have increased from \$31 billion to \$170 billion between 1990 and 2005, and by 73 per cent between 2001 and 2005. Recorded remittances are now more than double the level of ODA and have caught up with FDI flows. The volume of remittances sent to Asian and Latin American regions has risen at a fast pace and represented over 70 per cent of flows to developing countries by 2005. Remittances to the Sub-Saharan region has risen more slowly and remained at only 5 per cent of the flows to developing countries during the 1990s.

For some countries migrants' remittances constitute the main source of foreign exchange. The World Bank has described remittances as “an important and stable source of development finance”. Increasing attention should be focused on reducing transfer costs of remittances, motivating greater transfers through the formal mechanisms, and mobilizing migrants' savings through financial intermediation. Yet it has to be stressed that remittances are private household transfers, and should not be viewed as a substitute for overseas development aid or FDI.

Return migration presents another contribution of the migration process to development. Return migrants bring back financial and social capital, skills and know-how. Policies for their proper reintegration in labour markets and societies in countries of origin are needed. These policies should include measures to make productive use of savings, acquired skills and networks of returning migrants.

One important source of concern is the growing emigration of skilled persons from developing nations – the brain drain – which can have dire consequences for sustainable development in developing countries, especially the LDCs. Many countries, especially in Africa, can no longer maintain adequate public health services because of the exodus of health workers attracted by much better prospects abroad. At the same time there are many barriers to movement of low- and semi-skilled persons, in which developing countries have a surplus, despite observed labour market demand for such workers in many receiving countries. There is increasing discussion of whether mechanisms of compensation can be devised to help skill-losing countries.

Temporary labour migration schemes have become increasingly popular in a number of receiving countries including those which traditionally welcomed settlement migration. These programmes open up more legal migration avenues and promote opportunities for circular migration – a mutually beneficial situation. Such schemes also can create opportunities for the deployment of low-skilled workers as in seasonal worker programmes. They thus help in reducing irregular migration as well. Yet temporary migration programmes also raise issues of protection of rights of workers. The temporary movement of service providers under Mode 4 (movement of natural persons) of the General Agreement in Trade in Services (GATS) has much potential in promoting temporary and circular migration. For such benefits to materialize, current services trade negotiations under the WTO GATS (which covers all skill levels and occupational categories) should result in liberalizing Mode 4 commitments of developed countries.

Protection of migrant workers

Despite the positive experiences of many migrant workers, a significant number face undue hardships and abuse in the form of low wages, poor working conditions, virtual absence of social protection, denial of freedom of association and workers' rights, discrimination and xenophobia, as well as social exclusion. These developments erode the potential benefits of migration for all parties, and seriously undermine its development impact. The workers most vulnerable to abuse of human and labour rights are women migrant workers, especially domestic workers, migrant workers in irregular status, trafficked persons and youth migrant workers. Low skills add to their vulnerability while skilled workers are better able to protect themselves.

Migrant workers can make their best contribution when they enjoy decent working conditions and when their fundamental human and labour rights are respected in the host countries. Labour migration policies need to be supported by measures to prevent abusive practices and promote decent and productive work for women and men migrants. Such policies should also aim at eradicating all forms of discrimination and gender inequality and at tackling other vulnerabilities. The disruptive impact of women's migration – especially mothers – on the family unit and on children and the social costs of such migration should also be addressed. The growing commercialization of migration

processes makes it urgent to establish effective supervision and regulation of the activities of private recruitment agencies.

The proliferation of temporary migration schemes should not lead to the curtailment of the rights of migrant workers, especially regarding equality of treatment on par with national workers and nondiscrimination. Negotiations on the movement of temporary service providers under WTO GATS Mode 4 need to take into account protection of the rights of temporary service providers.

Integration is among the most difficult challenges raised by international labour migration today. Poor integration of migrants in host societies reflected in high unemployment rates of migrant workers, lack of recognition of their skills and experience, serious employment problems faced by second generation migrants, and high levels of discrimination and growing xenophobia. The growth of temporary labour migration in many parts of the world poses special problems about integration.

International instruments still constitute the most important building blocks for the protection of migrant workers at the international level. The two ILO conventions on migration—the ILO Migration for Employment Convention, 1949 (No. 97) and the Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143)—together with the 1990 International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families provide a comprehensive legal framework for migration policy and practice covering most issues of treatment of migrant workers and of inter-State cooperation on regulating migration. The ILO multilateral Framework on Labour Migration has drawn upon these and other international instruments and best practices to compile a set of principles, guidelines and best practices to guide countries in the formulation and implementation of labour migration policies.⁸

International cooperation and multilateral approaches to managing migration

While states have the sovereign right to determine their own migration policies, closer cooperation among them, such as through bilateral agreements and multilateral treaties, can contribute towards more effective labour migration processes and promoting of employment leading to poverty reduction. As the United Nations Secretary-General stated: “Only through cooperation – bilateral, regional, and global – can we build the partnerships between receiver and sender countries that are in the interests of both; explore innovations to make migration a driver of development; fight smugglers and traffickers effectively; and agree on common standards for the treatment of immigrants and the management of migration”.⁹

Regional and bilateral cooperation can facilitate the development of policies and programmes that can benefit concerned governments and migrant workers by providing effective protection and support services to migrant workers and their families, foster economic and social development, and promote legal forms of labour mobility as an alternative to irregular migration. Regional Consultative Processes including the inter-agency International Migration Policy Programme have emerged as a useful framework to address issues related to labour migration, technical capacity building, awareness raising, information exchange, and cooperation and consultation amongst governments. It

would be useful to broaden them to include social partners and civil society organizations where it is already not provided for.

There is increasing convergence of ideas on the need for a multilateral regime to govern international labour migration. As the UN Secretary-General stated: "... since migration is a global phenomenon, which occurs not only between pairs of countries or within regions but from almost every corner of the world to every other, it requires our collective attention".¹⁰ The report of the World Commission on the Social Dimension of Globalization, the activities of the Geneva Migration Group, the International Agenda for Migration Management of the Berne Initiative, the IOM International Dialogue on Migration, the report of the Global Commission on International Migration and the ILO Resolution on Migrant Workers (92nd Session of the ILO International Labour Conference 2004) have underlined the need for such a regime to maximize the potential benefits of labour migration and minimize its drawbacks. The non-binding ILO Multilateral Framework on Labour Migration addresses issues of governance, protection and development, and provides a useful tool kit for guiding labour migration policy. The International Organization for Migration has also been active in exploring and supporting the potential for the development of a fair migration governance regime and enhancing the positive impact of migration on development. Efforts to liberalize international trade in services through the temporary movement of natural persons, at the multilateral (GATS), regional and bilateral levels, also can contribute to a global regime aimed at maximizing the benefits of labour migration.

Based on the recommendations of the Global Commission on International Migration and at the invitation of the UN Secretary-General, the Geneva Migration Group has now been expanded to become the Global Migration Group.¹¹ It held its first meeting in May 2006 and will meet at regular intervals to coordinate activities and improve coherence within the United Nations system and with IOM in addressing a wide array of international migration issues.

Role of the international community

The High-Level Dialogue on International Migration and Development of the General Assembly of the United Nations to be held during 14 to 15 September 2006 will create a unique opportunity to discuss the possibility of a multilateral cooperative framework encompassing the key issues of the facilitation of labour migration, and its linkage with development and protection of migrants, building upon recent international initiatives.

The subject of migration and globalization was also discussed in a roundtable by the United Nations Economic and Social Council during its 2006 Substantive Session and during its informal preparatory meeting. This chapter reproduces texts presenting the perspectives of several prominent global personalities who spoke at the roundtables, each emphasizing the international nature of the challenge and the need to respond at the global level.

H.E. Mr. Murat Başesgioğlu, Minister for Labour and Social Security of the Republic of Turkey examines the deterioration in the status of immigrants' rights despite the extensive legal protection established at national and international levels in "International Cooperation on Migration Management". He writes that the ratification status of

conventions posing great importance for immigrants demonstrates that these conventions are not shown the interest they deserve by the migration-receiving developed countries. The Minister emphasizes that bilateral and multi-lateral conventions regulating the rights and responsibilities of immigrants and mechanisms monitoring compliance of the contracting parties with these conventions have a decisive role in protecting migrants' rights. He urges Governments, particularly those of migrant-receiving countries, to ratify the international conventions which guarantee migrants' human rights including economic, social and cultural rights, as well as to take action at the national level to address migrants' needs.

Mr. Juan Somavía, Director-General of the International Labour Organization (ILO), discusses migration as a labour market and decent work issue within the overarching framework of the Decent Work for All agenda in the article "Maximizing the benefits of labour migration for origin and destination countries and for migrant workers". He writes that the failure of globalization to create productive employment and decent work where people live is the prime factor in increasing migration pressures. For globalization to be fair, Mr. Somavía contends, the contributions of labour migration to sustaining economic activity and social development should be recognized. The article discusses that gains from migration and protection of migrant rights are inseparable and that with rapidly advancing globalization, policies and mechanisms need to be put in place to regulate and manage present-day labour migration.

In "Challenges of Global Labour Mobility", Mr. Brunson McKinley, Director General of the International Organization for Migration, observes that global labour mobility challenges governments' traditional role to protect their nationals and ensure them a certain number of social and economic rights. He emphasizes that the best way to ensure that the same level of protection is provided to migrant workers no matter where they are is through international instruments – not only those covering specifically migrant workers but also to the ones on health and social security and labour rights. Increased labour mobility means increasingly diverse societies; therefore, addressing integration becomes fundamental. Mr. McKinley advocates a global fund as a means to pool expertise and resources to address the issues he details in the article.

The challenges of migration in urban areas are examined in two pieces. Mrs. Anna Kajumulo Tibaijuka, Under-Secretary-General and Executive Director of the United Nations Human Settlements Programme, writes in "The Urban Challenges of Migration" that a vast majority of migrants, both internal and international, are settling in cities and towns, because it is in urban areas, particularly in the urban informal sector, where they find any hopes of getting a job. Most migrants end up in informal settlements. Municipalities have no authority over national migration policies and no capacity to control the flows of migrants into their cities. An important role of local urban authorities is to design and implement policies that raise productivity of urban economic activities, but, she underscores, urban authorities should also recognize the importance of adopting policies that manage diversity and promote smooth integration of new migrants into the local communities.

Mr. Vladimir Špidla, European Commissioner for Employment, Social Affairs and Equal Opportunities, reiterates the Commission's determination to help to promote decent work

for all in his article “The European Commission Perspective on Productive Employment and Decent Work”. The Commission believes that the objective of decent work requires an integrated approach based on four pillars: productive and freely chosen employment; labour law, including fundamental rules governing employment; social welfare; and social dialogue. He urges that the activities of the United Nations and other actors reflect this integrated, multi-dimensional approach. The Commissioner writes that the European Commission supports the establishment and implementation of national decent work programmes, which should be incorporated into national and regional development programmes, poverty reduction strategies and the United Nations’ outline plans for development aid, and should reflect the needs and priorities of the countries and regions in question.

In “The Economics of Migration and Remittances Under Globalization”, Dr. Atif Kubursi, Professor, Department of Economics, Ontario University, examines whether any economic model can justify the contrast between the desires to promote trade on the one hand, while restricting migration on the other. He looks at neoclassical models and new economic theory, including segmented labour market theory and world systems theory. His discussion takes into consideration the value of remittances and network theory. He concludes that the globalization of transnational corporations, increased foreign investment and a new capitalism have focused on bringing work to workers, not out of concern for the unemployed in developing countries, but for the purpose of increasing profits and having maximal returns on investments, which he deems exploitative. He urges governments in the industrial North to couple the liberalization of trade and capital movements with relaxing the rules of labour migration by making allowance for the inevitability of people’s movement.

Mr. Marcello Balbo, Department of Planning, Università Iuav di Venezia, writes in “International Migration to the Cities of the South” that international migration has acquired a significant intra-developing country dimension. The piece warns that the temporary nature of most migration movements makes it increasingly challenging to establish forms of migrant representation and to promote migrant inclusion in the local decision-making process. Like Mrs. Tibajuka’s piece, he describes how local governments are increasingly entrusted with the responsibility of coping with urban growth issues, including those related to international migration.

International Cooperation on Migration Management¹²

By H.E. Mr. Murat Başesgioğlu,
Minister for Labour and Social Security of the Republic of Turkey

As we all know very well, migration and immigrants have, by their wider definitions, been concepts that have always remained important within a process dating back to early times and have always been a topic to work on.

Economic, political and demographic factors suggest that we are in an age of growing migration pressures, which we will continue to face on an ever-stronger basis.

As an origin and destination country, Turkey feels the positive and negative impacts of migration directly. While I briefly share our experiences, I would like to point out the problems that we have to deal with in the future and the need for active international cooperation on migration management for resolving these problems.

Besides the rules set out by the economics and politics, immigrants' preferences have created diversities in migration movements. These developments prevent us from reaching clear conclusions as to the positive and negative economic and social impact of migration on the countries of origin and countries of destination.

Changes in economies and demographic trends increase demand for foreign labour in most of the industrialized countries. Various programmes are being developed in order to overcome the problem of ageing population. Such efforts include social security reforms and different programmes to encourage older people to work longer. Whatever the success rate of the programmes implemented to keep the ageing population in employment, the need for a new and young labour force is apparent for sustainable development and a sustainable social security system.

We do witness that migrant-receiving developed countries – be it permanent or temporary migration – are now following selective migration policies. There is an increasing migration of highly-skilled labour from developing countries to developed countries. This movement, becoming an intensive brain-drain, thereby, also results in migration of capital from developing countries. Migration of capital can also take place not only as expenses incurred by the source-country to develop the skilled labour force but also capital requirements set by the receiving country.

I would like to underline that policies restricting or sometimes completely prohibiting the unity of the family – which is a fundamental human right – while keeping the door half-open for migration of skilled labour or limited migration of skilled labour in specific sectors (particularly in European countries), and for keeping the door closed for less-skilled or unskilled immigrants by quota applications, labour market tests and adaptation courses are not sustainable.

Persistent implementation of policies violating the human rights and especially the Immigrants' Law regulating the rights and responsibilities of immigrants while there is an

increasing need for labour force due to demographic reasons shall bring about various problems as well.

Considering the legal positions, rights and responsibilities of immigrants living in the countries of Western Europe and the place they have acquired in these societies, it is a concrete fact that immigrants have suffered a serious loss of rights during the last 20 years.

Immigrants are systematically made subject to such discriminative practices as:

- Discriminatory treatment in working life,
- Lack of communication and exclusion,
- Inequality in wages,
- Restrictions on social security payments,
- Inequality in educational opportunities, and
- Unequal access to public services.

Problems that have been an integral part of their daily lives can be listed as follows:

- Unemployment,
- Teaching in mother tongue,
- Family unification,
- Work and residence permits,
- Naturalization, Barriers on equal access to health-care services, Social protection, and
- Housing.

These problems are aggravated by:

- Barriers to participation in political life,
- The fact that politicians and media pronounce immigrants as a reason of challenges encountered in social life such as unemployment, low educational level, criminality, terrorism and etc. and always keep the issue fresh on the agenda,
- Support found in societies for racism and extremely rightist policies, and
- Ineffective assimilation programmes.

Although it varies from one country to another, problems of immigrants in the abovementioned areas are not solved but get more and more serious everyday. It is a fact that women, children and the elderly suffer from these problems most.

In fact, there is significant research about these problems. In particular the United Nations (UN), International Labour Organization (ILO), International Migration Organization (IOM), Organisation for Economic Co-operation and Development (OECD) and Organization for Security and Co-operation in Europe (OSCE), as well as universities, institutes and ministries have conducted many invaluable studies showing all aspects of the issue. All these studies confirm the existence of these problems.

There are many conventions and recommendations adopted by the United Nations, ILO and Council of Europe, which regulate rights and responsibilities of immigrants. Provisions of the said conventions and recommendations are considerably sufficient for protection of rights of immigrants, but it is also natural that there might be a need for new conventions and/or revisions of the existing ones in the coming years.

The reasons for the deterioration rather than an improvement in the existing status of immigrants despite this extensive law system established in national and international levels should be questioned and analyzed.

When we look at the ratification status of conventions posing great importance for immigrants, it is observed that these conventions are not shown the interest they deserve by the migration-receiving developed countries.

Except one or two, no migration-receiving country has ratified yet the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, which is one of the seven fundamental conventions of the UN on Human Rights.

I would like to give a few more examples. The ILO Convention concerning Equality of Treatment of Nationals and Non-Nationals in Social Security (No. 118) has been ratified by thirty-eight countries, the European Convention on Establishment has been adopted by twelve countries, and the European Convention on the Legal Status of Migrant Workers has been ratified by only nine countries.

Despite all these developments, bilateral and multi-lateral conventions regulating the rights and responsibilities of immigrants and mechanisms monitoring compliance of the contracting parties with these conventions have a decisive role in protecting migrants' rights. Another issue to be noted is that bilateral and multilateral conventions regulating the rights and responsibilities of immigrants are not limited to the conventions which are directly addressing immigrants.

It is obvious that immigrants, irrespective of their type of migration, shall continue to contribute into the demographic structure, sustainable economy and social security system of the country of employment as they have done so far.

Contribution of immigrants to development of the country of origin and country of employment depends primarily on solution of their own problems. For this purpose:

1. Migration-receiving countries should be encouraged to liberalise their immigration policies based merely on selective approach to admission (immigration policies which solely allow the admission of well-educated and highly skilled migrants) and immigration policies based on exceptionally strict regulations for unskilled migrant labour force.

2. Instead of exceptionally strict measures to prevent the immigration of unskilled labour force, investment projects should be promoted to employ unskilled labourers locally in countries of origin.
3. Governments, particularly the governments of migrant-receiving countries, should be encouraged to ratify the international conventions which guarantee migrants' human rights including economic, social and cultural rights.
4. Effective international cooperation on the prevention of abuse against immigrants, particularly the immigrants who are more vulnerable, and on the illegal migration and trafficking in human beings should be among the priority targets.

Considering that the results of this meeting shall be submitted by the President of the Economic and Social Council to the High-Level Dialogue on International Migration and Development to be conducted in the United Nations Plenary Session on the 14 to 15 September 2006, which shall make a great contribution.

Maximizing the Benefits of Labour Migration for Origin and Destination Countries and for Migrant Workers¹³

By Mr. Juan Somavía
Director-General
International Labour Organization (ILO)

The International Labour Organization (ILO) considers the ECOSOC High-Level Segment on employment and decent work a most appropriate forum for discussing the linkage between globalization and labour migration.

The ILO views migration as a labour market and decent work issue within the overarching framework of the Decent Work for All agenda. Most of world's migrants (estimated at 191 million in 2005 by the United Nations) are migrant workers and their dependants. International labour migration is likely to increase further in the future given demographic trends in destination countries and decent work deficits in source countries. The failure of globalization to create productive employment and decent work where people live is the prime factor in increasing migration pressures. However, our common objective should be to ensure that migration takes place "by choice and not by necessity" as highlighted by the Global Commission on International Migration.

For globalization to be fair, the contributions of labour migration to sustaining economic activity and social development should be recognized. Labour migration can make a significant impact on source countries. Every year, migrant workers send home to developing countries large volumes of remittances – estimated at US\$160 billion in 2005 – to support their families and communities. These remittances help build better houses, provide health care, enable children to attend school and improve food security for families and communities left behind. Returning migrant workers bring back financial and social capital and skills while transnational communities can contribute to home economies through transfers of skills, technology and investments.

At the same time migrant workers contribute a lot to the prosperity of host countries. They make up for declining birth rates and ageing populations, and contribute to economic growth and social welfare. Under globalization, migrant workers are increasingly in demand not only for high-skilled jobs, but also for many of the low-skilled jobs in agriculture, cleaning and maintenance, construction, domestic service, and health care, which national workers often shun. But developed countries increasingly welcome mostly skilled workers from developing countries leading to a "brain drain". Limited legal migration avenues for others have often led to growth in irregular migration and trafficking resulting in gross violations of human rights.

Yet, migrant workers do not get a fair deal in the global economy. They face many challenges including exploitation, poor conditions of work, absence of union rights, low social protection, and racism and discrimination. Women migrant workers are especially vulnerable as some may end up as victims of trafficking and forced labour.

Gains from migration and protection of migrant rights are indeed inseparable. Migrant workers can make their best contribution to host and source countries when they enjoy decent working conditions, and when their fundamental human and labour rights are respected. This is why the ILO has pioneered development of international instruments for the governance of labour migration and protection of migrant workers since the 1930s.¹⁴

With rapidly advancing globalization, policies and mechanisms need to be put in place to regulate and manage present-day labour migration. To this end, the ILO has promoted a tripartite debate in recent years, starting with the World Commission on the Social Dimension of Globalization.¹⁵ In 2004, the 92nd Session of the International Labour Conference undertook a General Discussion on migrant workers and adopted a Resolution¹⁶, which called for an ILO Plan of Action on Labour Migration. The centerpiece of this Action Plan is the “ILO Multilateral Framework on Labour Migration: Non-binding principles and guidelines for a rights-based approach to labour migration”,¹⁷ adopted by a Tripartite Meeting of Experts in 2005.

The Framework is a considered response to constituent demands for assistance, and addresses the major issues faced by migration policy makers at national and international levels. It is a comprehensive collection of principles, guidelines and best practices on labour migration policy, providing practical guidance to constituents on the development and improvement of labour migration policies. The Framework focuses on decent work for all, governance of migration, migrant rights, development linkages, and international cooperation. It respects the sovereign right of all nations to determine their own migration policies. The Framework recognizes the crucial role of social partners, social dialogue and tripartism in migration policy. It advocates gender-sensitive migration policies that address the special problems faced by women migrant workers.

There is broad convergence of ILO perspectives with other recent global initiatives including the International Agenda for Migration Management of the Berne Initiative, the report of the Global Commission on International Migration, and the report of the United Nations Secretary-General on International Migration and Development. All recognise the need for promotion of multilateral approaches and international cooperation, protection of migrant rights, gender sensitive migration policies and the creation of decent work opportunities in home countries to reduce migration pressures. The recently established Global Migration Group is an appropriate forum for promoting cooperation and coherence in the field of international migration.

The UN High-Level Dialogue on International Migration and Development in September 2006 will be a milestone in the emphasis given to migration by the international community. The ILO looks forward to the Dialogue as an opportunity for laying a solid foundation for sustained multilateral cooperation that maximizes the benefits of labour migration for origin and destination countries and for migrant workers themselves.

Challenges of Global Labour Mobility¹⁸

By Mr. Brunson McKinley
Director-General
International Organization for Migration (IOM)

Labour migration is even more of a transnational issue than might at first appear to be the case. Labour migration is not only about the movement of persons and has to be viewed in the context of the cross-border movement of students, of educational institutions and programmes, of enterprises and jobs, of consumers looking for services at the best prices; and the cross-border application of regulations and legislation.

Many governments focus their attention on the origin of migrants and the numbers involved while they should focus on the rationale behind the movements. Many governments concentrate on the “who” (origin and number of migrants) when they think of labour migration, monitoring with some apprehension the increase (for destination countries) and/or decrease (countries of origin) of these flows. A comprehensive approach should focus on the “why”? What are the forces behind these movements? What role do labour migrants play in our societies? This requires attention to demographic trends, redistribution of labour between where workers are and where the jobs and opportunities are (income differentials, friendly environment for starting business, job disregarded by nationals, etc), and livelihood strategies (escape from poverty, conflicts, remittances).

Global labour mobility challenges governments’ traditional role to protect their nationals and ensure them a certain number of social and economic rights. Global exchange of labour should make us think also in terms of protection. The best way to ensure that the same (minimum) level of protection is provided to migrant workers (wherever they are) is through international instruments – not only those covering specifically migrant workers but also to the ones on health and social security, labour rights, etc.

Increased labour mobility means increasingly diverse societies and the needs and opportunities of living all together. Such mobility does not only refer to people but also to business and trade opportunities, foreign affairs, development assistance and cooperation, transfer of know-how and remittances – all issues that should be included in development agendas and policies. Integration therefore becomes one of the key issues to address.

The question of integration leads more broadly to the issue of “how”? How do we want these flows to occur?

Globalization has not yet taken into account the movement of people as much as the ones related to goods, services and capital. As a result, restrictive policies worldwide continue to constrain human mobility and inhibit the realization of potentially enormous gains by both rich and poor countries through migration, and also, as a paradox, fuel irregular migration.

For example, who would have thought 35 years ago that free movement of labour would be possible between 25 European countries? This is nevertheless close to becoming a reality by May 2011, when all restrictions on free movement of labour between the old and new Member States will have to be lifted. Evolution of perceptions and mentalities are a central issue, probably even more than international regulations.

While globalization affects all countries there is only one framework at the global level which approaches the issue of facilitating the movement of workers. Mode 4 of the General Agreement on Trade in Services (GATS) currently negotiated under the umbrella of WTO addresses liberalisation of movement but it needs to go in the right direction. As of now it covers only the movement of service providers moving on a temporary basis and the commitments made so far focus principally on high skilled workers. We all know there are a number of other issues to be tackled, and we do hope that future discussions will take place, taking into account the outcome of the High-Level Dialogue on Migration and Development.

This is important as “global” does not mean “equal”. A global labour market does not mean that the resources and opportunities are available in the same place. Some countries have the jobs but not the people; other countries have the reverse. The costs and benefits associated with the labour movements these situations generate are also not equally shared between countries. This may require us not only to think of better ways to make globalization a more beneficial process for countries of origin and countries of destination but also for migrants themselves, and at two levels: labour and human capital. Human capital formation should be increasingly perceived as an international – not only a national – policy concern (see, for example, the Global Health Workforce Alliance). But it would be worth considering the possibility of going one step further: a better match between labour demand and supply with a view to enhancing the contribution of labour migration to development at the global level, with an instrument which would help fulfill these goals for the benefits of governments and the private sector.

The International Organization for Migration (IOM) is already involved in many activities associated with those goals, and I believe that the idea of a global fund could be a means to pool both the expertise available in different places and agencies and the resources available to address the issues I have mentioned earlier. From a cost-efficiency perspective as well as from a policy coherence point of view, such leverage would allow for returns beyond those made possible by individual private businesses or governments alone, and it would maximize the development impact of labour migration in our globalized world.

Let me finally quote William Shakespeare in *Julius Caesar*, as an inspiration for the High-Level Dialogue: “There is a tide in the affairs of men, which taken at the flood, leads on to fortune. Omitted, all the voyage of their life is bound in shallows and in miseries. On such a full sea are we now afloat. And we must take the current when it serves, or lose our ventures”.

The Urban Challenges of Migration¹⁹

By Mrs. Anna Kajumulo Tibaijuka
Under-Secretary-General and Executive Director
United Nations Human Settlements Programme (UN-HABITAT)

At the 2005 World Summit, Heads of State and Government agreed that productive employment and decent work should be at the centre of economic and social policies to achieve the Millennium Development Goal of halving the global poverty level by 2015. Against this backdrop, the theme of this year's High-Level Segment – Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development – is timely and important.

Globalization means integration of national economies through the movement of people, trade, capital and information. Globalization is not a new phenomenon. It is a historical process. Globalization also means increased labour mobility across international borders.

Today, more than 191 million people – including labour migrants, their dependents, refugees and permanent immigrants – live outside their countries of origin. According to recent estimates, there are 77 million international migrants in industrialized countries, 33 million in transitional economies, 23 million in East Asia, 21 million in the Middle East and North Africa, and 14 million in Sub-Saharan Africa.

The growth in international labour migration is closely linked mainly to two factors. One is the decline in international travel costs. The other is labour shortages in countries experiencing rapid economic growth. We all know that globalization has greatly increased the movement of goods, services and capital across borders, but we must also recognize the fact that it has failed to bring down many barriers to the movement of people among countries. Goods, information, firms and capital can freely criss-cross international borders, but people cannot.

Liberalization of international trade and structural adjustment programmes are also part of the globalization process. In many developing countries, structural adjustment programmes have imposed restrictions on government spending and state subsidies. These restrictions also meant significant drops in employment opportunities within the public sector. The formal private sector in most affected countries is simply unable to provide adequate employment opportunities. In many cases, structural adjustment programmes included termination of state subsidies that indirectly supported employment in agriculture and agricultural marketing. On the other hand, subsidies for agricultural production in developed countries making imports cheap at the expense of jobs for the poor. All of these factors have increased pressures for migration, both internal and international, because economic opportunities for survival at home have become less promising.

We must also recognize the huge economic potential of emigrants. Their economic role is important not only in receiving countries, but also in the sending countries, where remittances are one of the most significant and reliable sources of foreign exchange.

Remittances are second only to oil in terms of the international monetary flows they create. Remittances, which totaled around US\$232 billion last year, US\$167 billion of which went to developing countries, contribute significantly to the GDP of many developing countries. For example, the 20 million people who constitute the Indian Diaspora spread over 135 countries sent back home nearly US\$15 billion in 2003. This exceeds revenues generated by India's highly regarded software industry.

A vast majority of migrants, both internal and international, are settling in cities and towns, because it is in urban areas, particularly in the urban informal sector, where they find any hopes of getting a job. Most migrants end up in informal settlements in cities that lack even basic services such as water and sanitary facilities. The urbanization of poverty is one of the most daunting challenges of the 21st century. An estimated 1 billion people are currently living in slums in cities throughout most of the developing world.

This figure could easily reach 2 billion by 2030 unless urgent action is taken to improve the living conditions of existing slum dwellers and to prevent the formation of new slums. Recent studies show that the combined impact of high-density occupation and the lack of predictable income and access to decent shelter and water and sanitation render the urban poor as vulnerable as their rural counterparts to poor health, disease and malnutrition. In many cases, the urban poor are also more vulnerable as they depend on monetary income to access shelter, food, energy, water, health and education.

In most countries, central governments have transferred the responsibility of providing the basic services to municipalities, but without adequate financial support. Under these circumstances, growing flows of migrants are an additional responsibility on the already overburdened urban authorities.

Municipalities have no authority over national migration policies. Similarly, they have no capacity to control the flows of migrants into their cities. Housing and basic urban services are probably the single most important challenge new migrants face. Due to economic and social reasons, new migrants are kept out of the formal housing markets and as a result they end up in slums or other informal settlements in city outskirts.

Whether it is from rural areas to cities and towns within countries, or movement across international borders, labour migration cannot be easily controlled, but it can be managed. In general terms, there is no doubt that the management of migration flows should not be unilateral. It should be inclusive. It should include international, national and local bodies. Migration policies are becoming increasingly important, particularly in receiving countries. We all agree that an important role of local urban authorities is to design and implement policies that raise productivity of urban economic activities, but urban authorities should also recognize the importance of adopting policies that manage diversity and promote smooth integration of new migrants into the local communities.

Representation of migrants in municipal councils should be a cornerstone of such inclusive urban management strategies.

Experience shows that proactive immigration policies can mitigate the negative impacts of migration while maximizing the benefits. Labour migrants should be considered as development agents because of the potential they have for forging economic and social links between sending and receiving countries. Although immigrants also make a significant contribution to economic development in host countries, they are often denied access to urban services. They are often excluded from urban opportunities. They seldom have a voice in the decision-making process.

We need to see labour migration as an opportunity, not a problem. Collaboration between various levels of government is strongly needed in order to overcome the inconsistencies of existing legislation on immigration. In an age of accelerated globalization, multiculturalism represents the future of urban life worldwide. It is therefore very important to adopt national and urban policies that are compatible with changing urban cultures. Like local residents, labour migrants should have equal access to education, healthcare, adequate housing, and these rights must be safeguarded institutionally. UN-HABITAT promotes policy development focusing on the key areas of urban governance, land planning and administration, urban environmental management, urban safety, housing and urban infrastructure, and water and sanitation. Policy guidelines and norms are reviewed by professional and local government associations and civil society organizations before they are presented to intergovernmental forums and applied at the national level. We, therefore, call on all Member States to adopt and ratify the 1990 United Nations International Convention on the Protection of the Rights of All Migrants Workers and Members of Their Families.

The European Commission Perspective on Productive Employment and Decent Work²⁰

By Mr. Vladimír Špidla
European Commissioner for Employment, Social Affairs and Equal Opportunities

Productive employment and decent work can make a major contribution to the alleviation of poverty and the fight against social exclusion, because they make it possible to maximize the advantages of globalization and mitigate its adverse effects.

Productive employment and decent work constitute a positive element of development policy. Unfortunately, this potential was either neglected or underused in development strategies for too long, and it is largely absent from the Millennium Development Goals. On the other hand, the United Nations Summit in September 2005 stressed the need to promote productive employment and decent work, and it is in order to give concrete expression to that commitment that we are assembled here today. The challenges are considerable: half of the world's workers earn less than two dollars a day, and half the world's population lacks any social welfare. Even though every country is confronted with the restructuring and adjustment which globalization entails, not all countries are in a position to manage its consequences or capitalize on it. Developing the social dimension of globalization therefore requires increased efforts in terms of both solidarity and governance at national and international levels.

Last May, the European Commission adopted an important communication on the promotion of decent work. In that communication, the Commission stated its determination to help to promote decent work for all. This initiative also dovetails with our efforts to strengthen the social dimension of globalization.

The international community and all the countries concerned must realize the aim of promoting productive employment and decent work. A reliable system of monitoring implementation must also be put in place.

The European Commission has proposed a strategy and guidelines for more effectively mobilizing the internal and external policies of the European Union, particularly as regards development, trade, migration, and bilateral and multilateral external affairs. It also intends to strengthen its partnerships and dialogue with other bodies. It will actively cooperate with the international organizations in the United Nations family, including the ILO and regional organizations, the social partners, the business world and other actors in civil society which are also involved in development.

Generally speaking, non-state actors should be more closely involved in the preparation, implementation and monitoring of strategies and programmes of poverty reduction and development. The same goes for the coordination and programming of the external aid provided by the European Community, the United Nations and other international and national donors. The European consensus on development reached last December, which

mobilizes both the European institutions and the EU Member States, is consistent with this approach.

The European Commission believes that the objective of decent work requires an integrated approach based on four pillars: productive and freely chosen employment; labour law, including fundamental rules governing employment; social welfare; and social dialogue. The arrangements for these four pillars must also take account of the magnitude of the issues involved. The activities of the United Nations and other actors should reflect this integrated, multi-dimensional approach.

Like the Lisbon Strategy and the European Social Agenda, attaining the objective of decent work requires a coherent, holistic approach which combines economic, employment, environmental and social objectives. The approach towards decent work should, however, be sufficiently open for its implementation to take account of the specific characteristics and diversity of different economic and social conditions in the world.

The extent to which we succeed in attaining the goal of decent work will depend on how fully the countries and regions concerned can make that goal their own. The European Commission therefore supports the establishment and implementation of national decent work programmes, which should be incorporated into national and regional development programmes, poverty reduction strategies and the United Nations outline plans for development aid. Those plans should reflect the needs and priorities of the countries and regions in question.

From our perspective, national programmes are a key indicator of efforts to promote decent work. The European Commission also believes that all countries should ratify and apply fundamental social legislation and other ILO conventions, such as the Labour Inspections Convention, the Occupational Safety and Health Convention and the Maritime Labour Convention.

The European Commission looks forward to cooperating with the United Nations and its specialized agencies, such as the ILO, to devise indicators for monitoring efforts in the field of decent work.

The Commission calls on all the relevant actors to make good on the commitments to decent work which they made at the September 2005 Summit. We want to see major progress between now and 2015, and we want an integrated action plan developed for that purpose in cooperation with the ILO and other actors. I am confident that our deliberations will help to bring the process forward.

The Economics of Migration and Remittances under Globalization²¹

By Dr. Atif Kubursi
Professor, Department of Economics, Ontario University

Introduction

One of the most widely accepted claims by economists is that international free trade generally augments the welfare of trading partners, and the gains from trade are positive and beneficial for all participants. It would seem then natural and logical to believe that they would support measures that encourage labour mobility within and between nations to increase the efficient use of labour resources. There might be some justifiable concerns about cities becoming too crowded, or about remote areas becoming depopulated, or about brain drain from poor regions, but these seem generally to be regarded as exceptions to the general idea that labour mobility within and between nations can and has facilitated desirable economic growth, and that it represents one of the most important mechanisms for interregional and international risk-sharing.²²

Except perhaps for a few specialists in regional economics; however, there are only a handful of economists who are willing to speak out in favor of migration across national borders. Generally, even many of the politicians who would never dream of advocating trade restrictions for economic reasons do not hesitate to condemn “economic” migration as a threat to the employment and other prospects of their electorates.

The obvious question for the economist then is whether any model can possibly justify this stark contrast between the apparently widespread desires to promote trade on the one hand, while restricting migration on the other. To the extent that steps toward free trade are really beneficial, is there anything fundamentally different about migration that prevents it from conferring similar benefits? On the other hand, if international migration is likely to harm the economic interests of some existing residents of a nation, why is it any different from free trade, which can also harm the interests of those holding significant stakes in industries destined to become uncompetitive or obsolete?

Cross-border mobility in all its forms is the essence of economic globalization, but the international movement of labour remains a rather limited and restricted phenomenon in the emerging global economy. If goods and capital may migrate at will, effortlessly crossing national boundaries, why are obstacles placed on the movement of people? Wealthy and industrialized capitalist countries, where the rules of politics and economics necessitate that money and goods move unrestricted around the world do not extend similar options to labour. These countries acknowledge the inevitability of globalization with respect to finance and commodities while deploying enormous efforts on maintaining barriers to the free entry of labour. Sovereign nation-states acquiesce to the benefit of capital, yet they erect rigorous barriers when migrating underprivileged workers seek parity with the populations of rich countries.

Historical perspective

Migrations are as old as human history. It has been said that a Roman Emperor had complained some 2000 years ago that the Tiber River in Rome was overflowing with the Orontes (a small river in eastern Lebanon near Baalbeck), in reference to the large numbers of Phoenicians migrating to Rome. However, starting from the 1600s and the emergence of European colonial and mercantile interests, as well as the conquest of the “New World” (the Americas), free or cheap labour in the form of slaves and indentured workers were shipped between continents to work plantations, mines and construction projects. Industrialization and economic expansion in Western Europe, Australia and North America in the last two centuries facilitated new movements of people to build railways, ports and cities, and work in the new factories. Thus, during the nineteenth and early twentieth century, mass movements of workers to the countries of the North were encouraged because the lands of the New World needed people and labour.

Immigration to North America slowed down during the depression era of the 1930s, but a very sharp increase was noted again in the post World War II period when immigration laws were relaxed, enabling a greater flow of migrants. This also coincided with the migration stream from the newly decolonized countries to their former colonialist states (i.e. French Africa, such as Senegal, Algeria, Morocco to France, and Zaire to Belgium). Later, in the last half of the twentieth century “global trends favored the controlled movements of temporary workers on a ‘guest’ basis, with entry for immigrants restricted to highly skilled workers, business investors, or those with family already in the country of destination” (Hirst and Thompson 2000, p. 276).

Within the regions of free trade agreements such as the European Union, where in principle many constraints on labour mobility across national boundaries have been removed, relative labour migration rates remain rather low. In North America, although NAFTA explicitly excludes freedom of movement of persons (with some exception for high skilled university graduates), this has not curtailed the enormous flow of illegal migrants between Mexico and the USA.

Demographic trends

The United Nations Population Fund Annual Report (UNFPA, 2004) has shown people migrating on an unprecedented scale. Although most international migration flows occur between neighboring countries, interregional migration directed to developed countries has been growing. It is estimated that one out of every 35 persons is an international migrant. This is equivalent to about three percent of the world population. According to the UNFPA report, these numbers are “expected to grow as migration pressures, created by the development gaps between poor and rich countries and fuelled by the process of globalization and demographic dynamics, will result in further migration” (*Ibid*, p. 2).

It is also estimated that the number of international migrants in the world in the new millennium is in excess of 175 million, and is expected to reach 230 million by the year 2050 (*Ibid*, p. 12). While most migrate for economic reasons and in pursuit of a better life, about one third of the total migrants were forced to leave for other reasons, such as natural disasters, environmental destruction and persecution.²³

Europe was the largest host of international migrants, with 56 million migrants in 2000, followed by Asia and Northern America. Indeed, these three regions hosted most of the international migrants (84%) in the world. In the USA alone, there were 16.7 million immigrants between 1970 and 1995, followed by 13 million in the Russian Federation and 7 million in Germany (UNFPA Report 2004).

Foreign workers have also flowed in recent years into the newly industrializing countries in East and Southeast Asia. In the 1980s alone, the Pacific Economic Cooperation Council (PECC) economies were estimated to have experienced a net outflow of over 1,764,000 people (Stahl and Appleyard 1992). For the whole of Asia in the same decade, an estimated net outflow of 3,341,000 persons was experienced (Arnold 1989). The Middle East with its huge oil industry was the pulling force, with Saudi Arabia hosting 3.4 million migrant workers between 1970 and 1995. In the United Arab Emirates 74 percent of its population are foreign workers and in Kuwait over half of its residents are non-nationals (Stalker 2000).

Other main recipients are Japan, and the newly industrialized economies of Singapore, Hong Kong, Taiwan and South Korea. In 1995, Singapore hosted 350,000 foreign workers, representing about one-fifth of its labour force (*Ibid.*). Although these movements are constant, numbers however remain fluctuating, depending on the political and economic climates of both sending and receiving countries. Nonetheless, it is expected that more workers will continue to flow through porous borders in search of stability and income.

Migration and Economic Efficiency

The study of migration is at the core of labour economics because the analysis of labour flows—whether within or across countries—is central to labour market equilibrium. Workers respond to regional differences in economic outcomes by voting with their feet. These labour flows improve labour market efficiency. For example, suppose there are two regional labour markets, one in a Northern country and one in the South, and that these two markets employ workers of similar skills. Suppose further that the current wage in the North exceeds the wage in the South. Under some conditions, the wage differential between the two regions will not persist once the economy attains a competitive national equilibrium. After all, the wage differential (in excess of transport cost) encourages some Southern workers to move to the North, where they can earn higher wages and presumably attain a higher level of utility. The flow of Southern workers into the North would raise the Southern wage and depress the Northern wage. If there were free entry and exit of workers in and out of labour markets, the national economy would eventually be characterized by a single wage (see Figure 1).

The single wage property of competitive equilibrium has important implications for economic efficiency. The theory of labour demand demonstrates that the wage equals the value of marginal product of labour in a competitive market. It is this parity between the real wage and marginal physical product that attains profit maximization for employers in a purely competitive market. As workers move to the region that provides the best opportunities, they eliminate regional wage differentials and allocate labour to where they make their maximum contribution. There will be no incentive for labour to move, and the economy would have attained its maximum output as workers of given skills will have

the same value of marginal product of labour in all markets. This allocation of workers to employers, which equates the value of marginal product across markets is said to be a *Pareto efficient* allocation because it maximizes national income and because no other redistribution can raise national income.

An Economic Model of Migration

In 1932, Sir John Hicks argued that, “differences in net economic advantages, chiefly differences in wages, are the main causes of migration”. Practically, most modern studies of migration use this hypothesis as the starting point and view the migration of workers as a type of human capital investment (Sjaastad, 1962). In this restrictive human capital approach, workers calculate the value of the opportunities available in each of the alternative labour markets, net out the cost of making the move, compare likelihood of finding employment, and choose whichever option maximizes the net expected present value of lifetime income (Todaro, 1969; Todaro and Maruszko, 1987).

Suppose there are two labour markets where a particular worker can be employed. The worker is currently employed in region i and is considering a move to region j . The worker, who is t years old, earns W_{it} dollars. If he were to move, he would earn W_{jt} dollars. It costs m_{ij} dollars to move from i to j . These migration costs include the actual expenditures incurred in transporting the worker and his/her family, as well as the dollar value of the “psychic cost”—the pain and suffering that inevitably occurs when one moves away from family, neighbors and social networks. These costs are netted out from the destination wage either as a one-time payment or as lasting psychological cost that must be taken into account each year t . It is possible for m_{ijt} to be negative. This could be the case of persons running away from oppression and violence in their place of origin. In that case, m_{ijt} becomes an advantage rather than a cost to migrating to the new destination. Like all other human capital investments, migration decisions are guided by the comparison of the present value of lifetime earnings in the alternative opportunities.

The net gain to migration from origin i to any destination j is given by:

$$(1) \text{ NetGain} = \sum_{k=t}^T \frac{((1-u_{jk})(W_{jk} - m_{ijk}) - (1-u_{ik})(W_{ik}))}{(1+r)^{k-t}}$$

Where r is the discount rate and T is the age of retirement, W is the net wage rate (net of transfer cost) and u is the unemployment rate. The worker moves if the present value of the net expected gains is positive²⁴.

A number of empirically testable propositions follow immediately from this framework²⁵:

1. An improvement in the economic opportunities available in the destination increases the net gains to migration. This includes either a higher wage or a lower unemployment rate, and raises the likelihood of worker movements.
2. An improvement in the economic opportunities at the current location decreases the net gains to migration, and lowers the probability of worker movements.

3. An increase in migration costs, both financial and emotional, lowers the net gains to migration, and reduces the likelihood of a move.

In sum, migration occurs within this narrow neoclassical framework when there is a good chance that the workers will recoup their human capital investments. As a result, migrants will tend to gravitate from low-income to high-income regions, from high-unemployment to lower-unemployment regions, and the larger the expected income differential between the regions or the cheaper it is to move, the greater the number of migrants.

It must be noted that income maximization and utility maximization are not equivalent. If migration is sought to maximize utility, it will introduce a number of interesting twists into the study of migration decisions. For instance, equation (1) ignores *why* there are regional wage differences in the first place, implicitly assuming that the international or national labour markets are in disequilibrium, in the sense that different regions offer different opportunities to the same worker. However, wage differences may partly reflect compensating wage differentials that reward workers for the varying set of amenities that different regions may offer (Roback, 1982).

The wage can be expected then to be relatively lower in more pleasant localities. Even though a particular worker might face different wages in different labour markets, the worker's utility would be constant across labour markets. The wage differentials that are the focus of the human capital approach, determining the migration decision in equation (1) are the ones that persist after the analysis has factored in regional differences in the value of amenities and deficiencies.

The New Economics of Migration

Neoclassical migration theory is rooted in labour market disequilibria that produce expected wage gaps across national boundaries. A new paradigm, however, has emerged indicating that migration stems from market failures outside the labour market. When prospects of future markets are non-existing, or if markets are incomplete, imperfect or inaccessible as is typically the setting in many developing economies, households who cannot access viable incomes and capital markets in the home country tend to send a member or more abroad as insurance against risks and/or to assure access to capital. If wages and opportunities abroad are higher and plentiful, international migration offers a particularly attractive and effective strategy for minimizing risks and overcoming capital constraints (Stark 1991; 1986). This immediately takes the emphasis from the individual (the core of neoclassical economics) to the household (society) and away from absolute income correction to relative income determinants where "relative deprivation" is a greater incentive for migration than the wage gap (Stark and Taylor, 1989).

Furthermore, the linkage between the migrants and the sending community contradicts the neoclassical human capital model assumptions and outcomes. In the neoclassical model, migrants relocate permanently wherever they can maximize net expected lifetime incomes, and they play little or no role in the economic life of the sending community. Remittances have no place in the neoclassical model but are key variables in the new economic model of migration. They are a major objective for the sending emigrating member and the receiving family.

Family Migration

The neoclassical discussion of immigration has generally focused on the behavior of a single worker as he or she compares employment opportunities across regions and chooses the location that maximizes the present value of expected lifetime earnings. Most migration decisions, however, are not made by single workers, but by families. The migration decision, therefore, should not be based on whether a particular member of the household is better off at the destination than at the origin, rather whether the family as a whole (nuclear and even extended) will benefit (Mincer, 1978).

Suppose that the household is composed of more than two persons, a husband, a wife, a child, parents and even grandparents. Let the change ΔPVH be the change in the present value of the husband's earnings stream if he were to move geographically from region j to region i —net of migration costs. And let change of ΔPVW be the same change for the wife, and let change ΔPVC be the change in the present value of the child's long term earning stream and welfare, whereas ΔPVP represents the change in the present value of the earning stream of the parents. If the husband was single, he would migrate if the "private gains" of ΔPVH were positive. If the wife was single, she would migrate if ΔPVW were positive. The nuclear family unit (that is, the husband, the wife and the child) will move only if the net gains to the *nuclear family* are positive, or if the sum of $((\Delta PVH + \Delta PVW + \Delta PVC) > 0)$.

The optimal decision for the nuclear family unit is not necessarily the same as what is optimal for a single person. Suppose, for example, that the woman would move on her own if she were single, for she gains from the move (that is, $\Delta PVW > 0$), but that the husband's loss exceeds her gain (so that the sum of $(\Delta PVH + \Delta PVW) > 0$). Hence it is not optimal for the nuclear family to move. The wife is, in effect, a *tied stayer*. She will sacrifice the better employment opportunities available elsewhere because her husband is much better off in their current region of residence and vice-versa if the situation was reversed.

In the case of the extended family, the condition becomes the sum of $((\Delta PVH + \Delta PVW + \Delta PVC + \Delta PVP) > 0)$. It could be the case that the nuclear family may have to accept migration in order to support remaining parents or other family members by sending remittances that would augment the parents' earnings even when their own net gains may decline by immigration.

Individuals, Families and the Nation

Typically, the migration decision is made by persons or families, but there are also societal and national consequences to consider. It can be easily seen that nations lose when the individuals that migrate have not paid fully for their education and skills. This gives rise to the brain-drain phenomenon where poor sending countries subsidize rich receiving countries. It is certainly a problem when one considers the increase in welfare of individuals and families through migration but neglects the welfare losses to societies and nations. Remittances sent back by migrants may fall short of the total human capital loss incurred by society at large, giving rise to the issue of the asymmetry of losses and gains from migration of individuals versus societies.

Network Theory

Kinship ties, friendship and shared community origins are hypothesized to increase migration flows because they reduce the psychic and risk costs of immigration. These network connections constitute a valuable social capital that migrants can draw upon to gain access to foreign employment, and better wages and working conditions (Boyd, 1989). Several historical and empirical studies of immigration have recognized and confirmed that the concentration of particular nationality and ethnic groups in certain cities facilitated the migration of the same groups to these cities (Levy and Wadycki, 1973). There is a rich literature on the immigrant multiplier effects where family members secure the entry of other family members. By allocating immigration papers along family ties, American, Canadian, and Australian laws reinforce and validate the operations of migrant networks (Jasso and Rosenzweig, 1990).

Segmented Labour Market Theory

Both neoclassical migration theory and the new economic theory conceptualize migration decisions as the outcome of rational economic calculations by individuals or families responding to objective market forces or constraints. Segmented labour market theory of migration takes, however, a different perspective, where immigration responds to demand driven forces within structural imbalances of advanced economies (Piore 1979). Capitalism gives rise to segmented labour markets where a primary market which generates high paying secure jobs coexists side by side with a secondary market that is typically generating insecure, low paying jobs, and hazardous and unpleasant working conditions. Immigrants become desirable and are sought to fill jobs in the secondary market where residents shun certain occupations. Immigration policies in North America are perfect examples of engineered barriers to mobility for unauthorized migrants, therefore substantiating segmented labour markets.

Substantial evidence from Canada and the USA indicate that the returns to education rise with the length of stay in the country (Chiswick and Miller 1988). In this respect, segmented labour markets theory is a complementary theory to both the neoclassical theory and new economics theory of immigration.

World Systems Theory

An international division of labour has emerged in the wake of globalization forces and the extension of capitalism into distant regions. Labour-intensive production is characteristic of developing countries and capital intensive production is now concentrated in a few cities in advanced countries. Non-capitalist structures and patterns of social and economic organization have crumbled. Large groups of people have lost their secure patterns of living and working and have become a large pool of potential migrants. Unskilled workers saw their wages fall as the demand for their skills dimmed, while skilled workers experienced major wage increases as the demand for their skills escalated. Globalization according to the world system creates a large pool of highly mobile labour in developing countries while simultaneously creating the linkages and connections to advanced countries' labour markets (Rumbaut 1991).

Available evidence suggests that industrialization and agricultural development as indicators of capitalist market development are instrumental in inducing migratory flows according to the world systems theory, particularly when they occur under unfavorable demographic and economic conditions, and where the communities affected are connected to the larger world markets and centers (Ricketts 1987).

Factors in Labour Migration

In recent years, the issue of foreign labour has become increasingly serious economically, politically and socially. Rich and industrialized countries are magnets for labour migration. In response to declining populations, increasing labour shortages and relative high wages, ever-larger numbers of foreign workers are entering and often times illegally engaging in unskilled work under poor and even dangerous working conditions. Many of these countries strictly prohibit the entry of foreigners for unauthorized work while opening doors more widely for highly skilled and specialized workers.

Resistance to movement of people is thus driven by economic and political policies designed to enhance local labour quality by attracting a select group of workers, while erecting barriers to others. The combination of slow demographic growth, earlier retirement age, and a dwindling pool of high school and college graduates in effect guarantees that many industrialized nations will face labour shortages at various points during economic cycles, thereby creating the demand to supplement their human resources (Johnston 1991).

High-Skilled Labour

Consequently, borders have been open by rich and industrialized states for professional, technical and skilled immigrants, in contrast to a dwindling acceptance rate of semi-skilled and unskilled workers. These trends have been noted in all countries of the North, such as Canada, Australia and Europe. In the United States, the greatest proportional contribution to the skill level of the immigrant intake is made by those in the independent, business and employer migration categories, and business migration programs (Massey, Arango, Hugo, Kouaouci, Pellegrino and Taylor 1994).

Movement of skilled labour reflects the "workers-to-work" trend, in contrast to unskilled labour manpower movement of "work-to workers". Many developing countries are unable to create the sufficient numbers and types of jobs to employ their educated workers, leading to a growing pool of professionals that are willing to emigrate in search of better opportunities (Hugo 1990). For example, comparing university graduates, China and Brazil rank third and fifth respectively in the world in the number of science graduates; Brazil, China, Mexico, Republic of Korea and the Philippines are ahead of France and the United Kingdom in the number of engineering graduates (Johnston 1991). India has a large emergent information technology industry with over four million technical workers, second only to the USA (Embassy of India website 2001). These high-skilled workers can potentially be part of an international labour market in which they share common skills, a common language (usually English) and common values.

The exodus of skilled labour, a phenomenon often referred to as the "brain-drain", has sparked passionate debates; some countries embrace it as an alternative solution to the social problem of being unable to provide high-skilled people with qualified jobs, a way

to reduce chronic unemployment and a provisional solution to alleviate economic problems. It is also deemed to be an important source of foreign currency and national income. According to a World Bank report, it is estimated that remittances from overseas resident and nonresident workers have reached \$126 billion in 2004, 65 percent of these funds are sent to developing countries. Since 2001, remittances to developing countries have increased by \$41 billion (World Bank 2005).

The International Organization for Migration confirms that “remittances to developing countries represent a large proportion of world financial flows and amount to substantially more than global official development assistance, more than capital market flows and more than half of foreign direct investment flows to these countries” (Sorensen 2004, p.3). The United Nations Population Fund Annual Report indicates that remittances substantially augment GDPs for countries such as Albania, El Salvador, Eritrea, Lebanon, Jordan, Nicaragua and Yemen. These remittances represent 138.2 percent of official development assistance (UNFPA 2004).

Remittances: Top recipient countries (2001)

Country	Billions US\$
India	10.0
Mexico	9.9
Philippines	6.4
Jordan	2.2
Pakistan	1.6

Source: Danish Institute for Development Studies (2004)

Remittances as a percentage of GDP for selected countries (2003)

Country	Percent of GDP
Lesotho	26.5%
Jordan	22.8%
Albania	17%
Nicaragua	16.2%
Yemen	16.1%
Lebanon	13.8%
Philippines	8.9%

Source: Danish Institute for Development Studies (2004)

The money sent home supplements income and the industrial skills and experiences these workers bring back to their countries of origin can represent an important source of technology transfer. Therefore, employment of foreign workers plays a useful role in supplementing the revenues and technical knowledge of labour-sending countries. Supporters of liberal capitalism view such migration as a normal part of the economy, where skilled labour gravitates to places and opportunities, benefiting both sending and receiving countries. Others however, including some international organizations and many labour exporting countries, view the concept of the brain-drain as a liability, where the exodus of educated people represents wasted human resources for the sending countries and is a part of the ongoing pillage of poor countries by rich, industrialized and colonialist-driven nations (Gaillard 2001).

Unskilled Low-Wage Labour and Illegal Migrants

High-skilled workers, however, make up only a small percentage of economic migrants. The bulk of guest workers are low-skilled labourers in pursuit of a better life in greener pastures. They are also the ones who receive most attention by the media and social agencies. They are usually illegal migrants who clandestinely enter a given national territory. Stories abound of Chinese immigrants discovered in Seattle or Vancouver in a container, or others suffocating to death in the back of a truck passing through the British Channel port of Dover smuggling human cargo. There are also many accounts of raids on

employers in the southwestern United States seeking illegal Mexicans, or in German construction firms employing undocumented Turkish workers.

This type of migration is contributing to growth in illegal employment or non-standard job contracts that elude regulations and government authority and create a hotbed for abuses. Illegal workers run the risk of unfair exploitation and human rights violations. Since their employment is illegal, neither they nor their employers notify the authorities that they are working. This means that it is virtually impossible to keep track of them or afford them any protection. Moreover, many of these illegal workers are at the mercy of underground brokers who find them jobs and dictate their terms of employment. This leaves them exposed to a variety of potential abuses, including restrictions of their freedom of movement, violation of their contracts and embezzlement of their wages. These workers are vulnerable because of their illegal status, and their ability to make complaints about unfair treatment is further limited by their lack of knowledge about their host country and their inability to speak the local language. Women are particularly vulnerable and are often prey to illegal traffickers who force them into sweatshop labour, domestic servitude or sexual slavery. According to the US State Department between 45,000 and 50,000 women and children are trafficked into the United States every year (International Labour Organization 2002).

In spite of this, however, the numbers of illegal or low-skilled migrants are not decreasing. This is due in part to globalization and the growing disparities between rich and poor countries, which continue to exert pressures for massive labour migration (Stalker 2000). A basic premise of globalization is the capital's search for ever-cheaper labour and cost-effective production. Economic demands intersect with social contexts, giving rise to specific forms of labour needs. Employers may not be able to lower wages to increase their profits because they are likely to meet resistance from labour unions and other organizations, hence they work around it by hiring low-cost labour, which oftentimes consists of unskilled or semi-skilled foreign workers. Indeed, as Stalker observed, “virtually all the international labour flows in this century have been deliberately initiated by the industrialized countries” (1994, p. 29).

For some industries like agriculture, allowance can be made to import cheap labour from third world countries for a temporary period. Canada has a “Foreign Worker Recruitment” program designed to allow employers to recruit foreign workers without adversely affecting employment and career opportunities of Canadians. Traditionally, these indentured labourers come from Mexico or the Caribbean Islands for a few months every year, earn minimum wage, and live in substandard housing provided by their employers. They are not taking jobs from local citizens because the work they perform is considered “undesirable”, and therefore it does not undermine the local supply of the labour market. Proponents of such programs view it as a form of aid to developing countries, whereby temporary legal migrants are offered work and wages, thus alleviating poverty and unemployment in their own countries. Conversely, others regard it as exploitation at its best. Rich countries profiting from the human resources of the developing world through exploitative practices by pilfering the skilled workers of the sending countries, offering them lower remuneration compared to wages offered to local citizens, and avoiding the expenses both of educating workers and of providing for their retirement.

The New Paradigm

The risk of the internationalization of labour markets is often associated with the exploitation of human resources within the context of labour force expenditure. At the macro level, the significant factors for changes in the movement and composition of population migrations include industrial structural changes and diversification, trade liberalization and technology, which are driving regionalization and globalization into a borderless economic system. The negative aspect of the increasing relocation or redistribution of jobs in a global economy and, particularly in a climate of high unemployment in developing countries, has created concerns over the "delocalization" of jobs rather than of people (Arthuis 1993). The globalization of transnational corporations, increased foreign investment and a new capitalism have focused on bringing work to workers, not out of concern for the unemployed in developing countries, but for the purpose of increasing profits and having maximal returns on investments. This is achieved through the payment of lower wages to these workers, and in minimal expenditures in lax health and safety standards that are prevalent in these countries. It results in workers exploitation, as well as producing serious destabilization of societies even within national context. This is evident, for example, in rural to urban migrations, which is causing demographic explosions and increased poverty in third world cities. Even within developed countries, internal migrations of workers seeking employment in urban centers are changing the face of demographics and distributions of wealth in these countries.

Therefore, in countries of the North, the increased importation of labour-intensive products, such as textiles and clothing, has replaced the importation of labour (Matsunga 1992). This is in sharp contrast to protectionist measures – reflected in heavy customs levies on imported goods – that were the norm in the pre-free trade era. Conversely, during these periods, migration of people was a simple boat-ride to countries such as Canada, Australia and the USA. The goal in this paradigm shift is to accommodate capital's need for expansion in new markets and increase profits by reducing overhead. For example, according to Stalker, global exports in 1996 amounted to about 29 percent of world gross domestic product, while only 2.3 percent of the world's population migrated in search of better work prospects (Stalker 2000).

The Benefits of Labour Migration

Nonetheless, international transfers of labour can provide a number of benefits. First and foremost it is the opportunity to take advantage of quantitative and qualitative complementary distribution of labour resources that constitutes the most direct benefits. Not surprisingly, this is particularly beneficial to the recipient economy, allowing it to mitigate bottlenecks and mismatches in labour resources by importing the types of labour that are in short supply. This would contribute to an increase in production and to a more efficient economic performance in the recipient country. It will also enhance economic development at the broader, regional level. The complementarity of labour force among different – especially neighboring – states benefits both sending and receiving countries, as well as the broader region as a whole.

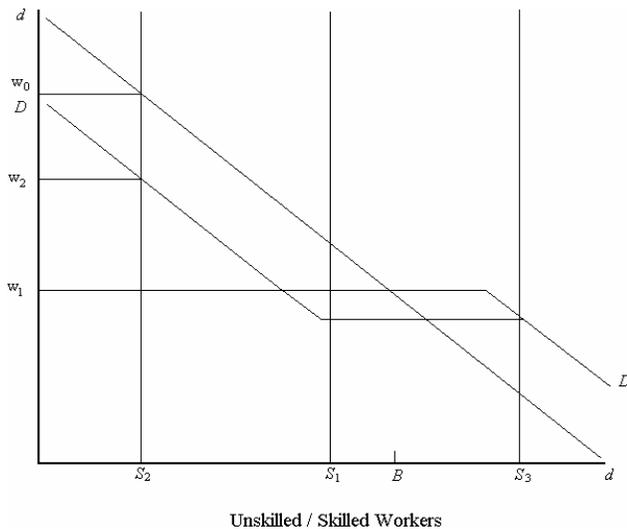
The degree and effectiveness of laws and regulations regarding migration of labour vary widely from country to country. Economic needs often dictate that authorities turn a blind

eye to illegal movement of people. Illegal migrations have contributed to the creation of a large black market of labour in many industrialized countries. Often it is socio-political pressures driven by protectionism, racism and colonialist ideologies that lead to tighter controls and stricter enforcement. Clearly, migration is affected by international as well as national politics; international factors interact with domestic structures and policies, influencing labour migration flows, and who gets to be invited or barred. In spite of this however, the question remains as to why no regime has developed a system to regulate migration that is comparable to the liberal regulations for trade, money and finance. According to Hollifield, “[t]he answer maybe obvious: liberal states have had few incentives to cooperate in controlling migration, because states and employers were able to obtain foreign labour without international cooperation” (1992, p. 2). Moreover, the political-economic characteristics of labour, as a factor of production, are as different from those of capital, goods and services as to prohibit most types of international regulation. As Myron Weiner aptly states, “migrants differ from other international transactions in one fundamental respect: migrants themselves have their own will” (1990, p.75). Yet, they are also an expendable commodity and are often treated as disposable pawns in a global economy.

Conclusion

The international movement of labour should, theoretically, be welcomed for its potential benefits for both the sending and the host country. But so far, globalization has been very one-sided and truncated. World trade is increasing but it is mainly concentrated among rich countries. Meanwhile, the labour force of low-income countries is growing at a fast rate, and if enough adequate jobs are not available, many workers will look for them elsewhere in the global village. Governments in the industrial North should couple the liberalization of trade and capital movements with relaxing the rules of labour migration by making allowance for the inevitability of people’s movement. Foreign workers do benefit their host as well as their sending countries; and unless governments and nations address this issue, it will continue to generate many undesirable problems and the polarization effects of globalization.

Figure 1
Effects of Trade and Migration on Wages



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International Migration to the Cities of the South²⁶

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As a consequence of globalization, international migration is no longer a predominantly South to North flow but has acquired a significant intra-developing country dimension. In particular, international migrants are heading more and more towards cities, where they find greater job opportunities as a consequence of the new demand for low-paid jobs, particularly in the service sector. In addition, cities provide the networks migrants need in order to have access to the labour market and to find a place to stay.

Current migration flows are increasingly of a temporary nature, since migrants tend less and less to settle permanently in the city of destination. Moreover, migrants make up very different groups of people: they are no longer only male unskilled workers, but also qualified professionals, students and, increasingly, women migrants.

International migration raises the essential issue of social inclusion and “the right to the city”, based on the principles of solidarity, freedom, equity, dignity and social justice, irrespective of nationality, race, gender or religion. The temporary nature of most migration movements makes it increasingly challenging to establish forms of migrant representation and to promote migrant inclusion in the local decision-making process.

As a result of decentralization policies, local governments are increasingly entrusted with the responsibility of coping with urban growth issues, including international migration. Though it is largely acknowledged that also in the cities of the South international migrants contribute significantly to the economic dynamism of cities by filling sectors of the labour market eschewed by the local population, most local governments have little capacity to deal with international migration, least so to delineate any explicit policy.

Urban policies must meet migrants’ diverse needs, capacities and potentialities differentiating between territory-based policies, i.e. programmes targeted at the low-income population to which most international migrants add, and population-based policies, i.e. those aimed directly at international migrants and their different needs and demands.

Multicultural cities are not only a predictable consequence of current economic and social changes, in an era of globalization they are also beneficial to the hosting as well as the sending society, including in the cities of the South. Hence, cities must promote the inclusion of all its residents including international migrants, whose differences are likely to require *multiple inclusions*: which type, for which migrant community and over what period of time.

Notes

- 1 See World Commission on the Social Dimension of Globalization (2004), *A fair globalization: Creating opportunities for all*.
- 2 Ibid; ILO 2004. Report VI Towards a fair deal for migrant workers in the global economy. International Labour Office, Geneva.
- 3 "Dealing with the Global Jobs Crisis", Opinion piece by Juan Somavía (Director-General of the International Labour Office) at the World Economic Forum, Davos (25 January 2006).
<http://www.ilo.org/public/english/bureau/dgo/speeches/somavia/2006/davos.pdf>.
- 4 United Nations (2006). *International migration and development: Report of the Secretary-General*. New York, A/60/871, United Nations, June 2006.
- 5 *Towards a fair deal for migrant workers in the global economy*, op. cit.
- 6 *Towards a fair deal for migrant workers in the global economy*, op. cit.; IOM (2005). *World Migration Report 2005: Costs and benefits of international migration*, IOM, Geneva; GCIM (2005); *Global Commission on International Migration (2005), Migration in an interconnected world: New directions for action*, Geneva.
- 7 See World Bank, *Global Economic Prospects 2006, Economic Implications of Migration and Remittances*, Washington, D.C.
- 8 ILO (2006). *ILO Multilateral Framework on Labour Migration: Non-binding principles and guidelines for a rights-based approach to labour migration*, International Labour Office, Geneva.
- 9 UN Secretary-General's address to the European Parliament, 2004, op.cit.
- 10 United Nations (2006). *International migration and development: Report of the Secretary-General*, op. cit.
- 11 The members of the Global Migration Group are: ILO, IOM, UNOHCHR, UNCTAD, UNHCR, UNODC, UNDESA (Department of Economic and Social Affairs), UNDP, UNFPA and the World Bank.
- 12 From the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 July 2006.
- 13 Ibid.
- 14 See Convention on Migration for Employment, 1949 (No.97) and the Convention on Migrant Workers, 1975 (No.143).
- 15 ILO (2004). *A fair globalization: Creating opportunities for all*. Geneva, World Commission on the Social Dimension of Globalization and International Labour Office, Geneva, February 2004.
<http://www.ilo.org/public/english/wcsdg/docs/report.pdf>
- 16 The full Report of the Committee on Migrant Workers, ILC 2004 which contains the above Resolution is available (in English) at:
<http://www.ilo.org/public/english/standards/relm/ilc/ilc92/pdf/pr-22.pdf>
- 17 See <http://www.ilo.org/public/english/protection/migrant/download/tmmflm-en.pdf>
- 18 From the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 July 2006.

- 19 Ibid.
- 20 Ibid.
- 21 From the Informal Preparatory Meeting on the theme of the 2006 ECOSOC High-level Segment on “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 5 April 2006.
- 22 See, for instance, the papers by Barro and Sala-i-Martin (1991, 1992), as well as by Blanchard and Katz (1992).
- 23 According to UNHCR, there were some 12 million refugees worldwide in 2001. Asia remains the major host region for refugees worldwide, followed by Africa and Europe. Most refugee host countries are safe neighboring countries of countries in conflict (i.e., Iran and Pakistan bordering Afghanistan, Guinea bordering Sierra Leone, Tanzania bordering the DR Congo, etc.), other countries, such as the United States and Canada, have well established refugee resettlement programs, or a tradition of hosting refugees such as Germany.
- 24 The terms in equation (1) are often multiplied by another probability (one minus the probability of getting caught) in order to take account of undocumented migrants.
- 25 Many empirical studies have been carried out to test some of these hypotheses. For a comprehensive account of some of this work consult Douglass Massey et.al. 1994.
- 26 From the Informal Preparatory Meeting on the theme of the 2006 ECOSOC High-level Segment on “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development”, 5 April 2006.

Chapter 6

MEETING THE CHALLENGES OF EMPLOYMENT CREATION IN AFRICA, LEAST DEVELOPED AND CRISIS- AFFECTED COUNTRIES

Overview

The forty eight least developed countries (LDCs) of Africa and the Asia-Pacific region are home to the vast majority of the world's poor.¹ As recognized by the World Summit 2005 and numerous other international fora, employment creation is the most effective way of tackling this entrenched poverty. However, economic growth in most African countries and LDCs remains insufficient to create decent jobs, while in other countries higher growth rates have not yet translated into the generation of better paid and more productive work for the poor. The latter scenario is, for example, evident in the oil-exporting African countries and LDCs. As a result, the majority of people continue seeking out a living in subsistence agriculture or seeking work in the urban informal economy. In these segments of the economy, employment is characterized by low productivity and wages, underemployment and poor employment conditions such as high levels of insecurity and vulnerability. Therefore, the paramount issue facing governments is employment creation- not simply the generation of jobs- but adequately remunerated work that will lift households out of poverty.

Moreover, in crisis-affected countries, access to jobs and income is fundamental for socio-economic recovery and sustainable development. Livelihood and employment recovery are often treated as an afterthought, with the assumption that they will simply follow the reconstruction process. They often do not. So livelihood and job creation must be placed at the centre of post-crisis recovery strategies from the start, and should be demonstrated by a coordinated, coherent and integrated approach that brings together all relevant actors, with predictable financing.

Employment situation

Africa and Asia

Though there is considerable diversity amongst LDCs and especially between Africa and Asia, the different dimensions of the employment challenge in these countries can nonetheless be summarized as follows:

- Employment in many countries, especially in Africa, has grown at a slower pace than the population.
- The official unemployment rates in LDCs grossly understate the extent of the employment challenge in these countries, especially given the large informal sectors, underemployment and the working poor.
- Millions of poor people in LDCs are not able to earn enough through employment to lift themselves and their families out of poverty. It is estimated that there were 229.4

million working poor (earning less than US\$ 2 per day) in sub-Saharan Africa in 2005, representing 87.0 per cent of total employment. Similarly, in South Asia, the working poor constituted 83 per cent of employment. In comparison, the share of working poor in South-East Asia and the Pacific and East Asia was 58 per cent and 46 per cent of total employment, respectively.

- In Latin America and the Caribbean, unemployment remained high at 7.7 per cent and the number of those in working poverty, i.e., earning under \$2 a day, is at 31.8 per cent. However, Haiti, the only LDC in that region, endured a cycle of internal conflicts resulting in an economic and social collapse leading to more than two-thirds of the labour force being unemployed or underemployed. The working poor constitute 57 per cent of the employed.
- In contrast, the Middle East and North Africa region had the highest unemployment rate of 13.2 per cent, although the working poverty level was low at 36 per cent. In Yemen, the only LDC in that region, the rate of unemployment exceeded 35 per cent while 45 per cent of the employed constituted working poor.
- The majority of the working poor are located either in the urban informal sector, or in agriculture, which still accounts for over 60 per cent of total employment in South Asia and sub-Saharan Africa. Similarly, in Haiti and Yemen, agriculture accounts for more than two-thirds and three-fourths of those employed, respectively.
- The exclusion of women from high paying job opportunities persists in most LDCs, with significant costs to overall socio-economic development. Women in some countries are prevented from participating at all in the labour market, while in others, women work mainly in the informal economy.
- Youth unemployment is a widespread problem in both the African and Asia-Pacific LDCs, a situation that stems from the general lack of employment opportunities, high population growth rates, low literacy rates, poor quality of education, and a mismatch in skills. The official youth unemployment rate in 2004 ranged from 7.5 per cent in East Asia and 10.8 per cent in South Asia to 17.1 per cent in South-East Asia and the Pacific and 19.7 per cent in Sub-Saharan Africa. Again, these figures understate the actual extent of unemployment due to large levels of underemployment.
- Poverty continues to force children to take up employment in many African countries and LDCs. The Asia-Pacific region harbours an estimated 122 million working children between the ages of 5 and 14, accounting for 64 per cent of the world's total. In Sub-Saharan Africa, there are approximately 49.3 million economically active children, which represents the highest incidence globally (26.4 per cent of children aged between 5 and 14). It is estimated that 23 per cent of children between the ages 10-14 were working, while in Yemen the ratio was 18.5 per cent.
- The dearth of employment statistics imposes severe constraints on policy making in both Africa and the Asia-Pacific region. Africa in particular is the most under-reported region with regard to employment indicators.

The Least Developed Countries

Scarce comparable international data in African and Asia-Pacific LDCs prevents the attainment of an accurate employment picture in LDCs. Only 5 of them (3 in Africa and 2 in Asia and Pacific) report data on employment, including 3 (Bangladesh, Tanzania and Uganda) which possess data showing trends. Data available for those LDCs show slow or negative progress in employment of men, and decline in employment of women in agriculture. Decrease of male employment is observed in the industrial sectors of Bangladesh and Tanzania, while there has been an increase in Uganda. Few or no changes are observed in the employment of women in industrial sectors of all LDC countries with data. However, a significant increase in male employment in the services sector has been reported in both Uganda and Bangladesh.

Women are predominantly (70-85 per cent) employed in agriculture due to gender stereotypes about their role in society. Another sector where they are usually employed is in the services sector (15 per cent in Cambodia, Madagascar and Tanzania, 12 per cent in Bangladesh and 18 per cent in Uganda). Employment of women in industry is negligible in Tanzania, but is about 9 and 10 per cent respectively in Bangladesh and Cambodia which have developed an internationally competitive textile industry. The rate is about 6 per cent in Madagascar which has pursued a policy of privatization and liberalization and has developed a strong fishery and forestry industry.

LDCs have a high percentage of children and overall young populations. In 2004, 43 per cent of their combined population was under the age of 15. It is projected that by 2050, the median age in 9 LDCs (Angola, Burundi, Chad, Democratic Republic of the Congo, Equatorial Guinea, Guinea-Bissau, Liberia, Niger and Uganda) will be at or below 23. The populations of Mali, Niger and Uganda, where the median age is 16 years or less, are the youngest in the world. Furthermore, it is projected that the proportion of persons of working age (15-59 years old) in LDCs will increase from 53 per cent in 2005 to 61 per cent in 2050. Creating employment opportunities and decent work for all those people is the greatest challenge in the sustainable development of LDCs.

Regrettably, data on youth (aged 15-24) employment is available only for 3 LDCs: Bangladesh, Lesotho and Niger. None of those have trend data. The latest data for Lesotho shows a 47.5 per cent youth unemployment rate. However, this figure relates only to official unemployment in the formal economy. Most employment in LDCs takes place outside the formal sector of the economy.

Selected key issues

Economic growth has not been inclusive

The responsiveness of employment to economic growth has declined drastically in some LDCs during the last decade, which has led to increased concerns of “jobless growth”. For example, accelerated rates of economic growth in a number of African countries and LDCs have been underpinned by higher commodity prices, particularly oil. As a consequence, oil-producing African LDCs experienced a 13.5 per cent growth over the period 2000-2005, compared with only 3.8 per cent for the non oil-producing African LDCs. However, since the natural resources sector is capital-intensive and has few

linkages with other sectors, this type of growth has not led to the creation of decent jobs for the poor.

The challenge of creating decent jobs

Though one of the main objectives for governments is employment creation, LDCs are also faced with the challenge of ensuring that both existing and newly created jobs provide a decent wage and employment conditions to lift these workers and their families out of poverty. In fact, while jobs are indeed being created in LDCs, these are mainly restricted to the informal economy, where both wages and employment conditions are poor. How can governments improve such dimensions without damaging their competitiveness in the global economy and thus economic growth? How can African countries and LDCs increase the decency of work in the informal sector?

An essential step towards both stimulating job creation and improving wages and employment conditions is increasing the level of education and skills in the labour force. This is a major hurdle particularly for African countries and LDCs, where basic education is not yet fully accessible, let alone higher levels of schooling and vocational training. Better educated workers are essential if countries are to transform their economies and move into the production of higher value-added goods and services.

The centrality of employment in macroeconomic policies and poverty reduction strategies

Macroeconomic policies provide a great potential for creating jobs in LDCs. Governments need to therefore put employment firmly as an explicit objective in all dimensions of macroeconomic policies –fiscal, monetary, financial and exchange rate policies. For example, governments could implement employment-friendly macroeconomic policies such as an exchange rate that avoids misalignment and excessive real exchange rate appreciation, as it would damage the export sector and result in a loss of jobs.

Poverty reduction strategies adopted by LDCs have typically lacked explicit employment objectives. For example, analysis undertaken by the Economic Commission of Africa shows that the content of the first generation Poverty Reduction Strategy Papers (PRSPs) in African LDCs does not substantially reflect major employment issues and challenges.

The need for employment creation in post-conflict economies

Post-conflict countries and LDCs face capacity constraints in the design and implementation of macroeconomic policies because of resource shortages to rebuild economic and social infrastructures while maintaining political stability. They also experience severe technical and financial constraints that limit their ability to adopt bold approaches in employment creation. However, in such situations, policies should go beyond stabilisation objectives and focus - at least in the short run - on meeting the need for “collective security” through growth supported by broad-based employment generation. Reconstruction and peace-building programmes should have employment components that include public works programmes and targeted skill training for demobilised soldiers. For example, labour-intensive infrastructure programmes have been successfully employed in a post-conflict setting in Mozambique and Cambodia.

Youth unemployment in the entire African region is 21 per cent and is much higher than the world average of 14.4 per cent. The situation of youth is particularly dismal in post-conflict countries in Africa where the combination of weak governance and heavily damaged infrastructure poses serious difficulties in providing youth with basic services, health care and education. Moreover, there is a scarcity of job opportunities for youth who lack the basic education, training and skills to sustain their livelihood.

The situation is exacerbated by the difficulty of reintegrating young ex-combatants into their communities which have been devastated by years of armed conflict. This is manifested in broken-down social networks, communities traumatized by past atrocities and a high incidence of HIV/AIDS. The significant number of youth, including young ex-combatants with able bodies but little or no basic education/skills and employment, is a perfect ingredient for insecurity and instability. Disaffected youth are more likely to turn to arms, engage in illicit activities, or be recruited to spread political turmoil, looting, rioting, organized crime and cross border smuggling of drugs or light weapons, in exchange for meager funds, social recognition, and a sense of ‘empowerment’ and belonging.

Providing this segment of the youth population with skills and involving them as participants in the post-conflict rebuilding and reconstruction process would give them the opportunity to be active agents for preventing conflict and promoting a culture of peace. Therefore, the implementation of post-conflict employment policies at an early stage of the peace mediation process as a pre-requisite for post-conflict reconstruction, should be made a priority. These policies would include, *inter alia*, the provision of access to training and skills development, vocational training and entrepreneurship, and utilization of institutions and mechanisms such as the Global Compact, Poverty Alleviation Initiatives and the United Nations Peace-Building Commission.

This chapter reproduces texts of several prominent personalities who spoke at the Council’s roundtables. Each emphasized the linkages and challenges between employment creation and decent work in Africa, the least developed and crisis-affected countries.

Creating Employment and Reducing Poverty in Cambodia focuses on (1) the national strategy to promote growth and employment creation; (2) the achievements in employment creation in Cambodia; and (3) the future directions for employment creation in that country.

Employment Issues in Asia-Pacific LDCs underlines the economic and social situation of LDCs in the Asia-Pacific region, assesses labour issues, and makes a series of recommendations on how employment creation should be an explicit goal of economic policies and poverty reduction strategies for LDCs.

The Employment Challenge in Africa: The Fundamental Role of Partnerships highlights (1) the extent of the employment challenge in Africa and the LDCs; (2) some key areas of policy intervention to tackle this challenge; and (3) the role of the UN system and international partners in assisting Member States in this area.

Working Out of Crises: The role of the international community stresses the importance of donor support for countries in crises. It presents the problems and gives appropriate recommendations.

How Best To Foster Social and Economic Recovery Using Employment in Countries Emerging from Conflict: The Case for West Africa focuses on the problematic issue of youth unemployment in West Africa and its impact on stability in that region.

Decent Employment in Africa and LDCs stresses the fundamental role of a “middle class” capable of generating employment for economic growth.

Working out of crisis: Creating opportunities for crisis affected women and men – the central place of employment and livelihood recovery presents the difficulties and challenges of post-crisis employment generation in the context of socioeconomic recovery.

Creating Employment and Reducing Poverty in Cambodia²

By H.E. Mr. Keat Chhon
Minister of Economy and Finance
Royal Government of Cambodia

I. The Strategy to Promote Growth and Employment Creation in Cambodia

Cambodia has one of the fastest growing and youngest populations in South East Asia. The population has increased from an estimated 6.5 million in 1980, to 10.7 million people in 1993, to 13.1 million in 2004, and is expected to reach 15 million in 2010. Fertility rates peaked at over 6.0 in the 1980s, but have fallen rapidly in the past 10 years to 4.0 in 1998 and to 3.3 in 2004.

The demographic development challenge has changed dramatically as the large population cohorts born in the 1980's began to enter the working age in the mid 1990's. Large numbers of young Cambodians began to enter the labour force and the economy came under enormous pressure to generate productive employment opportunities for the new entrants into the labour force. It was estimated that between 1998 and 2004, the labour force increased by around 221,000 people or 3.6% per annum.

In response to the above challenge, soon after its formation in July 2004, the Royal Government of Cambodia (RGC) adopted an Economic Policy Agenda, called "The Rectangular Strategy for Growth, Employment, Equity and Efficiency in Cambodia".

The Rectangular Strategy consists of four main pillars or four strategic rectangles. These are: (i) the enhancement of the agricultural sector; (ii) further rehabilitation and construction of physical infrastructure; (iii) private sector development and employment; and (iv) capacity building and human resources development.

The Royal Government of Cambodia promotes the implementation of a systematic policy, aimed at:

- i. creating more jobs for young people who reach the age of entering the labour market, and for all Cambodian labourers by encouraging domestic investment and attracting foreign direct investment in priority sectors, especially agriculture, agro-industry, labour-intensive industry and tourism;
- ii. developing a network of skills training for the poor, linked to an employment assistance center for young people, especially new graduates, in order to better respond to the needs of the labour market; and
- iii. developing a statistical system on labour.

The Royal Government of Cambodia established a new Ministry of Labour, aimed at promoting employment and training policy in order to provide opportunities for job mobility, information technology and vocational/skill training. Vocational/skill training has to be effectively linked to education policy. The Ministry is also responsible for

promoting export of Cambodian workers to increase welfare, improve capacity, reduce unemployment, and increase income.

The RGC also established a Government/Private Sector Forum, which includes different joint working groups (JWG), a Steering Committee and Sub-committees, aimed at improving the investment and business environment, and promoting private sector participation in infrastructure, trade facilitation and development of small and medium Enterprises.

The RGC has taken measures to promote investment in urban areas in order to generate productive employment and absorb the in-flow of surplus labourers from rural areas. The growth in labour-intensive industries, such as the garment industry, creates a strong foundation to increase real per capita income, absorb labour from rural areas, and can increase agricultural productivity and income. This can help reduce poverty from the source.

The Royal Government has been introducing programmes aimed at increasing agricultural productivity, which is key to economic growth. The objective of this programme is to increase the quantity of agricultural products and income, and to improve living standards, including job creation through agricultural intensification and diversification. The strategy for accelerated growth in agricultural products is expected to have multiplier effects through increased demand for goods and service in those sectors.

The Royal Government has taken serious strides to enforce labour legislation and international conventions related to the role of trade unions in order to guarantee the rights and benefits of employees and employers. Priority is given to improving working conditions and enhancing the implementation of the social security law, in particular the pension for labour disability (including for dependents) and insurance for accidents at the work place.

II. The Achievements in Employment Creation in Cambodia

Cambodia has made tremendous progress over the past decade, both in promoting economic development and in supporting labour rights. Facing stiff competition from other low-cost producers, the RGC has adopted a policy aimed at increasing the efficiency of factories and fighting against corruption, with continued respect for labour rights. The success of this strategy is reflected in the fact that the infant garment industry in Cambodia grew rapidly from virtually nil in 1994 to more than US\$ 2 billion in 2005.

In 1999, Cambodia and the United States signed a Bilateral Textile Agreement, a unique agreement that linked labour standards to trade. This agreement, which sets a quota on the amount of garments that Cambodian producers can export to the US every year, allows Cambodia to earn extra quota if progress towards improved working conditions and workers' rights can be demonstrated. These rights include freedom of association and the right to bargain collectively; elimination of forced labour; nondiscrimination in employment; acceptable minimum conditions of work; and removal of children from work, especially dangerous or degrading work. These policies directly help alleviate poverty and produce more equitable income distribution.

Protecting worker's rights is a winning development strategy in itself, and one that becomes win-win if it also produces greater market access for Cambodian products. By adopting this strategy, Cambodia continues to enjoy the comparative advantage of low-cost labour compared to more developed countries, without facing the "beggar-thy-neighbor strategy", whereby investors, producers and buyers play one low-wage country off against another, putting continued downward pressure on wages and working conditions.

This groundbreaking agreement has become the model for similar agreements elsewhere. For the first time also, the International Labour Organization (ILO) has been requested to set up a project to monitor factories, which is now known as "Better Factories Cambodia". The results of this project have been very positive and have benefited Cambodia and its workers. According to ILO, Cambodia has made good progress in key areas of basic labour rights, with no forced labour, very few instances of child labour and no gender discrimination. The reports prepared by the Organization also review the payment of wages, overtime work, health and safety conditions, the right to form unions and engage in collective bargaining.

In addition to monitoring, the Cambodian government was of the view that there also had to be a fair and transparent mechanism to settle disputes in the workplace. Therefore, the ILO was asked to set up an Arbitration Council, which hears disputes between employers and workers and takes non-binding decisions about these cases.

In short, there are two key innovations in the strategy of the Royal Government of Cambodia:

(i) the creation of a trade agreement that provides market access incentives as a reward for improved labour conditions; and (ii) giving a new role in international governance for an international organization, the ILO. These are highly significant policy instruments, which offer new options for policy makers.

The Bilateral Textile Agreement can be considered a true success. Since its signature, nearly 300 garments factories have been established (compared to 150 in 1999) which exported more than \$2 billion worth of garments in 2005. The Bilateral Textile Agreement has significantly contributed to Cambodia's economic development by generating 300,000 jobs, mostly for women from rural areas.

This transparent and comprehensive monitoring system has created incentives for private actors. International buyers select partner firms with full knowledge of whether the factories comply with national and international minimum requirements, and the factory owners are encouraged to comply with laws and improve working conditions. As a result, Cambodia received an additional 18% quota bonus in 2004, as the Government of the United States found that working conditions and labour rights in the garment industry were in substantial compliance with internationally recognized standards and Cambodia's labour laws.

However, Cambodia's garment industry has faced stiff competition with other low-cost countries after the end of the global quota system on January 1, 2005. While the United States-Cambodia quota bonus system will no longer provide incentives, there will be more pressure from other low-cost countries like China. In response to this challenge, the

RGC has asked the ILO to continue its monitoring and reporting program which provides a form of “reputation risk insurance” to global apparel retailers who source their goods in Cambodia.

Moreover, the RGC has adopted a fiscal policy that provides incentives to garment factories to maintain their presence in Cambodia: exemption of duties on the import of raw materials, Value Added Tax refunds for all garment exports and a two year 20% exemption of corporate tax to all garment factories. These exemptions have been extended until the end of 2008.

III. Future Directions for Employment Creation

The rapidly expanding human resource base is an important development potential for Cambodia. At the same time, the country faces several challenges: (i) to improve education, health care and training facilities in order to enhance the productive capacity of workers; (ii) to create an environment that enables the economy to generate productive employment opportunities for the rapidly increasing labour force; and (iii) to ensure equal access to productive employment for all.

In the past decade, the economically active population increased at an unprecedented rate of over 6% per year, from 4.9 million in 1999 to 7.5 million in 2004. However, the traditional role of agriculture as the main source of employment opportunities has decreased. A mere 2.6 % (or some 51,000 people) of the increase in the labour force was absorbed in agriculture between 1999 and 2004, compared to 64% between 1996 and 1999.

During this time, the role of the garment industry as a source of employment and income generation became crucial. The manufacturing sector absorbed almost a fourth of the increase in the labour force between 1999 and 2004, or some 453,000 people. Most importantly, the growing garment industry has generated income and reduced poverty. It provided cash transfer to hundreds of thousands of primarily rural households, as young women workers sent part of their wages back home to their families as remittances. Labour productivity in the garment industry is also higher than in agriculture.

However, rapid expansion of employment in the manufacturing sector could not fully compensate the stagnation of employment in agriculture. As a result, trade assumed the role of employment buffer, with an increase of 640,000 jobs, representing almost a third of the increment of the labour force and increasing the share of trade in total employment from 7 to 13% between 1999 and 2004. Employment in trade and other services has thus been able to mitigate the high vulnerability that dependence on rain-fed agriculture generates.

The Government of Cambodia is conscious of the fact that to promote sustainable development, the base of growth, which at present relies mainly on garment industry, tourism and construction, needs to be widened. With the rapid increase in the labour force, measures have been taken to sustain economic growth at a high rate and ensure that it is sectorally and geographically broad-based, labour-intensive and pro-poor.

For that reason, future actions must focus on employment creation in the agricultural sector. Intensification of agriculture will allow this sector to resume its role as a main

contributor of employment and income generation. The current fluctuation of agricultural production is not only a cause of widening income gap but also a major constraint to the development of the non-farm sectors of the economy.

In view of the above, measures to be taken during the next decade will include the following:

- Make agriculture a viable sector, so that it generates substantial additional employment. The development of irrigation systems and improved market access will become the main thrust of the Government's policy. Increasing the productivity of agriculture and making investment in irrigation will greatly enhance the scope for full time employment in agriculture.
- Create opportunities for more productive non-farm employment, in the form of wage employment or successful non-farm entrepreneurship, by promoting a more broad-based industrialization – sectorally and geographically, creating a manufacturing base in cities outside Phnom Penh, as well as strong economic linkages between the cities and the rest of the country.
- Continue to strengthen the tourism infrastructure, including airports, and ensure linkages between tourism and agriculture. The strategy is to create a green belt or agricultural development centers surrounding all major tourist sites to achieve pro-poor tourism development.
- Reform higher education and vocational training in order to bring the profiles of new graduates closer to the needs of the labour market.
- Continue to actively implement the population policy, in full respect with the Cambodian social and cultural context, which focuses on the following priorities:
 - Support all couples and families to be free and accountable for their decision on the desired number of children and birth control, and ensure access to information, education and service delivery in this field;
 - Reduce the high rate of fertility and increase the use of birth spacing services;
 - Reduce the morbidity rate, the infantile and child mortality rate and the maternal mortality rate;
 - Promote gender equality and enhance human resources development;
 - Reduce the adverse impacts of population pressure on the environment and natural resources;
 - Strengthen efforts aimed at the prevention of HIV/AIDS; and
 - Mainstream population factors in all economic and social policies, plans and programmes at all levels.

An effective implementation of this comprehensive employment creation policy is of utmost importance to achieve the Millennium Development Goals and the overarching objective of poverty reduction.

Employment Issues in Least Developed Countries in Asia and the Pacific³

By Mr. Kim Hak-Su
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Asia and the Pacific (ESCAP)

It is well known that overall Asian and Pacific economic growth outpaces that of other regions. It is less known that the 14 Least Developed Countries (LDC) in the ESCAP region account for nearly 40% of the global LDC population.

Most Asia-Pacific LDC economies are relatively small and narrow-based. Of the 14 LDCs in the ESCAP region, seven are small island developing states, and four are landlocked countries. These features make them especially vulnerable to internal and external shocks. Their labour markets are, in turn, easily affected by changes in economic growth and demographic change.

In many Asia-Pacific LDCs, population growth rates are high. So every year, more people enter the labour market than the economy is able to absorb. In this context, labour markets of Asia-Pacific LDCs can easily be affected. In the 10 countries for which data are available, the labour force is forecast to increase by 40%. In some countries [Afghanistan, Maldives, Timor-Leste], labour force growth projections exceed 70%.

Labour markets in Asia-Pacific LDCs have several special features. Agriculture accounts for the largest share of economic output and 70 to over 90% of the population work in the agricultural sector.

The prevalence of subsistence agriculture, with low levels of productivity per worker, means that wages are also low. Output per worker - including all economic sectors - is about 37% of the productivity in ESCAP developing countries.

In 2005, Asia-Pacific LDCs counted over 4.3 million unemployed people, that is about 3.5% of the total LDC labour force. However, the figures do not adequately reflect all the challenges that the LDCs face, as large segments of the labour force are in the informal sector and are underemployed.

As a result, 88% of the workers in the Asia-Pacific LDCs - 105 million people - are “working poor” and earn less than US\$2 / day.

Unemployment and underemployment affect some groups disproportionately, as:

1. Youth constitutes a large share of the total LDC population. There are over 2 million unemployed young people (aged 15 to 24) in the Asia-Pacific LDCs which represent 6.2% of all LDC youth in the ESCAP region and almost 50% of all unemployed people in Asia-Pacific LDCs.

2. Women face higher barriers than men to enter the job market and often have no choice but to work in the informal economy. Most women in Asia-Pacific LDCs work in agriculture (for example, 78% in Bangladesh, 75% in Cambodia).
3. Entrenched LDC poverty forces many children to work. While worldwide child labour seems to be declining, the Asia-Pacific region still has an estimated 127 million working children who account for over half of the world's total.

Given the employment characteristics in the Asia-Pacific LDCs, let us turn to employment policies for poverty reduction.

For the poor in the LDCs, access to sufficiently-remunerated work is central to staying out of poverty. Employment creation should be an explicit goal of LDC economic policies and poverty reduction strategies.

There is also a need to balance economic growth with employment generation, including by:

- Increasing investment in education and technical skills development to improve the human capital endowment of the labour force;
- Creating conditions that promote productive self-employment and entrepreneurship;
- Improving access by the self-employed to productive assets, especially credit markets.

For example, the Grameen Bank experience in Bangladesh illustrates the importance of microfinance in promoting productive self-employment and reducing poverty.

Employment opportunities should also be increased in rural areas, especially through policies that promote non-farm economic activities, and public infrastructure works for rural development.

LDCs in post-disaster and post-conflict situations need to integrate employment creation in reconstruction and peace-building programmes.

The Employment Challenge in Africa: The Fundamental Role of Partnerships⁴

By Mr. Abdoulie Janneh
United Nations Under-Secretary-General and
Executive Secretary of the Economic Commission for Africa (ECA)

The daunting employment challenge faced by Africa as a whole

Africa's employment challenge has six main dimensions:

1. Improved economic growth in recent years has not led to increases in aggregate employment growth relative to population growth;
2. The number of the working poor is increasing. Based on the US\$1 per day poverty line, there were over 148 million working poor in sub-Saharan Africa in 2005, representing 56.3 per cent of total employment (ILO 2006);
3. The level of underemployment in rural and agricultural economies remains high because of the continuing neglect of these two key sectors;
4. The exclusion of women from high paying job opportunities persists, with significant costs to overall socio-economic development;
5. There is a high incidence and duration of unemployment among young people. The problem is especially critical for the increasing unemployment of graduates;
6. The dearth of employment statistics imposes severe constraints to policy making. Africa is the most under-reported region in the world with regard to employment records. Many national statistical offices lack the human and financial capacity to collect and disseminate employment data.

The employment situation in African LDCs

The 34 African least developed countries (LDCs) face extreme and persistent poverty, insufficient and volatile economic growth, low capacity, poor infrastructure and high transport costs, inadequate social services, and conflict and political instability. The overall level of human development is very low and below those of non-LDCs in Africa.

Addressing the employment challenge in Africa

In September 2004, the Extraordinary Summit of the African Union Heads of State and Government (AUHSG) on Employment and Poverty Reduction called for employment to be placed at the centre of development policies and programmes in Africa. The following are key areas of policy interventions featured in the Ministerial Statement released after the Conference of African Ministers of Finance, Planning and Economic Development, held in Ouagadougou, Burkina Faso, in May 2006.

1. Mainstreaming employment in national development strategies and policies

There is a need to explicitly incorporate employment objectives in national development strategies and policies.

There is a need to integrate the goal of decent employment into the design, implementation and monitoring of the second generation Poverty Reduction Strategies. Additionally there is a need to further embed employment criteria in investment promotion policies.

2. Promoting productivity and employment growth in rural areas

African governments need to support agriculture and see it as the driver of growth and decent employment in the rural sector. They can do so through:

- A structural transformation based on agriculture—allocating sufficient resources to the sector, improving governance of rural regions and addressing land-related issues;
- The development of non-farm activities—improving access to credit and the banking system, developing infrastructure and promoting education and training.

3. Addressing the needs of conflict and post-conflict economies

Post-conflict LDCs experience severe technical and financial constraints that limit their ability to adopt bold approaches in employment creation. How can sufficient fiscal space be created for such countries?

In the post-conflict setting, policies need to go beyond stabilization objectives, and focus—at least in the short run—on fostering “collective security” through growth, supported by broad-based, inclusive employment generation.

Reconstruction and peace-building programmes should have employment components that include public works and targeted skill training for demobilized soldiers, especially for youth. For example, labour-intensive infrastructure programmes have been successfully employed in a post-conflict setting in Mozambique.

4. Unleashing the potential of the private sector

Measures must be taken to improve the operations of the private sector, including infrastructure development, elimination of unnecessary and costly regulations, provision of affordable credit, greater investment in research and development.

5. Harnessing regional integration and globalization

The issue of access for African countries’ products to other markets must be addressed, as outlined in the targets of Millennium Development Goals #8. Preferential access to developed country markets for Africa’s products should be enhanced, at least in the short run, and barriers removed.

Therefore, promoting trade, including intra-African trade, and regional integration is a key part of meeting the challenge of employment creation in Africa.

6. Targeting disadvantaged segments of society

To increase employment opportunities, particularly for women, youth, people with disabilities, internally displaced persons, refugees and returnees, there is a need to embed their special needs in employment creation and development policies, including the provision of micro-credit, micro-insurance, promotion of informal sector development and training.

7. Building human and institutional capacities

Education and training are key stepping-stones towards the generation of decent employment. The adoption of an integrated human resource development programme should be supported, which requires a regional approach for harmonizing education policies, developing curricula and establishing regional access to digital resources.

8. Cross-cutting issues: lack of capacity and financial resources

Weak institutional capacities and the lack of reliable statistics hinder countries from formulating sound and effective employment policies, and tracking progress in job creation. Institutional capacities should be developed in order to formulate, implement and monitor employment policies including data collection, storage and dissemination, and the capacity for regular assessment and analysis of employment issues.

Forging partnerships to implement the employment agenda

Together with development partners, African governments need to better allocate resources to develop capacities to implement policies, employment generation schemes and training programmes.

The Economic Commission for Africa (ECA) is committed to partnering with the African Union and NEPAD, the African Development Bank, the International Labour Organization (ILO), the regional economic commissions, and other key stakeholders, in promoting employment generation strategies in Africa.

The 2006 Ministerial Statement of the Ouagadougou Conference recommended that ECA, in collaboration with ILO and African regional institutions, establish a regional employment forum of technical experts and policy facilitators to assist Member States in developing capacity and facilitate learning and sharing of country-specific experiences.

ECA has been working with the Office of the High Representative for the Least Developed Countries in New York as well as with the Economic and Social Commission for Asia and the Pacific (ESCAP) to assist the African LDCs in meeting the objectives of the Brussels Programme of Action, an agenda that aims to promote development and poverty reduction in the LDCs.

ECA's flagship publication *Economic Report on Africa 2005* was devoted to the theme "Meeting the Challenges of Unemployment and Poverty in Africa".

Working Out of Crises: The Role of the International Community⁵

By Mr. Eric Schwartz
Secretary General's Deputy Special Envoy for
Tsunami Recovery

This paper highlights six lessons on the subject at hand, which are particularly compelling and on which interested and concerned governments can take action.

First, political security and stability are key to achieving the goal of full and productive employment and decent work for all. While jobs and socio-economic development are central to consolidating peace, there must first be a peace to consolidate. What are the implications of this observation? First, we should not inflate expectations about the impact of policies aimed at creating employment and livelihood recovery. More importantly, member states that are serious about employment creation and related economic issues must also be prepared to support proposals that would enhance the capacity of the United Nations to promote an enabling environment for economic recovery. In the area of peacekeeping, for instance, this means supporting development of doctrine that recognizes the need for military units that are able to use force to defend their mandates and promote stability; it means greater military involvement in peace operations among developed countries with highly capable forces; and it means increased capacity on the part of the United Nations to engage in conflict mediation. The list goes on, but the point is that if member states do not support these political and security capabilities, then the effort to create economic opportunities in societies torn by conflict will be compromised.

It is important to stress the concept of building back better, an idea that former President Bill Clinton has vigorously promoted. Building back better means going beyond the simple replacement of what has been lost. It means recovery that better safeguards lives, livelihoods, and well-being, that promotes diversification of economic activity as a means to better ensure against risk, and that encourages a more inclusive and accountable development process.

The *second* lesson would be that *governments of the world must translate post-tsunami rhetorical support for risk reduction into concrete action – and financial support.* The bad news is that more and more people are being affected each year by natural disasters and that most of these populations are in the developing world. Worldwide migration to coastal areas, environmental degradation, rapid urbanization, and population growth and poverty have all contributed to increased levels of risk. But the good news is that human practices, and development patterns, can be altered to prevent natural hazards from becoming full-blown natural disasters; and even when that isn't possible, there are other ways to mitigate risk. These may have been the most important lessons coming out of the Asian tsunami. Throughout the affected region, governments are working to develop and implement not only an Indian Ocean early warning system for tsunamis, but policies that bring preparedness from national capitals to local communities – through measures

such as stronger building codes, public education, safe access areas for emergencies, and private insurance for homes and businesses. But to succeed, these and other disaster mitigation efforts around the world will require substantial resources, and a major reorientation of development priorities to incorporate disaster reduction principles into planning. At present, however, only four percent of the \$10 billion or so in annual humanitarian assistance is devoted to prevention, and this is a tragedy, as according to some estimates, every dollar spent on risk reduction saves between five and ten dollars in economic losses from disasters.

The *third* lesson is about the *enormous importance of donor support for building local capacity, and doing so on many different levels – promoting governance and strengthening the private sector and NGOs*. If this requirement is critical in the tsunami-affected countries, where we are dealing with governments that have considerable capabilities, then the challenge in failed or nearly failed states is all the more compelling. There are some important models that should be replicated. On the governance side, UNDP's initiative in Sri Lanka to assist understaffed local authorities through additional deployment of specialists and managers, and the World Bank's Kecamatan Development Program (KDP), which puts funds and decision-making processes in the hands of localities, are both important efforts. In the area of private sector development, the introduction into Aceh of the International Finance Corporation (IFC) is expected to generate training and development opportunities for small and medium sized enterprises which have reported difficulties in accessing recovery resources.

The *fourth* lesson is that *affected governments should be promoting more inclusive and accountable economic development efforts and that the United Nations has a significant role to play in encouraging such policies*. Even where governments have the resources to fund and support economic revitalization and the creation of livelihoods, such as in India and Thailand, United Nations agencies are making contributions – with the support of government authorities – in encouraging equity and accountability. In Chennai, for example, the UN-supported Tamil Nadu Tsunami Resource Center has provided a unique forum for dialogue on policy development among local officials, the United Nations, NGOs and others. In Thailand, the UN is involved in important work with disadvantaged communities. Member states should strongly support these kinds of efforts.

The *fifth* lesson is that *donors, UN agencies, and NGOs must all be prepared to act with much greater flexibility to ensure sustainable and effective support for economic recovery that promotes equity*. This recommendation plays out in many different ways in the tsunami-affected region. In Aceh and Sri Lanka, donors provided huge sums to victims of the tsunami in circumstances where populations that had been displaced for many years by conflict were getting very little assistance. Thus, to avoid exacerbation of inequities and increasing levels of tension, international partners must be prepared to define "affected" communities very broadly. Donors, as well as UN departments and agencies, should also recognize that sustainable responses take time, and should avoid tight and inflexible deadlines for the use of assistance. And they should be more willing, and able, to reallocate monies from lower to higher priority needs in the tsunami affected region.

The *sixth* lesson has to do with coordination for promotion of economic recovery: *Systemic progress in international management and coordination on humanitarian issues has not been matched by effective coordination and management of economic recovery.* And while UN member states have recognized this gap in the post-conflict context, including through the creation of a Peacebuilding Commission and a Peacebuilding Support Office, developing better management and coordination structures – whether in post-conflict situations or in recovery after natural disasters – will be a far more formidable task than the effort to promote system-wide coherence on humanitarian response. But reform – reflected by a serious effort to bring together all the players from within and outside the UN system – is critical.

Despite these challenges, progress made in tsunami recovery are encouraging, be they the thousands of schools, homes and medical facilities rebuilt, the important risk reduction efforts being undertaken by governments in the region or the new coordination structures with which we are experimenting. These structures include a Global Consortium for Tsunami Recovery made up of the affected governments, UN agencies, international financial institutions, donor governments and NGOs, and new models of field coordination, such as the Office of the Recovery Coordinator in Aceh and an integrated interagency operation in Chennai. These are all hopeful signs, and signals that actors within the system are well aware of the critical tasks ahead.

How Best to Foster Social and Economic Recovery Using Employment in Countries Emerging from Conflict: The Case for West Africa⁶

By Mr. Ahmedou Ould-Abdallah
United Nations Special Representative of the Secretary-General for West Africa

I. Youth Unemployment and Conflict Escalation: the Vicious Circle

In West Africa, youth unemployment and armed violence feed each other reciprocally. This dynamic produces a ‘vicious circle’ through which massive youth unemployment increasingly emerges as both a radical consequence and a fundamental cause of violence. Indeed, the last 15 years of violence in the sub-region show that armed conflicts ‘employ’ first and foremost an ‘army’ of jobless and youth lacking hope. There are today more than 100,000 young ex-combatants disarmed and demobilized in Liberia, a country with a devastated economy and an overwhelming unemployment rate. At the regional level, recent and ongoing Disarmament, Demobilization and Reintegration (DDR) processes (Sierra Leone, Liberia and Côte d’Ivoire essentially) involve more than 200,000 ex-combatants, most of whom are very young people.

How to reintegrate these youth into societies devastated by years of armed conflict is one of the toughest challenges that must be addressed when implementing post-conflict recovery programmes in the sub-region.

II. Post-Conflict Recovery, Economic Distortions and Political Dysfunctions

Massive unemployment emerges as a *symptom* of a deeper *dysfunction* in the political system, which usually is *bad governance and corrupt management*. In this context, to foster social and economic recovery and create youth employment in post-conflict countries require efforts to promote sound governance. What is needed is sound governance compatible with sustained investment and economic efficiency. These new modalities of governance should also guarantee a fairly shared prosperity.

Efforts to break the ‘conflict trap’ should concentrate on the connection between power sharing, resource allocation and jobs creation. The United Nations Office for West Africa (UNOWA) has recently published a study on “Youth Unemployment and Regional Insecurity in West Africa”. The study shows that there is a direct relationship between massive youth unemployment and violence in the sub-region. The study proposes practical recommendations on how to address this issue cooperatively, including a proposal to establish a *Youth Employment Unit for West Africa*.

Taking into consideration the relationship between bad governance, youth unemployment and violence, it is worth mentioning that just as distortions in prices, incentives, costs, etc., in the market system constitute a strong impediment to economic growth, *distortions in political governance* represent an important bottleneck for economic prosperity and

social harmony. These dysfunctions are a dominant source of the economic (and employment) crisis and a powerful structural cause of conflict in the sub-region.

Therefore, large-scale youth unemployment appears as both an economic concern and a political challenge. Hence the necessity of an integrated and balanced approach in which the international community, including development partners, UN institutions, especially the Bretton Woods institutions, should cooperate in a complementary manner.

III. Working out of Crisis and Addressing the Paradox of Youth in West Africa

Youth are generally considered the future of societies. The population of West Africa is extremely young. More than 50% of the 300 million people living in West Africa are under 20 years of age. Almost 75% of this population is under 30. It is estimated that about 430 million people will live in the sub-region by 2020: an increase of more than 100 million in just 15 years. The percentage of the younger segment of this population will even increase.

The combined effects of endemic conflict, natural disasters, economic mismanagement, poor governance and bottlenecks in the international trade system aggravate the economic crisis in West Africa, with incredibly high rates of youth unemployment: as high as 80% in some countries, especially conflict-affected ones.

This combination of factors and circumstances produces an extraordinary social and political environment in which youth, instead of representing the future of West African societies, is paradoxically considered as an important threat to peace and security, which it is not. In conflict and post-conflict societies in particular, there is a great risk of idle youth being recruited, either nationally or regionally, by warlords or organized gangs into fighting factions and armed militias.

IV. Working out of Crisis and Addressing the Challenge of Youth Unemployment in West Africa: Some Key Questions

Youth unemployment in West Africa is increasingly becoming a ticking time-bomb even for countries that are currently stable. How to defuse this bomb is a national and international priority that brings a series of issues to mind. These issues include (but in no particular order):

1. Thinking of post-conflict employment policies at an early stage of the peace mediation process and as a prerequisite for reconstruction.
2. Investing in physical infrastructure and public works (for example, improved energy supply, irrigation systems and road networks) which is crucial to job creation especially for non-qualified youth.
3. Engaging the private sector, domestic and international, as well as international financial institutions in the peace and post-conflict recovery processes at the very beginning, and improving governance to create an environment conducive to investment, including foreign direct investment.
4. Making the best use of institutions and mechanisms such as the Global Compact, Poverty Alleviation Initiatives and the new Peacebuilding Commission to promote job creation for youth in post-conflict situations.

5. Considering that the DDR of ex-combatants are crucial for successful post-conflict recovery and providing appropriate funding, especially for the “R” (reintegration) component, which is often forgotten. While some wonder if DDR is a process or a concept, making it effective should be a priority, whatever the definition is.
6. Ensuring compatibility between long term economic recovery concerns and immediate post-conflict recovery programmes, such as Quick Impact Projects, Stop Gap Projects, Armed for Development Programs and Vocational Training.
7. Averting the combined effects of the severe lack of opportunities in rural areas and the great illusions that urban areas offer better opportunities, which foster *lumpen urbanization*, with massive and potentially explosive concentration of unemployed youth in a few urban areas.

These are many issues, questions and challenges to address if post-conflict recovery policies are to help the stabilization and reconstruction of post-conflict societies. Among important initiatives taken, the Youth Employment Network (YEN) deserves to be mentioned for its continued work in this field. The contribution of the United Kingdom to help launch a concrete programmes on youth employment in West Africa is also much appreciated.

Decent Employment in Africa and LDCs⁷

By Dr. Bamanga Tukur
President, African Business Roundtable and
Chairman, NEPAD Business Group

Studies have shown that decent employment is one of the fastest and most sustainable ways to lift people out of the poverty trap. It is therefore necessary to put in place strategies that will ensure economic growth that has job creation as its basic focus. Situations whereby high commodity prices, especially of extractive minerals, have led to economic growth without creating decent jobs, and have tended to impoverish a larger part of the population, while making few very rich. In such cases, the middle class is wiped off, leaving the peasants engaged in subsistence agriculture, barely eking out a living as the base class, while a class of wealthy people appears at the top.

To create decent employment and lift the majority out of the poverty trap, the middle class needs to be quickly rebuilt. These are the entrepreneurs that can take advantage of business opportunities and put in place small, medium and even multinational companies that will generate employment. The middle class must be empowered to take on this role of wealth creation and employment generation, through a conscious effort by the development partners and the public sector, to create an environment conducive for business to grow and thrive. Rebuilding the middle class implies the following:

1. Strengthening and empowering intermediary institutions for private sector development;
2. Building infrastructures, especially energy, transportation and communication;
3. Facilitating access to finance for long term development;
4. Enhancing the productive capacity of firms in Africa and the LDCs;
5. Developing relevant skills appropriate to transforming the resources of each locality through education and training;
6. Engaging in fair trade, with emphasis on putting in place pro-poor policies that enable rural producers (over 70% of the population in the LDCs) to engage in commercialization of agricultural products.

While it is good and necessary to dialogue and brainstorm on how to achieve sustainable development globally, it is essential that solutions arrived at in international fora be quickly translated into programmes that positively impact on the poor. With strong political will, projects that start to address the challenges identified can be implemented. The United Nations Economic and Social Council should therefore lend its voice to the call addressed by the African private sector to donors and development institutions, so that they further support private sector sponsored projects. While their focus has been mainly public sector biased, economic development can be leapfrogged if development actors partner with the private sector in project conception, planning and execution. This is where the case for an intermediary private sector organization is imperative to serve as a link in this development chain.

Working Out of Crisis: Creating Opportunities for Crisis Affected Women and Men – The Central Place of Employment and Livelihood Recovery⁸

By Mr. John Ohiorhenuan
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United Nations Development Programme

While economic recovery and sustained growth cannot be maintained in the absence of appropriate macro economic policies, labour market policies can help ease the transition and contribute to early recovery in employment and poverty reduction. A) How do we make employment, and other socio economic concerns, central to recovery from crisis? B) How do we promote coherence between policy and action to ensure the desired outcome in terms of job promotion and social economic recovery?

While questions 1 and 2 below provide some background on this issue, questions 3 and 4 deal explicitly with the questions asked.

1. Why is employment generation an important component of post-crisis recovery?

Employment generation is always an important part of a poverty reduction strategy whether in a ‘normal’ development situation or in a post-crisis context. It is particularly important in a post-crisis situation as it can:

- Provide part of the peace dividend: To consolidate peace a government will often need to show people the benefits that will come soon. One way of doing this is to provide ‘quick wins’. An example would be through immediate employment generation as part of a well designed livelihood scheme.
- Reduce conflict: The chance to make a legitimate living without resorting to violence can make it both harder for rebel groups to mobilize troops and easier for the government to demobilize remaining armed groups that risk destabilizing the peace process.
- Provide the foundation for a renewed development trajectory: Employment generation programmes help catalyze the monetization of the economy, and allow households to move from subsistence living or reliance on humanitarian aid, to having the initial means for investment- *‘the first rung of the ladder’*.

2. Why is post-crisis employment generation difficult?

Employment can be slow to ‘bounce back’ after a crisis for several reasons:

- People have been displaced from their ‘sources of livelihoods’, such as land, markets etc.
- Assets are destroyed: Sources of livelihoods may also have been destroyed in the crisis and cannot be repaired immediately (a volcanic eruption may render land infertile, or mines may make it impossible to farm, etc.).
- Investment risk is too high: Private sector investors generally shun early engagement until there is more certainty over the security situation and the sustainability of the peace agreement.
- Trust needs rebuilding: Social capital has been destroyed and this will slow down the rebuilding of markets and trading networks. For example, before people begin to come together again at markets, or join cooperatives or farmers’ associations, a process of grass roots reconciliation and trust building may need to take place.
- The government may not have the capacity to create an enabling environment for employment immediately, because of lack of resources (human and financial) to rebuild infrastructure, markets etc.
- The government may not perceive employment generation as a priority in itself and may therefore miss opportunities, for instance by assigning large infrastructure projects to foreign contractors who may prefer to employ capital intensive techniques.

The most effective programmes are likely to be those that:

- Minimize the need for fully functioning markets;
- Do not require sophisticated infrastructure networks to be in place; and
- Do not place heavy administrative burdens on the government.

3. How do we make employment and other socio-economic concerns central to recovery from crisis?

- Integrate employment issues into the planning process from the very start:
 - Employment needs and potential policies for meeting them must be discussed during the Peace Negotiations;
 - Employment analysis must be incorporated into the Post-Conflict Needs Assessments (PCNAs), Post Disaster Assessment, TRM etc;
 - Employment generation programmes must be included in the Consolidated Appeal Processes;
 - Programmes to support national employment generation should be included in development partners’ country support plans (United Nations Development Assistance Framework, etc.) and aligned to national development objectives;

- Bring in technical expertise on employment generation / livelihood restoration in order to build national capacities in that area and to help get ‘quick impact’ programmes up and running;
- Build national ownership behind the importance of employment generation, and ensure that appropriate policies are incorporated at all levels of government;
- Involve civil society in the identification of needs and programmes.

The United Nations Development Group (UNDG) Guidance note on durable solutions for displaced persons recognizes that capacity to absorb/integrate displaced people is one of the major concerns of national and local authorities of post conflict states. To help create the necessary legal and administrative framework for access to livelihoods and ability to own/use land, the UNCT can ensure that their development and poverty reduction programmes give due priority to areas and communities hosting displaced persons in line with its national priorities. Specific steps to be considered should include:

- Settlement programmes that include provisions for land restitution and/or compensation, land and natural resource management, environmental protection, and housing assistance;
- Micro-finance schemes and income-generating projects, including food-for-work, cash-for-work programmes, and small-business schemes;
- Community driven development through empowerment projects aimed at strengthening capacity, assets and technical services and that are sustainable without external assistance;
- Food security, nutrition and health interventions that meet the immediate needs of displaced persons while assisting them in building assets with longer-term benefits to their livelihood requirements;
- Steps to ensure equal access to services; and
- Targeting vulnerable groups, in particular households headed by women or children, youth, HIV/AIDS affected households, the disabled and the elderly.

4. How do we promote coherence between policy and action to ensure the desired outcome in terms of job promotion and socio-economic recovery?

To help ensure the desired effect, programmes for employment generation must:

Be conflict sensitive: It is critical to ensure that the employment generation programmes designed for recovery do not have the adverse effect of building new grievances that could destabilize the peace.

- ‘Well designed economic and social programmes can help contribute to political stabilization; ill-timed or badly targeted programmes can undermine it’ (Transitional Results Matrix Guide);

- The issue is how to balance the need to target programmes at the ‘high risk’ groups such as demobilized soldiers, and to provide assistance to vulnerable groups at the community level;
- Locally focused programmes should do impact assessments to examine regional imbalances, ethnic tensions, etc.

Be feasible: Policies should take into account the reality on the ground and the implementing environment. While best practices can be drawn from other countries, local-level knowledge is also important. In that regard, the ILO recommends to:

- Begin with a comprehensive mapping exercise of livelihood opportunities and resources;
- Build on local capacities, resources and skills; and
- Start with small scale livelihood activities and progressively expand the scope as resources and institutional capacities increase.

Avoid building parallel structures: The focus should always be on building national capacities and not creating parallel structures. However, it may be that for ‘quick win’ programmes there is a need to involve a third party to assist with local-level programme management if local governments do not yet have the capacity to manage.

- The case of East Timor demonstrates the need to leverage existing institutions over creating new ones. The United Nations Development Programme (UNDP) succeeded in providing vocational training by establishing a partnership with several NGOs that were already up and running.

Be participatory and socially inclusive: Planning processes that empower local communities help to:

- Promote self reliance, reduce dependency;
- Counteract problems due to weak/absent institutions;
- Repair the social and economic structures and facilitate equitable growth processes at the local-level.

Rely on simple decision-making mechanisms: For rapid impact programmes, effective decision-making mechanisms are needed that are inclusive but do not involve too many stakeholders.

Be integrated with the national Recovery Strategy: Employment generation programmes should be integrated in an overall strategy for recovery, and where possible, support the other priorities.

- For example, if the national strategy for recovery prioritizes the rebuilding of local roads and markets, then labour intensive construction activities should be used where appropriate;

- The ILO states that in post-conflict countries, programmes should focus on three areas essential to post-war reconstruction- farming/fishing and construction-and their related support sectors, as well as the support sector to international donor activity.

Tackle Demand and Supply Side issues: Policies should recognize that there are two sides to the challenge of employment – creating jobs and building skills.

- For example, partners can assist national and local authorities in designing skills training programmes prior to the return/integration of displaced persons;
- Some work may be able to begin prior to the peace agreement signing – for example, during the emergency and the transition phases, every effort should be made to develop programmes that will help displaced persons become self-reliant.

Accept the informal economy: The government should not seek to close down the informal economy (except in cases of criminal activity) in the early years of recovery. Instead it should be allowed to function and may even be promoted, with a view to drawing it into the formal economy as recovery strengthens.

Notes

- 1 The African LDCs are: Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, The Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda and Zambia. The LDCs in the Asia-Pacific region are: Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao People's Democratic Republic, Maldives, Myanmar, Nepal, Samoa, Solomon Islands, Timor-Leste, Tuvalu, and Vanuatu.
- 2 From the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 July 2006.
- 3 Ibid.
- 4 Ibid.
- 5 From the Informal Preparatory Meeting on the theme of the 2006 ECOSOC High-level Segment on "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 April 2006.
- 6 Ibid.
- 7 From the 2006 ECOSOC High-level Segment on the theme "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 July 2006.
- 8 From the Informal Preparatory Meeting on the theme of the 2006 ECOSOC High-level Segment on "Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development", 5 April 2006.

Chapter 7

CONTRIBUTIONS OF NON-GOVERNMENTAL ORGANIZATIONS

Overview

There are currently 2871 NGOs in consultative status with ECOSOC. The participation and contributions of the NGOs to various segments of ECOSOC are facilitated by the NGO Section/OESC, DESA through the outreach activities of the United Nations Informal Regional Network (UN-NGO-IRENE). As has been the practice over the years and strengthened further by the preparatory work done by UN-NGO-IRENE, the Economic and Social Council (ECOSOC) has received valuable contributions from non-governmental organizations for the 2006 High-Level Segment of ECOSOC.

Upon adoption of the theme for the 2006 High Level Segment, the NGO Section guided Non-Governmental Organizations in preparing their contributions through capacity building and advisory missions which included dissemination of information on preparatory activities through the UN-NGO-IRENE coordinators who played an important role in this exercise. This year alone, more than twenty-five preparatory events were held in various regions.

This chapter includes the outcomes and recommendations presented at the NGO fora. A NGO Forum was held on April 6, 2006 in New York with participation of more than 100 NGOs and web-cast worldwide. A second NGO Forum on “Employment and Decent Work” was held in Geneva on June 28-29, 2006 and was attended by 550 NGOs representing all regions of the world.

In addition, this chapter briefly describes other side events and roundtables that were held during and in preparation for the High-Level Segment, and reinforces some of the partnerships that were forged at the High Level Breakfast Roundtables in past years and their continued contribution towards implementing the MDGs.

Education and vocational training were also emphasized in a side event organized by *Give Them a Hand Foundation* that recommended the creation of a World Sports Alliance with other stakeholders and focused on “Sports as a Means to Support Local Economic Development and Job Creation.”

This chapter also presents as its Annex a listing of 36 statements that were presented to the High-Level Segment of ECOSOC, including five that were submitted by coalitions. This was an increase of 10 percent over contributions of last year. Additionally, ten NGOs made an oral statement at the High-Level Segment. In an effort to highlight the work being done by the NGOs on the theme of the Segment, some of their statements are noted in this chapter for their particular relevance to the focus of the debates.

Preparatory Meetings and Background

The various preparatory meetings and the two NGO fora elicited valuable contributions from civil society and major stakeholders to the High-Level Segment of ECOSOC. Focusing on the theme of the HLS for 2006, civil society contributions also created a very strong linkage between the theme of the 2005 High-Level Segment, the outcome document of the 2005 World Summit and the second phase of the World Summit on Information Society held in Tunis in November 2005.

Over the years, we have seen an increasing involvement of the civil society in various action plans for implementing the mandates of the United Nations. Some of these initiatives are shared in this chapter.

NGO Forum – New York

The ECOSOC NGO Forum was held on April 6, 2006 in New York with participation of more than 100 attendees. Presentations and addresses were made by several participants. A film on decent work and full employment was presented by the ILO Office, and the forum concluded with a number of action-oriented recommendations aiming to empower the various stakeholders in their efforts to create a favorable environment addressing this particular issue. The forum was covered by UNTV and broadcast live by web-cast at: <http://www.un.org/webcast/2006.html> under the archive portion for April 6, 2006.

Even though employment is not among the Millennium Development Goals, it is a cross-cutting issue in each of the eighteen targets of the MDGs. Moreover, employment has become a matter of worldwide concern because it affects countries at all levels of development. With the increasing integration of the world economy, issues of employment and labor standards have assumed a global dimension as trade and investment flows have increasingly important influence on domestic employment prospects and policy options. While recognizing the diversity of conditions between developed and developing countries, participants examined ways to make employment a central goal of public policy.

The forum was organized by UN-NGO-IRENE/NGO-Section/UNDESA in cooperation with the Conference of NGOs (CONGO) and the World Federation of UN Associations (WFUNA), representatives of the UN system, NGOs, academia, and the private sector. In addition, several states member of ECOSOC participated at the Forum as observers including Ambassador Ismael A. Gaspar Martins, Permanent Representative of the Republic of Angola, and Ambassador Francis Lorenzo, Permanent Mission of the Dominican Republic to the United Nations. Their presence indicated the importance that member states are now attributing to the strengthened contribution of NGOs to the work of ECOSOC and the United Nations at large.

The forum was moderated by the Chief of the NGO Section/UNDESA, who underlined the important contribution of the NGOs in partnership with governments and the United Nations to the achievement of the MDGs. Introductory remarks by H.E. Ambassador Ali Hachani summed up the work accomplished at the Informal Preparatory Meeting of the 2006 High Level Segment of the Council that preceded the NGO forum. He underlined

that such a meeting provided a valuable opportunity for members of the Council to engage with representatives of all major stakeholders.

Among other notable speakers were Mr. Ben Morris, Mayor of Slidell, USA; Mr. Anwarul Karim Chowdhury, Under-Secretary General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States; Mr. Djankou Ndjonkou, Director, International Labor Organization Liaison Office in New York; Mr. Sarbuland Khan, Director, Office for ECOSOC Support and Coordination, UNDESA; Mr. Hubert Bouchet, Representative of the Association of Economic and Social Council and Similar Institutions (AICESIS); Mr. Christopher Hansen, Inter-American Institute for Cooperation on Agriculture (IICA); Ms. Maria Grazia Cavenaghi-Smith, Director, Office of the European Parliament in Milan; Ms. Jackie Shapiro, Vice President of CONGO (Conference of NGOs in relationship with the United Nations); Ms. Pera Wells, Director of the New York Office of the World Federation of United Nations Associations (WFUNA); Mr. Gordon Tapper, President, Give Them a Hand Foundation; Ms. Jemma, International Conference of Free Trade Unions; and Representatives from FORMIT Foundation, World Society for the Protection of Animals (WSPA), PDHRE, Hadassah Foundation, FUNGLODE, University of Oklahoma, World Family Organization, Mr. Daniel Mejia, SUNLAND Corporation, Fundacion Alvarice, Droit à l’Energie, Mr. Sylvan Barnett from Rotary International, and Observatory for Cultural and Audiovisual Communication (OCCAM).

The participants at the NGO forum carefully reviewed the recommendations of the Informal Preparatory meeting on the theme of the 2006 High-Level Segment held on April 4-5, 2006. It was also noted that there had been a tremendous civil society campaign last year to “make poverty history” and that it was very important to ensure the continuing close engagement of civil society in the focus ECOSOC was now giving to work and employment issues. Forum participants expressed a hope that ECOSOC could develop the capacity to track the extent to which success in achieving the MDGs led to a direct increase in job opportunities, particularly for young people in developing countries.

Recommendations from the NGO Forum

The recommendations of the forum were categorized in eight major groups. The forum contributions highlighted the 8 MDGs, 18 targets, and 48 indicators for the measurement of progress in achieving the MDGs, the blueprint for MDG-based poverty-reduction strategies at the national level as laid out in the Millennium Project Report, and the Decent Work Agenda with its four-tier definition (covering employment, rights at work, social protection, and social dialogue). Recommendations also covered the need to integrate various approaches including youth, the informal or formal sector, rural development, and rural livelihoods including livestock, indigenous groups, micro financing, and cooperatives into developing a methodology for policy interventions and monitoring around a set of goals, targets and indicators. Employment-intensive approaches to job creation and the merit of adopting targeted interventions that would deliver jobs and services to the poor were highlighted. The role of micro-finance and micro-credit that would result in income transfers to the poor through job creation, increased market opportunities for local produce, and improved shelter, as well as demand-led growth in the local economy were considered key factors. The role of ICTs

in conducting risk assessment and feasibility studies in the area of micro-credit was also emphasized. Equal emphasis was placed on infrastructure projects that would both maximize local job creation and create positive linkages between small and medium enterprises (SMEs) and larger firms using appropriate procurement procedures to ensure the targeting of socially responsible local entrepreneurship for the supply of inputs, and the contracting of attendant services within the community.

Building human capital especially to address increasing levels of unemployment among youth and women was emphasized through the presentation of best practices including CBT (Community Based Training) methodology. Training programmes should include both vocational and managerial components, as well as gender dimensions. Capacity building for community organizing and the exercise of leadership with a view to giving workers a voice in local governance and decision-making on development issues should also be a key component of CBT programmes.

Strengthening governance and looking into the future towards meeting the needs of productive employment were emphasized. It was also considered important to promote an integrated vision of rural development and to include NGOs, universities, government agencies and the private sector in addition to governments and multilateral agencies in these discussions. Work agendas between actors involved in this field are best implemented through partnerships with common goals. We are now experiencing a shift within multilateral development agencies toward pro-rural policies due to the importance of the sector in employment, production, and exports. The introduction of new technologies, ICT, biotechnologies, agro-tourism, and agro-fuel are creating new opportunities for the rural poor.

In the field of migration, the forum recognized the need for receiving states to recognize the contribution of migrant workers to their economies and to grant them the opportunity to obtain a regular status and to integrate into society, if that is their wish. So-called temporary migration programs, while often touted as mutually beneficial, in fact allow receiving states to enjoy a reliable supply of cheap labor while denying those workers the full range of rights, social services, and opportunities to which full-time residents have access. In addition, temporary migration programs require workers to spend long and repeated periods of time separated from their families, and almost invariably result in both gender and age discrimination in hiring practices. Detailed recommendations and outcome of the forum are available at: <http://www.un.org/webcast/2006a.htm>

NGO Forum in Geneva

The NGO Forum in Geneva was held on 29-30 June 2006. The forum was organized by the Conference of NGOs in Consultative Relationship with the United Nations (CONGO) (an NGO in consultative status with ECOSOC), the NGO Section of the UN Department of Economic and Social Affairs, the NGO Liaison Office of the UN Office in Geneva, and the Swiss Agency for Development Cooperation (SDC). The forum was attended by 306 participants representing 80 NGOs from more than 50 countries and brought forth recommendations from 6 clusters and 20 workshops that were held during the event. Among the final recommendations adopted at the forum were the holding of an interactive dialogue during the main deliberation at the High-Level Segment as well as establishing a high-level expert working group to develop a plan for the implementation

of a sustainable basic income for all people. Such a plan could include, for example, the “Sustainable Basic Income for All”, or the “Universal Safety Net Plan” models and other relevant world plans, for a more humane economic world order. The forum recommendations also emphasized that cancellation and swap of debt, as well as the ILO Convention 122 on Employment Policies must remain at the heart of decent work agendas. The strengthening of labor ministries, in particular for labour inspection and justice, employment services, gender equality, etc. was recognized as relevant to these cross-cutting issues.

Furthermore, the forum urged all governments and sectors of society, such as employers, trade unions, other civil society actors, and transnational corporations, to encourage ethical and sustainable investments and emphasized that good governance requires the recognition that all people, rich and poor, are stakeholders in our present and common future, through taxation, personal investment, social insurance, pension systems, and other safety nets.

Additionally, the forum urged all governments and civil society to continue to develop and implement the values and codes of conduct already established by the International Labour Standards and UN bodies.

Detailed recommendations and outcome of the forum are available at: http://www.ngocongo.org/files/ecosoc_forum_recommendations_final.doc

Events held during the High Level Segment of ECOSOC

NGOs participated actively in the ministerial roundtables and the side events that were held from 29 June to 6 July 2006. Ten NGOs took the floor during the high-level segment’s debates.

Roundtable Meeting

Development of new academic programmes and of pedagogical and educational software promoting the achievement of the Millennium Development Goals (MDGs):

The participants at the roundtable included representatives of the International Association of Economic and Social Council and Similar Institutions (AICESIS), Civil Society Organizations, Non Governmental Organizations (CSO/NGOs) and academia.

The roundtable was chaired by the Chief of the NGO Section, Department of Economic and Social Affairs. Participants were: Mr. Francois Lorient; Mrs. Meena Sur, NGO Section/DESA, Mr. S.W.A. Gunn, President, International Association for Humanitarian Medicine; The Director, WHO Collaborating Centre on Burn Disasters; Mr. Vincenzo Aquaro, CEO, Formit Foundation; Prof. Luigi Carrino, Formit Foundation, Università degli Studi di Cassino; Ms. Gabriella De Rossi, Formit Foundation; and Mrs. Francoise Mandallaz, UN NGO Liaison Office, Geneva.

The Chief of the NGO Section presented the recommendations of the various roundtables that were held in Paris, Algiers, Brazil and China respectively. A joint presentation by Prof. Luigi Carrino and Ms. Gabriella De Rossi from Formit Foundation emphasized the need to develop a series of multidisciplinary learning methodologies. Supporting the views of the Formit delegation and elaborating further, Mr. Aquaro, CEO, Formit Servizi

emphasized the need to support, implement, and boost the effectiveness of the spontaneous work done by NGOs through complete feasibility studies, developing models and evaluating results. Mr. Gunn reiterated the concern expressed by many that after the realization for the need to introduce human rights teaching into curricula, it took institutions and universities more than a decade to put the programs in place. The participants wholeheartedly supported the proposal of the International Association of Economic and Social Councils and Similar Institutions (AICESIS) to continue its active involvement in the work of the Council that might be facilitated through the emergence of an “organized and trained civil society.” Furthermore, the participants encouraged AICESIS to pursue its proposed program to create a center for excellence, coordination of civil cooperation and training, while at the same time maintaining the enthusiasm of each of the actors wishing to advance toward the achievement of the Millennium Development Goals by 2015.

ECOSOC – UN NGO-IRENE Coordinators meeting, July 5, 2006, Geneva:

The meeting of the UN-NGO-IRENE Coordinators was well attended by representatives from the network. The representatives were: Mr. JianJun CUI, China NGO Network for International Exchanges represented the Asia and Pacific region; Mr. Nedin Kaya, IBS (Istanbul International Brotherhood and Solidarity Association, from Turkey, represented Eastern Europe; Nick and Louise Arkle, Hope for the Nations from Canada represented North America; Mrs. Deisi N. W.Kusztra, President of WFO from Brazil represented Latin America; Hon. Saida Agrebi, ATM (President, Tunisian Mothers’ Association) from Tunisia represented Africa; the Geneva office was represented by Mr. Ricardo Espinoza, Attaché de liaison, NGO Section, UNOG and the Chief of the NGO Section leading the activities of UN-NGO-IRENE.

The UN-NGO-IRENE coordinators presented and shared details of the programmes that each is working on, exploring modalities through which the network can assist each other and strengthen their contribution towards implementing the Millennium Development Goals. The roundtable was participatory, action-oriented and focused on practical experiences and analysis related to strategic action planning. Discussions led to a proposal for a regional operational activity and a plan of action, guidelines and programs for a Regional Network.

Thanking all coordinators for their tireless efforts, the Chief of the NGO Section reminded everybody that the idea of the IRENE developed spontaneously, that from a very humble start the group now boasts of educated NGOs. There is still a huge north-south gap, a way to approach and tackle this would be by meeting and sharing experiences together. It was proposed that the group’s ultimate goal be to meet regularly at least once a year. It is also important to send an information package to all new NGOs, in which they can find clearly stated the mandate and the coordinators’ contacts and references.

Ministerial Lunch Meeting, July 6, 2006:

The High Level Ministerial Lunch Meeting held on July 5, 2006 at the United Nations, Geneva was held by the United Nations Non Governmental Organizations Informal Regional Network (UN-NGO-IRENE) of the NGO Section/DESA, in coordination with

Give them a Hand Foundation. The event presented the launch of the concept of the “World Sports Alliance (WSA)”- a multi-stakeholder initiative to further the mandate for Sports for Development and Peace supported by His Majesty King Mohammed VI, the King of Morocco and by XL Generation Foundation.

It may be recalled here that launched under the aegis of UN-NGO-IRENE, “Give them a Hand.”- a multi-stakeholder public private partnership initiative was born at the ministerial breakfast meeting of the 2005 High-Level Segment of ECOSOC on 30 June 2005.

The meeting on WSA was attended by around 57 participants, including member-states, senior UN officials, NGOs, sports organizations and other members from civil society, representatives from the private sector and eminent sports personalities.

The meeting discussed issues relating to “*Sports as a Means to Support Local Economic Development and Job Creation.*” The lunch meeting received valuable contributions from several eminent speakers who addressed the issue of effectively using the medium of sports for local economic growth and employment generation. A film on the issue was presented on behalf of the Office of Sports for Development and Peace.

The recommendations presented at the meeting aimed at empowering the various stakeholders in their efforts to use the medium of sports to create a favorable environment in support of employment. The recommendations supported the creation of World Sports Alliance, a multi-stakeholder partnership in support of the Millennium Development Goals.

The meeting was moderated by Mr. Gordon Tapper, President, Give Them a Hand Foundation, who underlined the important contribution of NGOs in partnership with governments and the United Nations toward the achievement of the MDGs. The Chief of the NGO Section spoke on the evolving role of ECOSOC and how this roundtable would provide an opportunity, engaging stakeholders from various sectors to identify effective approaches toward using sports as an effective means for economic development and job creation.

Attending the lunch meeting in her capacity as the Official Representative of His Majesty King Mohammed VI, the King of Morocco, H.E. Ms. Zoulika Nasri, Counsellor, read the address of H.E. the King of Morocco and pledged the support of the Kingdom of Morocco to the creation of WSA, which is consistent with Morocco’s determined action in this field. Making pertinent remarks on the action of the Mohammed V Foundation for Solidarity, an institution which has special consultative status with ECOSOC, she spoke about Morocco's endeavors in this connection, emphasizing youth integration as one of the foundation's constant concerns. She also mentioned the National Initiative for Human Development, which was launched by H.E. King Mohammed IV more than a year ago. The initiative brings together and synchronizes programmed sectoral actions such as those involving youth and sports. Referring to it as a major public initiative for the promotion of social development, she mentioned that it seeks to achieve harmonious, equitable development in Morocco, and to lay the foundations for a vibrant economy and for a society based on solidarity and democracy.

Mr. Pier Paolo Celeste, Board Member, Italian National Institute for Insurance Against Industrial Injuries (INAIL), emphasized the fact that sports contribute to a healthy lifestyle and especially when a monetary value is assigned to it. He supported his statement by informing the audience that annual compensation battle costs are 4 percent of the world GDP (\$ 1,250 billion) only in terms of injuries, diseases, and deaths and this is without including the health costs of every country. More importantly, stressing the need to define decent work, he said that the Italian Constitution guarantees to all citizens the right to healthy conditions at their workplace as well as the right to all means adequate to life exigencies in case of personal damage due to an accident at work or an occupational disease. INAIL manages this compulsory insurance. He further emphasized the issue of health as a governance issue and brought reference to the promise of a project, "One Dollar for Development" that endeavors to promote the sharing of best practices and transfer of technology.

H.E. Ambassador Ali Hachani summed up the deliberations and discussions of the roundtables. He underlined that such a meeting provided a valuable opportunity for members of the Council to engage with representatives of all the major stakeholders. Expressing his recognition to all participants for the success of the meeting, he observed that it had been a rich and constructive dialogue.

Among other notable participants were Amb. Anwarul K. Chowdhury, UN Under-Secretary General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States; Mr. Amir Dossal, Executive Director, UNFIP; Ambassador Walther Lichem, Ambassador/Member of the Board, People's Decade for Human Rights Education; Ms. Rachel Mayanja, Special Advisor on Gender Issues and Advancement of Women, UN Division for the Advancement of Women; Mr. Jean Robert Moret, Adviser to the Permanent Mission of Switzerland to the UN; Mr. Ado Vaher, Director, UN Affairs and External Relations, UNICEF; Mr. David Winiger, Special Assistant to the Special Adviser to the Secretary General on Sport for Development and Peace, and Mr. Vincenzo Aquaro, CEO, Formit Servizi. Jose Roberto Silva Jr., and Lucimar "Lucio" Ferreira, well known Brazilian soccer players from the current World Cup team, and Mr. Marcelo Gonçalves Costa Lopes, former Brazilian soccer player, participated as part of Brazilian Foundation of America, an organization in consultative status with ECOSOC, and strongly supported the World Sports Alliance for using the medium of sport to promote development.

NGO contribution to the High Level Segment of ECOSOC:

The statements submitted by NGOs for the 2006 High-Level Segment covered a range of concerns. In addition to the theme of employment and decent work for all, nine NGOs addressed the situation of women and children and a similar number of statements emphasized poverty-related issues. Five organizations stressed the specific needs of indigenous peoples, the concerns of the rural poor and the inter-generational transmission of poverty. Technology and its role in development, governance, and health remained the focus of seven other statements. 30 percent of the NGO contributions came from organizations based in developing countries.

The list of statements submitted at ECOSOC is listed below:

Coalition Statements:

1. E/2006/ NGO/30 : NGO Forum Part I
2. E/2006/ NGO/31 : NGO Forum Part II
3. E/2006/ NGO/26 : UN-NGO-Informal Regional Network/Asia-Pacific CHINA
4. E/2006/NGO/18 : Association Nationale de Volontariat "Touiza" (Special, 2000)
5. E/2006/ NGO/20 : International Telecommunication Academy (Special, 2001)

NGO Statements:

1. E/2006/ NGO/1 : Foundation for Research on Technology Migration & Integration (Roster, 2004)
2. E/2006/ NGO/2 : Hadassah: The Women's Zionist Organization of America (Special, 2001)
3. E/2006/ NGO/3 : Institute of International Social Development (IISD) (Special, 2000)
4. E/2006/ NGO/4 : Droit à L'Energie (Special, 2004)
5. E/2006/ NGO/5 : Comite de Apoyo a los Trabajadores Agricolas (CATA) (Special, 2004)
6. E/2006/ NGO/6 : Soroptimist International Headquarters (General,1984)
7. E/2006/ NGO/7 : International Indian Treaty Council (IITC) (Special,1977)
8. E/2006/ NGO/8 : Organisation Mondiale de la Famille (General,1948)
9. E/2006/ NGO/9 : Mulchand & Parpati Thadhani Foundation (MPTF) (Roster,2004)
10. E/2006/ NGO/10 : Maryknoll Fathers & Brothers and Maryknoll Sisters of St. Dominic, Inc (Special, 1998)
11. E/2006/ NGO/11 : New Humanity (General, 2005)
12. E/2006/ NGO/12 : AVSI Association de Volontaires pour le Service International (General, 1996)
13. E/2006/ NGO/13 : TAMANA Association (Special, 2005)
14. E/2006/ NGO/14 : World Society for the Protection of Animals (WSPA) (Special, 1971)
15. E/2006/ NGO/15 : Help Handicapped International (Special,2004)
16. E/2006/ NGO/16 : International Association of Applied Psychology (IAAP) (Special, 2005)

- 17 E/2006/ NGO/17 : Bharama Kumaris (General, 1998)
18. E/2006/ NGO/19 : Partnership for Indigenous Peoples Environment (PIPE) (Special, 2004)
- 19 E/2006/ NGO/21: Hope for the Nations (Special, 2002)
- 20 E/2006/ NGO/22 : W. Haywood Burns Environmental Education Center (WHBEEC)(Special, 2004)
- 21 E/2006/ NGO/23: Fundación Alvarallice (Roster, 2006)
- 22 E/2006/ NGO/24 : Peoples Decade for Human Rights Education (PDHRE) (Special, 1998)
- 23 E/2006/ NGO/25 : Ius Primi Viri International Association (Special, 2004)
- 24 E/2006/ NGO/27: International Institute for Non- Aligned Studies (General, 1998)
- 25 E/2006/NGO/ 28: Legion of Goodwill (General, 1999)
- 26 E/2006/ NGO/29 : Indian Social Institute (Special, 2004)
- 27 E/2006/ NGO/32 : Mumbai Education Trust (Special, 2003)
- 28 E/2006/NGO/ 33 : National Association of Housing and Redevelopment Officials (Special, 2005)
- 29 E/2006/NGO/34: Institute for Development of Education Arts and Leisure (IDEAL) (Special, 2004)
- 30 E/2006/NGO/35: Osservatorio per la Comunicazione Culturale e l'Audiovisivo nel Mediterraneo e nel Mondo (Special, 2005)
- 31 E/2006/NGO/36: Jigyansu tribal research centre,India (Special,1996)

Chapter 8

THE REGIONAL DIMENSION OF CREATING AN ENVIRONMENT CONDUCTIVE TO GENERATING FULL AND PRODUCTIVE EMPLOYMENT

DIALOGUE WITH THE EXECUTIVE SECRETARIES OF REGIONAL COMMISSIONS

Overview

Regional cooperation is an important building block for the promotion of development and international cooperation. This was also recognized in the 2005 World Summit Outcome. The Regional Commissions play an important role in facilitating intergovernmental processes for policy analysis and dialogue, as well as regulatory frameworks conducive to employment generation and sustainable development. They also serve as conduits for the exchange of experiences and good practices in their respective regions.

The dialogue with the Executive Secretaries of the Regional Commissions was conducted as a continuous effort on the part of ECOSOC to promote further the linkages between the activities and contributions of the regional commissions with the overall activities of the United Nations in the economic and social sectors, as well as to the policy work of the Council. It was meant to provide regional perspective on the global issue of generating full and productive employment and decent work for all, from the perspective of each of the five regional commissions of the United Nations on various aspects of a very complex issue. The dialogue served to highlight the special characteristics of the various regions and the specific challenges in advancing the policies and approaches for generating full and productive employment and decent work opportunities.

Chapter 8 addresses the issue of creating an environment conducive to generating full and productive employment, and decent work for all from a regional perspective. It deals with regional specificities of job creation and decent work and proposes policy choices towards generating decent and productive employment opportunities in each of the five regions covered by the United Nations regional commissions.

Jobless Growth: Asia-Pacific perspective highlights the phenomenon of jobless growth, where economy is growing rapidly over a period of time, but accompanied by growing unemployment during the same period. It looks at various causes of this unusual situation and proposes strategies to deal with it within regional constraints.

Youth unemployment: Challenges and prospects examines youth unemployment from particular situation of the Western Asian region and the Arab World where the young people, 15 to 24 year age group, constitute 20 percent of the population, requiring 80 million jobs over the next 15 years. Pointing out the mismatch between educational

system output and the labour market requirements, it recommends devising appropriate policy measures to face the problem head on.

Growth and Employment for Inclusive Development in Africa explores the root causes of persistent poverty in Africa, particularly at a time when Africa was growing at historically higher levels. The reasons for continued high unemployment are discussed are many and interlinked, high unemployment means less productive society resulting in significantly lower economic output and reduced government resources and with it limited ability to effect change. Various strategies to improve economic, social and political environment are discussed in order to increase and sustain broad-based growth.

Labour markets and social protection: A view from ECLAC sheds light on the sluggish economic growth in the region which generated weak labour demand and led to huge unemployment problems, particularly for women and youth segment of the population. It goes on to discuss the varying degree of impact of the reform efforts, which sought to create greater link between employment and social protection.

How unique were the labour market changes during the transition? analyses the situation of transition economies which were hit hard due to greater variation within countries and much larger long term and structural unemployment. Jobless growth led to the movement of labour force toward informal economy, subsistence forming and migration. Comprehensive reform of the labour market in tandem with growth oriented macroeconomic policies is recommended to improve the situation.

Jobless Growth: Asia-Pacific Perspective¹

By Mr. Kim Hak-Su
United Nations Under-Secretary-General and
Executive Secretary, Economic and Social Commission for
Asia and the Pacific (ESCAP)

In many countries around the world employment growth has not kept pace with high economic growth. This phenomenon is termed “jobless growth”. The Asia-Pacific region’s economy has been growing rapidly during the past decade, at an average of 5.7 per cent annually against a world average of 2.7 per cent per annum. Yet, during the same period, the unemployment rate has also been growing in all Asia-Pacific sub-regions and job creation has not kept pace with economic growth.

Between 1994 and 2005 unemployment increased by:

- 25 per cent in South Asia up to 5 per cent in 2005
- 49 per cent in South-East Asia and the Pacific reaching 6.1 per cent last year
- 52 per cent in East Asia up to 3.8 per cent in 2005

Increased economic output generally leads to increased employment. However, the extent of increase is lessened by increases in labour productivity. Thus, while enjoying high economic growth, the increase in employment induced by a given increase in GDP, that is the employment elasticity of GDP, has declined drastically in some Asian countries over the past decade. The decline has been quite sharp in Malaysia (-40 per cent), Thailand (-41 per cent) and especially in China (-61 per cent) sparking concerns about jobless growth.

Globalization has often been blamed as one of the culprits for jobless growth. It compels firms to be more competitive and efficient by adopting new technologies and hiring highly-skilled workers. The resulting increase in labour productivity could induce a relative slowdown in job creation and even a reduction in employment. Job creation could also be affected by the following factors:

1. Rigidities in labour markets: strict regulations on hiring and firing could push firms to hire temporary labour and make more capital intensive investments.
2. In some cases, governments provide incentives that favour capital-intensive investments.
3. The absence of an appropriate policy environment also increases the cost of doing business and could negatively affect employment.

The ESCAP region faces a key challenge: How can we address jobless growth in particular and unemployment in general? Economic growth is a necessary condition for sustained employment generation, but growth alone cannot guarantee sufficient employment. Striking the right balance between high growth and employment creation is

an issue for policy makers. To what extent should government intervene to ensure that the benefits of growth are passed on to the poor through increasing job opportunities? Six policy strategies will be considered here for revitalizing employment in the region. Four are more conventional. The last two are more contentious. They are not mutually exclusive.

- The first would be to establish appropriate macroeconomic monetary, fiscal and trade policies.
- The second would be to improve the functioning of the labour market by increasing its flexibility and reducing costs.
- The third would be to strengthen the skills of the labour force, for example, through education reforms and technical skills upgrading.
- The fourth would be to focus more on the labour-intensive informal and agriculture sectors.
- The next two policy strategies would require more discussion and broad consensus building among all stakeholders.

One concerns capital-intensive investments: how can incentives that favour capital-intensive investments be balanced with the need for job creation?

The second concerns the role of the private sector: how can Government facilitate the role of the private sector in employment generation and yet maintain sufficient protection for workers?

These are hard policy choices to follow through.

Youth Unemployment: Challenges and Prospects²

By Ms. Mervat M. Tallawy
United Nations Under-Secretary-General and
Executive Secretary, Economic and Social Commission for
Western Asia (ESCWA)

Employment in general and youth unemployment in particular constitute a growing challenge in the countries of the ESCWA region, a challenge which economic growth has not been able to resolve.

In 2005, the population of the ESCWA countries reached 191.7 million. Decades of high fertility rates in the region resulted in an ever-increasing number of young people, rendering it one with the highest young populations in the world. The majority of the region's young population falls within the economically active age group, thus increasing the number of newcomers into the labour market and creating a labour imbalance where supply is higher than demand. Although data on the region's unemployment is wanting, the latest estimates put the overall unemployment rate at 15 percent, comprising more than double the world's unemployment rate. Youth in the ESCWA region constitute more than half (53 %) of the unemployed population, the majority of which are females.

To address this, the Arab region must create 80 million new jobs over the next 15 years just to keep pace with its escalating population, which has grown by 2.6 percent during the past two decades compared with a 1.6 percent growth for the World. But, at the same time, the young population of the region can be considered a demographic bonus and offers a historical window of opportunity to achieve sustained economic growth if the right social and economic policies are adopted. But without addressing the underlying roots that have contributed to rising unemployment, it would be very difficult to seize this opportunity and achieve any progress.

Among the main causes contributing to youth unemployment in the ESCWA region are internal and external conflicts which it has endured more than any other region in the world, rendering it highly precarious and volatile. Because of the spillover effect of conflicts, the whole region remains between present and post-conflict situations. As a result, the prevailing economic and social conditions in the region can significantly increase youth unemployment rates to twice the world's average.

The economies of the larger Middle East and North Africa region, regardless of their different structures and stages of development, have been unsuccessful in creating the requisite jobs, which has contributed to exacerbating the problem of youth unemployment. Furthermore, most countries of the region have experienced wage compression and weak macroeconomic performance which, in turn, has encouraged the migration of the youth. Similarly, cheap labour bias in most of the economies of the region, in particular the oil producing states, has reduced the incentive to raise productivity and use capital technology.

The economies of the region are also characterized by highly competitive labour markets due to the large influx of immigrants from Asia. Poor training systems and programmes, coupled with the inability to integrate fresh graduates in the labour market, are major deterrents especially in undiversified and marginalized economies. This has resulted in a mismatch between the outputs of the educational system and the labour market requirements. In addition, the absence of institutional career counseling at all educational levels, as well as the limited participation of the private sector in the educational system and the labour market are also important factors contributing to youth unemployment.

These challenges must be addressed through putting in place effective policies to address the underlying causes of youth unemployment in the region and attain positive outcomes in the coming decades. The ultimate way forward for the countries of the ESCWA region is effective and targeted policymaking and the implementation of employment and labour-market policy measures. Chief among these would be creating an appropriate environment for raising productivity and boosting competitiveness, and implementing active labour market policies that integrate the labour market by harmonizing supply and demand.

Countries of the region must also establish and support specialized offices to assist in identifying suitable jobs and provide relevant information on job opportunities through channels accessible to the youth such as information and communications technology (ICT); develop and expand modern technology related skills of new entrants into the labour market in line with market demand; provide unemployed youth with training opportunities in line with labour requirements; invest in human capital as a basis for economic development; decentralize education; encourage the private sector through financial and tax incentives for employing first time job seekers.

ESCWA is strongly committed to fostering a better future for its young generation. To that end, several mechanisms with the aim of enhancing youth employment in the region will be initiated. These include establishing a regional observatory in partnership with the League of Arab States that focuses on devising sound social policies in order to face the problem of youth unemployment, documenting international experiences, and promoting institutions which proved to be successful in confronting youth unemployment. ESCWA also intends to establish a database on employment in the region, with special emphasis on age, gender, geographical distribution, education and other key indicators, as well as a Regional Fund to finance pilot initiatives in different counties of the region aimed at employing youth.

In the ESCWA region, the goal of decent work for all has to be considered in the context of the regional macroeconomic, social and political environments and can only be achieved through the adoption of integrated and coherent policies at the national and regional levels. Appropriate macroeconomic and social policies coupled with enduring peace and stability is imperative for the creation of an environment conducive to achieving employment.

Growth and Employment for Inclusive Development in Africa³

By Mr. Abdoulie Janneh
United Nations Under-Secretary-General and
Executive Secretary of the Economic Commission for Africa (ECA)

Employment generation and the creation of decent job opportunities are at the heart of Africa's development agenda, which is focused on the need to make social inclusion its central tenet in order to end poverty. In this context, ECA has taken the initiatives to emphasize the key role of employment in policymaking.

Economic growth in Africa is at its highest level for decades. In 2005, African economies grew at an average rate of 5.3 per cent. However, the people of Africa have, by-and-large, not yet benefited from this growth. Poverty remains persistent as measured by the number of people living on less than US\$1 per day. For example, between 1990 and 2002, the poverty rate in sub-Saharan Africa only moved marginally from 44.6 per cent to 44.0 per cent and the level of human development remains among the lowest in the world. This is partly due to the fact that the recent high growth rates have been concentrated in capital-intensive activities with no trickle-down effects and, as a result, no or negligible impact on the living conditions of the poor.

Employment creation is therefore the missing link in the relationship between growth and poverty reduction, and central to inclusive development. A decent job is the most effective and sustainable path out of poverty and a crucial step to achieving the millennium development goals.

Africa today is seriously lacking in employment opportunities with only the privileged few benefiting from decent jobs in the formal sector. For the vast majority, the following key features characterize the employment situation:

Firstly, rural workers in general are underemployed, which means productivity remains low. As 70 per cent of Africans live in rural areas, any inclusive development must improve the working conditions in rural areas. The situation for urban workers is not much better since the informal sector is the biggest employer, accounting for about 75 per cent of non-agricultural employment in many African countries. Workers in the informal sector are also underemployed and have low productivity rates. The situation for women is particularly acute as they face significant discrimination in accessing employment in the formal economy and are therefore disproportionately represented in low wage informal sector.

Another group facing significant difficulties is the youth, who face significant hurdles in making the transition from education to the labour markets. The training they receive too often does not equip them with the required skills leaving many to suffer from high unemployment. In addition, poverty continues to force children to take up employment in too many of our poor countries. In sub-Saharan Africa, it is estimated that over 49 million children are "economically" active, representing the highest incidence globally.

The consequences of the situation described above are many, affecting individuals and whole societies. Individuals and families face poverty, social exclusion, skills loss, deterioration of human health, and family breakdown. The high prevalence of HIV/AIDS and other diseases further exacerbates these problems.

The overall macroeconomic impact of unemployment and underemployment is also significant. High unemployment means a less productive society resulting in lower economic output and reduced government resources. It also affects the capacity of African countries to ensure peace and security. The lack of decent employment opportunities – especially among youth – fuels urban violence, conflict and political instability.

These are serious challenges to which Africa and her partners must respond quickly. As you know, high and sustained economic growth is a prerequisite to the creation of decent employment. Therefore, governments must continue to improve the economic, social and political environment in order to increase and sustain growth. However, to have a significant impact on poverty, policy-makers must ensure that growth is broad-based and located in areas and sectors where the poor are concentrated. Governments must therefore consider policies that are employment-friendly.

In order to do this, governments need to better assess the consequences on employment of various policy measures before their implementation; and assess the impact of public expenditures on the utilization of local manpower. Given the many conflicts from which several African countries are emerging, it is also crucial to mainstream employment objectives in post-conflict reconstruction strategies. In this regard, publicly funded education and training programmes must match the needs of employers. Another important strategy is to develop policies that target specific and labour-intensive sectors. Governments can attract investment in sectors such as textiles, horticulture, light manufacturing and tourism, which create jobs. Finally, donors also need to come on board, providing the necessary technical and financial support for job creation strategies.

African governments have acknowledged the importance of the employment agenda. There is now consensus on employment issues and their importance in policymaking. This is reflected in the Ouagadougou Declaration and Plan of Action stemming from the African Heads of State Summit held in 2004; and more recently by the 2006 ECA Conference of African Ministers of Finance, Planning and Economic Development, held in Ouagadougou, which adopted a Ministerial Statement calling for actions to mainstream employment into national strategies and policies.

The Economic Commission for Africa (ECA) has taken this challenge seriously and is providing effective technical assistance and capacity building to African countries in the area of employment policy. In addition to the 2006 Conference of Ministers, the ECA's flagship publication the 2005 Economic Report on Africa – *Meeting the Challenges of Unemployment and Poverty in Africa* – provided valuable analysis and recommendations to policymakers concerned with the issue of employment.

ECA has also done extensive work on the Millennium Development Goals (MDGs), including the publication of a report in 2005 detailing the progress and challenges

towards achieving the MDGs in Africa; and convening the 2005 conference of Ministers, whose theme was: *Achieving the MDGs in Africa*.

ECA also collaborated with the African Union in organizing the African Plenary on National Poverty Reduction Strategies and the Implementation of the MDGs held in Cairo in March 2006 – including the establishment of the PRS-MDG Learning Group. ECA is also collaborating with the OHRLLS, ESCAP and the LDC Bureau in New York, in the mid-term review on the implementation of the Brussels Programme of Action. ECA will continue to support African countries in their efforts to generate better employment as long as the above challenges remain.

Labour Markets and Social Protection: A View from ECLAC⁴

By Mr. José Luis Machinea
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 the Caribbean (ECLAC)

The relationship between growth and employment can be analyzed in two directions: from growth to employment, where jobs are seen as a result of economic growth, and from employment to growth, where labour is seen as a factor input of growth (as it is done, for example, in growth accounting). While the first perspective leads to a concentration on fostering economic growth as a condition for job creation, the second concentrates on the characteristics of the labour force and the labour intensity of growth. No single perspective is exclusively the “correct” one, but a combination of both should be applied.

1. Inclusive growth, employment and poverty reduction

Inclusive growth means the participation of all segments of the population in the material benefits of economic growth. This can happen mainly by means of job creation and labour income or the access to productive assets. In Latin America and the Caribbean the 1990s and the first years of the present decade have not been favorable in that sense; most new jobs were created in the informal sector – characterized by low average income –, and unemployment soared, rising from 7.5 per cent in 1990 to 11.0 per cent in 2002/2003. In the first years of the present decade, an estimated 30 per cent of urban and an estimated 51 per cent of rural workers were poor.⁵ Problems of coverage, quality and access persist in the educational systems of the countries of the region. The creation and productive development of micro and small enterprises was hampered by problems of access to credit, technology and markets.

Key elements for inclusive growth are job creation and increasing productivity. In the region, in general terms, the relationship between economic growth and job creation continues to be valid,⁶ and low growth has been the main cause for the sluggish creation of productive jobs. At the same time, weak productivity growth represented an impediment for significant increases of real wages. The weak evolution of the labour markets was reflected in high levels of emigration, especially from Mexico, Central America and some Andean countries.

The evolution of the Latin American and Caribbean labour markets during the recent higher growth years (especially 2004 and 2005) illustrated the persisting nexus between economic growth and job creation, as the latter picked up, especially in the formal sector. Unemployment began to decrease and reached 9.3% in 2005. Thus it can be noticed that recently low as well as relatively high economic growth periods have reinforced the importance of high and stable economic growth rates as well as economic policies

conducive to these, with countercyclical fiscal and monetary policies potentially playing a key role in this regard. The coordination of macroeconomic policies among the countries of the region can make an important contribution to the reduction of volatility, which is why ECLAC supports corresponding efforts on a regional and sub-regional level, by means of the REDIMA project (ECLAC-European Commission).

Finally, productivity growth, especially in micro and small and medium enterprises, requires micro- policies, for example in the areas of infrastructure, education and training, credit, technology transfer and public administration. As it has been highlighted by ECLAC (see *Productive Development in Open Economies*, 2004) these policies have to take into account that the region's productive structure can be described with a "three speed" model, and the key tasks differ for each of the corresponding segments. Macroeconomic policies that favor, for example, investment in infrastructure, also play an important role in this regard.

2. Challenges of jobless growth and their economic and social implications

The recent experience with economic growth and job creation suggests that it is not possible to speak about a jobless growth in the case of Latin America as the weak generation of jobs in the formal sector was caused mainly by sluggish economic growth. However, this does not mean that any given growth rate has the same impact on job creation, independently of any other variables. On the contrary, evidence suggests that the recent productive specialization of different sub-regions have had an important effect on the characteristics of job creation. Especially, part of the weak job creation and rising unemployment of a number of South American countries can be attributed to the growing specialization in a natural resource- based growth strategy. During most of the nineties, this tendency was further deepened by reforms aimed at an opening up of Latin American economies and an appreciation of local currencies that turned relative prices against labour, relative to (mostly imported) capital goods. These processes affected job creation in the tradable sector negatively, especially in manufacturing, where a relevant proportion of jobs were lost. This process was reversed by the real exchange rate depreciation experienced by some countries in the first years of the decade that seems to have fostered the employment intensity of economic growth, as the increasing elasticities – clearly higher than in the nineties – indicate, for example, in Argentina and Brazil.

However, it has to be noted that growth rates around 4%, although in the perspective of the last 25 years generally considered reasonably good for Latin America and the Caribbean, are not high enough to create the formal sector jobs required and permit a satisfactory increase of labour income, so as to improve the material conditions of broad segments of the region's population in a satisfactorily quick way. On the other hand, labour demand has been unequal for different groups of the labour force. Specifically, a bias has been detected that favors the hiring of skilled persons, while the formal sector demand for the unskilled has been weak, condemning most of them to look for job and income opportunities in the informal sector. This problem has been intensified by the massive integration of unskilled labour into open global markets, which renews the discussion on labour standards in the global economy.

3. Youth and Women Employment

As in other regions, youth and women confront special problems for a productive integration into the labour markets, as it is illustrated by the higher unemployment rates for these groups. For instance, around 2003, as a simple average for 18 Latin American countries, the urban unemployment stood at 11.4%, while the rate was 13.3% for women and 21.3% for young people (15-24 years).⁷

However, it has to be kept in mind that both groups are very heterogeneous. For example, highly skilled women haven't taken advantage of the expansion of the modern service sector and their labour participation in these generally high quality jobs has increased. In the same direction, skilled youth of both sexes benefit from their domination of new technologies and the bias of labour demand for the corresponding skills. In both groups it is especially the unskilled who not only have problems of productive integration into the labour market but who also are trapped in low productivity jobs, as the labour market generally does not recognize their work experience so that most of them cannot build an ascending path of labour market integration in the course of their working life.

Active labour market policies, in coordination with other specific policies, should improve the productive integration into the labour market of groups that face special problems. Specifically, the productive integration of youth – especially from poor households – into the labour market is relevant for present and future growth prospects, social mobility, and the interruption of the intergenerational transmission of poverty. As it is well known, good education is key in this regard, and Latin America has made some progress in the coverage of primary education, but a lot remains to be done regarding secondary and pre-school education, as well as regarding quality improvement and equality of access. In this respect it would be important to establish a common regional system of measurement of knowledge and competencies, comparable with extra-regional systems, so as to monitor efficiently the progress of the schooling systems. Interregional cooperation can play an important role in this regard.

4. Employment creation and conflict prevention

In Latin America and the Caribbean, employment problems used to rank high in surveys about the main problems perceived by the population. The perception that the economic system does not benefit everybody equally and, specifically, that economic growth does not create the jobs required by a growing population, frequently stands at the root of social unrest and of discontent with the political institutions, weakening the trust in democracy as an efficient and just form of organization of society. Inequalities in the access to education, training and jobs tend to deepen the corresponding potential for conflict.

On the demand side, given the limitations of labour demand for less skilled persons, the strengthening of small and medium enterprises and, especially, micro-enterprises are key strategies, as these typically are not only labour intensive in general, but specifically relatively intensive in low skilled labour.

A central element would be the modernization of small and medium enterprises, which have the potential for the creation of quality jobs in a quantitatively significant dimension. Important instruments are horizontal policies to improve the access to information, credit, technology and trading systems. These policies should be

complemented by actions to promote the horizontal cooperation between SMEs, establishing links with larger firms and strengthening productive structures on a local level or in specific production chains. In many countries, a number of instruments of this type exist but frequently they suffer from problems of efficiency and coordination.

On the other hand, the formalization of informal enterprises is an important step for an inclusive strategy of job creation. Of course, this is a long-term goal and must be accompanied by a dynamic job creation in the formal sector.

In cases of economic crisis and seasonal decrease of labour demand, special employment programs can be created, for which governments of different levels of administration should design projects ahead of time so they can be put in place in case of emergency.

On the supply side, an important element for the strengthening of workers' capacity to take advantage of job opportunities is improving training facilities and of the non-discriminating functioning of the labour market, through efficient intermediation services.

5. Social Cohesion Covenant as the way towards creating a conducive environment for full, productive and decent work for all

As a consequence of the opening up of Latin American economies and accelerated technological change, firms confront higher competitive pressure and increasing volatility in the markets. On the other hand, workers' job stability has undergone increasing pressure. To strengthen firms' resilience without sacrificing workers' basic rights and broadening the inclusion of more workers into the productive process, ECLAC has proposed a Covenant of Social Cohesion, its fundamental elements being a new institutional setting of the labour market, a new design of social protection systems, an integral set of active labour market policies, and policies to include the informal sector, all of which based on responsible macroeconomic policies and policies for productive development.

Reference has already been made to active labour market policies and policies to include the informal sector. Regarding the other components, the following points shall be highlighted:

- The new economic global context requires a new institutional setting for the labour market, with a higher degree of adaptability and flexibility on the formal labour market, within certain limits and not at the expense of workers' basic social protection, and with a social dialogue on different levels as the means to define its specific characteristics.
- The transformations of the labour markets require reforms of the social security systems, especially regarding its aspects traditionally linked to the holding of a formal, stable job. Without such a new system the growing flexibility on the labour market leads to the predominance of precarious jobs. That means the development of systems with a higher level of diversification and broader coverage, and an adequate mix of individual contributions and systemic solidarity.

- Finally, responsible fiscal policies are a fundamental ingredient for such a Covenant of Social Cohesion, as only by this means efficient and sustainable systems of social protection and labour policies can be developed.

How Unique were the Labour Market Changes during the Transition?⁸

By Mr. Marek Belka

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During the process of transition, the nature of unemployment in the transition economies in the UNECE region has changed. In the initial period, unemployment was clearly transitional in character, mainly influenced by the depth of the transition crisis and the extent of accumulated labour hoarding. However, it was soon transformed into structural unemployment, as reflected in high long-term unemployment and the wide regional disparities in employability. This was triggered by lack of skills, immobility or inflexibility even when the economy recovered.

The current level of overall unemployment in the UNECE Region varies considerably across the sub-regions: USA: 5.1 per cent, Canada: 7 per cent, Euro zone: 8.6 per cent, South-east Europe: 12.6 per cent (South-east Europe without Turkey: 15.4 per cent), CIS: 2.5 per cent (CIS without Russian Federation: 2.4 per cent, Low-income CIS: 1.6 per cent, Caucasian CIS: 2.8 per cent, Central Asian CIS: 1.1 per cent, European CIS: 3.2 per cent, Russian Federation: 8.5 per cent). The registered unemployment in transition economies, especially the CIS, is often much lower than survey estimates because eligibility is tighter and benefits are lower.

There are significant differences in the characteristics of the labour markets in the transition economies compared to Western Europe. Unemployment is much higher and structural changes are much greater in the transition economies. From 1990 to 1995 sectoral reshuffling in the transition economies was at least four times greater than in EU-15 while during 2000 -2004 it was two to three times as much.

Unemployment in the transition economies can be characterized as structural rather than frictional and there is greater geographical variation in the rates within countries. The resource rich countries usually exhibit jobless growth. In countries with high unemployment there is a move towards the informal economy, agricultural subsistence, and out-migration. Moreover, inequality in wage rates is greater and labour force participation rates are lower. The employment to population ratio is also low in many of the transition countries.

Despite the differences, there are also some similarities in the labour markets in the transition and advanced economies. Unemployment is much higher among unskilled and ethnic minorities in both these groups of countries. The participation of women in the work force remains low particularly in transition economies and there is a significant gender pay gap. The unemployment rate for youth is much higher often twice the overall rate in both the transition and advanced economies of the region.

There are also significant differences in unemployment amongst the transition economies due to non traditional factors. Although increased labour market flexibility can reduce unemployment, it does not explain the cross country variation. The magnitude of structural adjustment is also unrelated to the level of unemployment, and there is no relationship between GDP changes and unemployment. For example, Poland has one of the highest unemployment rates but has relatively flexible labour markets, limited structural adjustment, and better than average growth.

To address the problems in the labour market and hence stimulate job-rich growth requires a comprehensive reform of labour market institutions in the region in tandem with growth enhancing macroeconomic policies. Given the difference in economic fundamentals in various sub-regions within the ECE, the reform proposals should be adjusted to local conditions. However, some general observations could be made. These reforms should consider:

- focusing on improving the business environment by removing or reducing administrative and fiscal barriers to entry and exit of the firms, non-wage labour costs, restrictions on hiring and firing of employees, and increasing the incentives to work while still maintaining an appropriate safety net for displaced workers.
- encouraging part-time and flexible-time jobs to increase, particularly, the female participation.
- intensifying job search assistance and training in order to reduce skill mismatches and to support unskilled workers.
- formulating active labour market policies to increase the employability of the young and the long-term unemployed as well as re-employment chances of the older workers.
- better administering unemployment benefits, which help to reduce poverty, in order to reduce the scope for misuses. The emphasis of their redesign should be more on the tightening of the eligibility rules and enforcing job search rather than their levels and duration, particularly in the poorer countries of the region.
- further enhancing labour market flexibility by improving public infrastructure such as housing and transport, which would increase labour mobility.

Notes

- 1 From the Dialogue of the Executive Secretaries of Regional Commissions during the Substantive Session of ECOSOC on 6 July 2006.
- 2 Ibid.
- 3 Ibid.
- 4 Ibid.

- 5 Simple average of 18 and 15 countries, respectively; based on ECLAC, *Social Panorama 2004*.
- 6 ECLAC, *Economic Survey 2004/05*; chapter V.; see the next section for a qualification of that general affirmation.
- 7 Based on ECLAC, *Social Panorama 2004*.
- 8 From the Dialogue of the Executive Secretaries of Regional Commissions during the Substantive Session of ECOSOC on 6 July 2006.

Chapter 9

A NEW VISION FOR ECOSOC: DRIVING THE IMPLEMENTATION OF THE GLOBAL AGENDA

Overview

The Economic and Social Council (ECOSOC) has been engaged over the years in a continuing process of restructuring and reform. Through these reform initiatives, ECOSOC has made an effort to meet the evolving expectations of Member States and to address nascent socio-economic challenges. With the adoption of the 2005 World Summit Outcome¹ and the new General Assembly resolution, “*Strengthening the Economic and Social Council*”², the new global vision for the revitalization of the Council in the economic and social fields has been launched.

The following chapter highlights key milestones in ECOSOC reform from the early days of the Council to the 2005 World Summit. It reviews the role of the Council as it has changed in light of the 2005 World Summit Outcome and the new General Assembly resolution on strengthening ECOSOC. It also provides a synopsis of viewpoints expressed by participants in the informal ministerial roundtables that took place on the first day of the High-Level Segment of the 2006 Substantive Session of ECOSOC which discussed the objectives and expectations for two of the new functions of the Council, namely the *Annual Ministerial Review* (AMR) and the *Development Cooperation Forum* (DCF).

I. ECOSOC reform thus far

The functions of the Council

ECOSOC is the central mechanism for coordination of the activities of the United Nations system and its specialized agencies and supervision of subsidiary bodies, in particular, its eight functional³ and five regional commissions⁴, in the economic, social and related fields. Chapter X of the UN Charter entrusts ECOSOC with the responsibility to make or initiate studies and reports with respect to international economic, social, cultural, educational, health, and related matters. The Council can also make recommendations with respect to any such matters to the General Assembly, to the Members of the United Nations, and to the specialized agencies concerned. In carrying out its mandate, ECOSOC consults with academics, business sector representatives and more than 2,800 registered non-governmental organizations (NGOs), supported by regional and national networks.

In addition to its annual Substantive Session, the Council initiated, in 1998, a tradition of meeting each spring with finance ministers heading key committees of the Bretton Woods Institutions (BWIs). In addition to the Chair of the Development Committee of the World Bank and the Chair of the International Monetary and Financial Committee of the International Monetary Fund, the General Council of the World Trade Organization and the President of the Trade and Development Board of UNCTAD also participate in

the so-called Spring Meeting. These annual gatherings bring together key policy-makers on financial, development, trade and foreign affairs in a dialogue aimed at promoting the global partnership and greater coherence not only in the follow-up to Monterrey Conference, but also in areas critical to the realization of the internationally agreed development goals (IADGs), including the Millennium Development Goals (MDGs).

The perennial quest for improved ways of working

During the early days of the UN, the efforts to reform ECOSOC were largely limited to altering the number of states represented on the Council. As set forth in the Charter, the Council was initially composed of 18 members. Already in 1947, it was proposed that its membership would be expanded to 24 in the interest of broader representation. This proposal did not prosper at the time, but it was a harbinger of similar reform proposals to come. Thus, in 1965, the membership in ECOSOC was expanded from 18 to 27, and in 1973, this number was doubled to 54.

A number of UN-sponsored and independent studies⁵ have also weighed in on the issue of reform. They have largely voiced strong support for the strengthening of the role of the Council both within the UN system and as a significant player in global policy-making in socio-economic fields. Notably, a group of high-level experts, appointed by the Secretary-General under mandate from the General Assembly, concluded in 1975 that the revitalization of ECOSOC would be one of the key drivers to more effective global policy-making in the economic, social and related fields.

Since the early days of the Council, the organization of the annual Substantive Session of ECOSOC has been a regular focus of reform. General Assembly resolutions 45/264, 48/162 and 50/227, from the early 1990's, for example, reorganized the functions of the High-Level, Coordination, Operational Activities and General segments of ECOSOC. A new Humanitarian Affairs Segment was also added to the Council's programme in 1998 in response to the first reform efforts of the current Secretary-General.

Other General Assembly resolutions have also introduced measures aimed at improving the working methods of the Council and its subsidiary bodies, in particular, to limit repetitive debates; to strengthen the outcome of each segment and make them more action-oriented; and, importantly, to follow up on their implementation.

ECOSOC has also tried to improve the quality and focus of its own debate, notably by preparing its High-Level Segment dialogue over a six months period with roundtables and panel discussions. In addition, the Council has launched a number of high-profile initiatives as the result of its deliberations, such as the establishment of UNAIDS in 1997, the United Nations Information and Communication Technology (ICT) Task Force in 2000 (transformed into the Global Alliance for ICT and Development in 2006), the Ad Hoc Advisory Group on African Countries Emerging from Conflict in 2002 and the Public-Private Alliance for Rural Development in 2003. The Bureau and the President have also increasingly become more proactive in driving the preparations for the annual Substantive Session of the Council.

The General Assembly has repeatedly emphasized the necessity for ECOSOC to continue to strengthen its role in coordinating the UN system and its subsidiary bodies to ensure a more effective follow-up to the implementation of major UN conferences. Consequently,

the roster of ECOSOC subsidiary bodies has evolved with their functioning modified accordingly⁶.

In June 2003, with the adoption of General Assembly resolution 57/270 B, the Council was assigned a major new role in promoting the follow up to the outcomes of UN conferences and summits. In response to this resolution, ECOSOC received in 2005 a review undertaken by its functional commissions of their working methods, focusing, in particular, on how these bodies could contribute more effectively to the implementation of the IADGs. An important outgrowth of this review has been the development of multi-year work programmes by the functional commissions, with the aim of aligning their work more effectively with the follow-up to the global conferences and summits.

Nevertheless, despite all the efforts over the years to improve the ways of working of the Council, many observers maintain that the impact of these initiatives seems mixed at best and that the effectiveness and influence of ECOSOC has not increased appreciably.

The global UN conferences and summits: the focus on integrated follow up

The global UN conferences and summits of the last decade and half marked a crucial step in the process of bringing development issues to the forefront of the international development agenda. The global conferences, such as the Earth Summit in Rio de Janeiro in 1992, succeeded in generating global consensus on policies and actions to advance poverty eradication and sustainable development and in giving renewed relevance to the work of the UN in the economic, social and related fields.

These conferences covered a broad spectrum of issues ranging from gender equality, social integration, health, employment, education, the environment and population to human rights, finance and governance. Each conference focused on a particular aspect of development and generated its own follow-up mechanism and constituency committed to advancing implementation of its outcome. At the same time, the international community recognized the inter-connectedness of these conferences. For example, in addition to health interventions, improving the literacy of mothers and enhancing access to safe drinking water and sanitation can contribute significantly to improving the rate of child survival. The call for an integrated follow-up to conferences aims at addressing these inter-linkages.

Since 1995, the Council has endeavoured to promote such an integrated and coordinated approach to conference follow-up from a thematic perspective. It has done so by addressing a number of common themes, such as market access, the enabling environment for development, gender mainstreaming, the development of Africa, and poverty eradication, both in its High-Level and Coordination segments. Towards this end, ECOSOC prepared strategies on how the different organizations of the UN system could work together more effectively, at the country-level, as well as at headquarters. Despite these ambitious intentions, the Council's effectiveness in exercising this coordination role effectively has so far not been altogether successful.

The UN Millennium Summit marked a turning point by creating a platform for convergence on principles, objectives and coordinated action, and by turning global consensus into specific goals and time-bound targets, backed by political commitment at the highest level. Subsequently, it became apparent that the achievement of the MDGs

required an integrated effort to pursue the broader internationally agreed development goals (IADGs) emanating from the various UN global conferences and summits. It is clear that while the MDGs provide a compelling platform to address the needs of the world's poorest, they do not in themselves encompass all of the issues included in the global development agenda that make for durable, comprehensive economic and social progress and sustainable development.

At the 2005 World Summit, world leaders committed themselves to the timely and full realization of all the development goals and objectives agreed at the major UN conferences and summits. The Summit recognized the crucial role played by these conferences in shaping a comprehensive vision to address development challenges in all their dimensions: the needs of the world's poorest, but also the needs of middle income developing countries, the question of growing inequality, and different dimensions of human development and good governance that are closely related to economic and social progress.

The global UN conferences and summits also addressed issues which need long-term approaches, such as:

- increasing divergence in development experiences;
- differential impact of globalization on countries;
- need for enhanced policy space;
- demands for increased transparency and greater participation and voice for the developing world in the formulation of global economic policies; and
- linkages between lack of progress in socio-economic development and conflict⁷.

By endorsing such a broad vision of development, the 2005 World Summit placed the MDGs within the comprehensive UN Development Agenda, defined by the UN global conferences and summits since the 1990s. This has given renewed political and substantive significance to the integrated follow-up of conferences. It has also pointed to the urgent need for a comprehensive review process which would give a full picture of the status in implementing this global development agenda, as well as allowing for the formulation of multifaceted policies that address inter-linkages between the different conference goals.

II. 2005 World Summit Outcome: *a new vision for ECOSOC*

Since the UN Millennium Summit, the focus of the international community has gradually shifted from policy development to implementation and measuring progress in the realization of the MDGs and the broader development agenda as highlighted in the previous section. The 2005 World Summit Outcome was undoubtedly a turning point for ECOSOC, where Member States recognized the need for a more effective Council. The Summit called upon ECOSOC to play, among other important tasks, a major role in the overall coordination of UN funds, programmes and agencies, the promotion of global partnerships for development, and in ensuring follow-up to the outcomes of the major UN conferences and summits.

In pursuing the above objectives, the Summit charged the Council with the following:

- a. Promoting *global dialogue and partnership* on global policies and trends in the economic, social, environmental and humanitarian fields. For this purpose, the Council should serve as a quality platform for high-level engagement among Member States and with the international financial institutions, the private sector and civil society on emerging global trends, policies and action and develop its ability to respond better and more rapidly to developments in the international economic, environmental and social fields;
- b. Holding a biennial high-level *Development Cooperation Forum* to review trends in international development cooperation, including strategies, policies and financing, promote greater coherence among the development activities of different development partners and strengthen the link between the normative and operational work of the UN;
- c. Ensuring follow-up to the outcomes of the major UN conferences and summits, including the IADGs, and hold *annual ministerial-level substantive reviews* to assess progress, drawing on its functional and regional commissions and other international institutions, in accordance with their respective mandates;
- d. Supporting and complementing international efforts aimed at *addressing humanitarian emergencies*, including natural disasters, in order to promote an improved, coordinated response from the UN;
- e. Playing a major role in the *overall coordination* of funds, programmes and agencies, ensuring coherence among them and avoiding duplication of mandates and activities

The 2005 World Summit also stressed that in order to fully perform the above functions, the organization of work, the agenda and the current methods of work of the Council would have to be adapted.

ECOSOC consequently launched its own consultations to work out the details in operationalizing the new mandates of the Council. These consultations included the organization of two informal ministerial roundtables that took place on the first day of the High-Level Segment of the 2006 Substantive Session of ECOSOC to discuss the new functions of the Council, namely the Annual Ministerial Review (AMR) and the Development Cooperation Forum (DCF).

III. 2006 Substantive Session of ECOSOC: Informal Ministerial Roundtables

The two informal ministerial roundtables provided an opportunity for a wide range of stakeholders, such as ministers, high-level government representatives, senior UN officials and other key development cooperation actors in civil society and the private sector, to engage in a dialogue on the objectives and expectations for both the AMR and the DCF.

Below, is a brief synopsis of some of the key issues raised during the two roundtables.

Annual Ministerial Review

The informal dialogue that took place at the 2006 Substantive Session of ECOSOC focused, in particular, on the following questions:

1. How can the AMR have maximum impact on the realization of the IADGs?
2. How can the AMR best tap into the various review mechanisms that exist at the national, regional and global levels?
3. What should be the main outputs of the AMR and how could its outcome be followed-up most effectively?

Roundtable participants engaged in dynamic discussions on the above questions, resulting in the general view that the AMR could make an important contribution to the realization of the IADGs in four key areas, namely by: (a) providing a forum for systematic monitoring and progress review, including the identification of gaps and obstacles; (b) discussing pertinent themes; (c) fostering partnerships with key stakeholders; and (d) serving as a tool to pool and share knowledge within and beyond the UN system.

Monitoring and progress review

It was asserted that the AMR will be useful to the extent that it serves as an effective mechanism for comprehensive review of progress in the implementation of the IADGs, particularly by fostering synergies between relevant national, regional and global level processes. It was pointed out that the AMR could fill an important gap which currently exists in systematic monitoring of progress achieved in the implementation of the IADGs. If the AMR performs this role effectively, it could serve as a reference point for countries committed to mainstreaming the IADGs into national development strategies.

The roundtable attached particular importance to the national review process, given the fact that primary responsibility for implementation of the IADGs lies at the country level. It was also suggested that special focus should be given to the so-called vulnerable countries. By starting at the national level, the AMR could facilitate comprehensive regional and global analysis, the findings and recommendations of which would also feed back into the country-level implementation process.

Beginning monitoring at the country-level could also provide invaluable assistance to governments in formulating comprehensive, inclusive multi-sectoral national development strategies. In Ethiopia, for example, a monitoring system was put in place in 1996, based on a public system to generate data, complemented by sectoral reviews. Cambodia has also set up a coordinated indicator-based monitoring system among the various line ministries, providing useful information on progress in realizing the IADGs.

In addition to the recognition of the progress that has been made in establishing concrete monitoring processes for the MDGs, it was emphasized that capacity building in national data collection is of great importance for the quality of the monitoring process, since the efficacy of monitoring depends heavily on the usefulness of the underlying data, which, in some instances, continues to be patchy and unreliable.

In this regard, the work of the World Bank in tracking progress in the implementation of national development strategies and general development aid was noted. The World Bank review process, however, mainly focuses on issues concerning its own work. It was also felt that the regional commissions have much to offer when it comes to regional analysis of progress in the realization of the IADGs.

Discussing pertinent themes

It was proposed that the review process could be anchored in thematic clusters, such as poverty, sustainable development and social development based on the IADGs. Some also argued that, while supporting the notion of a thematically focused discussion, a comprehensive review of all MDGs, combined with a cross-sectoral assessment, should not be ruled out as an approach for the AMR.

It was furthermore suggested that the AMR could pick-up certain “orphan issues”, such as the link between humanitarian relief and development, post conflict recovery or how to reach particular policy outcomes in areas still not well understood, for example, the link between growth and equity. Also, by addressing interlinkages between the different global conferences and summits, the AMR could help in overcoming compartmentalization and promote the development of multifaceted national development strategies at the country level.

With regard to the promotion of thematic coherence in the achievement of the IADGs, the idea was put forward that the AMR could play an important role by identifying gaps at the national level in achieving the MDGs, and by suggesting where specific initiatives could provide new opportunities to advance the implementation process. The AMR was also seen as an opportunity to identify enabling factors that could accelerate the realization of the MDGs.

In this regard, it was also noted that considering the 2005 World Summit Outcome, in particular, its broad vision for development, combined with the global commitment to ensure the full and timely implementation of all the IADGs, the “hard” follow-up processes should be expanded beyond the MDGs to other globally agreed goals as well, for example, those emanating from the Fourth World Conference on Women, the World Summit for Social Development and the World Summit on Sustainable Development.

Fostering partnership with key stakeholders

There was general support for an important role to be played by the functional and regional commissions in the AMR process. The link with the High-Level Spring Meeting of ECOSOC, the BWIs, WTO and UNCTAD, was also seen as providing a unique opportunity to facilitate interaction among these organizations, including sharing of good practices and experiences. It was suggested that these institutional linkages could be further strengthened through the upcoming AMR and the DCF preparatory processes.

The important role of the regional commissions in the implementation process was also highlighted by several participants. It was noted that the UN regional commissions with their direct contacts to Member States, including national statistical offices, can provide an important link between the country and global levels. Also, the experience with the Regional Implementation Forums held by the UN regional commissions in preparation of

the Review Session of the Commission on Sustainable Development (CDS) was noted as a good example of how to link the regional and global review dimensions.

In addition to the inputs from its subsidiary organs, the Council would also need to develop effective mechanisms to systematically involve civil society and the private sector in the preparations for and follow-up to the AMR.

A tool to pool and share knowledge

The consensus was that the AMR can make an important contribution to the implementation of the global development agenda by serving as a platform for sharing technical analysis, as well as knowledge, lessons learned and best practices in mainstreaming IADGs into national development strategies.

It was noted that with the IADGs, countries have agreed on a common platform for the setting of national development policies and that these goals can serve as benchmarks to indicate whether these policies are being realized. Even in countries, such as Barbados, which have already achieved, and in some cases, even surpassed the MDGs, the IADGs framework continues to facilitate the implementation of the national development strategy.

The important role that the AMR could play in stepping up implementation at the regional level by pooling knowledge and sharing lessons was also stressed. For example, the AMR could promote greater cooperation among CARICOM countries, which have diverse, but highly interdependent economies. In this regard, it was suggested that UN organizations, such as DESA, could facilitate such knowledge sharing and exchange by assisting CARICOM countries in organizing a regional seminar on this issue.

The convening power of ECOSOC provides it with an important advantage over other intergovernmental fora in this area, which in turn, enables the Council to bring together in an authoritative way the knowledge and data generated by a variety of national, regional and global review processes. For this reason, the AMR is well-suited to serve as a global high-level forum to exchange experiences, good practices and lessons learned.

The AMR also offers an opportunity to bring together different actors to discuss implementation challenges at various levels. In other words, the AMR is not just an event that takes place once a year, but, more importantly, a process which has the potential of facilitating learning and mutual understanding among Member States in this area. Notwithstanding these considerations, it was also stressed that the AMR process at the country, regional and global levels, and the relevant follow-up activities, should aim to achieve concrete results.

Key messages

The below summarizes some of the key messages of the AMR roundtable discussion.

1. The AMR can promote more effective alignment between the global development agenda and the work of various development cooperation players. The AMR also provides an opportunity to further enhance the role of ECOSOC in policy coordination, policy review and policy dialogue within the UN system.

2. There is need to ensure that the AMR adds value by speeding-up and scaling-up implementation of the IADGs, including the MDGs.
3. The AMR can serve as an important global platform to facilitate the exchange of lessons learnt and best practices in mainstreaming the IADGs into national development strategies.
4. Through the AMR, the current “hard” follow-up processes of the MDGs could be expanded to encompass the whole range of IADGs.
5. Duplication should be avoided by building upon existing review mechanisms, in particular those of functional and regional commissions, as well as other international organizations, such as the BWIs and OECD/DAC.
6. A thorough preparation for the AMR is required and it should be started as early as possible.
7. A high quality analytical report prepared by the Secretary-General, based on the most recent knowledge and data, is critical for the success of the AMR. Such a report would need to demonstrate the added-value of the AMR and attract the attention of ministers, as well as civil society and the private sector.
8. The AMR is a means towards an end, that is, the improved implementation of the IADGs. The true test of the effectiveness of the AMR will be whether it will have real impact on the implementation process.
9. The AMR is not an event, but a process that involves integrated review, implementation and monitoring. Close cooperation with institutions carrying out related reviews, in particular, the functional and regional commissions, is a key success factor for the AMR.

Biennial High-Level Development Cooperation Forum

The mandate to convene the biennial high-level Development Cooperation Forum provides ECOSOC with a unique opportunity to promote enhanced coordination and greater development impact of international development cooperation. In this sense, the establishment of the DCF is a significant achievement, as global development cooperation issues as such, will be discussed in a UN forum for the first time.

In the past, the deliberations at the GA and ECOSOC level have primarily focused on UN operational activities for development, particularly through the triennial comprehensive policy review process. The Council has not directly benefited in past discussions on development cooperation issues from the experiences and inputs of other development actors, such as the World Bank, IMF, regional banks, regional commissions, bilateral donors, civil society and private sector, which are present at the country level.

The roundtable discussion was organized around four key questions:

1. What are the major *challenges* affecting development cooperation?
2. What innovative *process* could the DCF apply to foster the participation of a wide range of stakeholders?

3. What would be the ideal *outcome* of the first DCF?
4. What could be the *vision* for development cooperation in the year 2015?

Main challenges facing development cooperation

Numerous challenges facing the current global development cooperation system were highlighted during the roundtable discussion. These challenges can be broadly divided into three main categories: national ownership; aid effectiveness; and coherence of the global aid system.

National ownership

Weak alignment of development assistance with national development priorities has been a longstanding concern in the debate on how to improve the impact of aid. Many governments, particularly in recipient countries, argue that disconnect of development assistance with national development goals has greatly undermined national ownership and mutual accountability for aid effectiveness.

On the other hand, donors often express the view that alignment of development assistance with national development plans has been mainly hampered by poor governance and weak human resources capacities in recipient countries. These diametric perspectives have though gradually begun to converge in recent years. Governments now generally agree that improved impact and effectiveness of development assistance will require commitment by all parties to mutual accountability that promotes both national ownership and development results, combined with predictable flows of financial resources.

Aid effectiveness

The issue of aid effectiveness was particularly prominent in the roundtable discussion. Participants particularly highlighted the following concerns:

- Lack of consensus on the definition and conceptual framework of aid effectiveness;
- Need to move the debate on aid effectiveness to the multilateral level;
- Aid effectiveness often hampered by lack of commonly agreed performance criteria;
- Weak mutual accountability of both donors and recipient countries for development results, as well as for living up to commitments relating to harmonization, coherence, up-scaling of resources and national ownership;
- Low predictability of aid flows and pledges not always kept by donor countries;
- Limited progress in harmonizing donor procedures and practices at the country level;
- Significant methodological difficulties in measuring the impact of development aid;
- Need to define ways to balance aid effectiveness criteria and needs-based considerations in the allocation of development assistance; and
- Lack of effective regulation of the global development cooperation system.

Coherence of the global aid system

The 2005 World Summit Outcome defined the promotion of coherence within the development cooperation system as one of the three key tasks of the DCF. In this context, the roundtable discussion highlighted that global development cooperation is characterized by a growing demand of both donors and recipient countries for improved policy coherence among the various actors, on one hand, and increased fragmentation of the development cooperation system, on the other, as reflected in the recent proliferation of special-purpose funds and the steady increase in the number of bilateral donors.

Compounding this situation is the lack of coordination at the institutional and inter-governmental level in the development cooperation system, often resulting in both overlaps and gaps; a severely disjointed funding architecture and some concern that development aid may be increased over the next few years to compensate for lack of progress in ongoing global trade negotiations.

Stakeholder consultations

It was emphasized at the outset of the roundtable that by organizing this informal dialogue, the Council had embarked on a process of consulting with a wide range of stakeholders on the objectives and substantive focus of the DCF. As the preparatory process moves forward, these consultations would also extend to organizers of other fora, such as the Africa Partnership Forum, the OECD Global Forum on Development and the World Economic Forum, which influence regional and global policy-making in important areas that intersect with international development cooperation.

Only by actively engaging all the key stakeholders in the preparatory process will the DCF be able to facilitate the development of a policy outcome that promotes enhanced coherence of the global development cooperation system. This will require the DCF to build effective bridges between the policy agendas of diverse development cooperation actors, whether multilateral institutions, traditional or non-traditional bilateral donors, South-South cooperation partners or private sector and civil society organizations.

A view was also expressed that the DCF could foster collaborative arrangements with the private sector by promoting public-private partnerships and by organizing multi-stakeholder fora at the regional/national levels to discuss issues such as how to leverage ODA through Foreign Direct Investment (FDI).

Potential outcome of the DCF

Some participants expressed the view that the DCF could play an important role in enhancing the effectiveness of the global development aid system by:

- Moving the discussion on aid effectiveness to a truly multilateral level;
- Offering a platform where the voices of beneficiaries, including the governments, could be given adequate consideration;
- Providing a comprehensive overview of the existing funding channels, including major private foundations, as well as emerging and non-OECD/DAC donors;

- Promoting consensus on the harmonization and balancing of the funding architecture;
- Developing performance-based strategies for development cooperation, including relevant indicators;
- Assessing the effectiveness of the Paris Declaration;
- Establishing a monitoring process for the realization of agreed goals relating to the global development cooperation system, in particular, those not covered by the existing OECD/DAC monitoring system;
- Providing effective guidance to the UN development system; and
- Contributing to the follow-up to the Monterrey Conference on Financing for Development.

Looking ahead: fragmentation or consolidation of the global development aid system

If both donors and recipient countries live up to their international commitments, some stakeholders argue that in the near future, the character of the global aid system will have changed quite considerably, from the currently predominantly fragmented and foreign policy-driven focus, towards one less subject to competition, but, more directed by a collaborative effort to realize the internationally agreed development agenda, as well as other major global public goods.

The latter model would envisage a larger role for organizations, such as the United Nations and the European Union in the coordination of the delivery of development aid. South-South cooperation is also likely to play a much more visible role in development cooperation in the future.

An important implication of the latter model would be the consolidation into a lesser number of development cooperation actors at the country level, and aid budgets being more aligned with internationally agreed development goals. The multilaterals would have a comparative advantage over the bilateral donors in the latter model. ECOSOC would also have a strong role in global policy dialogue, review and coordination in the area of development cooperation in this model.

ECOSOC would, in part, exercise this role through the new functions assigned to it at the 2005 World Summit, i.e. the Annual Ministerial Review, the Development Cooperation Forum and the Global Policy Dialogue. Through these forums, Member States will be able to ensure that regular reviews of progress in realizing the international development agenda provide an effective baseline for promoting policy coherence within the global development cooperation system.

Key policy messages

The below summarizes some of the key messages of the DCF roundtable discussion.

1. The DCF will provide the first global platform where all development cooperation actors have an opportunity to engage in a dialogue on key policy issues affecting aid effectiveness and impact.

2. The creation of the DCF (and the AMR) offers a unique opportunity to revitalize the work of ECOSOC. The organization of the DCF (and the AMR) could be used to modernize the format of future ECOSOC meetings and to reform the High-Level Segment, within the broader objective of revitalizing the work of the Council.
3. The DCF could aim to result in a policy outcome of global significance. High quality analytical documentation and wide participation of stakeholders need to characterize the preparatory process for the Forum. The Council can facilitate the preparatory process by setting up effective institutional mechanisms to encourage the participation of all relevant stakeholders.
4. The DCF needs to build effective collaborative arrangements with organizers of related fora, such as the Africa Partnership Forum, the OECD Global Forum on Development and the World Economic Forum, that influence global and regional policy-making in key areas that intersect with international development cooperation.
5. The DCF, as a truly multilateral forum, could promote a global agreement on the definition and conceptual framework for aid effectiveness.
6. The DCF could promote mutual accountability of both donors and recipient countries for living up to international commitments relating to harmonization, coherence, up-scaling of resources, national ownership and development results.
7. The DCF could contribute to the debate on how to balance aid effectiveness criteria and needs-based considerations in the allocation of development assistance.

In conclusion, the resolution on the strengthening of ECOSOC⁸ adopted by the General Assembly on 20 November 2006 is generally viewed by Member States and other stakeholders as a major step in carrying forward the new vision for ECOSOC. Firstly, the resolution has now set the stage for implementing the AMR and the biennial DCF. Secondly, the resolution has met the concerns of developing countries regarding inadequate conference servicing of ECOSOC. The Assembly has recognized that, as a Charter body, the Council is entitled to convene meetings as and when needed with full substantive and conference services. In other words, ECOSOC will be treated on a par with other Charter bodies. Thirdly, the Council has been given the mandate to convene “ad hoc meetings” on humanitarian emergencies. This is a step towards giving ECOSOC a more visible role in responding to crises as and when they happen. Such meetings are expected to promote engagement of all stakeholders in support of international relief efforts; and finally, there is a clear message for the Peacebuilding Commission to benefit from the Council’s experience in the area of post-conflict peace building and the success of its ad-hoc advisory groups. It will now be up to ECOSOC to work out the details in terms of how it intends to put the new vision into practice, particularly in shaping the 2007 Substantive Session of the Council, including the relevant preparatory events.

Notes

- 1 See E/RES/60/1.
- 2 See E/RES/61/16.
- 3 Statistical Commission, Commission on Population and Development, Commission for Social Development, Commission on the Status of Women, Commission on Narcotic Drugs, Commission on Crime Prevention and Criminal Justice, Commission on Science and Technology for Development, Commission on Sustainable Development.
- 4 Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, Economic Commission for Europe, Economic Commission for Latin America and the Caribbean, Economic and Social Commission for Western Asia.
- 5 Sir Robert G.A. Jackson, *A Study of the Capacity of the United Nations Development System*, vols. I and II, DP/5 (Geneva: United Nations, 1969); *A Successor Vision: The United Nations of Tomorrow* (New York: United Nations Association of the United States of America, 1988); *The United Nations in Its Second Half-Century: the Report of the Independent Working Group on the Future of the United Nations* (New York: Yale University/Ford Foundation, 1995); *Commission on Global Governance, Our Global Neighborhood* (New York: Oxford University Press, 1995); The South Centre, *For a Strong and Democratic United Nations: A South Perspective of UN Reform* (Geneva: The South Centre, 1996); and The South Centre, *The Economic Role of the United Nations* (Dar-es-Salaam and Geneva: The South Centre, 1992).
- 6 See A/RES/50/227, A/RES/51/240, A/RES/52/12B, ECOSOC Resolution 1997/61, ECOSOC Resolution 1998/46, ECOSOC Resolution 1999/51, and ECOSOC Resolution 2001/27.
- 7 See E/2005/56.
- 8 See E/RES/2006/16.

Annex 1

REPORT OF THE SECRETARY-GENERAL***Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development****Summary**

At the heart of the United Nations development agenda endorsed at the 2005 World Summit stands the promise to reduce poverty and to enhance equity and social integration. Recognizing the crucial role of employment to that end, leaders resolved “to make the goals of full and productive employment and decent work for all a central objective of [their] relevant national and international policies”.

In the context of that commitment, the present report addresses the key aspects of the structural challenges of employment creation. It argues that the achievement of the commitments made by world leaders requires the reconciliation of the current focus on economic growth with social and environmental outcomes. To that end, it places employment at the centre of economic, social and environmental agendas and contains recommendations in all three areas.

I. Introduction

At about 192 million, the number of people unemployed worldwide climbed to new heights in 2005. Even more striking, the extreme working poor are nearly three times as many as the global unemployed, and 50 per cent of the global labour force earns \$2 a day or less in per capita terms, for themselves and their families — the same number as 10 years ago. The world, in short, is facing a structural challenge for job creation, one that growth alone appears incapable of resolving.

Employment per se is not sufficient to attain the Millennium Development Goals and the United Nations development agenda if it does not generate sufficient income for individuals and households to move out of poverty, or if work is under precarious and hazardous conditions. Greater attention, therefore, needs to be paid to decent work, defined as “opportunities for men and women to obtain productive work, in conditions of freedom, equity, security and human dignity”.¹ The centrality of decent work derives, of course, from the centrality of work to people’s lives. Work is where the “economic” dimension of people’s lives meets the “social”. Decent work is central not only as a source of income, but also as a condition for people to live a self-determined life, and to participate fully as citizens in their communities. As such it facilitates social integration

* See the document E/2006/55

and social cohesion. It is also essential for the long-term recovery of countries emerging from conflict.

Recognizing the crucial role of employment for poverty reduction, gender equality, women's empowerment and social integration, leaders at the World Summit in September 2005 resolved "to make the goals of full and productive employment and decent work for all a central objective of [their] relevant national and international policies".² This places a great responsibility on individual Governments and the international community, including the multilateral system.

The dual challenge is the creation of new productive jobs and the improvement of existing ones. In recent years, however, the employment content of growth seems to have weakened, while the effective supply of labour has increased owing to external opening and the growing participation of developing countries in the world economy, in combination with continued high fertility rates in many developing countries and a rise in participation rates of women. Consequently, an increasing number of jobs has to be created to absorb the expanding labour force, while, at the same time, higher rates of growth are now needed to generate the same rates of job growth than was the case 15 years ago. Policies are therefore needed that focus both on increasing growth, and increasing its employment content.

Globalization and technological change are exposing increasing shares of national economies to intense competition that requires flexible labour markets in order to allow labour to relocate between firms, sectors or even regions. Although, from a global perspective, it is likely that "off-shoring" (i.e. the trend to increasingly relocate labour-intensive (and low-skilled) parts of the production process from developed to developing countries) creates more jobs, in the process it leads to labour displacement in the affected countries. Global competitive pressure has in many instances also led to an emphasis on greater wage flexibility, reduction of regulations and taxes, reduction in employment, including in the public sector, dilution of bargaining power, and reduced Government expenditure in areas vital to the poor, such as health, education and social protection systems.

Changes in labour-market institutions and social provision have therefore increasingly limited the redistribution of economic rewards towards labour. The result of those changes has been that in many countries employment has increasingly become informal, wage shares of national incomes have declined and wage differences between skilled and unskilled labour have increased. In developed and developing countries alike, there is also an enduring trend of horizontal and vertical sex segregation in the labour market owing, among others, to gender inequalities in education, training and recruitment that are the cause of, inter alia, persistent gender wage gaps in all sectors throughout the world. All these changes and structural patterns in the labour market can be viewed as the symptoms of an acute lack of attention to achieve a balance between economic and social outcomes, reflected in the low priority that the goal of full employment and decent work currently receives in international policies, including in the design of poverty reduction strategies. Indeed, employment levels have often become incidental outcomes of market processes.

Effective policymaking and the implementation of employment and labour-market policies require the active engagement of employers and workers through their freely chosen and representative organizations. Sound labour-management relations and collective bargaining can also contribute to the management of change and the raising of the productive performance of enterprises and the economy as a whole. Such bipartite and tripartite approaches, known as social dialogue, can support Governments in improving the quality, relevance, timeliness and balance of public policies to promote decent and productive work.

Creating an environment conducive to full employment and decent work in the context of globalization has multiple implications for the three pillars of sustainable development. Insofar as employment generation contributes to economic prosperity and poverty reduction, it strengthens the economic and social pillars. With regard to the environmental dimension, it has increasingly become evident that the growing and cumulative scale of economic activities has already produced negative environmental effects with national and global ramifications. While the primary cause of environmental degradation is the unsustainable consumption and production patterns, it can also be caused by poverty. Thus, to the extent that employment strategies alleviate poverty they can support the environmental dimension of sustainable development. Moreover, new “green” technologies can also create new employment. Hence, employment creation and protection of the environment are not necessarily mutually exclusive objectives and can often be made compatible.

In view of the wide scope of this theme and the need to present to the Economic and Social Council a concise policy document, the present report is accompanied by a conference room paper (E/2006/CRP.2), which contains a broader and more detailed analysis of the subject.

II. Diagnostics of current trends in employments

According to the International Labour Organization *Global Employment Trends Brief*, at the end of 2005, the world’s unemployment rate stood at 6.3 per cent, unchanged from the previous year and 0.3 percentage points higher than a decade earlier. In total, nearly 192 million people were unemployed around the world, an increase of 2.2 million since 2004 and 34.4 million since 1995. In particular, unemployment of women increased by 13.2 million from 1995, reaching 77.9 million in 2004. Almost half of the unemployed people in the world are young people, a worrisome fact given that youth make up only 25 per cent of the working-age population.³

Unemployment is a weak indicator of decent work deficits, however, for unemployment is only the tip of the iceberg of the global employment challenge, as most people in developing countries simply cannot afford to be unemployed owing to the lack of social protection. Of the over 2.8 billion workers in the world, nearly half are underemployed or, owing to low productivity and other factors, do not earn enough to lift themselves and their families above the \$2 a day poverty line — just as many as 10 years ago.³ Most work in the informal economy, which during the last decade was the main source of job growth in many developing countries. In fact, the informal economy now comprises one half to three quarters of non-agricultural employment in developing countries, typically

employing more women than men. Given those trends, it is not only unemployment, but particularly underemployment and low-productive employment that are the primary challenges. The policy framework for poverty reduction therefore should focus on both employment creation and productivity growth. To that end, employment strategies should both improve the productivity of workers in dynamically growing sectors and focus on building capacity in those sectors of the economy where the majority of labour is concentrated.

From 1995 to 2005, there has been a drop in agriculture as a share of total employment from around 44.4 per cent to 40.1 per cent and a concomitant increase in services from 34.5 per cent to 38.9 per cent. Industrial employment held steady over the time period at 21 per cent. Those figures reflect a change in the expected pattern of development from agriculture to industry (with the typical rise in wages and living conditions) to, instead, a movement from agriculture to services, primarily in the urban informal economy. Given that three quarters of the world's poor live in rural and agricultural regions and that most new employment is generated in the informal economy, in many developing countries, working out of poverty means directing efforts towards the rural on- and off-farm sector, the informal economy and small and microenterprises in order to assist workers to move from low- to high-productivity activities.

In developed countries, erosion of the welfare state, cost-cutting induced by competitive pressures, the decreasing power of trade unions, deregulation in the labour market, and changes in technology and work organization have resulted in an increase in the number of part-time employees, and a rise in the number of contingent employment in temporary work agencies or through personal contracts. The precarious nature of the various forms of contingent employment makes it harder for the worker to obtain social rights and enjoy the economic protection the social security system grants during times of economic distress. However, the strong growth in part-time employment in some countries, such as the Netherlands, often reflects a choice to combine work and family responsibilities — with positive effects on women's participation rates in the labour market.

There is also some evidence suggesting that the changes in labour-market policies, designed to increase flexibility, had adverse effects on real wages of low-skilled labour and hence contributed to the growth of wage inequality. Inter-industry wage inequality has also been rising in the more successful integrating economies, although real wages for both skilled and unskilled labour in manufacturing industries have been rising, improving overall labour conditions in those countries. Developing countries that remain dependent on exports of primary commodities, however, have largely been marginalized in the process of global integration. Overcoming that marginalization requires further liberalization of trade in primary commodities and a significant reduction in tariff escalation, as well as productive diversification and increased value added content of exports, including processing of primary commodities.

III. The role of macroeconomic and trade policies: national and international perspectives

The goal of decent work for all has to be considered in the context of the overall macroeconomic environment and can only be achieved through an integrated and

coherent set of policies at the national and international levels. As such, sound macroeconomic policies and a balanced national development agenda conducive to high economic growth rates are imperative for the creation of a more favourable environment to achieve employment and poverty reduction objectives. However, while economic stability as reflected in key macroeconomic indicators is important for generating investment and economic growth, many countries have followed too stringent stabilization measures that have failed to generate the much-needed economic growth vital for job creation and poverty alleviation. Fiscal space for public expenditures should therefore be preserved, especially in situations of economic and employment stagnation and recession that may require counter-cyclical policies.

In addition, policies should be adopted that promote an enabling economic environment, including good governance, appropriate policy and regulatory frameworks, sound macroeconomic policies, transparency, appropriate laws for property rights, adequate infrastructure and a developed financial sector. Certain institutions are also crucial, especially effective legal systems, sound political institutions and well-functioning bureaucracies.

If decent and productive work for all is to be made a central goal in national economic, social and monetary policymaking, mechanisms are also needed to ensure that the employment implications of policy decisions at all levels are assessed with a view to maximizing decent work opportunities. To that end, the commitment towards employment must encompass the entire Government, and the different ministries as well as central banks must consider the employment impact of their policy choices. The participation of civil society, including trade unions and employers' associations, in the process can ensure that policies are balanced and find a broad backing with the citizenry. Countries may also consider developing guidelines and checklists, including the setting up of a peer review process, for use by policymakers to reflect the commitment a country makes and what priority it assigns to the goal of full employment and decent work in its overall policy framework.

While Governments play a key role in developing a policy environment conducive to development, enhanced international cooperation in addressing macroeconomic and trade-related issues is also important. At the international level, a more balanced and coordinated strategy for sustainable global growth and full employment, including an equitable sharing among countries of the responsibility for maintaining high levels of effective demand in the global economy, is essential. To that end, the goal of decent and productive work should be made a global objective and should be pursued through coherent policies within the multilateral system. Multilateral and bilateral development cooperation institutions should ensure that employment issues feature prominently in their operations and should launch joint programmes to facilitate coherence and synergies among them.

Governments, on their part, should ensure that policies pursued by their countries in international forums promote a coherent integration of economic and social policies which focus on the well-being and quality of life of people. To that end, employment policies should be fully integrated into national development and growth strategies. Employment policies should also be central to poverty reduction strategy papers. In

addition, decent work country programmes should figure prominently in common country assessment and the United Nations Development Assistance Frameworks.

Many developing countries are now competing among themselves to attract foreign investment, which can lead to the lowering of regulations, taxes, environmental protection and labour standards. Thus, there is a need to promote more transparency, coherence, as well as flexibility and policy space for countries to manage investment in a way which ensures that the benefits are realized, and the adverse effects, such as the crowding out of domestic investment, are minimized. Also required are more regional coordination and transparency of investment incentives. Public investment, particularly into labour-intensive infrastructure projects and natural resource management, is an important complementary element in that regard. It not only generates employment and growth on its own terms, but can — if well designed — attract further private investment, leading to further job creation.

While trade liberalization and economic integration have the potential for welfare gains in the long run, they often involve considerable adjustment costs, including job churning and deindustrialization. Phasing in trade reform carefully and ensuring that labour markets are prepared at each step can make trade policy more employment-friendly. At times, selective and temporary safeguards might be necessary as part of an industrial policy.

It is also important to improve developing countries' supply capacity and trade-related infrastructure in order for them to benefit from trade liberalization in a manner that stimulates employment growth. Technical support should therefore be stepped up to assist developing countries to overcome supply-side production constraints and to enable exporters to meet the requirements of international markets, including rising sanitary and phytosanitary (SPS) standards, diversify exports and add value to commodities before exporting them. The issue of tariff escalation for processed commodities also needs to be addressed.

Several initiatives by the multilateral system and national donors, including the European Union, the World Trade Organization, the United Nations Conference on Trade and Development and the United Nations Development Programme, have recognized the importance of "aid for trade" to help developing countries, particularly the least developed countries, to overcome supply-side and infrastructure constraints and to cope with short-term adjustment costs. It is now important that the pronouncements to revitalize and scale up "aid for trade" become operational by the multilateral system in conjunction with donors.

Finally, labour migration contributes to sustaining economic activity and growth in industrialized countries, where labour forces contract owing to ageing, where there is shortage of high technology skills and where national workers shun certain sectors and occupations. International migration could play a critical role in stabilizing the labour markets of both labour importing and exporting countries if balanced, for example, against the adverse effects of the "brain drain" of skilled personnel from developing to developed countries. Emphasis should be given to policies that maximize the development benefits of migration.

IV. Labour-market challenges: balancing flexibility and social security

A common challenge facing integrating economies at the present time is that structural change and labour-market adjustment have become quasi-permanent features of national economies in a globalized world. Consequently, the social protection system that should accompany them has also to be institutionalized. That requires reforms of social security systems, especially regarding their aspects traditionally linked to the holding of a formal, stable job. Therefore, while the size and scope of security programmes can be adjusted depending on whether the economy is booming or in recession, a core set of policies should remain in place over the economic cycle in order for worker security to be maintained, and to allow companies the space to adapt. That, however, entails developing systems with broader and more diverse coverage, and an adequate mix of individual contributions and systemic solidarity. Social dialogue is instrumental for designing and implementing such flexibility-cum-security programmes and necessary for raising the acceptance of change.

While both employment protection and labour-market policies are important in providing security to workers, employment protection is often hard to maintain and layoffs tend to occur frequently. Labour-market policies can help limit the larger effects of a layoff on individual income loss and therefore on consumer spending and aggregate demand growth. By this token they enable mobility as they encourage taking on new opportunities in times of transitions and allowing firms to adjust at relatively low cost. There is no one-size-fits-all model, however, and different combinations between employment security provided at the firm level (employment protection legislation) and protection provided through the social protection system in the form of unemployment insurance and active labour-market policies, might provide flexibility with security under different conditions. Different labour-market policies therefore need to take into account the various stages of the economic cycle, as well as different types of joblessness. Hence, policy design should be guided by a country's needs and circumstances and social and historical context, taking into account resource and capacity constraints. A meaningful social dialogue is pivotal in that regard.

Social protection is also a critical factor in enhancing the dynamism of the economy and the mobility of labour through guaranteed income security that stabilizes the economy during periods of recession. There are situations, however, where the State is too poor and weak to provide labour-market policies. Risk management mechanisms can then prove effective to increase the level of economic security of workers in moments of income loss. They include savings, credit both for consumption and emergency needs and for productive activities, mutual insurance, training, and public works to provide an income at times of economic slowdown or recession. Well-designed and coordinated programmes for income generation and poverty alleviation are also very important labour-market measures in developing countries. Education could also reduce the risk of unemployment.

Globalization and trade liberalization have also increased the need to adapt new technologies more rapidly in order to remain competitive. Poverty, illiteracy, language barriers and lack of educational opportunities hinder women more than men in accessing and using those technologies. Knowledge and skills have to be a central component of

employment strategies as they determine the employability and competitiveness of the labour force and the overall investment climate of an economy. Rapidly changing skill requirements call for a comprehensive effort to increase the educational level, especially in developing countries. To enhance the employability of youth, countries may also wish to consider integrating vocational training approaches into their education systems, at the primary, secondary and tertiary levels.

The productive integration of youth — especially from poor households — into the labour market is relevant for present and future growth prospects, social mobility and cohesion, and the interruption of the intergenerational transmission of poverty. For those reasons, and because of young people's comparatively poor labour-market indicators, that issue has been taken into account in the Millennium Development Goals, and the United Nations Youth Employment Network has made several recommendations in that regard. A comprehensive strategy should focus on four elements: employability through investing in education and vocational training, and improving the impact of those investments; equal opportunities to give young women the same chances as young men; entrepreneurship, by making it easier to start up and run enterprises to provide more and better jobs; and placing employment creation at the centre of macroeconomic policy.⁴ Policies to stimulate additional employment opportunities for young people coming into the labour market are vital, complemented by targeted measures to overcome the specific disadvantages many young people encounter in entering or remaining in the labour market. Measures should also be taken to create an enabling business environment and inform and assist young people in establishing or joining small enterprises, as well as to help young persons in the informal economy move to the formal economy. In order to mainstream youth employment into national development strategies, measures to enhance the employability of youth should be a key component of active labour-market policies and educational reforms.

V. Rural employment: linkages between agricultural productivity and non-farm activities

For many developing countries, the agricultural sector is still the main employer, especially for women, particularly in sub-Saharan Africa and South Asia. For example, in sub-Saharan Africa women contribute from 60 per cent to 80 per cent of the labour in food production both for household consumption and for sale. Non-farm activities such as agro-processing and input supply activities, however, have become increasingly important. Labour is often the only productive asset poor people own, and rural employment provides the nexus between environmental, social and economic sustainability, poverty reduction and food security. Considering that activities related to agriculture constitute a major share of the economies of developing countries, the recommended route out of poverty in rural areas is through decent employment creation but also — critically — through productivity growth in on- and off-farm activities.

Yet, during the past decades, there has been a period of policy neglect of the agricultural and rural sectors at the national level. Thus, there should be a resurgent focus on rural development with a view to expanding market access, employment and productivity. This is not at the expense of an equal focus on the promotion of the structural transformation

of the economy to sectors of higher value addition. Rather, it is an additional focus as the working poor need to be assisted where they live and work.

Among the prevailing obstacles to productive and sustainable agricultural production in many countries, particularly for women, are inadequate land tenure structures and lack of secure access to resources, training and technology. In order to enhance productivity, strengthen incentives to invest in and manage land and other natural resources sustainably and reduce social disparities, including gender disparities, the rural poor should be helped to secure rights to land and access to other resources, including water, genetic resources of the forest and appropriate technology. Land reforms can be instrumental in that regard. Also, infrastructure support is pivotal for promoting improved market access, as well as for increases in both farm and non-farm productivity in rural areas. The promotion of labour-intensive approaches for building and maintenance of rural infrastructure can thereby offer new skills, employment opportunities and income for rural workers.

Moreover, increased access is needed to modernized information and communication technology for capacity-building so farmers can be better informed about practices, prices, access to inputs and output markets. The information gap between rural and urban areas is growing, with the potential effect of widening income differences and social disparity. The use of information and communication technologies should receive priority attention when addressing the information needs of rural areas, with a view to promoting their seamless integration into the national economy.

While labour-intensive approaches to productivity growth are essential, output growth is unlikely to be sustainable unless underpinned by technological change. Some sources of labour productivity growth, however, especially capital-intensive technologies such as tractors, may increase productivity at the cost of employment, especially in the short- and medium-term. Since employment reduction in agriculture can have serious adverse implications for poverty in the short run, it is imperative to minimize those effects. As a general principle, agricultural policies in developing countries with abundant labour supply should be as employment-friendly as possible by not overemphasizing mechanization that leads to the suboptimal displacement of labour. Governments should also provide adequate social protection systems until other sectors can absorb the surplus labour.

Since productivity improvements will in many cases reduce agricultural labour demand, it is equally important to support the creation of productive off-farm employment, especially in rural areas. Although agriculture is still the main activity of the rural poor, around 30 per cent of total rural employment in developing countries is now found in non-farm activities. The rural non-farm sector can have positive multiplier effects for both rural employment and welfare by lowering rural unemployment or underemployment through new income generating activities as additional income leads to demand for more and new goods and services. Simultaneously, the higher income associated with productivity growth in the agricultural sector allows for the consumption of goods and services produced in the rural non-farm sector, thereby creating a virtuous cycle of productivity and employment growth. Considering the positive interaction between rural on- and off-farm economic activities and the importance of productive diversification for rural employment generation and growth, Governments should

proactively facilitate the development of productive and remunerative non-farm activities as means to create employment and to deepen linkages between the agricultural sector and the broader economy. In addition to formal education, vocational training is important in providing specialized skills for business development.

Rural non-farm incomes also allow households to overcome credit and risk constraints on agricultural innovation, permitting crucial farm investments to raise productivity and increase farm incomes. Group strategies, such as producer groups and women's self-help groups, can thereby help address credit and market constraints and overcome existing asymmetries in the distribution of social capital. Women in particular tend to lack access to credit and the collateral needed for taking loans. Access to financial services can also help the rural poor reduce their vulnerability and widen their economic opportunities through small productive investments, enabling them to build assets over time. In rural areas there is thus a need to expand lending beyond microcredit to meet the needs of the agricultural cycle and for investment in small productivity-enhancing activities and equipment. While the successes of microcredit are well recognized, the provision of safe and flexible savings products, secure transfer and remittance facilities, and insurance services are often as important as access to loans.

Promoting a better functioning rural labour market is also of particular importance given that the majority of rural households participate in the labour market by hiring out their labour permanently or on a temporary basis. Job placement mechanisms should be improved through better information, incentives, and reduction of segmentation, so as to reduce transaction costs, especially aiming at increasing access for the most vulnerable.

Official development assistance is an important means for developing countries, particularly the least developed countries, to augment public investments in such areas as human capital development in rural areas, rural infrastructure and agricultural research, which normally do not attract private sector investment. While acknowledging the need for national ownership of policies, there is a need for increased national and international funding for rural employment generation targeted at productive sector development, taking into account overall national priorities. Aid flows under multi-annual budgets could also help mitigate employment impacts of external and exogenous shocks.

In light of the negative effects of agricultural trade distortions on local producers in developing countries, however, it is imperative that any international strategy towards employment generation in the agricultural sector should address, especially through the Doha round of trade negotiations, issues of agricultural trade, market access and reduction of trade barriers. This should also take fully into account the special needs of the least developed countries arising from preference erosion, price shifts and increased market competition. In addition, efforts are required to minimize the effects of fluctuations in commodity prices and terms of trade for agricultural commodities, which have been declining for developing countries by close to 50 per cent over the past 40 years.

VI. The role of small and medium enterprises and industrialization

Creating off-farm employment opportunities in rural areas while increasing agricultural productivity is indispensable, but it cannot substitute for a long-term strategy to create

jobs, especially in urban areas, by means of sustainable industrial and modern service sector development, including information and communication technology and tourism. It is therefore important to ensure a balance between the needs of rural and other disadvantaged areas, where the majority of the poor live, and the need to ensure a sustainable urban industrial base. Industrialization has a critical role to play in helping developing countries to raise growth rates through industrial upgrading and productivity gains, and to generate sustainable employment and higher incomes to lift people out of poverty. Governments should therefore design effective industrial policies in areas of potential comparative advantage. To that end, they should create an enabling environment in terms of infrastructure requirements and access to support services if countries are to upgrade their productivity and to access new markets. Backward and forward production linkages can be particularly beneficial to the development of small and medium enterprises and, consequently, to employment generation.

Small and medium enterprises can be considered the springboard to a strong industrial sector. In most developing countries, however, more than 90 per cent of small and medium enterprises are microenterprises or small enterprises with less than 10 workers, most of them operating in an informal setting without legal recognition or registration. In fact, small enterprises remain the major providers of work to the increasing workforce. Decent work deficits in these mostly informally operating enterprises are particularly pervasive in terms of remuneration, security against income loss, social protection, rights at work and social dialogue.

Value addition by small enterprises operating in the informal economy remains low, largely owing to their inability to upgrade themselves in terms of business practices, technology and skills and thus benefit from market opportunities. In the short term, priority should be given to raising productivity and improving the wages and working conditions of those informally employed by providing access to affordable credit, exposure to information on markets and new technology, and by allowing the organization and representation of informal workers. Improved market access for informal producers and steps towards the recognition of de facto property rights by Governments are also vital steps in the transformation of the informal economy. Also, the community and its stakeholders should work with small enterprises and their workers in improving the infrastructure and living environment, which has a direct impact on working conditions, and in providing better social protection through various schemes.

In light of the large informal economy in many developing countries, particularly in Africa, serious considerations should be given to developing the institutional capacities necessary for gradually formalizing informal economies in order to extend the outreach of social protection and other benefits of decent work to all. Efficient and effective government is essential to encourage entrepreneurship, improve the access of workers to social protection and strengthen the supervisory system to ensure the observation of protection norms.

Women are generally over-represented in the informal economy and disproportionately active in the lower end of microenterprises with consequent low income owing to pervasive discrimination in labour markets. Considering the important contribution that women entrepreneurs can make to employment and the economic growth of their

countries, there is a need to promote and support women's self-employment and the development of small enterprises, and the strengthening of women's access to finance, technology and training through the scaling up of institutions dedicated to promoting women's entrepreneurship, including non-traditional and mutual credit schemes, as well as innovative linkages with financial institutions. Particular efforts should also be made to involve women representatives of the informal economy in the policy process, with a view to formulating more appropriate regulations that take into account their need to balance productive and reproductive roles and responsibilities.

In most developing countries, the small and medium enterprise sector is affected by poor market access, scarcity of intermediate suppliers and fierce domestic competition. Therefore, in the presence of wide and persistent productivity differences with large firms, policies are needed that shift resources to the sector in order to make it more productive and remunerative with protection and rights for workers. To that end, it is essential to upgrade workers' and entrepreneurs' respective skills, taking fully into account demand in the labour market. Business practices should be modernized, and opportunities for networking and linkages should be facilitated. Public institutions, in collaboration with the private sector, should facilitate such opportunities. Direct assistance through business development services can also help correct major market failures and increase chances of survival for small and medium enterprises and opportunities for them to compete.

In addition there should be a credit market that functions for entrepreneurs, even to the most disenfranchised. Thus, consideration should be given to the creation of new types of financial intermediaries for small firms. Commercial banks should be encouraged to lend to small and medium enterprises. Central banks and designated financial service regulators must play a proactive role in that regard, by integrating the objective of increasing access of small and medium enterprises to financial services into regulatory and supervisory policies.⁵ Governments and central banks might also consider a set of special measures for small and medium enterprises, such as guarantee programmes, more user-friendly and transparent disclosure systems, and information technology-driven appraisal systems, to reduce the risk perceived by banks.

Competitive challenges pose a particular difficulty for small enterprises if they are acting alone to access the market served by larger enterprises as well. Hence, when they benefit from linkages to larger enterprises in terms of accessing the market, resources, or technology, globalization can present tremendous opportunities for small enterprises. To that end, the private sector, particularly the lead firms of global and national supply chains, should help their small and medium enterprise suppliers to upgrade in order to raise their value added content and to improve their level of quality and reliability in carrying out business activities. It is essential that Governments and institutions encourage and facilitate such mutually beneficial supply chain linkages by providing an inclusive industrial policy framework and by encouraging lead firms' participation in voluntary agreements. Respect for the 1998 International Labour Organization Declaration on Fundamental Principles and Rights at Work should be strengthened in all countries, as they provide a minimum set of rules for labour in the global economy.

Although supply chain linkages can provide opportunities for accessing markets and benefiting from economies of scale, there is need to ensure that small and medium enterprises are able to truly benefit from such linkages. Inter-firm cooperation, in the form of business clusters, can provide effective alternatives to supply chain linkages that can help small and medium enterprises to overcome their traditional weaknesses of isolation, and lack of economies of scale and scope. An institutional approach to mainstream the working poor in the dynamic growth trajectories of non-farm income is through upgrading of small and medium enterprise clusters. Policy interventions should thereby aim to revitalize clusters with high growth potential, transferring workers from moribund to modern clusters, or developing new competitive clusters.

Also, business relationships between informal entrepreneurs and small enterprises in the formal economy with further linkages to larger enterprises can help expanding informal actors' ability to access resources and markets. Small and medium enterprises in the informal economy can thereby gain legitimacy and formality in their business transactions. Such complementarities among small enterprises, both in the formal and informal setting, can be accomplished through alliance building in the form of trade associations, cooperatives or self-help groups for specific purposes.

VII. Impact on sustainable development

Sustainable development rests on three pillars — economic, social and environmental — and, to the extent that employment creation contributes to poverty reduction and economic prosperity, it clearly strengthens the first two pillars. With respect to the third, it has been argued that the pressure to sustain competitiveness, to which countries are being increasingly subjected, may prevent Governments from taking steps to internalize environmental costs and improve environmental performance if this entails higher costs for domestic producers. Employment creation and protection of the environment are not necessarily mutually exclusive objectives, however, and can often be made compatible. For instance, under certain conditions, eco-tax reform may be able to boost employment creation and environmental protection simultaneously — the so-called double dividend. The challenge is to develop policies for economic growth and poverty reduction that can absorb large numbers of workers, especially in resource-scarce areas, protect natural resources and are at the same time environmentally sound.

In industrialized countries, businesses are increasingly coming under pressure from consumers to improve the environmental characteristics of their products and processes. Consumer habits and demands have started to turn environmental excellence into new markets and a new factor of competitiveness among firms and products, and the same is true of environmental assessment of the entire product life cycle. Environmental performance is not just important for firms' marketing efforts, but has also become a relevant factor in capital markets, which can reward — or penalize — the environmental conduct of firms. The challenge now is to implement innovative strategies such as private voluntary initiatives to mainstream concerns about environmental quality, resource use, and social equity into consumption decisions along with prices. At the national level, macroeconomic policies, as well as sector-specific development policies, can encourage the emergence of new economic initiatives compatible with sustainable development — for example, through incentives promoting more sustainable consumption and production

patterns. The encouragement of new non-polluting sectors, especially services and the production of environmentally friendly products, can contribute to converting economic activities towards job creation in environmentally sustainable sectors.

In that context, sustainable and organic farming, which are labour-intensive but not input-intensive are showing promise for rural poverty reduction in developing countries in view of the premium prices obtained for those products in advanced urban and developed country markets. The successful use of sustainable technologies, however, is also conditional on significant policy and institutional reforms that ensure equitable access to land, markets, credit, extension, education and infrastructure. Also, substantial trade barriers in developed markets exist, impeding on the achievement of that potential. The combination of fair trade, which guarantees higher revenues for small-scale producers in developing countries, and organic labelling, could offer further opportunities. At the same time, technical support in the area of testing and standards and in market development can enable producers using sustainable practices to be able to market their goods.

Insofar as foreign firms tend to employ cleaner technologies in their production processes, foreign direct investment may have positive implications for the environment. The recent wave of technological innovation, represented by new cleaner production technologies, low-emissions transport technologies, energy efficiency technologies and renewable sources, and the new markets to which they have given rise, will be of particular importance in that regard. Measures should be taken to encourage the diffusion of new cleaner production processes and technologies from the lead firms through each country's production chains. While such measures would generate employment, they would also support the objectives of sustainable development. To that end, countries should make the introduction and diffusion of clean technology an integral part of trade and foreign direct investment strategies, combining environmental impact assessments for new investments with policies that promote environmentally sustainable consumption and production patterns. Providing financial assistance on softer terms to small enterprises to phase out polluting machinery and chemicals, and invest in more efficient and non-polluting technology or production processes should also be considered as a policy option. The establishment of cleaner production centres to disseminate information and promote local technological development and pilot projects in different sectors is another line of action that could be pursued towards those objectives.

For developing countries, research and development in ecological technologies, ecotourism, natural resource management, organic agriculture and infrastructure creation and maintenance provide opportunities for decent work that protect and restore the environment. Community-managed facilities favouring sustainable tourism are flourishing in many places, and countries such as Costa Rica have successfully developed a tourism industry with a reputation for sustainable development.

Also, the potential to shift away from non-renewable energy sources to renewable fuels based on labour-intensive agricultural production could have significant positive consequences for employment, especially in rural areas, while ensuring a sustainable development path. Brazil, for example, succeeded already in the 1970s in launching a major programme of sugar cane ethanol substitution for oil. Recently, it started a bio-diesel programme that has a good chance of rapid expansion. At present, ethanol,

extracted from sugar cane grown on 1.8 million hectares, provides over 35 per cent of the country's automobile fuels. In that regard, application of various economic instruments on energy products in accordance with associated environmental damages could assist a shift to cleaner sources of energy. In designing taxes or other economic instruments, care should be taken to assess the overall welfare effect on different social groups and the impact on productive factors, bearing in mind interaction with other existing taxes.

An unremitting effort is needed to inform and educate all actors, so that the goals of employment generation within a sustainable development framework are a priority on the political agenda. The United Nations Global Compact, a voluntary corporate citizenship initiative, is an important step in that regard. Progress in meeting sustainable development goals can only be made if the public is informed and civil society is proactive in the pursuit of its right to live in a healthy environment and an economically prosperous and inclusive society. Social dialogue is an essential means of developing and implementing strategies which balance the economic, social and environmental pillars of sustainable development at local, enterprise, national and global levels.

VIII. Conclusion

The present report has emphasized the urgent need to make decent work a global goal, a need fully recognized by the world community as a result of the outcome document of the World Summit in September 2005. In the light of large numbers of unemployed and an even larger number of "working poor", the double challenge is to increase both the rate of economic growth and the employment content of growth. The prevalence of working poverty in the developing world thereby underlines the importance of creating employment that is sufficiently productive to yield a decent income. For that reason, both employment and productivity growth must be jointly pursued. A strategy for increasing productivity and employment over the long run should therefore have two components: investing in the dynamically growing sectors of the economy, while building capacity in sectors where the majority of labour is employed, and establishing linkages between the two. In the context of globalization, countries should devise policies that enable them to pursue both economic efficiency and social security, allowing flexibility for firms and protection for workers. Social dialogue is instrumental for designing and implementing such flexibility-cum-security programmes and is necessary for raising acceptance to change.

To advance towards the goals of full and productive employment and decent work for all, the following framework should be pursued:

- **At the national level, Governments should make a political commitment to achieve full and productive employment and decent work for all.**
- **Employment as a policy goal should be fully integrated into national development and growth strategies. To that end, Governments should work towards greater coherence between sectoral and macroeconomic policies and adopt integrated strategies for employment generation at national, regional and local levels.**

- **The goal of decent and productive work for all should be made a global objective and be pursued through coherent policies within the multilateral system in order to enhance macroeconomic and trade-related international cooperation and to arrive at a more balanced and coordinated strategy for sustainable global growth and full employment, including through greater market access, development assistance, technology transfer and support for development of institutional capacities, as well as an equitable sharing among countries of the responsibility for maintaining high levels of effective demand in the global economy.**
- **There is a need for continuing efforts towards and focus on the goal of creating decent employment. To that end, the Economic and Social Council may wish to consider launching a decade for full and productive employment and decent work for all.**

Notes

- 1 Report of the Director-General of the International Labour Organization on decent work, submitted to the International Labour Conference at its 87th session, June 1999, International Labour Office, Geneva, chap. I.
- 2 General Assembly resolution 60/1, para. 47.
- 3 Global Employment Trends Brief, January 2006, International Labour Office, Geneva, p. 2.
- 4 Letter from the Secretary-General to the President of the General Assembly transmitting the recommendations of the High-level Panel of the Youth Employment Network, document A/56/422, para. 18.
- 5 Building Inclusive Financial Sectors for Development, "Blue Book", United Nations Department of Economic and Social Affairs and United Nations Capital Development Fund, 2006. Advance version available at www.unctf.org/bluebook/.

Annex 2

MINISTERIAL DECLARATION***Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development**

“We, the Ministers and Heads of Delegations participating in the high-level segment of the substantive session of 2006 of the Economic and Social Council, held in Geneva from 3 to 5 July 2006,

“Having considered the theme ‘Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development’, as well as the report of the Secretary-General on the subject,¹

“Recalling the internationally agreed development goals, including the Millennium Development Goals and the outcomes of the major United Nations conferences and summits in the economic, social and related fields,

Recalling also the 2005 World Summit Outcome,²

Having considered *World Economic and Social Survey 2006: Diverging Growth and Development*,³

Recognizing that the total number of people unemployed worldwide reached a new high in 2005, even though the global unemployment rate remained unchanged, and that half of the world’s workers, most of them women, are unable to earn enough to lift themselves and their family members out of poverty, and hence emphasizing the dual challenge of creating new productive jobs and improving the quality of existing ones,

“Have adopted the following declaration:

1. “We are convinced of the urgent need to create an environment at the national and international levels that is conducive to the attainment of full and productive employment and decent work for all as a foundation for sustainable development. An environment that supports investment, growth and entrepreneurship is essential to the creation of new job opportunities. Opportunities for men and women to obtain productive work in conditions of freedom, equity, security and human dignity are essential to ensuring the eradication of hunger and poverty, the improvement of the economic and social well-being for all, the achievement of sustained economic growth and

* See the document A/61/3

sustainable development of all nations, and a fully inclusive and equitable globalization.

2. “We recognize that full and productive employment and decent work for all, which encompass social protection, fundamental principles and rights at work and social dialogue, are key elements of sustainable development for all countries, and therefore a priority objective of international cooperation.
3. “We recognize the decent work agenda of the International Labour Organization as an important instrument for achieving the objective of full and productive employment and decent work for all.
4. “We strongly support fair globalization and resolve to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of our relevant national and international policies and our national development strategies, including poverty reduction strategies, as part of our efforts to achieve the internationally agreed development goals, including the Millennium Development Goals. These measures should also encompass the elimination of the worst forms of child labour, as defined in International Labour Organization Convention No. 182, and forced labour. We also resolve to ensure full respect for fundamental principles and rights at work.
5. “We resolve to promote full and productive employment and decent work for all, inter alia, by:
 - “(a) Respecting, promoting and realizing the principles contained in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and its follow-up, recognizing the central role of the International Labour Organization in this regard;
 - “(b) Making continued efforts towards ratifying — where Member States have not done so — and fully implementing the International Labour Organization conventions concerning respect for fundamental principles and rights at work, namely, freedom of association and the effective recognition of the right to organize and bargain collectively, and the elimination of all forms of forced or compulsory labour, as well as the effective elimination of child labour and discrimination in respect of employment and occupation;
 - “(c) Considering the ratification and full implementation of other International Labour Organization conventions concerning the employment rights of women, youth, persons with disabilities, migrants and indigenous people.
6. “We reaffirm that an employment strategy that aims to promote full, freely chosen and productive employment, as well as decent work for all, with full respect for fundamental principles and rights at work under conditions of equity, equality, security and dignity, should constitute a fundamental component of any development strategy. We further reaffirm that

macroeconomic policies should, inter alia, support employment creation. The social impact and dimension of globalization should be taken fully into account.

7. “We reaffirm our determination to promote gender equality and the empowerment of women and girls, recognizing that these are critical for achieving sustainable development and for efforts to combat hunger, poverty and disease. We are determined to implement our commitments to promoting and protecting all women’s human rights by, inter alia, ensuring equal access to full and productive employment and decent work.
8. “We recognize that violence against women and girls is a serious obstacle to the achievement of full and productive employment and decent work for all, and of sustainable development, and reaffirm our commitment to elaborating and implementing strategies and policies, including targeted measures, in order to fulfil the obligation to exercise due diligence so as to prevent all forms of violence against women and girls, provide protection to victims, and investigate, prosecute and punish perpetrators of such violence.
9. “We underline the need for the consistent use of a gender mainstreaming strategy for the creation of an enabling environment for women’s participation in development that requires multisectoral, integrated approaches and a range of measures, including political commitment at the highest levels; institutional and organizational change; the adoption and implementation of sector-specific policies and programmes; the establishment and enforcement of legislative frameworks in line with any obligations undertaken under international human rights instruments, such as the Convention on the Elimination of All Forms of Discrimination against Women⁴ and International Labour Organization conventions; adequate resources and gender-responsive budget initiatives; accountability and monitoring mechanisms; and capacity-building and public awareness-raising.
10. “We affirm our commitment to developing and implementing strategies that give persons with disabilities everywhere equal opportunities to full access and productive employment and decent work on an equal basis with others and without any kind of discrimination, including by promoting a labour market and a work environment that are open, inclusive and accessible to all and by ensuring just and favourable conditions of work.
11. “We reaffirm our commitment to developing and implementing strategies that give youth everywhere a real and equal opportunity to find full and productive employment and decent work. In this respect, noting that almost half of the unemployed people in the world are young people, we are determined to mainstream youth employment into national development strategies and agendas; to develop policies and programmes for enhancing the employability of youth, including through education, training and lifelong learning that meet labour-market requirements; and to promote access to work through integrated policies that enable the creation of new

and quality jobs for young people and facilitate access to those jobs, including through information and training initiatives.

12. “We recognize the importance of the work of the Youth Employment Network as a peer exchange, support and review mechanism, and invite Member States, the United Nations and partner organizations to strengthen and expand the Network at the national, regional and international levels.
13. “We stress the important nexus between international migration and development and look forward to the High-level Dialogue on International Migration and Development to be held on 14 and 15 September 2006 during the sixty-first session of the General Assembly as an opportunity to discuss the multidimensional aspects of international migration and development in order to identify appropriate ways and means to maximize their development benefits and minimize their negative impacts.
14. “We reaffirm the importance of promoting and attaining the goals of universal and equitable access to quality education, the highest attainable standards of physical and mental health and the access of all to primary health care as part of the effort to eradicate poverty, promote full and productive employment and foster social integration. We recognize the continued need to address the impact of HIV/AIDS, malaria and tuberculosis, and other major infectious diseases, on social and economic development.
15. “We emphasize that good governance at the international level is fundamental for achieving sustainable development. In order to ensure a dynamic and enabling international economic environment, it is important to promote global economic governance through addressing the international finance, trade, technology and investment patterns that have an impact on the development prospects of developing countries. To this effect, the international community should take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, a comprehensive solution to the external debt problem and increasing the market access of developing countries.
16. “We call upon all countries to promote good governance, which is essential for sustainable development, and reaffirm that sound economic policies, solid democratic institutions that are responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation, and that freedom, peace and security, domestic stability, respect for human rights, including the right to development, the rule of law, gender equality, market-oriented policies and an overall commitment to just and democratic societies are also essential and mutually reinforcing.
17. “We recognize that appropriate institutions and regulation, including frameworks for social dialogue, are important elements for the effective and

fair functioning of labour markets. This includes the adoption and implementation of labour laws that protect workers rights.

18. “We encourage Governments and other relevant institutions, where appropriate, to consider the impact of their policies on employment and decent work for all, including ensuring coherence of policies.
19. “We recognize that, in the context of globalization, countries need to devise policies that enable them to pursue both economic efficiency and social security and develop systems of social protection with broader and effective coverage, which should be guided by each country’s needs and circumstances, and in this regard invite the international community, including the international financial institutions and the International Labour Organization, to work together to assist, as appropriate and upon request, the developing countries in their efforts.
20. “We reaffirm that, with three quarters of the world’s poor living in rural and agricultural regions mostly in developing countries, rural and agricultural development should be an integral part of national and international development policies, and that working out of poverty requires urgent efforts to improve productivity and raise incomes in rural farm and non-farm sectors, given the importance of livelihood security for subsistence farmers in developing countries. This should include substantial improvement in market access; reductions of, with a view to phasing out, all forms of export subsidies; substantial reductions in trade-distorting domestic support; and increased investment, including foreign direct investment, in physical infrastructure and product diversification, as well as increasing the value added content of exports. We call for enhanced support for agricultural development and trade capacity-building in the agricultural sector in developing countries, including by the international community and the United Nations system, and encourage support for commodity development projects, especially market-based projects, and for their preparation under the Second Account of the Common Fund for Commodities.
21. “We re-emphasize that rural and urban areas are economically, socially and environmentally interdependent and that cities and towns are engines of growth that contribute to the development of both rural and urban human settlements. Integrated physical planning and balanced attention to rural and urban living conditions are of crucial importance for all nations. Full advantage must be taken of the complementary contributions and linkages between rural and urban areas by giving appropriate attention to their different economic, social and environmental requirements. While addressing urban poverty, it is also essential to eradicate rural poverty and to improve living conditions, as well as to create employment and educational opportunities in rural settlements and small and medium-sized cities and towns.

22. “We reaffirm that the eradication of hunger and poverty, changing unsustainable patterns of production and consumption, and protecting and managing the natural resource base of economic and social development are overarching objectives of and essential requirements for sustainable development, and invite all countries to promote sustainable consumption and production patterns, with the developed countries taking the lead and all countries benefiting from the process, taking into account the Rio principles, including, inter alia, that of common but differentiated responsibilities as set out in principle 7 of the Rio Declaration on Environment and Development,⁵ as called for in the Plan of Implementation of the World Summit on Sustainable Development (‘Johannesburg Plan of Implementation’).⁶
23. “We recognize that the increasing interdependence of national economies in a globalizing world and the emergence of rule-based regimes for international economic relations have meant that the space for national economic policy, that is to say the scope for domestic policies, especially in the areas of trade, investment and industrial development, is now often framed by international disciplines, commitments and global market considerations. It is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space. It is particularly important for developing countries, bearing in mind development goals and objectives, that all countries take into account the need for an appropriate balance between national policy space and international disciplines and commitments.
24. “We resolve to encourage greater direct investment, including foreign direct investment, in developing countries and countries with economies in transition in order to support their development activities and to enhance the benefits they can derive from such investments.
25. “We further resolve to continue to support efforts by developing countries and countries with economies in transition to create a domestic environment conducive to attracting investments through, inter alia, achieving a transparent, stable and predictable investment climate with proper contract enforcement and respect for property rights and the rule of law and pursuing appropriate policy and regulatory frameworks that encourage business formation.
26. “We commit ourselves to promoting and facilitating, as appropriate, access to and the development, transfer and diffusion of technologies, including environmentally sound technologies and corresponding know-how, to developing countries and countries with economies in transition, on favourable terms, including on concessional and preferential terms, as mutually agreed.
27. “We acknowledge the vital role the private sector can play in generating new investments, employment and financing for development.

28. “We encourage Governments to continue to pursue the creation of a conducive environment for enterprise development in both rural and urban areas. Particular attention should be given to policies that promote microenterprises, and small and medium-sized enterprises and women’s participation and entrepreneurship in formal and informal sectors through, inter alia, simplified and improved administrative regimes for the registration of small businesses access to microcredit, social security systems and information on markets and new technology, as well as better regulations. Such policies should contribute to the integration of informal economic activity into the mainstream economy.
29. “We stress the importance of promoting corporate responsibility and accountability. We encourage responsible business practices such as those promoted by the Global Compact and call upon the private sector to take into account not only the economic and financial but also the developmental, social, human rights, gender and environmental implications of their undertakings. In this context, we underline the importance of the International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
30. “We call for increased national investment and international development funding and investment flows to developing countries and countries with economies in transition that are targeted to sectors of the economy with greater potential to generate productive employment and decent work for all. Such development funding could include, as appropriate, debt-for-sustainable development swaps aimed at creating employment and decent work for all, particularly youth and women.
31. “We also acknowledge the important role the public sector can play as an employer and in developing an environment that enables the effective generation of full and productive employment and decent work for all.
32. “We underline the important contribution that employment generation can make to post-conflict reconstruction and development. We stress the urgency of generating employment opportunities for men and women whose livelihoods have been destroyed by the impact of conflict or disaster. We call upon all international organizations, civil society groups and the private sector to complement national efforts towards employment generation when addressing the impact of such emergencies.
33. “We strongly encourage multilateral and bilateral donor and inter-agency cooperation and coordination, in the pursuit of the goals of full and productive employment and decent work for all. To this end, we invite all the relevant international organizations, at the request of national Governments and relevant stakeholders, to contribute, through their programmes, policies and activities, to the goals of full and productive employment and decent work for all in accordance with national development strategies.

34. “We request the funds, programmes and agencies of the United Nations system and invite financial institutions to support efforts to mainstream the goals of full and productive employment and decent work for all in their policies, programmes and activities. In this regard, we invite stakeholders to duly take account of the International Labour Organization decent work country programmes in order to achieve a more coherent and pragmatic United Nations approach to development at the national level on a voluntary basis.
35. “We also request the functional and regional commissions to consider how their activities contribute, or could contribute, to the goals of full employment and decent work for all.
36. “We also encourage all relevant organizations to collaborate actively in the development of the toolkit to promote decent work that is currently being developed by the International Labour Organization at the request of the United Nations System Chief Executives Board for Coordination.
37. “We call upon the International Labour Organization to focus on the implementation of commitments regarding the promotion of full and productive employment and decent work for all at the major United Nations conferences and summits, including those contained in the outcomes of the 2005 World Summit and the World Summit for Social Development, in order to achieve significant progress in both policy and operational programmes, and in this regard we request the International Labour Organization to consider developing time-bound action plans to 2015, in collaboration with all relevant parties, for the achievement of this goal.
38. “We commit ourselves to the implementation of the present declaration and invite all relevant actors, including the Bretton Woods institutions and other multilateral banks, to join our efforts in this regard.
39. “We decide to keep the implementation of the present declaration under review, including through the subsidiary bodies of the Economic and Social Council, and underline that the Council should ensure the coordination and coherence of the relevant programmes of United Nations entities.
40. “We request the Secretary-General to include, in his annual report on the follow-up to the outcomes of the major United Nations conferences and summits, a review of the progress achieved in creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development, at both the policy and the operational levels.”

Notes

- 1 E/2006/55.
- 2 See General Assembly resolution 60/1.
- 3 United Nations publication, Sales No. E.06.II.C.1.
- 4 United Nations, *Treaty Series*, vol. 1249, No. 20378.
- 5 *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex I.
- 6 *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

Annex 3

PROGRAMME OF THE ECOSOC HIGH-LEVEL SEGMENT EVENTS

Programme of the ECOSOC High-Level Segment Preparatory Meeting

United Nations Headquarters, New York

4 - 5 April 2006

"Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development"*

4 April 2006

10:00 – 10:30 a.m.	<p>Opening Statement by H.E. Mr. Ali Hachani, President of ECOSOC, Ambassador and Permanent Representative of Tunisia to the United Nations</p> <p>Statement by Mr. José Antonio Ocampo, Under-Secretary - General for Economic and Social Affairs</p>
10:30 a.m. - 1:00 p.m.	<p>Roundtable 1: (Hosted by ILO, DESA, World Bank, WHO) Growth and employment: Creating a national environment conducive to full and productive employment and decent work</p> <p>Chair: H.E. Mr. Hjalmar W. Hannesson, Vice-President of ECOSOC, Ambassador and Permanent Representative of Iceland to the United Nations.</p> <p>Moderator: Mr. José Manuel Salazar-Xirinachs, Executive Director, Employment Sector, ILO.</p> <p>Participants: Mr. Helmut Schwarzer, Secretary of Social Affairs, Ministry of Social Affairs of Brazil;</p>

* Participants: ECOSOC Member States, non-Member States maintaining observer status, representatives of civil society and the private sector, the press and NGOs.

H.E. Dr. Hernán Sandoval, Ambassador of Chile to France,
and Member of WHO Commission on the Social
Determinants of Health;
Mr. Milivoje Panic, Fellow of Selwyn College, University of
Cambridge;
Mr. Robert Holzmann, Sector Director, Social Protection,
Human Development Network, World Bank;
Mr. Peter Fallon, Deputy Division Chief, Policy Development
and Review Department, IMF;
Mr. Peter Bakvis, Director, Washington Office of the
International Confederation of Free Trade Unions (ICFTU).

Discussant:

Dr. Irfan ul Haque, Consultant to South Centre.

3:00 - 3:45 p.m.

Keynote address on the role of enterprise development in promoting decent work by Ms. Jacqueline Coke-Lloyd, Executive Director, Jamaica Employers Federation.

3:45 - 5:45 p.m.

**Roundtable 2: (Hosted by ILO, UNCTAD, UNIDO, UNDP)
An integrated global agenda to achieve full and productive employment and decent work**

Chair:

H.E. Mr. Ali Hachani, President of the Economic and Social Council, Ambassador and Permanent Representative of Tunisia to the United Nations.

Moderator:

Mr. Sergio M. Miranda-da-Cruz, Director, Strategic Research and Economics Branch, UNIDO.

Participants:

Ms. Nilufer Cagatay, Associate Professor of Economics, University of Utah;
Mr. Heiner Flassbeck, Officer- in-Charge, Division on Globalization and Development Strategies, UNCTAD;
Mr. Kamal Malhotra, Senior Adviser on Inclusive Globalization, Bureau for Development Policy, UNDP;
Ms. Jo Marie Griesgraber, Executive Director, New Rules for Global Finance Coalition.

Discussant:

Ms. Ronnie Goldberg, Executive Vice President, United States Council for International Business.

5 April 2006

10:00 - 10:45 a.m.

Keynote address on social protection for the working poor by Dr. Arjun Sengupta, Member of Parliament of India and Chairman of the Centre for Development and Human Rights, New Delhi.

10:45 a.m – 1:00 p.m.

Simultaneous Roundtables

Roundtable 3: (Hosted by ILO, FAO, UN-HABITAT, DESA, UNESCO)

Increasing employment opportunities and productivity of labour for low income groups in rural and urban areas

Chair:

H.E. Mr. Léo Mérorés, Vice-President of ECOSOC, Ambassador and Permanent Representative of Haiti to the United Nations.

Moderator:

Ms. Azita Berar-Awad, Director, Employment Policy Department, ILO.

Participants:

Mr. David Kaimowitz, Director-General Center for International Forestry Research (CIFOR), Indonesia;
Ms. Leiria Vay García, President, Association of Farmers Development Committees (CODECA), Guatemala;
Ms. Gemma Adaba, Representative to the United Nations, International Confederation of Free Trade Unions (ICFTU).

Roundtable 4: (Hosted by UNDP, ILO, OSAA, World Bank, UNHCR)

Working out of Crises

Chair:

H.E. Mr. Dalius Cekuolis, Vice-President of ECOSOC and Permanent Representative of the Republic of Lithuania.

Moderator:

H.E. Mr. Augustine Mahiga, Ambassador and Permanent Representative of the United Republic of Tanzania to the United Nations.

Participants:

Mr. Ahmedou Ould-Abdallah, Special Representative of the Secretary General for West Africa, UNOWA;

Mr. Eric Schwartz, Deputy Special Envoy for Tsunami;
Mr. Miguel Bermeo, Resident Coordinator, Sri Lanka;
Mr. John Ohiorhenuan, Deputy Assistant Administrator and
Senior Deputy Director, Bureau for Crisis Prevention and
Recovery, UNDP.

Discussant:

Mr. Christopher Lamb, Special Adviser, International
Relations, International Federation of Red Cross and Red
Crescent Societies (IFRC).

3:00 – 3:45 p.m.

Keynote address on human rights in the workplace by Ms.
Sharan Burrow, President of the International Confederation
of Free Trade Unions and President of Australian
Confederation of Trade Unions

3:45 – 5:45 p.m.

Simultaneous Roundtables

Roundtable 5: (Hosted by ILO, DESA, UNIFEM, UNICEF,
UNFPA, World Bank)

**Promoting full and productive employment and decent
work for women and young people**

Chair:

H.E. Mr. Johan C. Verbeke, Ambassador and Permanent
Representative of Belgium to the United Nations.

Moderator:

Ms. Mari Simonen, Deputy-Executive Director, United
Nations Population Fund (UNFPA).

Participants:

Professor Martha Chen, Lecturer in Public Policy, Harvard
University;

Dr. Kanchana N. Ruwanpura, Assistant Professor, Department
of Economics, Hobart and William Smith Colleges;

Mr. Antonius Budi Tjahjono, Rapporteur for the Youth,
Consultative Group (YCG) of the Youth Employment
Network;

Mr. Robert Holzmann, Sector Director, Social Protection,
Human Development Network, World Bank

Discussant:

Ms. Barbara Byers, Executive Vice-President, Canadian
Labour Congress.

Roundtable 6: (Hosted by ILO, IOM, UNITAR, OHRLLS, UN-HABITAT, UNCTAD, UNFPA, UNODC)
The challenge of globalization - labour migration

Chair:

H.E. Mr. Prasad Kariyawasam, Vice-President of ECOSOC, Ambassador and Permanent Representative of Sri Lanka to the United Nations

Moderator:

Mr. Ibrahim Awad, Director, ILO International Migration Programme.

Participants:

Mr. Dirk Bruinsma, Deputy Secretary General, UNCTAD;
Dr. Atif Kubursi, Professor of Economics, McMaster University;
Professor Marcello Balbo, Professor of Urban Planning, University of Venice;
Mrs. Sharan Burrow, Member of the Global Commission on Migration.

Discussant:

Ms. Irena Omelaniuk, Migration Adviser, Development Prospects Group, World Bank

5:45 – 6:00 p.m.

Closing remarks by H.E. Mr. Ali Hachani, President of the Economic and Social Council

Programme

ECOSOC High-Level Segment

United Nations Office at Geneva

3 – 5 July 2006

"Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development"

3 July 2006

9:30 – 9:45 a.m.

Opening of the High-Level Segment

Opening Address by H.E. Mr. Ali Hachani, President of the Economic and Social Council, Ambassador and Permanent Representative of Tunisia to the United Nations.

Address by Mr. Mark Malloch Brown, Deputy Secretary-General of the United Nations

9:45 -11:00 a.m.

Keynote addresses on the theme of “Working Out of Poverty”

H.E. Mr. Shaukat Aziz, Prime Minister of Pakistan;
H.E. Mr. Jens Stoltenberg, Prime Minister of Norway;
H.E. Mrs. Luisa Dias Diogo, Prime Minister of Mozambique;
H.E. Mr. Chadli Laroussi, Minister of Labour and Youth Employment, Tunisia;
Mr. Juan Somavía, Director-General of ILO.

11:00 a.m. - 1:00 p.m.

High-Level Policy Dialogue on current developments in the world economy and international economic cooperation

Policy Dialogue:

Mr. José Antonio Ocampo, Under-Secretary-General for Economic and Social Affairs of the United Nations (Moderator);
Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD;
Ms. Valentine Rugwabiza, Deputy Director-General of the World Trade Organization;
Mr. Francois Bourguignon, Chief Economist and Senior Vice-

President, World Bank;
Mr. Reinhard Munzberg, Special Representative to the United Nations, International Monetary Fund.

Interactive dialogue with the Members of the ECOSOC

1:15 – 2:45 p.m. **Official Lunch of the President of ECOSOC**
(by invitation only)

Monday 3 July p.m. session¹

4 July 2006

8:00 - 9:15 a.m. **Ministerial roundtable breakfasts (by invitation only)**

1. “Decent Work and International Development Cooperation” hosted by ILO (ILO Headquarters, 11th Floor Reception Area)
2. “Youth Employment for the LDCs”, hosted by UNIDO (Palais des Nations, Delegates Dining Room, 8th Floor, A Building, Lausanne Room 2)
3. “Fighting Urban Poverty: Enhancing the Productive Capacity of the Urban Poor”, hosted by UN-HABITAT (Palais des Nations, Delegates Dining Room, 8th Floor, A Building, Geneva Room)
4. "Migrant workers remittances in Africa and the LDCs: a new development finance?" hosted by UN-OHRLLS/OSAA (Palais des Nations, Delegates Dining Room, 8th Floor, A Building, Lausanne Room 1)

9:30 a.m. – 1:00 p.m. **General debate on the theme of the High-Level Segment**

4:30 – 6:00 p.m. **General debate continued on the theme of the High Level Segment**

5 July 2006

8:00 - 9:15 a.m. **Ministerial roundtable breakfasts (by invitation only)**

1. “Employment creation and poverty reduction: The role of ICTs” hosted by ILO and DESA (ILO Headquarters, 11th Floor Reception Area)

¹ See Additional Information 1

2. “Expanding decent rural work opportunities: What role can secure land rights play?” hosted by the International Land Coalition (Palais des Nations, Delegates Dining Room, 8th Floor, A Building, Lausanne Room 2)
3. “Gender Dimensions of Labour Migration” hosted by the Office of the Special Adviser on Gender Issues and Advancement of Women/DESA, IOM and UNFPA (Palais des Nations, Delegates Dining Room, 8th Floor, A Building, Lausanne Room 1)

9:30 – 11:30 a.m.

Simultaneous Roundtables

Roundtable 1: (Hosted by ILO, DESA, UNIDO)
Creating decent work opportunities with productivity growth

Chair:

H.E. Mr. Chadli Laroussi, Minister of Labour and Youth Employment of Tunisia

Co-Moderators:

Mr. Jose Luis Machinea, Executive Secretary, Economic Commission for Latin America; and
Mr. José Manuel Salazar-Xirinachs, Executive Director for Employment, ILO

Participants:

H.E. Mr. Membathisi Mdladlana, Minister of Labour of South Africa;
H.E. Mr. Aart-Jan de Geus, Minister for Social Affairs and Employment, the Netherlands;
H.E. Ambassador Walter Fust, Director General Swiss Agency for Development and Cooperation;
Mr. Marc Blondel, Former General Secretary of Force Ouvriere, France;
Mr. Daniel Funes de Rioja, Vice-Chair of the ILO Governing Body and President of the Argentinian Employers Federation.

Roundtable 2: (Hosted by ECA, ESCAP, OSAA, OHLSS, ILO)

Meeting the challenge of employment creation in Africa and the Least Developed Countries (LDCs)

Chair:

H.E. Mr. Seydou Bouda, Minister of Economy and Development, Burkina Faso.

Co-Moderators:

Mr Legwaila Joseph Legwaila, Under-Secretary-General of OSAA; and
Mr. Anwarul K. Chowdhury, Under-Secretary-General and High Representative of UN-OHRLLS.

Participants:

H.E. Mr. Keat Chhon, Minister of Finance and the Economy, Cambodia;
H.E. Ms. Aisha Abdel Hadi, Chair of the African Union Labour and Social Affairs Commission and Minister of Manpower and Immigration of Egypt;
Mr. Abdoulie Janneh, Executive Secretary of ECA;
Mr. Kim Hak-Su, Executive Secretary of ESCAP;
Mr. Alhaji Bamanga Tukur, President of the African Business Roundtable and Chairperson of the Business Group of the New Partnership for Africa's Development (NEPAD).

Roundtable 3: (Hosted by ILO, IOM, UN-HABITAT, UNCTAD, DESA, UNFPA, UNODC)

Globalization and labour migration

Chair:

H.E. Mr. Athauda Seneviratne, Minister of Labour Relations and Foreign Employment, Sri Lanka

Co-Moderators:

Mr. Brunson McKinley, Director General of IOM; and
Mr. Juan Somavía, Director General of ILO.

Participants:

H.E. Mr. Murat Basesgioglu, Minister of Employment and Social Security of Turkey;
Mr. Supachai Panitchpakdi, Secretary General of UNCTAD;
Ms. Anna Tibajuka, Executive Director, UN-HABITAT;
Mr. Vladimír Špidla European Commissioner for Employment, Social Affairs and Equal Opportunity;
Ms. Sharan Burrow, Member of the Global Commission on International Migration.

Roundtable 4: (Hosted by DESA, UNIFEM, UNFPA, ILO)

Innovation at work: national strategies to achieve gender equality in employment

Chair:

Ms. Nicole Ameline, Special Ambassador for social and gender issues in international relations and Former Minister for Gender of France

Co-Moderators:

Ms. Rachael Mayanja, Assistant Secretary General, Special Adviser on Gender Issues and Advancement of Women; and Ms. Mari Simonen, Deputy Executive Director, UNFPA

Participants:

Ms. Anne Kathrine Slungård, Marketing Director, Entra Realestate and Chair, Statoil Board of Elections of Norway; Ms. Shanti Chadha, Managing Director, Nepal Woman Crafts; Ms. Barbara Byers, Executive Vice-President Canadian Labour Congress and Member of ILO Governing Body; Ms. Awa Wade, Deputy General Secretary, National Union of Educators, Senegal.

11:30 a.m – 1:00 p.m.

General debate continued on the theme of the High-Level Segment

3:00 – 6:00 p.m.

General debate continued on the theme of the High-Level Segment

6:00 p.m.

Adoption of the Ministerial Declaration

Additional Information 1

Side Events

3 July 2006

Informal Ministerial Roundtables in connection with the follow-up of the Outcome Document of the 2005 World Summit (para. 155)

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| 3:00 – 5:00 p.m. | Informal Ministerial Roundtable on Annual Ministerial Reviews |
| 5:00 – 7:00 p.m. | Informal Ministerial Roundtable on the Development Cooperation ² Forum |

4 July 2006

- | | |
|-------------------|---|
| 12:00 – 1:15 p.m. | “Promoting decent work in an era of globalization”, Co-organized by the European Commission in cooperation with the Finnish Presidency of the European Union (Salle XXVI) |
| 2:30 – 4:30 p.m. | Dialogue with the Secretary General’s High Level Panel on United Nations System Wide Coherence (Salle XIX) |

5 July 2006

- | | |
|------------------|---|
| 1:00 – 3:00 p.m. | <p>Interactive Dialogue Luncheon on Employment and Decent Work with NGOs organized in partnership with NGO Liaison Office, Geneva, NGO Section, DESA and CONGO. The discussion will be based on the results of the 2-day NGO Forum on 29 and 20 June 2006 (Attendance by invitation only). Location to be confirmed at a later date.</p> <p>The NGO Section DESA/ Division for ECOSOC Support and Coordination is organizing a Ministerial Round Table luncheon meeting on “Sports as a Means to Support Local Economic Development and Job Creation” as part of this year’s High-Level Segment of the Economic and Social Council, which will be held on 5 July from 1-3 PM. The event is being co-sponsored by ‘Give them a Hand Foundation’. Delegates Dining Room, 8th Floor Building A, Salon Lausanne (by invitation only)</p> |
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² See Additional Information 3

Other Events

3 July 2006

6:30 – 8:30 p.m. Reception hosted by the ILO at ILO Headquarters

4 July 2006

6:30 – 9:00 p.m. Reception hosted by the Government of Switzerland

General Assembly Panel (Salle XX)

4 July 2006

4:30 – 6:30 p.m. General Assembly Panel on International Migration and Development chaired by H.E. Ambassador Ali Hachani in his capacity as Vice-President of the Sixtieth Session of the General Assembly and President of ECOSOC, arranged in accordance with Para. 18 of General Assembly Resolution 60/227 on International Migration and Development.

Additional Information 2

Informal Ministerial Roundtable Annual Ministerial Review

3 July 2006 (Salle XVIII)

3:00 – 5:00 p.m.

Chair:

H.E. Mr. Ali Hachani, President of the Economic and Social Council, Ambassador and Permanent Representative of Tunisia to the United Nations.

Moderator:

Mr. José Antonio Ocampo, Under-Secretary-General for Economic and Social Affairs

Participants:

H.E. Mr. Keat Chhon, Minister of Finance and Economy, Cambodia;
H.E. Mr. Mekonnen Manyazewal, State Minister for Finance and Economic Development, Ethiopia;
Hon. Clyde Mascoll, Minister of State, Ministry of Finance, Barbados;
Mr. Bruce Jenks, Assistant Administrator and Director, Bureau for Resources and Strategic Partnerships, UNDP;
Mr. Richard Manning, Chair, OECD/DAC;
Dr. Ian Goldin, Vice President, World Bank;
Mr. Kim Hak-Su, Under-Secretary-General and Executive Secretary of UNESCAP.

Format:

The Chair will open the roundtable with brief remarks (3 minutes) followed by an introduction by the Moderator (3-5 minutes). The Moderator's intention is to focus in particular on the national AMR reviews to make best use of Ministers' presence and to seek their guidance on what kind of contributions they are expecting from the AMR. Panellists are not expected to deliver prepared statements, but to participate in an inter-active dialogue. Written statements can however be submitted to ecosocinfo@un.org for posting onto the ECOSOC website. In his speakers' list the moderator will give preference to Ministers and high-level officials.

Other participants:

Opportunities will be created for other roundtable participants to engage in the discussion. The moderator will summarize the issues raised during the discussion (5-7 minutes) and the chair will close the roundtable.

Additional Information 3

Informal Ministerial Roundtable The Biennial Development Cooperation Forum

3 July 2006 (Salle XVIII)

5:00 – 7:00 p.m.

Chair:

H.E. Mr. Ali Hachani, President of the Economic and Social Council, Ambassador and Permanent Representative of Tunisia to the United Nations.

Moderator:

Mr. Richard Manning, Chair, OECD/DAC

Participants:

H.E. Ms. Suhair Al-Ali, Minister of Planning and International Cooperation, Jordan;

H.E. Ambassador Walter Fust, Director-General, Swiss Agency for Development and Cooperation;

Mr. José Antonio Ocampo, Under-Secretary-General, UNDESA

Mr. Bruce Jenks, Assistant Administrator and Director, Bureau for Resources and Strategic Partnerships, UNDP

Lead Discussant:

Ms. Annika Söder, State Secretary for Development Cooperation, Ministry of Foreign Affairs, Sweden

Format:

The Chair will open the Roundtable with brief remarks (3-5 minutes), followed by an introduction by the Moderator (3-5 minutes). Panellists will be informed that they are not expected to deliver prepared statements, but to participate in an interactive dialogue. Opportunities will also be created for other participants in the meeting to make brief contributions. At the end of the Roundtable, the Moderator will sum up the main findings and conclusions (5 minutes), followed by closing remarks by the Chair (3-5 minutes).

Other participants:

Besides ECOSOC members, an invitation to participate in the Roundtable will be extended to a wide range of stakeholders, such as observer delegations, international financial institutions, UN funds, programmes and specialized agencies, regional development banks, UNDG, civil society and other relevant organizations.

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