

**ECONOMIC AND SOCIAL COUNCIL  
INTEGRATION SEGMENT  
30 March – 1 April 2015**

**ACHIEVING SUSTAINABLE DEVELOPMENT THROUGH EMPLOYMENT CREATION  
AND DECENT WORK FOR ALL**

**SUMMARY**

The 2015 integration segment of the Economic and Social Council focused on the theme: "Achieving sustainable development through employment creation and decent work for all". The segment provided a unifying platform for Member States, the UN system and other relevant stakeholders to debate policy options for employment creation and decent work that integrate the economic, social and environmental dimensions of sustainable development, which was considered key to the implementation of the post-2015 development agenda. The Segment demonstrated how policies aimed at the creation of decent work could be a tool for this balanced integration.

The three-day meeting brought together the President of Tanzania, H.E. Mr. Jakaya Kikwete, the Prime Ministers of the Commonwealth of the Bahamas, H.E. Mr. Perry Gladstone Christie, and Sweden, H.E. Mr. Stefan Löfven; a number of Ministers, the European Commissioner for Employment, Social Affairs, Skills and Mobility, the United Nations system, Nobel Prize laureates Professor Joseph Stiglitz and Professor Robert Shiller, media representatives from CNN, Al Jazeera America, The Economist; representatives of non-governmental organizations, trade unions, academia and the private sector.

The interactive panel discussions generated a number of substantive responses to central issues such as jobless economic growth, youth unemployment, informal employment, rising inequalities, climate change, international labour standards as well as jobs and skills mismatch. The discussion vividly demonstrated that policy choices have both trade-offs and long-term benefits, and must be addressed in an integrated way to successfully support the implementation of the post-2015 development agenda.

**Major highlights and key recommendations**

- Economic growth has not translated into decent work. Slow employment growth, stagnant wages and widening inequality are depressing consumption and deterring investment in many countries. Breaking out of a slide into a global slow growth trap requires the mobilization of the full range of policies with a focus on urgent concerted action to fill the global demand deficit. The major component of demand is consumption, so jobs, wages, taxes and social benefits should be the focus.
- Rising income inequality is a major factor inhibiting economic growth, increasing social tensions and exacerbating political instability. Income inequality also has long term negative consequences for productivity and human capital development. Mitigating the widening gap between the rich and the poor requires a greater focus on living wages, collective bargaining and building and expanding social protection floors. Subsidies for low-income workers, as well as well planned, country specific approaches are needed to address rising inequalities.
- Infrastructure development and industrialization hold vast potential to create economic growth and job creation in Africa. Infrastructure creates employment and incentives for investment. Industrialization

can generate sustainable employment in manufacturing and fosters higher value-added industrial development.

- Rapid progress in science, technology and innovation is not being matched by improvements in education systems meant to prepare young people for the job market. Proven and new forms of education and skills development—such as apprenticeships, dual learning programmes, distance learning, on-the-job training and short-term vocational programmes—should be scaled up to reduce the mismatch between education and job market demand.
- Persistent debt burdens pose significant challenges for many countries to invest in counter cyclical and pro-employment policies. Institutional reforms are needed to boost investment, support job creation and achieve growth and sustainable development. These reforms should be flexible and country-specific.
- In order to boost global economic growth, greater engagement by the business sector is needed. The cooperative business model, for example, could also provide economic opportunities for members, social benefits and decent work as well as address the three dimensions of sustainable development.
- Environmental sustainability and job creation are not conflicting objectives and can be mutually reinforcing. Research and experience increasingly demonstrates that transitioning to more environmentally sustainable approaches can impact positively on productivity and thereby generate quality jobs.
- Innovative forms of social dialogue—with business and trade unions, in decision making—is needed to adequately address evolving labour markets challenges and to help generate the necessary buy-in to create political change.
- Women's effective participation in the labour market is fundamental for sustainable development. Enhancing women's participation in the labour market requires skills-training, access to affordable childcare, family-friendly employment policies with maternity and paternity leave and benefits as well as reducing gender wage gaps.
- Fair and equitable wages are central to fostering sustainable development. Jobs that provide adequate wages foster sustainable livelihoods.
- The special circumstances of under-privileged groups including, informal sector workers, persons with disabilities and indigenous peoples, must be given priority in the SDGs.
- Youth unemployment, which had the potential to affect social and political stability, should be addressed, including through education, training, skills development and entrepreneurship promotion.
- The transition from informal to formal employment will boost the tax base and provide opportunities for increased tax revenues that can support different public policy objectives. This should be addressed and included in the outcome of the Third International Conference on Financing for Development to take place in Addis Ababa in July 2015.
- A new “Global Deal” among governments, trade unions, businesses, and key international institutions should be established to promote growth, jobs and decent work.

- ECOSOC should continue to play an active role in addressing evolving labour market challenges and their implications for sustainable development.

## **Context**

The meeting addressed a number of important issues such as the need for investment incentives for sustainable development and decent job creation; the use of effective policies to contain and reverse widening inequalities and promote the transition from informal to formal employment; the promotion of a just transition to an inclusive and green economy; the advancement of youth and women's employment and entrepreneurship; and the reduction of the mismatch between education and job market demands, among others. The meeting focused attention on the challenges of employment and economic growth in Africa.

The following presents an overview of the thematic issues, key messages, solutions and recommendations emerging from the discussions on how employment creation and decent work for all can serve as an instrument for achieving sustainable development.

### **An effective economic framework for inclusive, balanced and job-rich growth**

Current estimates of global unemployment is at 200 million and counting, with some 600 million jobs needed in the next 15 years to keep pace with the growing labour market and to offset the residual effects of the crisis. This is a worrying trend, as jobs are not growing quickly enough to keep pace with the growing labour force. Despite commitment by governments to make job creation a top priority, limited progress has been made in reaching pre-crisis levels of employment and addressing the challenges of youth employment. Lack of aggregate demand, lack of investment in human capital, lack of confidence in public finance, rising inequalities and sluggish growth have contributed to the slow pace of job creation.

Implementing structural reforms will be particularly important to boost investment, support jobs and achieve economic growth. Yet, experience shows that adjustment policies can fuel inequalities. Many developed countries are in debt and facing major social and economic crises. Structural reforms take time. The European Union expressed its commitment to strike a balance between solidarity and responsibility in dealing with these reforms in its member States. However, each country would need to identify those reforms that are appropriate for their particular circumstances. For example, in some industrialized countries, while there is rising productivity, employment continues to decline thus highlighting the need for proactive approaches that help boost effective demand and also provide social protection floors.

The positive impact of large investments in physical and social infrastructure could help enhance economic growth. While investments in high-tech sectors are important, governments must also invest in infrastructure, education and sustainable development. Some regions have institutions that provide finance for infrastructure projects with the expectation of helping create jobs and enhance competitiveness. The Asian Infrastructure Investment Bank (AIIB) was highlighted as a good example.

A new Global Deal with a new engagement between labour and business is imperative. Engaging with social partners is key to achieving an effective economic framework for inclusive, balanced and job-rich growth. Businesses should use excess liquidity to invest more in the real economy for decent jobs.

### **Containing the threat of widening inequalities**

Inequality has emerged as a vital concern for policy makers as it represents a threat to social, political and economic development. Inequality impedes social development as it reduces access to education and social services, and deprives those affected of a life in dignity. Tackling inequality is a socio-political imperative as

it often leads to instability and conflict.

There is a wide range of policy instruments available to achieve a fairer distribution of resources in the economy: taxing financial transactions, for instance, can fund investments required for economic growth, social development and environmental protection. While inequality carries substantial economic risks, policies targeted at reducing inequality can carry significant development benefits. Social protection policies, for instance, can kick-start economic growth by spurring effective demand.

Wages, alongside social protection floors are important components of an effective strategy to address rising inequality. In an increasingly globalised world economy where supply chains account for 60% of the real economy, the working conditions and wages of most employed people can become very precarious in the absence of effective regulation. The ability of workers to earn a living wage and meet their basic needs is indispensable. A reduction of inequality cannot be achieved in an economic context where wages are kept low by design.

### **Putting stakeholders at the centre of effective employment policies**

The informal economy predominates production and employment in many developing countries. There is, therefore, a need to acknowledge this reality and its implications for the people who depend on it for their livelihood.

All stakeholders, including women, indigenous peoples and young people, should play a role in transitioning from informal to formal employment. Public transportation systems, education and training opportunities, digital access, as well as provision of social protection to vulnerable groups, including in the places where they live, such as slums, are key elements of effective policies for creating formal employment that foster inclusion in the economic mainstream.

The public and private sectors should also play their role in formalizing economies and creating sustainable and decent jobs. In this regard, there was a convergence of views on the need to empower cities and municipalities to comprehensively address job creation, unemployment, poverty and inequality. It was noted that formalization of the informal economy goes beyond single measures such as labour regulations, and requires a holistic approach to transform economies.

It was also acknowledged that cooperatives play a significant role in promoting inclusive economic policies since they represent around 250 million jobs worldwide and can foster linkages between the formal and informal sectors of economies. Cooperatives have a triple bottom line of providing economic prosperity for members, social benefits and decent work, as well as promoting concerns for the environment and are thus a business model that could support sustainable development.

### **Matching education and job market demands**

The mismatch between education, skills and job market demand remains a challenge in both advanced economies and developing countries. Science and technological innovations and the expansion of markets have changed the nature of work across the world, while education and training systems have not been updated to match this rapid evolution. Going forward, the concept of lifelong learning will be critical; people will need to regularly update their skills in response to ever-shifting professional market opportunities. Education and learning opportunities should support employability and not be confined to classrooms. Possible growth sectors should be identified.

Youth unemployment continues to be a major challenge in countries of all income levels, which represents an enormous loss of opportunity. Youth tend to be societies' main source of innovation and are more likely

to take risks and start new ventures. Combining hard and soft skills, such as creative thinking and teamwork, is essential and should be a key feature of programmes tackling youth unemployment. Better quality investments in apprenticeships, entrepreneurship training, direct employment creation and other active labour market policies are urgently required to reduce youth unemployment and underemployment.

Despite the major changes driven by technology and globalization, some of the best solutions to unemployment may not necessarily be “new”. For example, vocational schools have an increasingly important role to play including with regard to future skill needs.

Additionally, the development progress of many countries will be limited as long as women are excluded from the labour market and given unequal pay for equal work. Investing in women yields higher economic and social returns. Bringing women more squarely into the labour market might involve education and skills improvement as well as training in small and medium-sized enterprise development and entrepreneurship. These investments can provide flexibility and create opportunities for decent work and income.

#### **Turning environmental sustainability into opportunities for decent job creation**

Environmental sustainability and decent work are mutually reinforcing policy objectives. Research and experience increasingly demonstrate that transitioning to more environmentally sustainable approaches can impact positively on job creation, quality and productivity, thereby generating decent work opportunities.

Adequate resources are available for financing green jobs and decent work, but there are too few incentives for channelling these resources to sustainable and productive sectors. Governments need to promote policies that provide signals for investment in sustainable development and job creation, and should partner with the private sector, including development banks and other entrepreneurs, as well as multilateral organizations to advance progress. Channelling investment through development banking mechanisms has proven to be particularly successful.

It will be critical to integrate decent work principles in the expansion of green jobs, particularly in sectors such as agriculture, construction and energy where –across the world—worker protection, job quality and the balance between the informal and formal sectors can vary greatly.

Looking ahead, a successful climate agreement, which contains incentives such as the opportunity to apply carbon taxation systems at a global scale, will be necessary to stimulate economic transformation and growth by shifting the allocation of productive resources towards greener industries. This has the potential to generate a significant amount of economic progress and positive impacts for the environment. However, potential synergies and trade-offs between environmental sustainability and job creation will need to be better understood. In undertaking these measures, the policy and other constraints to national adaptation to the required innovation and approaches, especially in the least developed countries and other countries in special situations, would need to be taken into account.

#### **International labour standards: a “high road” to sustained economic growth**

The goal of creating full employment and decent work, as established by the Copenhagen Summit, remains unmet. With more than 202 million people unemployed globally, creating full employment and decent work remains a top priority. Without providing job opportunities to all, it is much harder to reduce poverty and to foster social inclusion.

The Beijing Platform for Action called for the promotion of women’s economic rights and independence, including access to employment under appropriate working conditions, control over resources, the

elimination of occupational discrimination and segregation and the harmonization of work and family responsibilities for women and men.

The respect of labour rights and non-discrimination standards are, therefore, as important as financing and technology for achieving decent work for all, particularly in the post-2015 development agenda. Making dignity and prosperity the norm in labour markets is not just ethically right; it is also good for business as there is a strong correlation between robust labour standards and high levels of productivity.

In order for decent work to be the norm, countries will need not only to create good-quality jobs but also focus specific interventions on populations that are excluded from or disadvantaged in labour markets. Dignity and prosperity through work is often a challenge in many countries because of discrimination and marginalization which carry over into labour markets.

There is growing demand for good-quality, innovative methods for tracking progress on decent work, including adherence to the fundamental rights and principles of decent work. There is also the expectation that businesses will do their due diligence across their value chains, to explore all potential negative impacts on human rights and environmental sustainability.

Social dialogue plays a critical role in delivering dignity and prosperity and in advancing opportunities for women and men to obtain decent and productive work in conditions of freedom, equality, security and human dignity. The ILO has developed standards and best practices for social dialogue, which can guide the establishment of institutional mechanisms for social dialogue that are fit for the evolving 21st century labour market.

### **Shared growth, decent jobs and economic opportunities for Africa**

The link between economic growth and employment in Africa is characterised by a major paradox: while Africa is the fastest growing region in the world, it also has one of the lowest rates of job creation. A key policy concern needs to be the promotion of job-rich growth.

African countries created 37 million jobs over the last decade. Out of these jobs, only 28 percent were qualified as decent jobs. At the same time, it is estimated that there are 122 million new entrants in the labour market annually in Africa. This is an alarming situation as it is considered that almost 200 million people in Africa fall within the age of 15 and 24 years. It is estimated that this number will double by 2045. In order to create the enabling environment for job growth, African leaders recognize the need for larger and deeper markets and further regional economic integration.

Informal labour accounts for 90 per cent of employment in Africa. Informal employment comes at a high cost as it denies workers their fundamental rights of decent work, including social protection. Additionally, the majority of the poor people in Africa live in rural areas and depend on agriculture for their livelihood. Therefore, increased agricultural productivity and production means greater food security and increased incomes to farmers thus lifting many out of poverty. Improvements in the availability of basic services also improve living conditions and productive capacity and benefit agricultural production.

Infrastructure and industrialisation are critical pillars for economic growth and job creation in Africa. Infrastructure creates employment and incentives for investment. Industrialisation can create sustainable employment in manufacturing and fosters higher value-added industrial development.

At the same time, job-rich growth policies in African countries must be accompanied by anti-trust laws that regulate mergers and acquisitions as well as monetary and fiscal policies that promote growth and ensure social inclusion and protection.

### **The post-2015 development agenda**

Productive employment and decent work is at the centre of the sustainable development agenda, and is acknowledged as central to addressing the challenge of poverty. Addressing the challenges of youth unemployment and ensuring sustainability for present and future generations of workers should be a key focus of policy makers across the world.

Dignity and prosperity are guiding principles for the post-2015 development agenda. Global surveys have identified jobs as a critical priority in all regions, ranking alongside health and education as top areas of concern across cultures and societies. According to some experts, this is an especially challenging period for organizing workers through trades unions. Union density in the advanced world has been declining, and given the positive links between high rates of union membership and high rates of prosperity, dignity and equity, this should be an area of shared concern for policymakers, workers and business.

There is a unanimous agreement on the need to include full and productive employment and decent work for all in the post-2015 development agenda, as part of the proposed SDG 8. The United Nations system—including through the Statistical Commission—and its partners should work to identify appropriate indicators which can be used for tracking progress and key trends in relation to employment and decent work.

The post-2015 development agenda will not be fully achieved unless corporations are incentivized to begin to act in socially, economically and environmentally responsible ways that have positive impacts on natural and human capital. This can be achieved through identifying what policies, prices and institutions need to be changed. Thus, the role of corporations has to be very visible in the post-2015 development agenda. The performance of all stakeholders has to be measured, disseminated and rewarded. A monitoring framework of the post-2015 development agenda can help corporations advance the implementation of social, economic and environmental principles and standards.

### **Next steps**

The outcome of the segment will contribute to the high-level segment of ECOSOC, including the high level political forum on sustainable development, convened under the auspices of ECOSOC, and will provide key recommendations to the third International Conference on Financing for Development, the post-2015 development agenda process and the preparations for the United Nations Framework Convention on Climate Change (UNFCCC) at COP-21 in Paris in 2015.

As a follow-up to the integration segment, the Vice-President of ECOSOC proposed to form a **Global Network of Stakeholders on Employment Creation and Decent Work for Sustainable Development**, to strengthen stakeholder engagement on promoting decent work as a tool for achieving sustainable development.