

# **Growth and Employment in the Post-2015 Development Agenda: Key Messages from the Thematic Consultation**

DRAFT, OPEN FOR COMMENTS<sup>1</sup>

*“Seeking a job is an arduous journey into the impossible”*

Participant, UN Post-2015 Youth and Employment Workshop

Jordan, Amman, December 18, 2012

## **1. Background on the consultations**

This report presents the main outcomes of the global consultations on growth and employment organized by the United Nations Development Group (UNDG) to support UN Member States in formulating and negotiating the post-2015 development agenda.

The first step in the consultations was a global thematic meeting organized in May 2012 by the UNDP and the ILO (on behalf of the UNDG) and hosted by the Government of Japan. The discussion focused on growth, structural transformation and employment and brought together over eighty participants from research institutes, academia, civil society, governments, trade unions, private sector and international organizations from all regions. Then, a briefing to the Permanent Missions to the United Nations was organized in New York in December 2012, to share key messages from Tokyo and collect the views of delegates from Member States, civil society organizations and other UN agencies. The briefing was broadcasted via the Internet and social media to enable wider participation of stakeholders outside of New York.

UNDP and the ILO have also been convening an Advisory Group on Growth and Employment in the Post-2015 Development Agenda, comprising representatives from FAO, UNCTAD, UNDESA, UNIDO, UNWOMEN, MDG Fund, ActionAid, International Chambers of Commerce (ICC), International Organization of Employers (IOE) and the International Trade Unions Confederation (ITUC).

Between January and March 2013, UNDP organized four e-discussions through the online platform [www.worldwewant2015.org/employment](http://www.worldwewant2015.org/employment). The Advisory Group guided the e-discussions, which were moderated by experts from UN agencies represented in the Advisory Group together with experts in the field.<sup>2</sup> Subsequent debates and discussions through academic papers, official speeches, blogs and media articles were analyzed, encompassing the perspectives of a wide range of stakeholders. The post-2015 national consultations organized by the UNDG in 84 countries also brought to the fore many issues related to growth and employment that inspired and enriched the preparation of the report.

This report draws upon the outcomes of all those discussions. It highlights key concerns, views and priorities expressed by the experts, the practitioners and the individuals that contributed to the debate. It is not a thorough critical review of all the complex issues that were raised, nor it is intended to come up with final recommendations. Its main purpose is to inform and broaden the perspectives of those who will be called upon to agree a new development framework for the next decades.

## **2. The global jobs challenge**

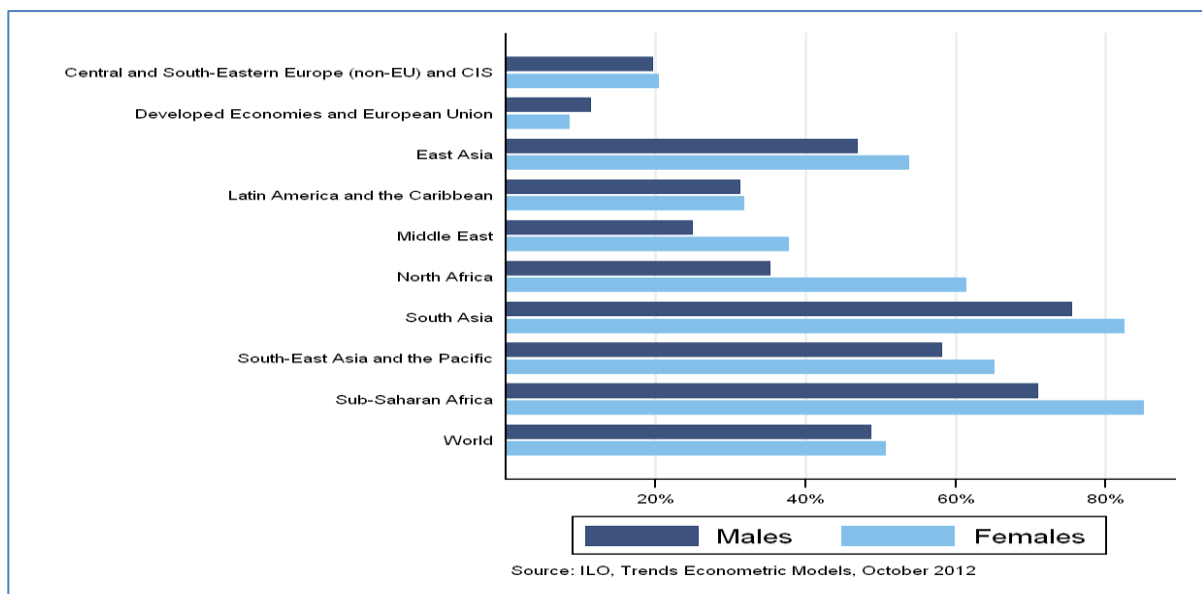
Most participants in the consultations acknowledged that employment and decent work were critical means of achieving inclusive growth, poverty reduction and human development. Decent jobs and a dynamic economy are mutually supportive, as incomes from work underpin consumption and investment. Jobs are not only a way out of poverty, but also give women and men a sense of identity, self-esteem and respect by society. The absence of job opportunities and exclusion from the labour market increase inequalities, weaken social cohesion and diminish trust in political leadership and institutions. However, participants also recognized that the world faces severe challenges in creating decent employment.

According to ILO estimates, global unemployment increased from 170 million in 2007 to nearly 200 million in 2012, a large portion of whom - about 75 million - are young women and men. Recent projections suggest that the number of the unemployed might rise further in the near term.<sup>3</sup> Moreover, many people are so discouraged they have stopped looking for

work. Even among those who are at work, there is widespread concern about the quality and security of their jobs.

The majority of workers in the developing regions (56 per cent) are occupied in vulnerable employment as own-account or unpaid family workers (Figure 1).<sup>4</sup> Of the remaining 44 per cent who are in wage employment, large numbers do precarious and unpredictable jobs for daily wages, with most of them being the poorest. Labour markets are largely informal in the developing world, especially in South Asia and Sub-Saharan Africa. Some decline of informal employment has occurred in several fast-growing countries in Asia. In 16 countries in Latin America and the Caribbean, for which figures are available, the share of informal jobs over total non-agricultural employment ranges from 38 per cent in Uruguay to some 50 per cent in Argentina and Mexico and over 70 per cent in Honduras, Paraguay and Peru.<sup>5</sup>

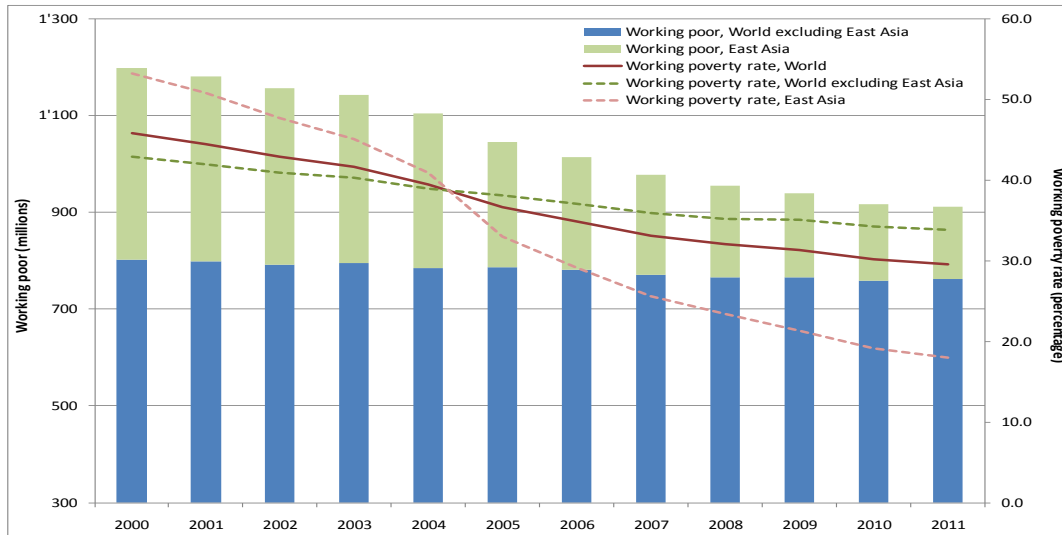
**Figure 1. Vulnerable employment as a share of total employment, 2011**



Most people are poor not because they are unemployed, but because their productivity and earnings from work are very low. In other words, even when they have jobs, many people cannot escape poverty. Nearly 900 million workers - one in every three workers in the world – live with their families below the US\$2 poverty line. Among them, an estimated 400 million live in extreme poverty, below the US\$1.25 a day poverty line. Nearly eight out of

ten workers in extreme poverty live in rural areas. The bulk of these workers are employed in the agricultural sector and in own-account or unpaid family work.<sup>6</sup> The share of the working poor among those who have jobs has declined sharply in the past decade, but progress has been uneven across regions, with more than 80 per cent of the reduction occurring in East Asia (see Figure 2). In absolute terms, the number of the working poor increased in Sub-Saharan Africa and the Middle East and it remained unchanged in South Asia.<sup>7</sup> The pace of reduction, moreover, has slowed down most recently as a consequence of the global economic and financial crisis.

**Figure 2: Global working poverty trends, 2000–2011 (US\$ 2 a day)\***



Note: 2011 is a preliminary estimate.

Source: ILO Trends Econometric Models, October 2011 (see Annex 4).

\* East Asia includes China, the Democratic People’s Republic of Korea, the Republic of Korea, Mongolia and Taiwan, China.

Productivity (output per worker) in developing economies is five times lower than the level in developed ones. This gap had declined for Asia in the past 20 years, but it remains significant for the other developing regions (Table 1). The largest increase in productivity took place in East Asia; combined with sustained growth in real wages. This has contributed to significant reduction in poverty. Countries and regions with low productivity have large numbers of women and men trapped in casual and informal work in rural and urban areas.

**Table 1: Labour productivity (output per worker) by region, as a proportion of productivity levels in developed economies, 1991 and 2011 (per cent)**

<b>Regions</b>	<b>1991</b>	<b>2011</b>
Middle East	64	53
CSEE (non-EU) & CIS	38	35
Latin America & the Caribbean	37	32
North Africa	27	25
East Asia	6	20
South-East Asia & Pacific	10	14
South Asia	6	11
Sub-Saharan Africa	9	8

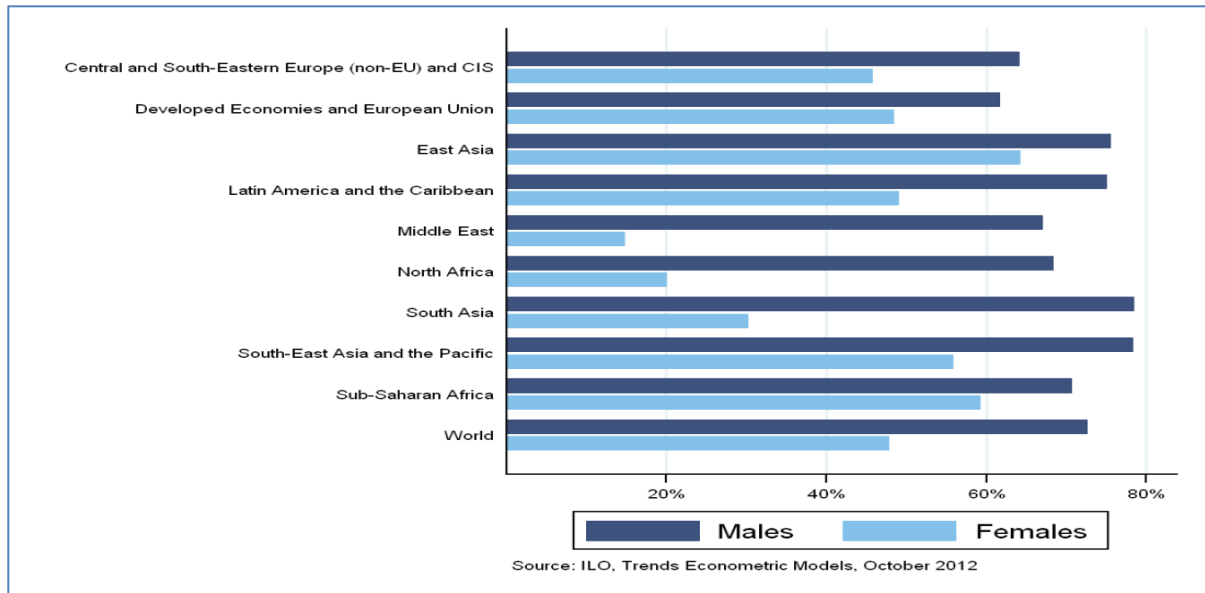
Source: ILO Trends Econometric Models, October 2011;  
World Bank, World Development Indicators 2011

Differences in productivity and earnings are just one aspect of the differences that exist in the quality of work across countries. The majority of people in developing countries lack basic social protection, which leaves them vulnerable to economic and social risks and limits the ability to venture into larger-scale entrepreneurial activities.<sup>8</sup> Work is often hazardous and basic measures of safety and health at the workplace are neglected, at times even in those production units that cater to value chains of global brands. In many countries, child labour is still a pervasive phenomenon, limiting opportunities for these children for the rest of their lives. Many workers – both wage employees and own-account – have their voice suppressed and their freedom to associate restricted.

The gender dimensions in advancing employment and decent work needs to be thoroughly examined and addressed. In all regions, the participation of women in the labour market is lower than that of males. Especially low female participation rates (less than 30 per cent) can be found in the Middle East, North Africa and South Asia (Figure 3). Globally, women are more likely to be unemployed and or do precarious, low-skilled jobs. Even if women are working on par with men, they are paid less. Women’s reproductive roles, the burden of

unpaid care work and other social restrictions severely limit their opportunities to carry out paid work. Gender discrimination hinders full economic and productive contribution of women.

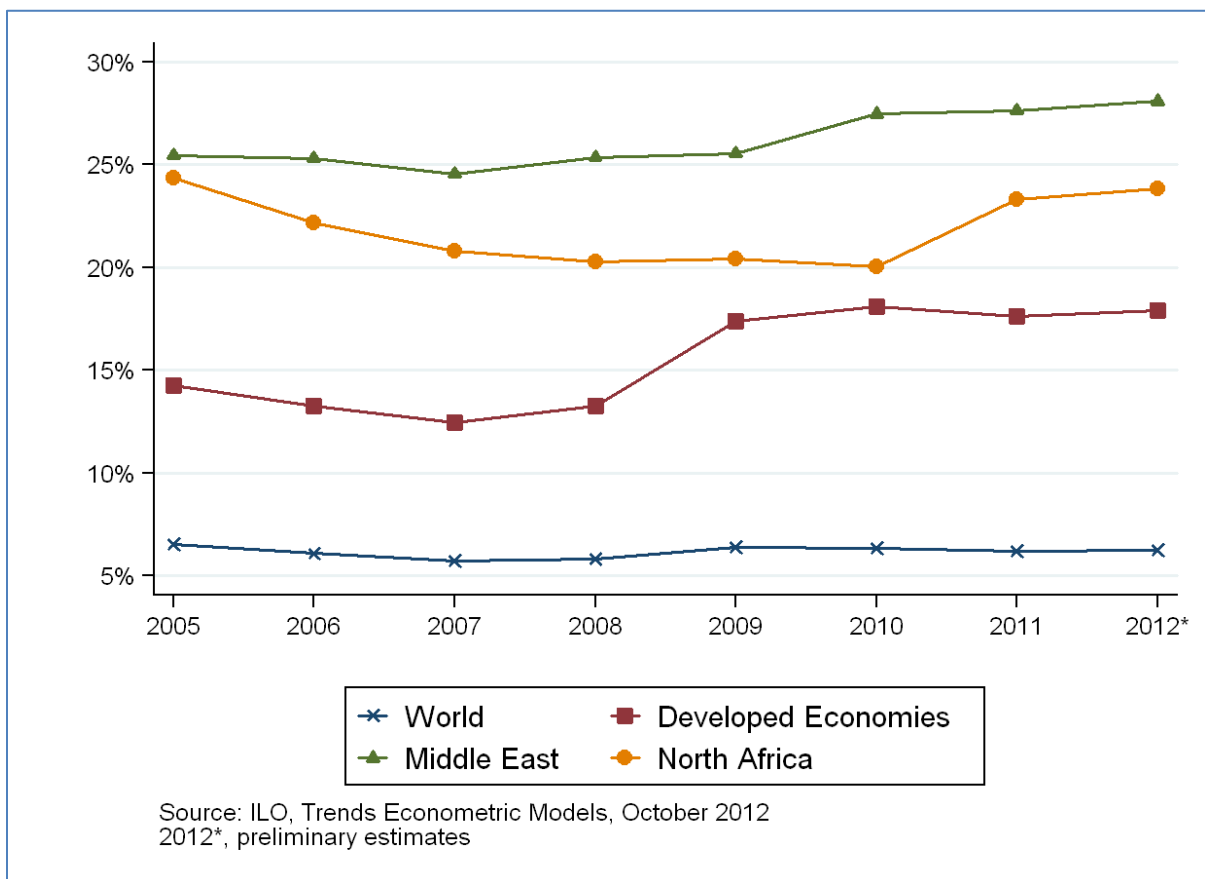
**Figure 3: Employment to Population Ratio by region and gender, 2011**



Older people, rural and indigenous populations, persons with disabilities, ethnic and racial minorities, as well as other marginalized people are disadvantaged and marginalized in labour markets. As jobs become scarcer, they are pushed further to the margins. During the Indigenous People's Decade (1994-2004), in four of the five Latin American countries with large indigenous populations, poverty rates among indigenous peoples have virtually not changed even where overall poverty in these countries were reduced<sup>9</sup>. The consultations in Latin America and the Caribbean shows that, despite significant reduction of poverty in the region, especially since 2002, countries with significant indigenous population showed almost no progress in poverty reduction among indigenous peoples. Migrant workers are a large and growing group among disadvantaged workers. There are about 105 million economically active international migrant workers, many of whom depend on casual and low-paid work, face unsafe working conditions, have little job security or social protection and suffer from discrimination and prejudice.

The global crisis has hit the youth particularly hard (Figure 4). Between 2007 and 2013, the number of unemployed youth (15-24) increased by 3.5 million, reaching alarmingly high levels in some advanced economies of Southern Europe – well over 30 per cent. A quarter or more of young people in Western Asia and North Africa and one fifth of those in the economies in transition are unemployed. In other developing regions, too, youth unemployment is usually much higher than adult unemployment.

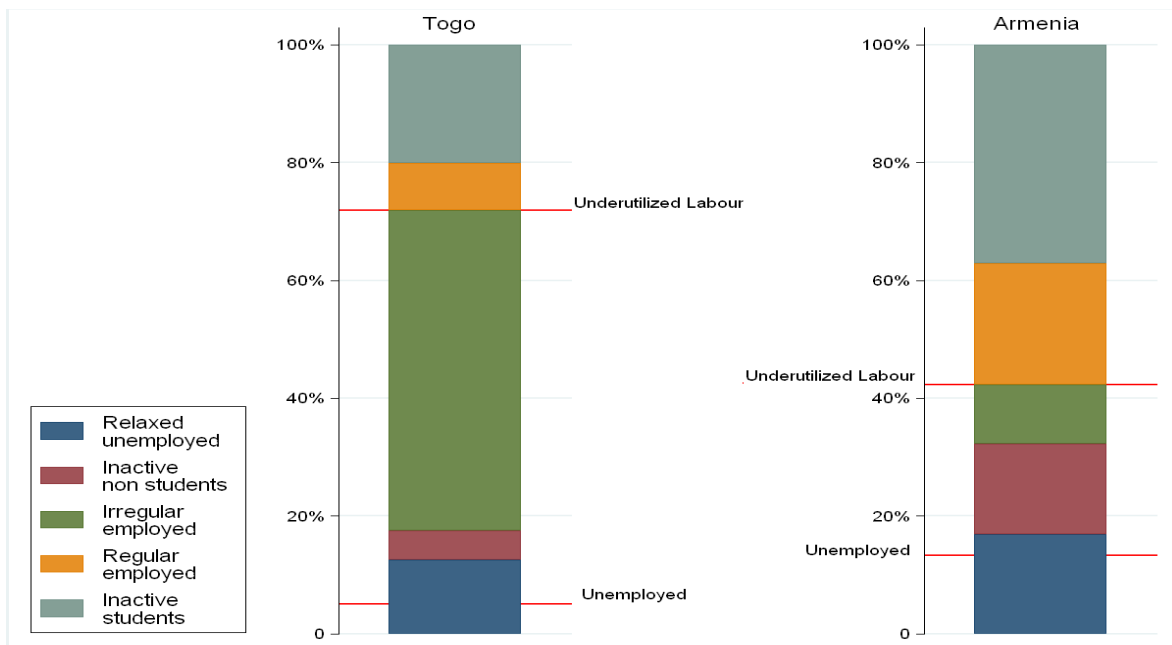
**Figure 4: Youth unemployment rates in selected regions - Recent trends**



Even when young people are able to find a job, a significant number may face precarious conditions and earn low wages. The most critical challenge for the youth in developing countries is being “nowhere” – outside of the education system and outside of formal work. ILO’s research based on a new set of school-to-work transition surveys shows that, in some developing countries, between 40 to 70 per cent of young people were part of the so-called

under-utilized labour, i.e. neither in regular employment nor in schools (see the case of Togo and Armenia in Figure 5).<sup>10</sup> The lack of jobs is an acute problem especially for the youth in fragile situations and post-conflict or conflict-affected countries, where it fuels unrest and instability.

**Figure 5: The youth (15-29) in the labour market - Armenia and Togo (2012)**



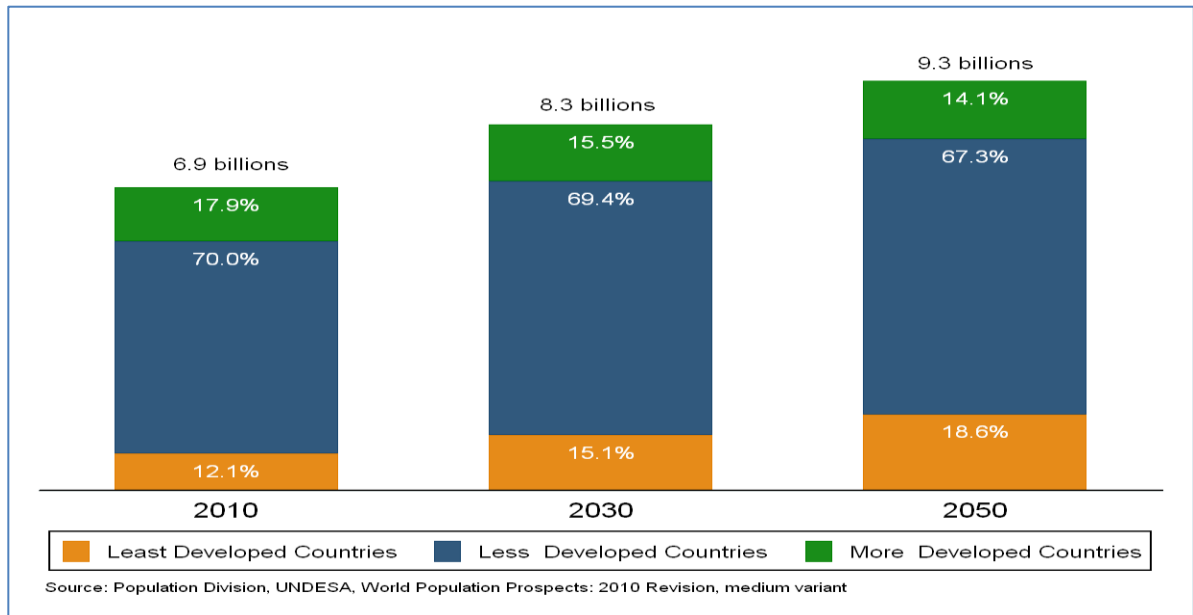
Source: ILO, *Global Employment Trends for Youth: A generation at risk*, May 2013

Strong population growth puts additional strains on the jobs challenge (Figure 6). The world labour force is currently increasing by over 40 million per year, projected to gradually decline to 31 million per year by 2030. However, unless decent jobs are found, more of these new entrants will join the ranks of the unemployed. To keep pace with the growth of the world's labour force, some 470 million new jobs will be needed over the fifteen-year period from 2016 to 2030. Especially serious are population growth pressures in the poorest countries. The population of the Least Developed Countries (LDCs), about 60 per cent of which is now under the age of 25, is projected to double to 1.67 billion by 2050.



Finally, job deficits and dislocations across countries and sectors will occur as a result of recurring instability and cyclical fluctuations in the global economy, compounded by structural changes - demographic trends, labour-saving technological innovation, the geographical reshuffling of global supply chains, urbanization and the transition to more energy-efficient production and consumption.

**Figure 6: Projected growth in world population by region (bn.), 2010-2050**



### 3. Main implications for the post-2015 development agenda

The participants in the consultations noted that, to tackle the above challenges, some basic consensus need to emerge. First, development strategies and policies depend on countries’ specific needs. The consultations underscored that countries should adopt different policies and strategies depending on their circumstances and levels of development. Therefore, “one-size-fits-all” recommendations are unlikely to work. Countries need sufficient space to formulate and implement strategies and policies that are appropriate for their context. For example, in emerging economies, emphasis should be made on increasing domestic demand, strengthening social protection, addressing inequalities and promoting innovations. Low-income countries need to continue relying on export-led growth, as they simply do not have

sufficient domestic demand. In these countries, agriculture plays a major role; but structural change – industrialization – is still needed to create productive capacities and employment.

Second, the participants highlighted that the role of the state should not be confined to doing the basic minimum – as had been prescribed by economic growth models of the recent decades. While the role of the state is country-specific, there are common trends and attributes discerned from economic history. In terms of the enabling environment, governments need to ensure reasonably secured property rights, enforce contracts, streamline procedures for starting new enterprises, put in place effective legal processes for dispute resolution and provide reliable infrastructure. The role of the state is also indispensable in correcting market failures and information asymmetries.

The consultations noted that governments should play a proactive role by providing incentives that accelerate a process of discovering and developing successful sectors; and filling the gaps where the private sector is reluctant to enter into risky, but potentially successful and productive sectors. Participants of the consultations shared various examples of countries that have or are successfully transforming their economies – Brazil, China, South Korea and others – thanks largely to proactive roles that their governments played in promoting development and creating jobs. In addition, governments need to provide social services, redistribute gains from inequitable growth and protect people and markets from shocks. Good governance, transparency and accountability are clearly essential to make economic and social progress sustainable.

Third, many observers argued that the international community plays a key role in creating global “public goods” and support its weakest members. The international community needs to play a better role in creating “public goods” (an inclusive international trade system, a stable international financial system) and eliminating public “bads” (reduction of greenhouse gas emissions and other forms of environmental pollution, slowing down resource depletion and degradation). For these measures to be effective, strong and accountable international institutions are necessary. The international community should also help its weakest

members by continuing to provide aid and debt relief, as well as providing differential treatment to these members in the trading, investment and financial system.

Fourth, the participants noted that goal setting, measurement and data collection are key for translating aspirations into actions, and actions into tangible improvements in people's lives. While the specific targets and the policy approaches need not be the same for all countries, a core set of goals and targets should be agreed upon and adopted universally. Policy decisions need to be grounded in evidence, which requires timely and quality data. The consultations called for developing new measurements and harmonizing them where needed – for example, developing “beyond GDP” measures of wellbeing that seek to combine environmental and economic aspects. Consultations also emphasized the importance of strengthening statistical capabilities in developing countries in collecting data, as well as increasing the openness of data for public scrutiny and analysis.

Fifth, the participants argued that current economic structures in most countries are not suited for sustained job creation and sustainable growth. Therefore, structural transformation is a necessary condition for generating employment, particularly highly productive jobs. Structural transformation means transitioning from dependence on the production of agricultural and mineral commodities toward greater reliance on sectors with higher value-addition in manufacturing and services. Discussions showed that as countries attain higher development levels, structural transformation should focus on transitioning from energy-intensive and polluting sectors toward more energy-efficient and less carbon-emitting sectors, accompanied by corresponding changes in consumption.

The patterns and dynamics of trade globalization present challenges for countries striving to undertake structural transformation. Many LDCs do not have an industrial base and have limited supply capacity. They often export natural resources, agricultural commodities or labour, and have high share of the workforce in low-productivity agriculture. A number of middle-income countries, such as those in Latin America, East Asia, CIS, and Central and Eastern Europe, have had some success in industrialization, but many are stuck at middle-income stages of development (“middle-income trap”), while some of them experienced de-

industrialization. In national consultations organized in Viet Nam and the Philippines, participants raised concerns that the international trade and finance architecture prevents them from escaping the middle-income trap.

#### **4. Policies for inclusive growth and employment generation**

While noting that uniform policy prescriptions would not work, the participants in the consultations made a number of suggestions for successful policies, based on lessons from the past, country experiences, as well as future imperatives. Some of the main suggestions are outlined below.

##### **4.1 Supporting productive sectors**

The consultations underscored the central role of *agriculture*, as the economic sector that employs, provides livelihoods and food security to billions of people. A key challenge in many smallholder agricultural systems is to increase incomes beyond the subsistence level, which requires increases in agricultural productivity and earnings. National consultations in Burkina Faso and Malawi, for example, highlighted that governments need to support agriculture, which employs a significant proportion of the country's women and youth. In Gabon, youth in rural areas consulted about the post-2015 development agenda said that they can only make a difference if financial and other support is provided to this important, but neglected economic sector.

Higher agricultural productivity is also needed to supply food to more people without significantly increasing the use of natural resources such as land and water. The participants called for a number of policy measures to raise the productivity of agriculture - increasing public investments in rural infrastructure, research and development, provision of extension services and improving access to credit, especially for women. Informal institutions of farmers, herders and fisher-folk that regulate the use of natural resources should be protected and strengthened.

Moreover, these measures should be accompanied by rural non-agricultural sector development and better access to markets. Participants consulted in Ecuador, reflecting broader sentiments shared by people across Latin America, said that they want to see development of tourism, transportation and production in rural areas, so that young people have secure jobs and do not need to migrate to cities to look for jobs.

The participants discussed the development of *industrial sectors* extensively. Industrial development had acquired a bad name due to large-scale industrial development projects since the 1950s and 1960s in a number of developing and centrally-planned economies, many of which have failed to deliver on expectations of employment generation and sustained growth. However, participants emphasized that industrial development should be brought back into the development agenda, since it has the potential to stimulate growth and lead to sustained improvement in standards of living.

Industries that can take advantage of economies of scale and increasing returns are likely to have higher productivity and pay higher wages compared with other sectors. The sector also has higher capacity to generate employment, especially when accounting for both direct and indirect employment generation. Discussants recommended a different, more nuanced treatment of industrial progress in the post-2015 development agenda. Low-income countries should seek to diversify away from commodity production toward higher value-addition – for instance, manufacturing that demands less skill, such as agro-processing, garment manufacturing and other employment-intensive sectors. Countries relying on capital-intensive industries, such as mineral processing, chemicals and other heavy industry, should seek to build linkages between these industries and other sectors to generate more employment. Middle-income and emerging economies should move from low-skill to high-skill manufacturing, such as electronics and equipment manufacturing.

The consultations showed that *micro-, small and informal enterprises* require special support measures. This includes, for example, better access to finance, access to business development services, strengthening their legal, commercial and property rights, and streamlining regulatory processes. Micro-, small and informal enterprises, whether they are

in services, manufacturing, mining or agriculture, and whether they are in rural or urban areas, suffer from various impediments due to their size. Actions to encourage and incentivize formation of such enterprises and entrepreneurs into associations and cooperatives help to improve their bargaining power, improve access to legal services and social protection for their members. Strengthening backward, forward and horizontal linkages between large firms on the one hand, and micro-, small and informal enterprises on the other hand, helps to increase incomes earned by small and informal entrepreneurs.

The consultations commented on the dismally low ability of *the extractive sector* to generate employment and its tendency to degrade the environment. During national consultations in Mongolia, participants raised widely shared concerns that growth spurred by the mining industry has significant costs for the environment, livelihoods and traditional lifestyles. Participants in national consultations in Togo and Tanzania want to use their natural resources in an environmentally sustainable way and for the benefit of people.

Nevertheless, the growth of extractive industries presents an opportunity to low-income countries in raising much-needed resources for human development. For example, a quarter of real GDP growth in Sub-Saharan Africa is generated by the resource sector - oil, gas and mineral exports. Therefore, participants recommended policies to link extractive sectors with other sectors, for example, through local content measures. Fiscal revenues from extractive industries should also be used to support the development of job-rich sectors. The consultations also highlighted the need to slow down the extraction of these non-renewable mineral resources by using taxes to reduce production, and by elimination of fossil-fuel subsidies that encourage faster consumption of these resources.

The participants remarked that despite the importance of *the services sector*, it cannot replace the industrial sector as the engine of growth. Development of market services – such as distribution, retailing, or financial services – follows, rather than leads “productive” sectors. Consultations also highlighted the dual nature of the services sector. On the one hand, the sector includes highly productive services, which employ few workers, and on the other hand, it includes informal services with low productivity and poor quality jobs. The informal

service sector essentially becomes the “employer of last resort” for urban poor and migrating rural poor who are squeezed out or displaced due to the degradation of natural resources. The movement of people to informal urban sectors gives rise to rapid, poorly planned urbanization. The consultations recommended that measures concerning the services sector should focus on raising productivity levels and wages, as well as on improving working conditions in informal service sectors, but should also be complemented by job-creating measures in other sectors, including in rural areas.

#### **4.2 Education and training**

The consultations argued that behind the facade of increased access to all tiers of education in much of the world, there are widespread deficits in education systems in terms of quality, relevance and equity. Despite churning out millions of graduates every year, education systems are of poor quality in many countries. Youth from poor, rural and indigenous backgrounds are severely disadvantaged in accessing and completing higher levels of education due to the lack of education earlier in life. For example, Cambodian youth consulted about the post-2015 development agenda said that teachers were poorly paid and ill-trained, and there were not enough schools in rural areas. As a result, hopes and aspirations of many youth are crushed due to inability to find jobs, expanding cohorts of frustrated and disempowered people. In Latin America, one in five young people are so called “NiNis” – out of work, out of education. Therefore, many participants highlighted the importance of improving the quality of education systems from primary to secondary to tertiary education.

The participants also emphasized the importance of developing vocational training systems – a key issue for countries with fast-growing populations and large proportions of youth. Youth in national consultations in Egypt, for example, said that youth in rural areas tend to enroll in technical schools, which are practical and less costly ways of acquiring skills needed by the job market. However, they complained that this type of schooling is not well-developed and its graduates are not equipped for the market. Discussants also shared the example of Indonesia in developing a tiered vocational training system with: 1) longer, higher-quality professional vocational training; and 2) shorter, less formal courses driven by limitation of

resources and teaching capacities. Participants noted that governments should collaborate with the industry in setting standards, developing curricula and implementing certification schemes. International or regional harmonization of vocational training systems and mutual acceptance of certifications by different countries would enable more productive and better regulated migration of workers.

Re-training and vocational training systems are needed not only for youth, but also for middle-aged and older workers – such as women coming back to the world of work after years of childcare, and workers whose skills have become irrelevant. Good quality re-training systems are particularly important for countries undergoing rapid structural transformation, whether from agriculture to industry, or from energy-intensive to more environmentally friendly sectors.

The participants also recommended building bridges between education and training systems and the private sector by improving education planning, implementing programmes for placement, apprenticeship, on-the-job training and mentoring of youth.

### **4.3 Employment-focused macroeconomic policies**

Participants in the consultations suggested that macroeconomic policies should be treated as instruments to support structural transformation and employment generation by providing stability of investment and consumption, scaling up public investments and minimizing the costs of accessing finance for enterprises. In this regard, the consultations advocated for a broader toolbox of macroeconomic policies. For instance, in many developing countries, monetary policies should create incentives for private sector development by maintaining reasonably low interest rates. Governments should also have space to be more active on the exchange rate market and manage their capital accounts to reduce volatilities arising from large exchange rate fluctuations and sudden inflows or outflows of external capital. In terms of fiscal policies, countries can use fiscal incentives - taxes and subsidies - to crowd in private investment and adopt expansionary policies to scale-up public investments, while keeping a firm eye on the medium-term sustainability of public finances.



#### **4.4 Reducing inequalities and protecting people**

The consultations revealed widespread concern for the strong rise of inequalities within and across countries. Many called for more effective redistributive policies. Higher inequality tends to further increase inequality and has a negative impact on rates of growth over the long-term. Moreover, countries that are more equal can reduce poverty faster. Participants in the Arab Development Forum voiced concerns about persistent inequalities in the Arab world, deeply rooted in social injustices and further compounded by distorted development policies in the last decades. They said that large inequalities affect not only marginalized people, but also are corrosive for the society as a whole. Moreover, inequalities magnify the challenge of creating sustainable prosperity. In Angola, the key thread running through consultations was inequality and the way it reduces growth and leads to political instability. Participants in the global discussions on growth and employment echoed the need to reduce inequality. According to an expert participant of the consultations, with the current distribution of income, achieving both eradication of poverty and environmental sustainability is not feasible. Without reducing inequality, “global GDP per capita would need to increase by 15 times in order to reduce global poverty to 1 percent. This means raising GDP per capita globally to \$120,000, which is double the GDP of the richest country today. And even if we could return to pre-crisis growth rates, it would take a century. Even without global environmental constraints, this is extraordinarily inefficient. With the threat of irreversible climate change, it is utterly perverse.”<sup>11</sup>

Therefore, deliberate actions should be taken to reduce inequalities. The participants recommended various measures such as progressive taxation, investment in public goods, “affirmative action” policies, setting of minimum wages, support to collective bargaining and wage policies, greater transparency in financial markets and in control over natural resources. The participants argued for the many benefits of broad-based or universal social protection systems. Well-designed social protection schemes, besides reducing poverty and inequality, support employment generation by increasing human capital (improving household investments in health and education) and serving as automatic stabilizers in times of recession.

Social protection programmes such as cash transfers and public employment schemes had proved to be affordable (estimated to cost between 1-2% of GDP) and bring clear benefits to the beneficiaries. The UN has indeed long advocated the merits of such programmes, including through the Social Protection Floor Initiative and the ILO Recommendation 202 on National Floors of Social Protection<sup>12</sup>.

Participants also commented on the challenges of expanding social protection to the informal sector, particularly contributory social protection (social insurance), which requires not only payments of benefits, but also collection of contributions on a regular basis. This requires innovation. Discussants recommended incentives and encouragement of the formation of associations and cooperatives of micro, small and informal enterprises, which will help expand the coverage of social protection. Particularly important are social protection measures for women. Discussants recommended provision of public goods, accessible childcare, maternity leave and other measures that target women specifically.

Unforeseen consequences of climate change, degradation of natural resources, as well as deliberate actions to transition toward greener economies are expected to affect rural inhabitants the most. Innovations in social protection, such as micro-insurance, are needed to protect them from shocks and adjustments. Discussants also shared policy innovations in combining social protection with employment promotion - public works and employment guarantee schemes.

#### **4.5 Protecting rights and increasing the voice of businesses and workers**

The consultations exposed severe forms of marginalization and discrimination in labour markets. The participants shared stories of forced work, non-payment of wages, refusal of treatment of work injuries in hospitals when people cannot afford to pay for medical service, physical and verbal abuse and suppression of their identities. Violations of human rights happen everywhere, but they can go unnoticed by policy makers and politicians. Discussants called for measures to address marginalization and discrimination, including anti-discrimination and affirmative action legislation and regulation, educating people about their

rights, establishing institutions for legal recourse and addressing of grievances, and funding civil society organizations that help them.

The consultations called for recognizing voice and promoting dialogue among workers' and employers' organizations. Freedom of association, collective bargaining and other internationally recognized labour standards could be disregarded and social dialogue lacking – partly because of the absence of representative workers' organizations. There also remained cases where trade union democratic rights were severely restricted or utterly suppressed.<sup>13</sup> In many parts of the world with large informal sectors, the majority of employed people work for themselves or their families, so they require their own forms of collective action and social dialogue.

The participants argued that social dialogue and participation should extend beyond organizations of workers in the formal sector. They called for harnessing the power of the wider civil society, which can substantially amplify and multiply the efforts of governments. People who participated in the discussion on the post-2015 development agenda at the Arab Development Forum wanted to see full engagement of civil society - “a driving force for positive change in their communities” – but noted that it faces serious political, legal, cultural and economic obstacles.

## **5. Global policy coherence**

It came out clearly from the consultations that domestic policy measures require supportive global institutions and international policy coherence in order to succeed. Policies for growth and employment in one country have an effect on policy-making and development outcomes in another country. The current pattern in global governance reflects a growing shift in the balance of power from developed economies toward emerging economies. This presents challenges and opportunities. On the one hand, increased diversity of views and objectives could make collective action and coordination more difficult at the time when it is most needed. On the other hand, this “diversification” in the forces influencing the international agenda could allow greater plurality of views and innovative approaches to development. The growing role played by emerging economies, for instance, was fostering a diversification

in the modalities of development assistance. Overall, the contributions to the consultation echoed the longstanding debate on the need for a reform of the global governance system to give greater voice to the developing world.

Participants in consultations identified five areas that a reformed and strengthened global economic governance system needs to tackle. First, the development gains from international trade should be enhanced. Many commented about the deleterious effects of sudden liberalization of trade and capital flows on low-skilled workers, farmers and other groups. Among others, the participants in the national consultation in Uganda strongly voiced their requests to make the international trade; finance and technology transfer systems more just and equitable.

Participants recognized that globalization, especially the fragmentation of production into global supply chains, enabled by low transport costs and improved technologies, presented opportunities for low-income countries. Since different components of a final good were produced in different countries, low-income countries have better opportunities to enter the international markets of simple manufactured goods. Those global production networks, however, do little to raise incomes and wages and could be quite volatile and move easily from one country to another. The rush to attract foreign direct investment (FDI) and supply chains could also lure poor countries, whose only comparative advantage was cheap labour, into disregarding health and safety regulations and other labour standards. Overall, participants in the consultations called for reforms in the international trade system to go beyond liberalization and trade facilitation, and aim at enhancing the full development potential of global supply chains and trade.

The participants recalled the stalemate of what was intended to be a development-oriented round of trade negotiations, warning that the proliferation of bilateral and more recently, regional and sub-regional trade agreements, should be watched for their development impacts. In Indonesia, participants in national consultations called for reducing or changing free trade agreements to protect small producers, particularly those in the fishing industry and farmers. Discussants recommended providing a more level playing field to poorest countries,

and seizing the opportunities provided by newly drawn regional and sub-regional trade agreements to repair inequitable trade relationships.

Second, the participants underscored the need to manage the international financial system to reduce volatilities and excessive risk taking and to better support the productive economy. This is a difficult task, given the complex nature of the international financial transactions. The experience of the global economic and financial crisis was very much in the mind of every participant. The discussants acknowledged some positive steps in strengthening financial regulations, but suggested that much more had to be done. Many of the suggestions of participants – such as further tightening and harmonizing financial sector regulations, banning speculative forms of financial transactions, taxing financial transactions and strengthening investment standards - echoed recommendations of the Stiglitz commission made in 2009<sup>14</sup>.

Third, the consultations emphasized the need for creating a favourable environment for technology transfer and knowledge exchange among countries. Some suggested that intellectual property protection be reviewed in order to enable freer the exchange of technology across countries, in particular of technologies that generate or use renewable or less polluting sources of energy. Technologies for construction, transportation, manufacturing and agriculture also require improvement. Technological innovation and transfer should not be limited to large-scale, industrial technologies. Participants shared the example of Nepal where public funding (both domestic resources and foreign aid) is helping diffuse the technology of biofuel stoves and micro-hydro power plants into the market. Some participants also argued that technology transfer should not flow only from more developed to less developed countries: traditional and indigenous knowledge and technologies could be as effective, but require stronger protection and institutional support.<sup>15</sup>

Fourth, many predicted a significant increase in migration in the next decades, driven by the lack of decent jobs in sending countries, high inequalities among countries and population dynamics. National consultations in Guatemala indicated that the key factor explaining the strong migration to the United States is the lack of decent job opportunities in the local

economy. Many youth participating in the consultation in Egypt said that migration “is the only option left [to] us if we want to work and make enough money to establish a family.” It was clear from the consultations that the international community needs adequate rules and institutions in order to support the movement of workers across borders and enhance its benefits for the sending and the receiving countries. Such rules and institutions should empower countries to better manage the human development impacts of migration, mitigating the risks for migrants, their families and communities at home and abroad. The participants noted that the post-2015 agenda should place the human rights of all migrants high on the agenda of policymakers and reaffirm the relevance of migration to human development.

Fifth, there is a strong sentiment that the post-2015 agenda should continue to guide and mobilize official development assistance, given that it still continues to play an important role in financing development especially in the poorest countries. Fiscal realities are putting strains on traditional ODA, so it is important to explore new sources of development finance including arresting flows of illicit financial flows, tackling tax evasion and avoidance, and introducing international taxation for instance through taxing the extraction of natural resources and climate finance.

## Notes

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<sup>1</sup> Comments can be submitted at <http://www.worldwewant2015.org/node/354929>.

<sup>2</sup> The themes of the four e-discussions are: Jobs and livelihoods (moderated by ILO, 83 comments); Growth, diversification and structural change (moderated by UNDP, UNDESA, UNCDF, 31 comments); Development-led globalization (moderated by UNCTAD, 46 comments); Sustainability and growth (moderated by UNDP and UNDESA, 99 comments)

<sup>3</sup> ILO (2013a). *Global employment trends (GET): Recovering from a second jobs dip*, Geneva

<sup>4</sup> For a definition of vulnerable employment see ILO (2013b) *Guide to the Millennium Development Goals: Employment indicators*, second edition.

<sup>5</sup> ILO (2011). *Labour overview: Latin America and the Caribbean, ILO Regional Office for Latin America and the Caribbean*, p.71.

<sup>6</sup> FAO (2012). *Decent rural employment for food security – a case for action*, Rome.

<sup>7</sup> ILO (2013a), Table 14b

<sup>8</sup> Banerjee, A.V. and E. Duflo (2011). *Poor economics: A radical rethinking of the way to fight global poverty*, Ch. 9.

<sup>9</sup> World Bank (2005). *Indigenous Peoples, Poverty and Human Development in Latin America: 1994-2004*

<sup>10</sup> ILO (2013c) *Global Employment Trends for Youth: A generation at risk*, chs. 4 and 5. The school-to-work transition surveys go beyond regular labour force surveys and look at issues such as non-standard employment, job quality and labour market transitions of young people. Ten surveys were carried out in 2012 under the ILO's "Work4Youth" partnership with The MasterCard Foundation.

<sup>11</sup> Blog "Getting away from "Growth"" by David Woodward, participant in consultations on growth and inequality, based on Woodward, D. (2013). *Incrementum ad Absurdum: Global Growth, Inequality and Poverty Eradication in a Carbon-Constrained World*, paper submitted to *World Economic Review*.

<sup>12</sup> Social Protection Floors are nationally-defined sets of basic social security guarantees designed to ensure at a minimum that, over the life cycle, all in need have access to essential health care and basic income security that would enable people to have effective access to essential goods and services defined as necessary at the national level. For further information, consult ILO (2012) *The strategy of the International Labour Organization: Building social protection floors and comprehensive social security systems*.

<sup>13</sup> ITUC (2012). *Trade unions rights and violations around the world in 2011* (<http://survey.ituc-csi.org>)

<sup>14</sup> United Nations (2009). *Report of the Commission of Experts Convened of the President of the UN General Assembly on Reforms of the International Monetary and Financial System*.

<sup>15</sup> In addition to the transfer of commercial technologies, the discussants see a considerable scope for non-commercial exchange of policy innovations between public and social institutions of different countries, particularly between developing countries. A clear example of South-South knowledge exchange is the birth of cash transfer schemes in Latin America, with subsequent adoption of such schemes in other continents.