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# GROWTH AND EMPLOYMENT IN THE POST-2015 AGENDA

MESSAGES FROM A GLOBAL CONSULTATION



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## **Acknowledgements**

This report draws upon the contributions, suggestions and recommendations from thousands of people who participated in the post-2015 global thematic consultation on growth and employment and the national consultations organized by the United Nations Development Group (UNDG). The active engagement of all those who participated in the consultations is gratefully acknowledged. Special thanks go to the members of the Post-2015 Advisory Group on Growth and Employment for their guidance and thoughtful comments, in particular Fatma Gul Unal (UNWOMEN), Elisenda Estruch (FAO), Richard Kozul-Wright (UNCTAD), Cornelius Roschanek (UNIDO) and Oliver Schwank (UNDESA). This report would not have been possible without guidance and financial support provided by the Government of Japan in organizing the thematic consultation on growth and employment. Additional support provided by the Government of Norway is also gratefully acknowledged.

The lead authors of the report are Uyanga Gankhuyag (UNDP), Degol Hailu (UNDP) and Aurelio Parisotto (ILO). Marco Principi (ILO) provided research assistance and Uyanga Gankhuyag (UNDP) analyzed the MyWorld data. Selim Jahan, Director of the Poverty Practice (UNDP), Stephen Pursey, Director of the Department for Multilateral Cooperation (ILO) and Paul Ladd, Head of UNDP's Post-2015 Team provided overall guidance and leadership. The report was copy edited by The Write Effect, Oxford, UK. Shams Banihani (UNDP) has proofread the report. Francisco Filho (UNDP) and Almira Mae Dumalag (UNDP) provided operational and communications support.

### **Disclaimer:**

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# List of acronyms

CDOs	Collateralized debt obligations
CDs	Certificates of deposit
CEE	Central and Eastern Europe
CIS	the Commonwealth of Independent States
CSEE	Central and South-Eastern Europe
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
GDP	Gross domestic product
ICC	International Chambers of Commerce
ILO	International Labour Organization
IOE	International Organization of Employers
ITUC	International Trade Unions Confederation
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
NGO	Non-governmental organization
ODA	Official development assistance
Rio+20	United Nations Conference on Sustainable Development 2012
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department for Economic and Social Affairs
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UNWOMEN	United Nations Entity for Gender Equality and the Empowerment of Women
WIEGO	Women in Informal Employment: Globalizing and Organizing
WTO	World Trade Organization

# Executive summary

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

**Participant, UN Post-2015 Youth and Employment Workshop, Amman, Jordan, 18 December 2012**

This report presents the main outcomes of the global thematic consultation on Growth and Employment, one of the 11 themes on which the United Nations Development Group (UNDG) organized consultations. The consultation was carried out through meetings, briefings and online discussions and complemented by the outcomes of national consultations carried out by the UNDG in five developing regions.

The participants in the Growth and Employment consultation widely agree that employment and decent work should be one of the central development objectives in the post-2015 agenda, along with inclusive growth and sustainable development. Jobs are seen not only as a way out of poverty; they also give women and men a sense of self-esteem and respect by society. The absence of job opportunities and exclusion from the labour markets increase inequalities, weaken social cohesion and diminish trust in political leadership and institutions. Participants also recognize that economic growth is necessary for sustained employment generation, but there were calls to shift attention to the quality of growth and employment—toward inclusive growth that generates good jobs and reduces inequalities, and toward growth that is economically, socially and environmentally sustainable.

The consultation highlighted substantial challenges in employment and decent work in the years ahead. These include both challenges generated by the ongoing global economic slowdown as well as structural issues. Decent jobs are needed not only for women and men who are currently unemployed and underemployed, but also for new entrants to the labour markets. It is estimated that 470 million new jobs will be needed between 2016 and 2030.

One of the fundamental employment challenges faced by much of the developing world today is the vulnerability and precariousness of employment: over half of workers in developing countries work in the informal sector (including over three quarters in South Asia and Sub-Saharan Africa). Having a job is not a guarantee against poverty—nearly one in three workers around the world live with their families in poverty. Much progress has been made to reduce working poverty and increase productivity and earnings, although most of this progress is attributable to East Asia. Basic social protection is lacking, basic measures of safety and health in the workplace are often neglected, while the voices of workers and their freedom to associate are restricted.

Women and young people are disadvantaged in the labour markets. In all regions, the participation of women in the labour markets is lower than that of men, and it is especially low in the Middle East, North Africa and South Asia (less than 30 percent). Women are more likely to be occupied in informal or low-skilled jobs, but even when they work on a par with men, their pay is 10–30 percent lower. The global economic crisis has hit young people particularly hard, with the number of unemployed youth increasing by 3.5 million between 2007 and 2013 and reaching alarming levels in some developed economies. However, the statistics do not reveal the whole story. More detailed surveys show that as many as 40–70 percent of youth in some countries are stuck ‘nowhere’, being neither in education nor in regular work.

The consultations expose severe marginalization and discrimination of some groups in the labour markets—older people, rural and indigenous populations, persons with disabilities,



ethnic and racial minorities and migrants. These workers face employment problems even in good economic conditions, but in recessions they are pushed further to the margins.

The consultations underline several **key approaches** for implementing the employment and decent work agenda. First, the respect for rights, justice and reducing inequalities should underpin the post-2015 development agenda. Second, one-size-fits-all policy approaches should not be promoted, and the new agenda should provide for domestic policy space. Third, the agenda should recognize the need for structural transformation in the less developed economies. Structural transformation for most developing countries means a transition from production and export of mineral and agricultural commodities toward more diversified and productive activities and value-addition. As countries attain higher development levels, another kind of structural transformation—shifting toward more energy-efficient and less carbon-emitting sectors—acquires greater importance. Fourth, the new agenda should provide for a greater role of the State in the provision of public ‘goods’ and filling in market gaps, accompanied by greater accountability of governments. Fifth, the consultations suggest that the international community should play the key role in providing global public ‘goods’ and helping its weakest members.

Participants in the Growth and Employment consultations recommend a number of policies to realize the objectives of employment and decent work, inclusive growth and environmental sustainability. They recognize that economic sectors differ in their growth dynamics and their capacity to generate employment. Therefore, sectors that are better at generating employment should be promoted. The different characteristics of the various sectors—agriculture, manufacturing, extractive industries, services sectors—require differentiated policies. The consultations came up with a number of recommendations on **promoting productive sectors**.

The consultations underscore the central role of **agriculture**, which provides livelihoods and food security to billions of people. However, a key challenge in many smallholder agricultural systems is low productivity. Raising productivity is necessary to increase incomes beyond subsistence levels while supplying food to more people without significantly increasing the use of natural resources. Productivity-increasing measures, such as better access to inputs and credit, should be accompanied by rural non-agricultural development and improved access to markets. Development of rural markets raises rural incomes and reduces the environmental costs of transportation by bringing consumers and producers closer.

Participants have brought back to the development agenda the discourse on the development of **industrial sectors**, which have the potential to stimulate growth, increase employment and lead to sustained improvement in standards of living. Industries realizing the economies of scale are likely to achieve higher productivity and wages. Industrial sectors tend to have high capacity for employment generation, especially when accounting for both direct and indirect job creation. The discussants, however, recommend a more nuanced treatment of industrial progress in the post-2015 development agenda—diversifying away from commodity production toward higher value-added production, upgrading to higher-skill production, building linkages between capital-intensive industries and the rest of the economy, and incentivizing industries with more resource-efficient technologies.

Participants comment on the limited ability of **extractive sectors** to generate employment, as well as the negative impacts they usually have on the environment. Nevertheless, the growth of extractive industries can provide opportunities to low-income countries to raise much-needed resources which they can invest in human development. Therefore, participants recommend

linking extractive sectors with other sectors; using fiscal revenues from extractive industries to support the development of employment-intensive sectors; and slowing down the extraction of non-renewable mineral resources on both the production and consumption side by using taxes and eliminating consumption subsidies.

Participants note the dual nature of **services sectors**. Market services, such as distribution, retailing or financial services, follow the 'productive' sectors. Services also include large informal sectors with low productivity and poor-quality jobs, which become 'employers of last resort' for poor people in urban areas and those migrating from rural areas. The movement of people to informal urban sectors gives rise to rapid, poorly planned urbanization. Recommendations include raising productivity and improving working conditions in the services sectors, as well as job-creating measures in other sectors, particularly in rural areas.

The consultations highlight that **micro, small and informal enterprises** suffer from various impediments due to their size, whether they are in agriculture, manufacturing, extractive or services sectors, in both urban and rural areas. Consultations recommend special support measures for these enterprises, such as better access to finance, business development services; strengthening their legal, commercial and property rights; streamlining regulatory processes; encouragement for forming associations and cooperatives; and linking these enterprises to large firms in the formal sector.

Participants in the consultations suggest that countries should use **coherent economic policies** aimed at addressing their specific development needs. These policies include an expanded toolbox of macroeconomic policies aimed at generating employment by scaling up public investment, enhancing access to finance, and promoting exports.

The consultations recommend **policies** to reduce income gaps, such as social protection, collective bargaining and minimum wages, progressive taxation, and legal and regulatory measures. The participants argue for the benefits of broad-based or universal social protection systems in reducing poverty and inequality, supporting employment generation by increasing human capital, and serving as automatic stabilizers in times of recession.

Social protection measures and social services need to specifically target women and poor people in rural areas. These groups require social security as protection from climate change and disasters, degradation of natural resources and adjustment to more energy-efficient production. To tackle challenges in expanding social protection to the informal sector, participants recommend extending social protection floors and forming associations and cooperatives of micro, small and informal enterprises. Combining social protection measures with employment opportunities enables people to become part of society and labour markets, rather than becoming passive recipients of benefits.

The consultations call for **legal and regulatory measures** to make labour markets more equitable, such as anti-discrimination and affirmative action laws, setting minimum wages, support to collective bargaining, enabling women to own property on a par with men, institutions for legal recourse and addressing grievances, education and awareness raising about existing rights.

The discussions reflect growing concern for the **environmental sustainability** of growth. The participants highlight trade-offs between growth and environmental sustainability. In the poorest countries and communities, discussions revolve around the impact of climate change

and growing scarcity of resources on people's livelihoods. In urban areas of middle-income countries, there is greater awareness and a call for taking actions to change consumption, production and infrastructure systems. Participants from developed countries voice the need for policies to limit wasteful consumption and make investments in more resource- and energy-efficient infrastructure, and underline the urgency of these actions. Participants also recommend various policy and regulatory measures, such as regulations, standards, taxes, subsidies and public procurement as incentives for less polluting and disincentives for more polluting activities, as well as international systems and institutions to finance global environmental 'goods'.

Despite 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. Young people from poor, rural and indigenous backgrounds are severely disadvantaged in accessing and completing higher levels of education due to their lack of education earlier in life. Participants recommend improving the quality of skills development and education systems, improving training systems, re-training for women and men, particular measures to make training and education accessible to persons with disabilities, and strengthening collaboration between government, academia and the private sector.

The consultations call for **recognizing the voice of workers and promoting dialogue** among workers' and employers' organizations, as well as other civil society organizations representative of people working in the informal sector. The participants call for widening social dialogue beyond organizations of workers in the formal sector.

The consultations made clear that domestic policy measures toward these objectives require supportive **global institutions and international policy coherence**, since policies made in one country increasingly affect development outcomes in other countries. However, the consultations express concern over the inability of the global governance system to address collective challenges.

The discussions show that the international community is expected to continue supporting its weakest members in the post-2015 period. While recognizing the continued importance of official development assistance (ODA), participants acknowledge fiscal pressures in developed countries and call for diversifying sources of development finance, enhancing domestic resource mobilization, tackling tax evasion and avoidance, and introducing international taxation measures. The consultations also call for creating an international environment that is conducive to employment generation, particularly in less developed countries, and to the reduction of global inequalities.

The participants call for enhancing the development gains from **international trade**. Many comment on the deleterious effects of sudden liberalization of trade and capital flows on low-skilled workers, farmers and other groups. It is noted that countries striving to undertake structural transformation face challenges due to the globalization of trade. Participants also warn that the proliferation of bilateral, regional and subregional trade agreements should be watched for their development impacts. They call for reforms in the international trade system to provide an enabling environment for countries to build their productive capacities.

Participants underscore the need to manage the **international financial system** to limit volatilities, excessive risk-taking and inequalities in pay and rewards. They note that financial systems should support productive sectors. Acknowledging positive steps in this direction with the onset of the global economic and financial crisis, the participants suggest that much more needs to be done.

The consultations emphasize the need to create a favourable environment for **technology transfer and knowledge exchange** among countries to enable a freer exchange of technology across countries, in particular of innovative technologies that generate or use renewable or less polluting sources of energy.

Many predict a significant increase in **migration** in the coming decades, driven by the lack of decent jobs in sending countries, high inequalities among countries and population dynamics. It is clear from the consultations that the international community needs adequate rules and institutions to support the movement of workers across borders, protect their rights and enhance the benefits of migration to both the sending and receiving countries.

The consultations recommend adopting a stand-alone **goal on employment**. This goal would include a set of targets on employment which take into account the difficulties of measuring informal work. The participants recommend considering growth-related targets, as well as targets on structural transformation, productivity, inequalities and social protection policies. Establishing baselines by 2015 and continued tracking of progress require definitions of data and survey instruments to be harmonized and extensive labour force surveys to be carried out around the world.

# 1. Background on the consultations

**Growth and Employment** is one of the 11 themes on which the United Nations Development Group (UNDG) has organized consultations to support UN Member States in negotiating and formulating the post-2015 development agenda. A first report prepared by the UNDG in March 2013, *The global conversation begins: Emerging views for a new development agenda*,<sup>1</sup> brought together the preliminary results of the 11 thematic consultations and over 80 national consultations. Since then, the consultations have been extended and completed, and their final outcomes are collected in the second UNDG report, *A million voices: The world we want—A sustainable future with dignity for all*.<sup>2</sup>

The current report presents the main outcomes of the global thematic consultation on Growth and Employment organized by the UNDG. It complements the above reports, provides a more detailed account of growth and employment challenges and focuses on their suggested solutions in the post-2015 development agenda.

The Government of Japan provided leadership and support throughout the consultation on Growth and Employment. Additional support was also provided by the Government of Norway under its cooperation agreement with the International Labour Organization (ILO). The ILO and UNDP were responsible for organizing the work and convening an Advisory Group on Growth and Employment in the Post-2015 Development Agenda to guide the process. The Advisory Group comprised representatives from FAO, UNCDF, UNCTAD, UNDESA, UNIDO, UNWOMEN, MDG Fund, ActionAid, the International Chambers of Commerce (ICC), the International Organization of Employers (IOE) and the International Trade Unions Confederation (ITUC) (see Annex).

The first step was a global thematic meeting organized in May 2012 in Tokyo, Japan. The discussion focused on growth, structural transformation and employment and brought together over 80 participants from research institutes, academia, civil society, governments, trades unions, the 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 and collect the views of delegates from Member States, civil society organizations and other UN agencies. The briefing was broadcast via the Internet and social media to enable wider participation of stakeholders outside New York.

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>3</sup> Other inputs were collected through academic papers, official speeches, blogs and media articles, encompassing the perspectives of a wider range of stakeholders. Key messages on growth and employment from the post-2015 national consultations organized by

1 [www.worldwewant2015.org/the-global-conversation-begins](http://www.worldwewant2015.org/the-global-conversation-begins)

2 [www.worldwewant2015.org/millionvoices](http://www.worldwewant2015.org/millionvoices)

3 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, 33 comments); Development-led globalization (moderated by UNCTAD, 46 comments); and Sustainability and growth (moderated by UNDP and UNDESA, 92 comments) ([www.worldwewant2015.org/employment](http://www.worldwewant2015.org/employment)).

the UNDG in 88 countries in five developing regions complemented the above discussions and enriched this report.

In June 2013, the Government of Japan, ILO, UNDP and UNDESA organized a multi-stakeholder meeting in New York with over 60 participants to present the key messages and seek feedback. At this meeting, participants also discussed options for concrete targets and indicators on employment and related indicators. An experts' meeting is planned later in 2013 to come up with specific proposals on possible indicators.

This report draws on the outcomes of all those discussions. It highlights key concerns, views and priorities expressed by experts, development practitioners and ordinary people who contributed to the debate. It is not a thorough review of all the complex issues that were raised, nor is it intended to come up with final recommendations. Its main purpose is to inform and broaden the perspectives of those who will be called on to agree a new development framework that will build on and succeed the Millennium Development Goals (MDGs).

## 2. Key objectives

Participants in the Growth and Employment consultation as well as in many post-2015 national consultations widely agree that employment and decent work should be a central development objective, since **poverty eradication is only possible through stable and well-paid jobs.** Jobs are seen not only as a way out of poverty; they also give women and men a sense of self-esteem and respect by society. The absence of job opportunities and the exclusion from the labour market increase inequalities, weaken social cohesion and diminish trust in political leadership and institutions.

Participants in the discussion recognize that economic growth is necessary to sustain employment generation. Decent jobs and a dynamic economy are mutually supportive, as incomes from work underpin consumption and investment. But in recent years economic growth in many countries has failed to generate commensurate growth in employment. Discussants call for shifting attention from the quantity to the quality of growth and employment, toward inclusive growth that generates decent jobs and reduces inequalities.

Sustainable development is another key concern. Participants support a broad definition of sustainable development with all its three main dimensions—economic, social and environmental—as adopted at the Rio+20 Conference on Sustainable Development. The focus on inclusive growth, employment and decent work captures key aspects of economic and social sustainability. To fully integrate in the new agenda the aspects related to environmental sustainability remains a main challenge.

*Sustainable development is defined as “promoting sustained, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion, and promoting the integrated and sustainable management of natural resources and ecosystems that supports, inter alia, economic, social and human development while facilitating ecosystem conservation, regeneration and restoration and resilience in the face of new and emerging challenges.”*

From Rio+20 Outcome Document

# 3. The global jobs challenge

## Global employment trends

According to ILO estimates, global unemployment increased from 170 million people in 2007 to nearly 200 million in 2012, of which a large number—about 75 million—are young women and men. Recent projections suggest that the number of unemployed people might rise further in the near term. The global economic crisis has not only led to massive unemployment problems in the developed world—with youth unemployment reaching over 50 percent in Greece and Spain

by the second quarter of 2012<sup>4</sup>—but also aggravated structural unemployment problems in the developing world, particularly in Central and Eastern Europe, the Middle East and North Africa.

Moreover, many people are so discouraged that they have stopped looking for work and do not appear in official unemployment statistics. Even among those who are in work, there is a widespread concern about the quality and security of their jobs.

*“We are very worried about unemployment of our older brothers. They suffer a lot. Many of them have no response from applications to companies and employment agencies. We wonder what will be our fate when we finish our studies.”*

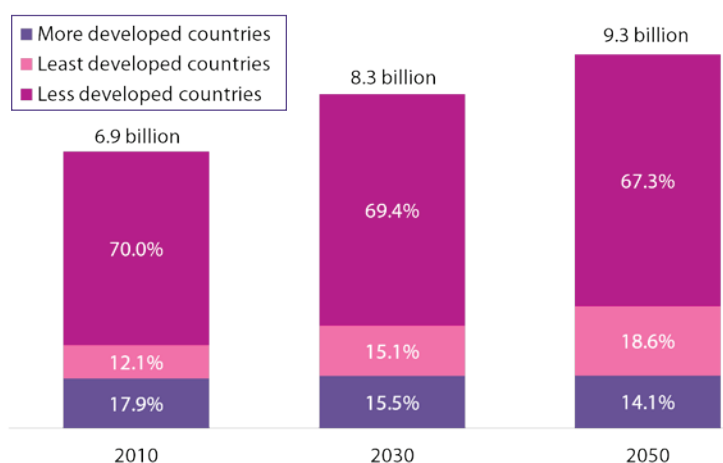
School girls in consultations in Togo

The challenge in many countries is not only to generate decent jobs for those who are currently unemployed or underemployed, but also to accommodate young women and men who will be entering the labour market in the coming years. Population growth puts additional strains on the job market (Figure 1). The world labour force is currently increasing by over 40 million people per year, and projected to gradually decline to 31 million people per year by 2030. Unless decent jobs are available, more and more of the young new entrants will join the ranks of the unemployed and underemployed. To keep pace with the growth of the world’s labour force, some 470 million

new jobs will be needed over the 15 years from 2016 to 2030. Especially serious are population growth pressures in the poorest countries. The population of the Least Developed Countries (LDCs), about 60 percent of which is now under the age of 25, is projected to double to 1.67 billion by 2050.

Job deficits and dislocations across countries and sectors will persist as a result of recurring instability and cyclical fluctuations in the global economy, compounded by structural changes: not just demographic trends but also labour-saving technological innovation, the geographical fragmentation of global supply chains, urbanization, and the transition to more energy-efficient production and consumption.

**FIGURE 1. PROJECTED GROWTH IN WORLD POPULATION (BILLIONS), 2010–2050**



Source: UNDESA Population Division, *World population prospects: 2010 revision, medium variant*

4 ILO, *Global employment trends for youth: A generation at risk*, ILO, Geneva, 2013.

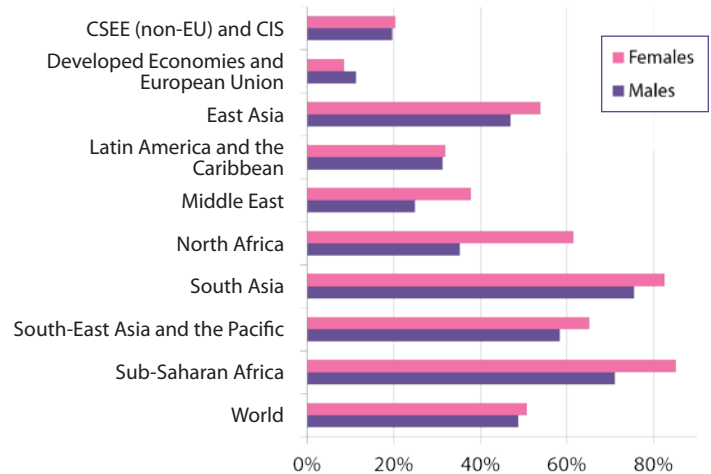


## Vulnerable employment

Participants in the consultations in most countries repeatedly voice problems of vulnerable employment—jobs in precarious conditions, jobs without contracts, jobs with low pay. In fact, the majority of workers in developing countries (56 percent) are occupied in vulnerable employment as own-account or unpaid family workers (Figure 2).<sup>5</sup> Of the remaining 44 percent who are in wage employment, large numbers have precarious and unpredictable jobs for daily wages, with most of them being the poorest. In all developing regions, a greater proportion of women engage in vulnerable forms of work.

Some decline in informal employment has occurred in several fast-growing countries in Asia, but overall labour markets remain largely informal in the developing world, especially in South Asia and Sub-Saharan Africa. 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 percent in Uruguay to some 50 percent in Argentina and Mexico and over 70 percent in Honduras, Paraguay and Peru.<sup>6</sup>

**FIGURE 2. VULNERABLE EMPLOYMENT AS A SHARE OF TOTAL EMPLOYMENT, 2011**



Source: ILO Trends Econometric Models, October 2012.

## Low productivity and earnings as leading causes of working poverty

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/day poverty line. Among them, an estimated 400 million live in extreme poverty, below the US\$1.25/day poverty line. Nearly 8 out of 10 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>7</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 percent of the reduction occurring in East Asia (Figure 3). In absolute

*“In Africa... people working in the formal sector account for 10 or at most 15 percent. The rest in most countries are somehow working somewhere, either in agriculture or informal sector. That huge part of employed people is largely poor not because they are not doing anything, but because whatever they are doing, their productivity is so low and incomes are so low that they are actually working poor.”*

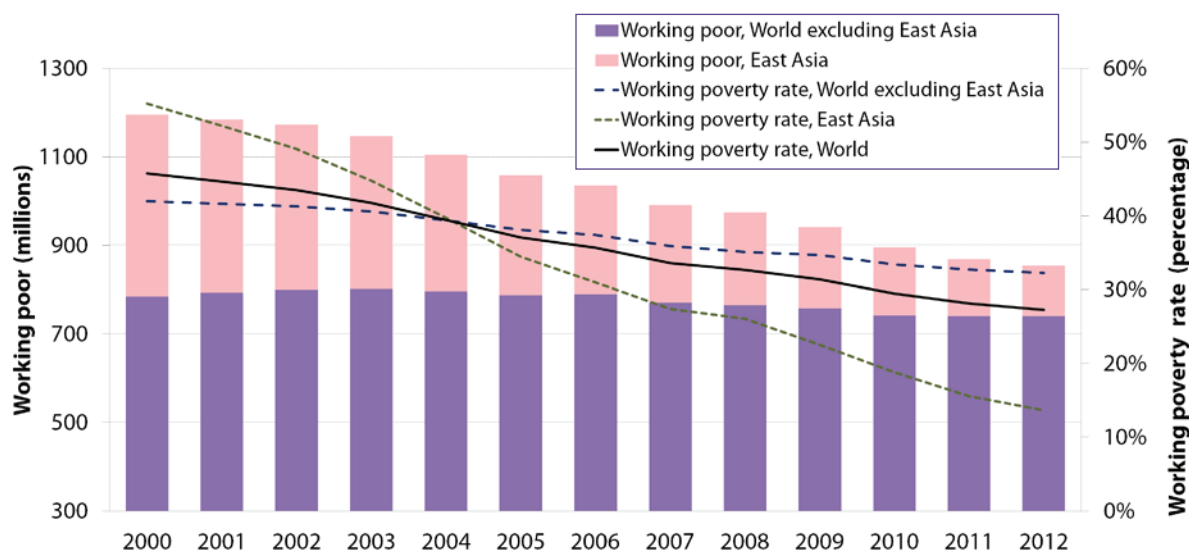
**Samuel Wangwe, Research for Poverty Alleviation, the United Republic of Tanzania**

<sup>5</sup> For a definition of vulnerable employment, see ILO, *Guide to the Millennium Development Goals: Employment indicators*, second edition, ILO, Geneva, 2013.

<sup>6</sup> ILO, *Labour overview: Latin America and the Caribbean*, ILO Regional Office for Latin America and the Caribbean, Lima, 2011, p. 71.

<sup>7</sup> FAO, *Decent rural employment for food security—A case for action*, FAO, Rome, 2012.

**FIGURE 3. GLOBAL WORKING POVERTY TRENDS, 2000–2011\* (US\$2/DAY)**



**Notes:** East Asia includes China, the Democratic People's Republic of Korea, the Republic of Korea, Mongolia and Taiwan, Province of China.

\* 2011 is a preliminary estimate.

**Source:** ILO Trends Econometric Models, October 2011.

terms, the number of working poor people increased in Sub-Saharan Africa and the Middle East and remained unchanged in South Asia.<sup>8</sup> The pace of reduction, moreover, has slowed down recently as a consequence of the global economic and financial crisis.

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 a significant reduction in poverty. Most other regions have seen a widening gap in productivity vis-à-vis productivity

levels in developed countries. Countries and regions with low productivity have large numbers of women and men trapped in casual and informal work in rural and urban areas.

Differences in productivity and earnings are just one aspect of 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 their ability to venture into larger-scale entrepreneurial activities.<sup>9</sup> Work is often hazardous, and basic measures of safety and health in 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 workers—have their voice suppressed and their freedom to associate restricted.

**TABLE 1. LABOUR PRODUCTIVITY (OUTPUT PER WORKER) BY REGION, AS A PROPORTION OF PRODUCTIVITY LEVELS IN DEVELOPED ECONOMIES, 1991 AND 2011 (PERCENT)**

Regions	1991	2011
Middle East	64	53
CSEE (non-EU) and CIS	38	35
Latin America and the Caribbean	37	32
North Africa	27	25
East Asia	6	20
South-East Asia and the 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.

<sup>8</sup> ILO, *Key indicators of the labour market*, 7th edition, ILO, Geneva.

<sup>9</sup> Banerjee, A.V. and E. Duflo, *Poor economics: A radical rethinking of the way to fight global poverty*, Perseus Books, London, 2011, Chapter 9.

**“It is the quality of employment, not the number of jobs that makes the most difference for development and poverty reduction. In terms of income poverty, there is a hierarchy of average earnings: with formal employers at the top followed by formal wage workers followed by, within the informal workforce, informal employers, informal wage workers, own account operators, casual day labourers, industrial outworkers, and unpaid contributing family workers.”**

**Martha Chen, Women in Informal Employment: Globalizing and Organizing (WIEGO)**

## Gender inequality in employment

Participants in the Growth and Employment consultations strongly voice the need to address marginalization and discrimination faced by women in labour markets around the world. Women’s reproductive roles, the burden of unpaid care work, and other social expectations severely limit their opportunities to carry out paid work. **Gender discrimination hinders women’s full economic and productive contribution.**

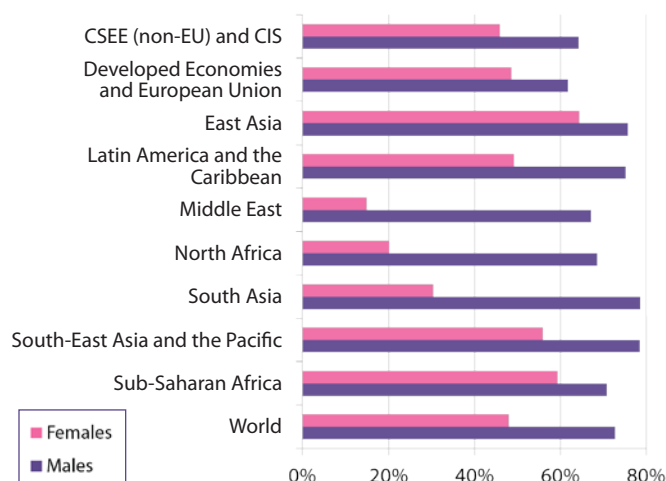
In all regions, the participation of women in the labour market is lower than that of males. Especially low rates of female participation (less than 30 percent) can be found in the Middle East, North Africa and South Asia (Figure 4). Globally, women are more likely to be unemployed or engage in informal, low-skilled jobs. Even if women are working on a par with men, they are paid less: statistics show that women’s wages are 10–30 percent lower than men’s in comparable occupations.<sup>10</sup>

## Youth unemployment

The global crisis has hit young people particularly hard (Figure 5). Between 2007 and 2013, the number of unemployed young people (aged 15–24) increased by 3.5 million, reaching alarmingly high levels in some advanced economies of Southern Europe—well over 30 percent. 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.

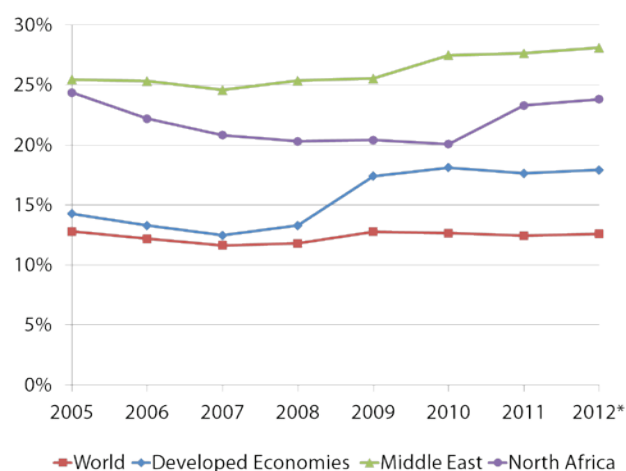
Participants in the consultations highlight **the urgency of addressing youth unemployment problems, which can spill over into political instability, conflict and crime, as well as**

**FIGURE 4. EMPLOYMENT-TO-POPULATION RATIO BY REGION AND GENDER, 2011**



Source: ILO Trends Econometric Models, October 2012.

**FIGURE 5. YOUTH UNEMPLOYMENT RATES IN SELECTED REGIONS, 2005–2012\***



\* 2012 represents preliminary estimates.

Source: ILO Trends Econometric Models, October 2012.

10 ILO, *Global wage report 2008/09. Minimum wages and collective bargaining: Towards policy coherence*, ILO, Geneva, 2008.

**FIGURE 6. YOUNG PEOPLE (AGED 15–29) IN THE LABOUR MARKET, ARMENIA AND TOGO, 2012**



**Note:** Relaxed unemployment comprises people who do not work, would like to work, but did not actively search for a job in the survey week and, therefore, are excluded from official unemployment statistics.

**Source:** ILO, *Global employment trends for youth: A generation at risk*, May 2013.

future welfare losses in terms of lower productivity and lower gains from the demographic dividend.

Even when young people are able to find jobs, a significant number of them may face precarious conditions and earn low wages. The most critical challenge for young people in developing countries is being ‘nowhere’ — outside both the education system and formal work. ILO’s research based on a new set of school-to-work transition surveys shows that, in some developing countries, between 40 and 70 percent of young people are part of the so-called underutilized labour — i.e. neither in regular employment nor in schools (see the case of Togo and Armenia in Figure 6).<sup>11</sup> In Latin America, one in five young people are so-called ‘NiNis’ — out of any kind of work, out of education. The lack of jobs is an acute problem especially for young people in fragile, post-conflict or conflict-affected countries, where it fuels unrest and instability and threatens relapse into conflict.

## Marginalization of people in labour markets

The consultations expose severe forms of marginalization and discrimination in labour markets. As remarked by a participant in the experts’ meeting on Growth and Employment, “‘less employable’ workers face employment problems even when the economies are booming.”<sup>12</sup> As jobs become scarcer, the disadvantaged groups are pushed further to the margins of the labour market. Participants in the consultations in Armenia say that high unemployment leads to infringement of workers’ rights, because people who worry about losing their jobs accept any working conditions. These working conditions can include long working hours, effectively excluding women and girls.

Participants in consultations share stories of forced work, non-payment of wages, refusal of treatment for work-related injuries in hospitals when people cannot afford to pay for medical services, and physical and verbal abuse. Violations of human rights and workers’ rights can happen everywhere, but they often go unnoticed by policymakers and politicians.

Particularly marginalized are older people, rural and indigenous populations, persons with disabilities, and ethnic and racial minorities. Older people in Asia (for example, in Viet Nam) and Africa (particularly in countries with high HIV/AIDS prevalence) are finding themselves with

11 ILO, *Global employment trends for youth: A generation at risk*, ILO, Geneva, 2013, Chapters 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.

12 Kenta Goto, Kansei University, participant in the Growth and Employment consultations.

*“Workers can then be physically and emotionally abused, humiliated, underpaid or even forced to work, whilst often in dangerous and unsanitary working conditions. Even when laws against this type of treatment that ensures labour rights exist, they are often not respected or applied in the case of workers who live in extreme poverty. In societies where women, and work associated with women, are not valued, female workers are especially vulnerable to these types of abuses and rights violations. [...] Women frequently experience discrimination because they become pregnant or are single mothers.”*

### **Brendan Coyne, conveying messages from a participatory seminar in Bolivia organized by the International Movement ATD Fourth World**

increased responsibilities to feed their families or orphaned grandchildren when they already struggle to make a living.

Persons with disabilities live in a vicious circle of disability, exclusion, poor education, poverty and unemployment. They experience severe challenges due to both ‘hard’ infrastructure and ‘soft’ attitudes. Consultations highlight that accessible infrastructure problems and accommodating public services are particularly severe in poor countries. In addition, persons with disabilities face various hurdles due to negative attitudes among employers and more generally in society. In consultations in Eastern Europe and Central Asia, people say that persons with disabilities tend to be segregated from society, which prevents them from accessing education and job opportunities.

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. Large numbers of people also migrate internally for work. Participants in consultations in the United Republic of Tanzania say that many migrants die and leave behind widows, while those who return bring with them new diseases and lifestyles. Consultations in a number of African countries show that conflicts and unrest lead to massive migrations of displaced persons to neighbouring countries, putting additional stress on public services, resources and economic opportunities of already struggling neighbours.

# From the MyWorld survey

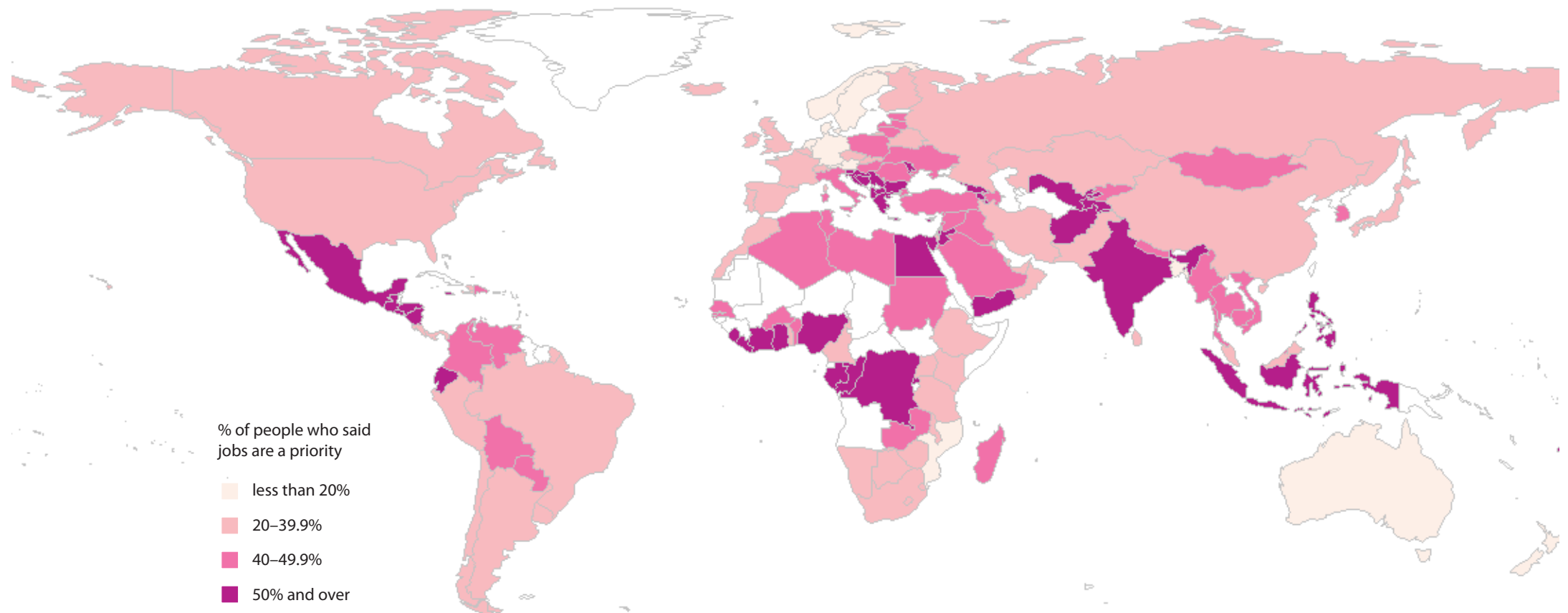
## People need better job opportunities

MyWorld is a global survey led by the United Nations and partners, asking people about their priorities in the future, in the post-2015 period. The survey was carried out through the website [www.myworld2015.org](http://www.myworld2015.org), mobile phones and face-to-face interviews. Nearly 800,000 people from most countries participated in the survey.

'Better job opportunities' is one of the 16 options from which people could choose six priorities. The map shows countries by the extent to which their people see jobs as a priority.

Countries with fewer than 100 participants in MyWorld surveys are shown in white.

FIGURE 7. PROPORTION OF PEOPLE FROM EACH COUNTRY WHO SELECTED JOBS AS ONE OF THEIR PRIORITIES IN THE POST-2015 AGENDA

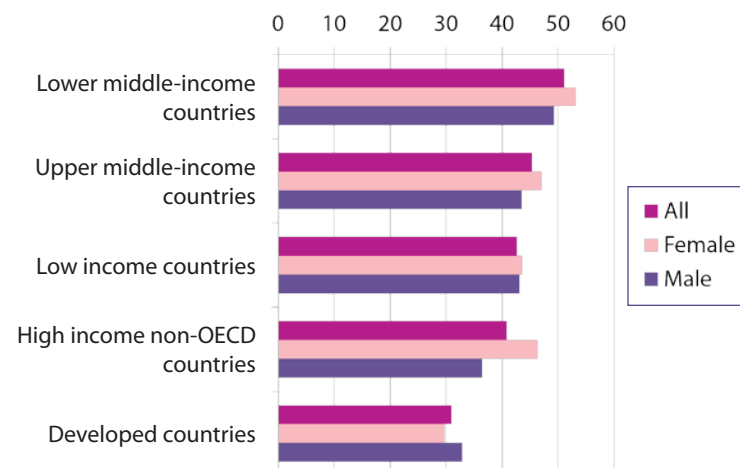


Source: Authors' calculations based on MyWorld Data; Map source: RWorldMap package. Disclaimer: Country boundaries shown on this map do not imply official endorsement by the United Nations.

## Perceptions about jobs, by national income level

MyWorld figures show that jobs are a pressing priority for large numbers of women and men in both developing and developed countries. People in middle-income countries are those most concerned, followed by those in low-income countries. Their perceptions reflect the **widespread vulnerability of jobs and working poverty in the developing world.** Overall, the results reflect structural employment problems in the developing world as well as cyclical fluctuations affecting especially the advanced economies. In all developing countries, women are more concerned about jobs than men, highlighting the difficulties they face in finding decent work.

FIGURE 8. PROPORTION OF PEOPLE WHO IDENTIFIED JOBS AS A PRIORITY, BY NATIONAL INCOME LEVEL



Note: Figures are not weighted by age or other characteristics. They reflect responses to MyWorld surveys from a relatively young population.  
Source: Authors' calculations based on MyWorld Data.

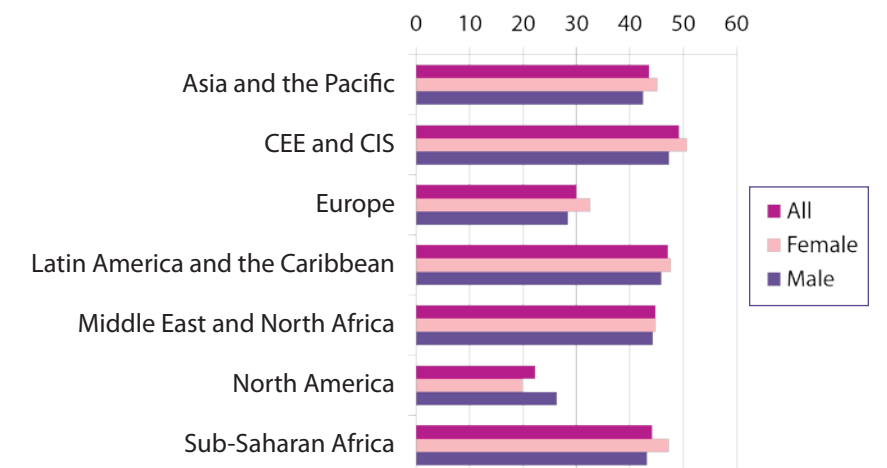
## Perceptions about jobs, by region

Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS) is the region with the highest proportion of people concerned with jobs, followed by Latin America and the Caribbean.

Relatively lower proportions in Sub-Saharan Africa might be explained by many other pressing development priorities.

North America is the only region where women are less concerned about jobs than men.

FIGURE 9. PROPORTION OF PEOPLE WHO IDENTIFIED JOBS AS A PRIORITY, BY REGION



Note: Figures are not weighted by age or other characteristics. They reflect responses to MyWorld surveys from a relatively young population.  
Source: Authors' calculations based on MyWorld Data.

# 4. Key approaches for realizing the employment agenda

Participants in Growth and Employment consultations propose several key approaches that should underlie efforts to tackle the jobs challenges in the years ahead.

## Rights, social justice and equity

The call for the new development agenda to be grounded in rights, social justice and equity comes from ordinary people, civil society movements and experts. Participants in the consultations

urge setting the primacy of the rights of women and men, whether in leading their daily lives or as they strive to access the labour market. Human rights, including workers' rights, are universal and timeless and should be respected and actively promoted, especially for groups that are disadvantaged and face discrimination in the labour market. Increasing the opportunities for full and productive employment and decent work for all is key to the progressive realization of the rights to access education, health, social protection, voice, participation and others.

The consultations reveal widespread concern for high and rising economic and social inequalities globally and within countries. Participants in the Arab Development Forum especially voice concerns about persistent inequalities and socially unfair policies in the Arab world. Widening inequalities not only affect poor and marginalized populations but are corrosive for society as a whole. In Angola and other mineral and oil-dependent countries, the key thread running through consultations is inequality and the way it reduces growth and leads to political instability and conflicts. Experts who participated in the discussion say that poverty reduction should come not only from economic growth but also by reducing inequality.

In addition to the moral imperative, participants also give economic reasons for reducing inequalities: countries that are more equal can reduce poverty faster, while more unequal countries face lower economic growth in the long term.

*"In every constitution of a country it clearly says ... to ensure the rights of our citizens — to health, education, shelter — all those rights. So this primarily should be the role of the state to ensure all those rights."*

**Ahmed Swapan Mahmud, Voices for Interactive Choices and Empowerment (VOICE), Bangladesh**

*"The major global challenge of the coming 25 years is how, peacefully, to achieve global environmental sustainability whilst meeting the legitimate aspirations for higher living standards of **billions of people** in a world where, in 2005, the richest 10 percent of the world population received 55 percent of the world income, and the poorest 60 percent of the world population received only 10.1 percent (Milanovic, 2012; Gore, 2013)."*

**Charles Gore, participant in e-discussion on Development-led Globalization**

*"Higher inequality can deter long-term economic growth by aggravating social conflicts and also reducing human capital investments."*

**Kang-Kook Lee, Ritsumeikan University, Japan**

## No 'one-size-fits-all' approach

The consultations emphasize that countries should adopt **different policies and strategies depending on their circumstances and levels of development**. Issues faced by countries with low, medium and high levels of development differ considerably and require different solutions. In emerging economies, for instance, emphasis might be placed on increasing domestic demand, strengthening social protection, addressing inequalities and promoting innovations. Most low-income countries may 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; therefore, structural change is needed to create productive capacities and employment. Conflict-prone and fragile countries urgently require employment generation to guard against relapse into conflict.

Participants in both expert and national consultations strongly voice the opinion that the new agenda should not have 'one-size-fits-all' prescriptions. Countries need space to formulate and implement strategies and policies that are appropriate for their context, which requires enlarging policy options and reorienting international trade and financial systems toward development objectives.

*"Each country ... needs UNIQUE policy based on culture of the people, geographic and political conditions of a given country (the country's political-socio-economic and technological situation)."*

**Oganda, participant in Jobs and Livelihoods e-discussion**

## Structural transformation

The jobs challenge is global, affecting nearly all countries. While in many developed countries the most critical **employment** problems are due to the global economic downturn, **in most developing countries the challenge is rooted in deep-seated structural issues**. Both experts and ordinary people voice the need for structural transformation to generate and sustain sufficient numbers of productive and decent jobs.

For participants in the national consultations, from Armenia to Zambia, **structural transformation means a progressive transition from dependence on the production and export of agricultural and mineral commodities toward more diversified economic structures with higher value-addition and higher productivity in agriculture, manufacturing and modern services.**<sup>13</sup>

The discussions also suggest that as countries attain higher development levels, structural transformation implies a significant shift from energy-intensive and polluting sectors toward more energy-efficient and less carbon-emitting sectors, accompanied by corresponding changes in consumption. In a number of middle-income countries such as Brazil, Morocco and Viet Nam, consultations reveal great interest in active policies for sustainable and resource-efficient consumption and production.

*"Structural transformations in output, employment, urbanization and technology are key to modernizing economies."*

**Degol Hailu, UNDP**

<sup>13</sup> In the discussions, people interchangeably used the terms 'structural transformation', 'economic diversification' and 'industrial upgrading'.



## The role of the state and partners in development

The participants highlight that the role of the State should not be confined to doing the basic minimum. Governments should ensure an enabling environment for enterprises, including secure property rights, enforceable contracts and effective legal processes to resolve disputes. They should provide public goods, such as reliable infrastructure and social services; redistribute gains from inequitable growth; and protect people and markets from shocks. Many participants in both experts' and national consultations stress that the market alone cannot be relied on to deliver social and environmental sustainability.

For example, the consultations suggest that **governments should be more proactive in providing incentives to accelerate a process of discovering and developing successful and innovative economic activities.** They might also fill in investment gaps when the private sector is reluctant to

enter into risky but potentially successful and productive sectors. Participants shared various examples of countries that successfully transformed their economies thanks to effective industrial policies that promote technological upgrading, skills formation, innovation and job creation: Brazil, China and the Republic of Korea, among others. Another important area where governments should play a role is in reducing environmental pollution and resource degradation by investing in environmentally friendly technologies and products.

*"The government has to play a proactive role in creating jobs and employment. They can't just [only] work through the private sector hoping that the private sector will create jobs and good jobs for its citizens."*

**Eun Mee-Kim, EWHA Women's University, Republic of Korea**

A stronger role of governments must be accompanied by greater accountability. In most national consultations, people call for honest, responsive and transparent governments. In many countries, people decry patronage, nepotism and corruption in public services, as well as the capture of political and economic power by elites. The capacity of governments to deliver services is seen as critical to fulfil its core functions, from the provision of basic social services to the more complex task of promoting productive capacity. In some countries in Eastern Europe and Central Asia, the level of mistrust in public services emerges prominently. Business voices in the consultations emphasize the importance of 'clean' governments and improvements in administrative procedures for both big and small enterprises.

*"I want to believe that I live in a world where governments regulate and exercise their powers for the benefit of their people."*

**Yorgos Altintzis, participant in Development-led Globalization e-discussion**

The consultations highlight that governance problems are not limited to state structures. Examples were given of bureaucratic hurdles in banking services for small entrepreneurs in Mozambique, unfair monopolistic practices of big businesses in Armenia and dumping of waste by companies in the coastal areas of Benin. Participants also demand greater transparency and participation in the control over mineral and other natural resources.

Often participants in consultations call for **individuals to take the initiative and for non-state actors to work in partnership with governments to address collective challenges.** They stress the power of civic activism whether through organized institutions, unorganized movements or individual action.

## The role of the international community

Many discussants see the international community as a critical player in creating global public 'goods' and supporting its weakest members. They call for strong, representative and accountable international institutions.

Creating global public 'goods' (e.g. an inclusive international trade system and a stable international financial system) and eliminating or reducing global public 'bads' (e.g. greenhouse gas emissions, resource degradation and large inequalities) are seen as core objectives that should be tackled collectively by the international community. Participants recommend that the international community should continue to help its weakest members through development assistance and debt relief, and by addressing obstacles to their integration in the global economy.

# 5. Strategies and policies

Many examples and suggestions are made for national strategies and policies for inclusive growth, employment generation and sustainable development.

## Developing productive sectors

Participants recognize that economic sectors differ in their growth dynamics and their capacity to generate employment. If the key objective is to generate employment and decent work, **sectors that are better at generating employment should be promoted.** Figure 10 summarizes the main suggestions from the discussions on sectoral policies.

**FIGURE 10. KEY SUGGESTIONS FROM CONSULTATIONS ON DEVELOPING PRODUCTIVE SECTORS**

AGRICULTURE	MANUFACTURING	EXTRACTIVES	SERVICES
<ul style="list-style-type: none"> <li>• Raise productivity</li> <li>• Develop rural markets</li> <li>• Strengthen informal institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Promote labour-intensive industries</li> <li>• Build links with capital-intensive industries</li> <li>• Promote energy- and resource-efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Build links with local economy</li> <li>• Manage through taxes and subsidies</li> <li>• Improve governance</li> </ul>	<ul style="list-style-type: none"> <li>• Raise productivity</li> <li>• Improve working conditions</li> <li>• Complement by job creation measures in other sectors</li> </ul>
MICRO, SMALL AND INFORMAL ENTERPRISES			
<ul style="list-style-type: none"> <li>• Improve access to finance and business development services</li> <li>• Streamline regulatory processes</li> </ul>	<ul style="list-style-type: none"> <li>• Protect workers' rights</li> <li>• Protect legal, commercial and property rights</li> </ul>	<ul style="list-style-type: none"> <li>• Incentivize associations and cooperatives</li> <li>• Build linkages with large, formal enterprises</li> </ul>	

The consultations underscore the central role of **agriculture**, the economic sector that employs and 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 productivity and earnings. National consultations in Burkina Faso and Malawi emphasize that governments need to support agriculture, which employs a large proportion of the country's women and youth. In Gabon, young people in rural areas consulted about the post-2015 development agenda state that they could only make a difference if financial and other support is provided to this important, but neglected economic sector.

*"Growth of the domestic market should be concentrated in rural areas where 68 percent of the country's [India's] population still resides. Since 53 percent of the country's workforce is still employed in agriculture, increased public investment in agriculture is an important instrument of policy."*

**Santosh Mehrotra, Government of India, participant in Growth, Diversification and Structural Change e-discussion**

Higher agricultural productivity can also help supply food to more people without significantly increasing the use of natural resources such as land and water. The participants suggest 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 and youth. Producers' organizations and informal associations of farmers, herders and fisherfolk should be encouraged, given their critical role in regulating the use of natural resources and facilitating access to markets, information, networks and

services. **The voices of rural communities should be heard in the policy dialogue.**

The issue of access to land is often raised. For example, poor people in rural areas who were consulted in Viet Nam want a fair system of land allocation and a more transparent way to determine land loss compensation,<sup>14</sup> while villagers in Armenia see consolidation of land by forming cooperatives as a way forward. Women representing international civil society movements as well as women farmers call for reforming land tenure systems and other property systems to give women the right to own land and other assets.

**Those measures should be accompanied by development of the rural non-agricultural sector and better access to markets.** Reflecting widely shared sentiments in Latin America, participants in the consultation in **Ecuador** call for the development of tourism, transportation and production in rural areas, so that young people could have secure jobs and would not need to migrate to cities. The development of local and rural markets might also be a factor in reducing transportation and corresponding emission costs.

**The participants discussed the development of industrial sectors extensively.** Due to the limited developmental success of large-scale industrial development projects since the 1950s and 1960s in a number of developing and centrally planned economies, industrial development has been neglected in the past decade. **Participants emphasize that industrial development needs to be brought back into the development agenda, since it is a critical driver for stimulating growth and increasing employment, thereby leading to sustained improvements 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 than other sectors. The sector also has higher capacity to generate employment, especially considering both direct and indirect employment generation. Discussants recommend 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. Countries that rely on capital-intensive industries 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.

The consultations comment on the dismally low ability of **the extractive sector** to generate employment and its negative effect on the environment. Participants in national consultations in Mongolia raise widely shared concerns that growth spurred by the mining industry has significant costs for the environment, livelihoods and traditional lifestyles. Consultations in Togo and the United Republic of Tanzania reveal a desire to use the country's natural resources in an environmentally sustainable way for the benefit of people.

**Nevertheless, the growth of extractive industries offers an opportunity to low-income countries to raise much-needed resources for human development.** A quarter of real GDP growth in Sub-Saharan Africa is generated by the extractive sector (oil, gas and minerals exports). Many participants recommend policies to link extractive sectors with other sectors—for example, through local content measures. Fiscal revenues from extractive industries should also be used

*“Promote farmers clubs and cooperatives which will empower farmers to negotiate for better agricultural inputs and produce prices, including access to agriculture research and extension.”*

**A representative of a farmers' group in Mzimba, Malawi**

14 UNDP, *Consolidated Report on Viet Nam's Post-2015 Consultation Process*, UNDP, Hanoi, 2013.

*“Having lived and worked in southern Africa for over two decades, it is clear that structural change is necessary if most of these countries are to attain sustainable development. Since most countries in southern Africa are dependent on extractive industries, not enough jobs are created as these industries are very capital intensive.”*

**Thoko, participant in Growth, Diversification and Structural Change e-discussion**

numbers of highly skilled workers, and informal services with low productivity and poor-quality jobs. The informal service sector essentially becomes an ‘employer of last resort’ for poor people in urban areas and those migrating from rural areas who are squeezed out or displaced due to the degradation of natural resources and deteriorating livelihoods.

The movement of people to informal urban sectors gives rise to rapid, poorly planned urbanization without the space, time or resources to build more energy- and resource-efficient infrastructure and housing. The consultations recommend a two-pronged approach to address informality, comprising positive measures to raise market access, productivity and working conditions of small informal producers together with normative interventions to ensure fair remunerations and compliance with regulations and safety and health standards.

The consultations indicate that **micro, small and informal enterprises** suffer from several impediments due to their size and lack of connectedness within the local economies, whether in urban or rural areas or in agriculture, manufacturing, mining or services. National consultations in several countries especially emphasize that small entrepreneurs suffer more from ineffective and bureaucratic government services. Those enterprises

*“A comparable policy push [comparable with successful policies following the 1929 economic crisis and World War II] is needed today. The current global economic crisis presents an opportunity to rethink socio-economic policies. Yes, a global new deal. This requires shedding the myopic scope of macroeconomic, trade and sector policy decisions of recent decades and, instead, basing them on their potential to achieve employment, social development, and sustainable growth for all.”*

**Isabel Ortiz, Institute for Policy Dialogue, Columbia University, participant in Development-led Globalization e-discussion**

to support the development of employment-intensive sectors. The consultations also highlight the need to tighten environmental regulation of the sector and slow down resource extraction through higher taxes on the extraction of non-renewable resources and lower or zero subsidies on the consumption of fossil fuels.

Despite its growing importance, the **services sector** cannot fully replace industry as the engine of growth. The development of market services, such as distribution, retailing or financial services, follows rather than leads the development of ‘productive’ sectors. The consultations highlight the dual nature of the services sector, which includes highly productive services employing small

numbers of highly skilled workers, and informal services with low productivity and poor-quality jobs. The informal service sector essentially becomes an ‘employer of last resort’ for poor people in urban areas and those migrating from rural areas who are squeezed out or displaced due to the degradation of natural resources and deteriorating livelihoods.

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To raise the productivity and incomes of micro, small and informal enterprises and encourage their expansion, linkages with large organized firms should be strengthened. Yet, concerns are raised about the need to protect farmers from the monopolistic practices of large buyers and sellers and to promote the practice of long-term contracts and other guarantees to reduce uncertainty.



## Economic policy coherence

Although single policy prescriptions do not work, several policy suggestions emerge from the consultations, informed by the review of lessons from past economic crises and successful development experiences of countries. Some of the main ones are outlined below.

Despite its damaging effects on employment and growth, participants in the thematic global meeting and the e-discussions see the global financial and economic crisis as a turning point, and an opportunity to rethink policy and change prevailing economic models.

Participants say that macroeconomic policies should be used 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, many advocate a broader toolbox of macroeconomic policies. For instance, monetary policies in developing countries should maintain reasonably low interest rates to incentivize private-sector investments. Governments should have space to manage the exchange rate market and the capital account to reduce volatilities arising from large exchange rate fluctuations and sudden inflows or outflows of external capital. Countries could also use fiscal incentives—taxes and subsidies—to attract private investment, and adopt expansionary policies to scale up public investments, while keeping a firm eye on the medium-term sustainability of public finances.

Public investment programmes, including investment in infrastructure, particularly in rural areas, should aim to support employment-intensive sectors and promote energy and resource efficiency. In most countries consulted, particularly in low-income countries and poorer regions of middle-income countries, participants demand better infrastructure, particularly roads, ports, energy, water and telecommunications systems, as a necessity to boost growth and employment.

The experts also recommend that financial policies need to serve the productive economy, support employment and finance structural transformation. The measures they suggest include subsidized credit to labour-intensive sectors and small and medium-sized enterprises, the establishment of development banks, and policies to manage cross-border capital flows.

The participants also discussed policies and regulations such as taxes and subsidies, public procurement and direct government investment, to address discrimination in the labour market, promote labour-intensive sectors and encourage energy- and resource-efficient sectors, enterprises and consumption patterns.

Overall, participants are of the opinion that a mix of coherent and complementary policies are needed to achieve employment objectives. Higher employment, especially for marginalized groups, would raise earnings and be a primary way to reduce poverty and address inequalities.

*“No matter how much pay check you get it become meaningless if you have to spend same in providing your own electricity in form of generators, provide your own water in form of boreholes, provide your own security, own and maintain a car because of faulty public transportation system etc. After you subtract the above cost from your salary what will be left to guarantee a decent life in terms of good feeding, qualitative health will be meager, so no matter how qualitative the job is, if basic infrastructures are not put in place then the salary is swallowed up no matter how fat the pay check.”*

**Mike Nasamu, Nigeria, participant in Jobs and Livelihoods e-discussion**

## Redistribution and social protection

The participants recommend redistributive measures such as social protection and progressive taxation to reduce inequalities, as well as legal and regulatory measures to eliminate discrimination. These redistributive policies should complement fair wage policies that ensure a link between productivity and earnings.

Consultations call for taxation systems to be made more progressive in both design and implementation. Transfer pricing practised by multinational corporations, as well as ‘tax competition’ by governments are mentioned as important reasons for regressive taxation. ActionAid’s research points out that a multi-million-dollar company operating in an African country paid no corporate taxes in three of the four years during 2007–2010, while taxes and fees paid by informal entrepreneurs amounted to a large share of their income.<sup>15</sup>

The participants underscore the many benefits of broad-based or universal social protection systems. In addition to reducing poverty and inequality, well-designed social protection schemes contribute to employment generation by improving household investments in health and education and serve as automatic stabilizers in times of recession. Social protection programmes such as cash transfers and public employment schemes have proved to be affordable (estimated to cost about 1–2 percent of GDP) and bring clear development benefits to the recipients. The UN has 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>16</sup>

Participants also comment that social protection is largely limited to people employed formally, and underscore the difficulties in expanding it to the informal economy. This is particularly the case for contributory social protection (social insurance), which requires not only payments of benefits but also collection of contributions on a regular basis. To help expand the coverage of social protection, discussants recommend incentives for forming associations and cooperatives of micro, small and informal enterprises. Universal coverage of health insurance is considered a key component of effective social protection systems.

*“It is essential that there be a system to ensure that people can continue to have a dignified life even when they can no longer work, so countries must have a social security system, because that helps young people feel that it [is] worth having a job and devote himself to it. The Social Security allows countries to achieve [the payment of taxes by the citizens] because they understand what it’s for.”*

**Vito Barbosa, participant in Jobs and Livelihoods e-discussion**

Particularly important is the implementation of social protection measures and social services for women. Discussants recommend the provision of public goods such as accessible child care, maternity leave and other measures that target women specifically.

The unforeseen consequences of climate change, the degradation of natural resources and deliberate actions to shift to greener economies might affect rural populations the most.

<sup>15</sup> ActionAid, *Calling time: Why SABMiller should stop dodging taxes in Africa*, ActionAid, London, 2012, [www.actionaid.org.uk/sites/default/files/doc\\_lib/calling\\_time\\_on\\_tax\\_avoidance.pdf](http://www.actionaid.org.uk/sites/default/files/doc_lib/calling_time_on_tax_avoidance.pdf)

<sup>16</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, see ILO, *The strategy of the International Labour Organization: Building social protection floors and comprehensive social security systems*, ILO, Geneva, 2012.

Innovations in social protection, such as micro-insurance, are needed to protect them from shocks and adjustments. Other examples of successful policy innovations include efforts to combine social protection with employment promotion through public works and employment guarantee schemes (India and Bangladesh), with education and health services (Mexico), and with agricultural and environmental conservation incentives (Brazil and Ethiopia).

In discussing social protection policies, participants in the national consultations in Eastern Europe and Central Asia warn that social assistance may inculcate an “attitude of dependence”. Participants from Armenia recommend that social protection comprise not only **passive** support such as social benefits but also **active** support—for example, social integration opportunities for persons with disabilities—since, ultimately, “people prefer independent living opportunities to entering the stratum of the benefit system.”<sup>17</sup>

Finally, there is a strong call for legal and regulatory measures and institutional means to eliminate discrimination and promote social justice. Among the measures recommended are anti-discrimination and ‘affirmative action’ laws and policies, setting minimum wages, support to collective bargaining, enabling women to own property on a par with men, institutions for legal recourse and addressing grievances, education and raising awareness about rights.

## Policies for environmental sustainability

Experts’ and national consultations indicate that environmental sustainability is becoming a growing concern of countries in all regions. The global thematic consultations emphasize the interrelations between environmental sustainability, growth and livelihoods. Most contributions highlight trade-offs between economic growth and environmental sustainability but also possible win-win situations—for instance, the job creation potential of investing in sustainable industries.

Several key themes have emerged. In the poorest countries and in rural, poor communities of middle-income countries, people observe that climate change and the growing scarcity of resources are increasingly affecting their livelihoods and require urgent intervention. A feeling of powerlessness prevails among many communities experiencing pollution of coasts, rivers and lakes, growing scarcity of water, desertification and deforestation, with immediate implications on increasing poverty and destitution: fishermen in Benin and Thailand talk about severely reduced or wiped out fisheries—their main source of income and food. Indigenous communities say that their traditional ways of living and institutions which have sustained their living environment for generations are under threat.

*“A large part of poverty-stricken people are living in urban slums. They do not have access to natural resources—access to land, forest, and water. They are pushed to urban slums. And they are bound to enter the unfair labour markets. This is why poverty always continues. Why don’t we talk much more about agrarian reforms and access to natural resources?”*

**Masaaki Ohashi, Japan NGO Center for International Development, speaking about his 10 years lived in Bangladesh and India**

In urban and more affluent areas, there is greater awareness of and requests for actions to change consumption, production and infrastructure systems. In Brazil and Morocco, for example, participants suggest measures such as recuperating degraded areas, creating incubators for new technology focused on alternative energy, improving technologies for water collection and shifting

<sup>17</sup> *Post-2015 development agenda: National consultations*, Republic of Armenia, Yerevan, 2013.



*“Immediate investments shape our lives for long time spans: Educational delays — getting the right skills in place can easily take ten years. Innovation cycles — from idea to market — can span years or decades. Hard assets — transportation systems, power plants and dams, housing, water systems, industrial plants, heavy machinery, urban expansions — may last over 50 years. [...] Today’s investment decisions will shape our fate for decades to come. Infrastructure choices determine future resource use.”*

**Mathis Wackernagel, Global Footprint Network, participant in Sustainability and Growth e-discussion**

to crops which need little water, while a participant from Uzbekistan recommends modernization of the heating systems and wider use of renewable energy in buildings. Participants from developed countries strongly voice the need for forward-looking policies to limit wasteful consumption and invest in more resource- and energy-efficient infrastructure.

To this end, participants recommend different policies and regulatory measures, such as regulation and standards; taxes, subsidies and public procurement to incentivize more environmentally friendly technologies, disincentivize polluting or wasteful production and limit wasteful consumption; direct spending on research or public works; market-based mechanisms; environmental education and awareness; and international systems and institutions to finance global environmental ‘goods’.

## Education and training

The consultations indicate that, despite much progress in access to education in most countries in recent years, there remain widespread deficits in terms of quality, relevance and equity of education and training. In developed countries, education is no longer a guarantee for a good job, as evidenced from high unemployment, disguised unemployment and the proliferation of unpaid, voluntary work among many educated young people. In the developing world, young people from poor, rural and indigenous backgrounds are severely disadvantaged in accessing and completing higher levels of education due to their lack of education earlier in life. For example, Cambodian youth consulted about the post-2015 agenda say that teachers are poorly paid and ill-trained and that there are not enough schools in rural areas. Many participants highlight the importance of improving the quality and coherence of education systems from primary to secondary and tertiary education.

People want to see their countries invest in vocational training—a key issue especially for countries with fast-growing young populations. Youth in Egypt, for example, say that in rural areas enrolling in technical schools is a convenient and less costly way to acquire skills needed by the job market, but they lament that vocational training is not well developed, and graduates do not meet employers’ demands. Indonesia, on the other hand, is developing a tiered vocational training system with longer, higher quality professional vocational training but also shorter, less formal courses requiring lower resources and teaching capacities.

Re-training and vocational training are needed also for middle-aged and older workers, such as women returning to work after years of child care or workers whose skills have become irrelevant. Good quality re-training systems are especially important for countries undergoing rapid structural transformation. In Eastern Europe and Central Asia, as a result of the sudden transition from centrally planned to market economic systems in the early 1990s, the skills of many workers suddenly became obsolete. Turkmenistan’s consultations, for instance, indicate that many people aged 40 years or older require significant re-training.

Persons with disabilities who face greater discrimination and marginalization in labour markets need more inclusive training and education systems, and the elimination of institutional discrimination against them.

Participants recommend that governments should collaborate with industry in setting standards, developing curricula and implementing certification schemes, while education systems and the private sector should collaborate in implementing active programmes for placement, apprenticeships, on-the-job training and mentoring of young workers. International or regional harmonization of vocational training systems and the mutual acceptance of certifications by different countries would enable more productive and better-regulated migration of workers.

*“Employers should go to universities and colleges, cooperate with the schools to work out a useful curriculum, interview students and employ them.”*

**20-year-old male student in Phu Tho province, participant in national consultations in Viet Nam**

## Voice and social dialogue

Discussants emphasize that participation is the most important way to eliminate discrimination, improve working conditions, ensure the fair distribution of benefits, and obtain better results from policies.

The consultations call for recognition of the voice of workers and promotion of dialogue among workers’ and employers’ organizations. The disregard for freedom of association, collective bargaining and other internationally recognized labour standards, and the lack of social dialogue could partly be the consequence of the absence of representative workers’ organizations. There are also cases where trades unions’ democratic rights are severely restricted or utterly suppressed.<sup>18</sup> In some parts of the world, trades unions simply do not exist, so participants request that the formation of workers’ organizations be encouraged.

In countries with large informal economies, the majority of employed people work for themselves or their families. Participants argue that social dialogue and participation should extend beyond organizations of workers in the formal sector. They call for harnessing the power of wider civil society, which can significantly amplify the efforts of governments. People who discussed the post-2015 development agenda at the Arab Development Forum want to see a full engagement of civil society — “a driving force for positive change in their communities” — but note that there are serious political, legal, cultural and economic obstacles. Civil society actions require funding. For instance, a participant in e-discussions brought up the case of reduced funding for civil society organizations in the United Kingdom following fiscal difficulties during the economic recession. As a result, many NGOs, which were working to address racial discrimination, have ceased their services.

<sup>18</sup> ITUC, *Trade union rights violations around the world in 2011*, ITUC, Brussels, 2012, ([survey.ituc-csi.org](http://survey.ituc-csi.org)).

# 6. Global policy coherence

## Reforming the global economic governance

The consultations make clear that domestic policy measures require supportive global institutions and international policy coherence to succeed. A policy for growth and employment in one country has an effect on policymaking and development outcomes in another country.

Experts participating in the consultations observe a growing influence of emerging economies in global governance but view it with a mix of worry and enthusiasm. On the one hand, the increased diversity of views and objectives could make collective action and coordination more difficult at a time when it is most needed. On the other hand, this ‘diversification’ in the forces influencing the international agenda allows greater plurality of views and innovative approaches to development.

The discussion also reflects some lack of confidence in the global governance system’s ability to addressing collective challenges. Participants echo the long-standing debate on the reform of global governance to give greater voice to the developing world. In the words of Stiglitz and Charlton (2005), “A fair agreement is unlikely to be produced through an unfair process”.<sup>19</sup>

Five areas that a reformed and strengthened global economic governance system needs to tackle emerge.

## Helping the weakest members of the international community

There is a strong sentiment that the post-2015 agenda should continue to be an instrument to guide and mobilize official development assistance (ODA), given that it plays a critical role

in financing development, in particular in the poorest countries. However, fiscal realities in developed countries and strains on traditional ODA should be acknowledged, making it important to explore new sources of development finance, such as increasing domestic resource mobilization (especially feasible in natural resource-rich countries), arresting flows of illicit finance, tackling tax evasion and tax avoidance, and introducing international taxation—for instance, on financial transactions. The consultations call for the ODA agenda to be expanded beyond humanitarian assistance and to focus on creating an international environment more conducive to employment generation in less developed countries and a reduction of excessive global inequalities.

*“People once lived in communities and have always helped each other. The community has never left behind the poor and needy members of the community. Why can we not make globally rich countries support poor countries? Today, many of them [rich countries] are spending huge sums on armaments, the maintenance of their numerous armies, while there are countries on earth where people are dying in hunger and poverty.”*

**M., 58 years old,  
Turkmenabat, Turkmenistan**

<sup>19</sup> Stiglitz, J. and A. Charlton, *Fair trade for all: How trade can promote development*, Oxford University Press, Oxford, 2005.

## Development-oriented trade

Participants in the consultations call for enhancing the development gains from international trade, recalling the original aim of the World Trade Organization (WTO) to raise standards of living and ensure full employment—particularly favouring developing countries.

This original aim contrasts with the experiences from multilateral trade negotiations in recent decades, as documented in the research shared by experts and voiced in the national consultations. ‘Fair trade, not free trade’ is a thread running through several national consultations, particularly in Asia and the Pacific. Many participants comment on the deleterious effects of the sudden liberalization of trade and capital flows on low-skilled workers, farmers and other groups in both developing and developed countries. Among others, participants in the national consultation in Uganda strongly voice their requests to make the international trade, finance and technology transfer systems more just and equitable. 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 a high share of their workforce in low-productivity agriculture. A number of middle-income countries in Latin America, East Asia, CIS, and Central and Eastern Europe have had some success in industrializing, but many remain stuck at middle-income stages of development (the ‘middle-income trap’), while some of them have experienced de-industrialization. In the national consultations organized in Viet Nam and the Philippines, participants raise concerns that the international trade and finance architecture might prevent them from escaping the middle-income trap, as they find themselves unable to compete with advanced economies on the basis of technology, at the same time as rising wages make them unable to compete with lower-income countries on the basis of cheap labour.

Participants recognize that economic globalization and the fragmentation of production into global supply chains, enabled by low transport costs and improved technologies, present both opportunities and challenges for low-income countries. Since different components of a final good are 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 can move easily from one country to another. The rush to attract foreign direct

*“Trade and economic endeavor should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand (...) in accordance with the objective of sustainable development.”*

*Efforts should be made to “ensure that developing countries, and especially the least developed among them, secure a share in the growth of international trade commensurate with the needs of their economic development.”*

**From the Preamble of the Marrakesh Agreement that established the WTO, as shared by Luciana Mermet, participant in the Development-led Globalization e-discussion**

*“Unable to protect nascent industries and sectors, developing countries have had to compete with each other for foreign direct investment and have thus competed to lower minimum wages, labour standards and regulations and reduce tax rates. This has resulted in a ‘race to the bottom’. Most countries also crack down on trade unions to maintain conditions favourable for foreign investors. ... An alternative trade system is realistic and realizable.”*

**Shanthi Sivakumaran, IBON International, the Philippines, participant in Development-led Globalization e-discussion**

investment (FDI) and supply chains could also lure poor countries, whose only comparative advantage is cheap labour, into disregarding health and safety regulations and other labour standards.

Despite the challenges presented by the multilateral trade system, e-discussion participants also note its benefits over the proliferation of bilateral, regional and subregional trade agreements. In Indonesia, participants in national consultations call for reducing or changing free trade agreements to protect small producers, particularly those in the fishing industry and farmers.

Participants in the consultations call for reforms in the international trade system to go beyond liberalization and trade facilitation toward providing an enabling environment for developing countries to build their productive capacities. Newly drawn regional and subregional trade agreements could provide an important opportunity to repair unfair trade relationships.

## A stable and supportive financial system

Participants in the e-discussions underscore the need to reform the international financial system to limit volatilities, excessive risk-taking and the increase of inequalities. First and foremost, financial systems need to perform their main function: supporting the productive economy. The experience of the global economic and financial crisis is very much in most people's minds.

*“According to former French Prime Minister Michel Rocard, some US\$800 trillion (800,000 billion) in liquidity are roaming around the world for ‘investment’ outlets. Three decades ago 85% of the world capital invested in the stock exchanges were dedicated to the real economy, therefore pure speculation was only 15%. Now this ratio is reversed. Some authors even say that 98% of the capital available is poured into devastating speculation, including that on currencies, highly harmful derivatives, CDs, CDOs... Money for real production purposes has become rare.”*

**Luc Guillory, Partage International, France, participant in Development-led Globalization e-discussion**

The discussion acknowledges some positive steps in strengthening financial regulations but suggests that much more has to be done. Many of the suggestions—such as further tightening and harmonizing financial-sector regulations, enabling capital controls, banning speculative forms of financial transactions, taxing financial transactions and strengthening investment standards—echo recommendations of the Stiglitz commission made in 2009.<sup>20</sup>

Participants also draw attention to the need for the international financial system (particularly public finance) to finance infrastructure investments in the developing world. By 2020, the total infrastructure requirements in the developing world are estimated to be US\$1.8–2.3 trillion per year (about US\$1 trillion more than what is currently being spent), of which US\$200–300 billion is needed for climate change adaptation and mitigation.<sup>21</sup>

<sup>20</sup> United Nations, *Report of the commission of experts convened by the President of the UN General Assembly on reforms of the international monetary and financial system*, United Nations, New York, 2009.

<sup>21</sup> Bhattacharya, A., M. Romani and N. Stern, *Infrastructure for development: Meeting the challenge*, Centre for Climate Change Economics and Policy, Grantham Research Institute on Climate Change and the Environment, G-24, London, 2012.

## Exchange of knowledge and technology

The consultations emphasize the need to create a favourable environment for technology transfer and knowledge exchange among countries. Some suggest that intellectual property protection should be reviewed to enable a freer exchange of technology across countries, in particular of technologies that generate or use renewable or less polluting sources of energy.

Participants say that innovation and technology transfer should not be limited to large-scale, industrial technologies. One participant shared examples from Nepal, where public funding (both domestic resources and foreign aid) is helping to spread the technology of biofuel stoves and micro-hydropower plants in the market. Other participants argue that technology transfer should not only flow 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>22</sup>

## Movement of people

Many participants in the consultations predict a significant increase in migration in the coming decades, driven by the lack of decent jobs in sending countries and high inequalities among countries. National consultations in Guatemala indicate that the key factor explaining the strong migration to the USA is the lack of decent job opportunities in the local economy. Many young people participating in the consultation in Egypt say that migration “is the only option left [to] us if we want to work and make enough money to establish a family.” Other factors that will likely drive migration are population ageing in developed and some middle-income countries, and the youth bulge in many of the poorest countries.

It is clear from the consultations that the international community needs adequate rules and institutions to support the movement of workers across borders and enhance its benefits for the sending and 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 note 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.

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22 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.

# 7. Measuring progress

*“While what is important is the agenda, what ultimately drives the thinking and the discourse is the power of all these targets.... Unfortunately, what is not included there tends to get forgotten.”*

**Sakiko Fukuda-Parr, The New School**

Experts agree that setting goals and targets with clear and measurable indicators is essential to translate aspirations into actions, and actions into tangible improvements in people’s lives. Policy decisions need to be grounded in evidence and be subject to public scrutiny, which requires timely and quality data. While specific targets and policy approaches need not be the same for all countries, a core set of goals should be agreed on and adopted universally. For this, better data collection is a priority.

## Goals, targets and indicators

Experts recommend a stand-alone goal on employment in the post-2015 development agenda, which could include a set of targets and indicators.

One main obstacle is the presence of a large informal economy in the majority of developing countries, which makes unemployment figures largely meaningless. Therefore, in addition to unemployment, targets should include other measures such as working poverty, status in employment, relative levels of wages and earnings etc., to give a real indication of the level of distress in the labour market. Experts also highlight the importance of disaggregating data (including designing data collection in a way that can be disaggregated) by sex, age, rural and urban location, economic sectors and other characteristics relevant to particular countries.

Experts have also proposed the use of indicators to measure the means or processes to achieve employment objectives. These could include, for example, indicators related to patterns of growth, structural transformation, value-addition and productivity, inequality, and the scope of social protection and welfare benefits for the poorest groups. Targets on growth can be based on indicators of income adjusted for natural and human capital. Targets on structural transformation should reflect the development dynamics and movements over time. Targets on inequality might build on existing and new measures of income inequality and should go beyond the simple disaggregation of indicators by vulnerable groups.

## Data harmonization and collection

Experts emphasize the importance of a major effort to strengthen statistical capacities and data collection as well as to make data widely available to public scrutiny and analysis. The data for most of the indicators under consideration come from labour force surveys which are regularly carried out in the majority of countries. However, participants identify severe challenges, such as the lack of harmonization of definitions and survey instruments and limited funding that hinders data collection, particularly in the poorest countries. They stress the need for concerted investments in harmonizing and collecting relevant data to establish country baselines by 2015.

# 8. Conclusions

This report highlights priorities and challenges for growth and employment in the years ahead, as seen by people who have participated in the thematic and national consultations. Those voices include experts, as well as people usually not heard by policymakers. The discussion points out the advantages of adopting a stand-alone goal on employment with a set of targets taking into account the labour market specificities of each country and the main dimensions of sustainability. It also brings to the fore many suggestions for policies and strategies to strengthen the future global development agenda. Finally, it conveys a strong sense of both urgency and optimism that—with stronger partnerships and the right policy framework—a better, more inclusive and sustainable future for all is indeed possible.



# Annex

## Advisory Group on Growth and Employment in the Post-2015 Development Agenda

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