



**International Labour Organization**  
**Doha Review Conference on Financing for Development**  
**Decent Work Pathways to Sustainable Development**

**1. Countering the recession and building recovery**

There is a serious risk of a global recession with rising unemployment and poverty threatening the achievement of the Millennium Development Goals. This is a critical moment to review the Monterrey Consensus and international development policy challenges. We need concerted international action to avert a long and deep recession and construct a new multilateral framework for sustainable development.

The Doha Review Conference comes at a critical juncture when the central development objectives of poverty reduction, of generating employment, of raising income levels, of reducing vulnerability, and of empowering through basic rights, needs to be re-asserted. The Report of the Secretary General on the latest developments related to the review process on financing for development and the implementation of the Monterrey Consensus, is far sighted and comprehensive.

The financial crisis has grave consequences for the real economy, of workers, enterprises and families. The ILO fears that unemployment could rise by 20 million by 2009 and that 100 million more working women and men could fall below the 2 US dollars a day poverty line.

The ILO with its tripartite structure represents this real economy of workers, employers and governments. The Officers of the ILO Governing Body have called for urgent measures to protect people, support productive enterprises and safeguard jobs:

- ensuring the flow of credit, and stimulating demand through public and private expenditure and investment and wage measures;
- extending social protection, training and retraining opportunities, and placement services, and enlarging emergency employment schemes and targeted income support, with particular focus on young women and men, workers in informal or precarious employment, migrant workers, and the working poor;
- supporting productive, profitable and sustainable enterprises to maximize employment and decent work, particularly for small enterprises and cooperatives. The opportunity to improve the environment in increasing employment-intensive investment in infrastructure should be seized;
- ensuring that fundamental principles and rights at work are not undermined;
- strong cooperation between the ILO and the multilateral system, and deepening social dialogue and tripartism between governments, workers and employers to develop policy responses and build social cohesion; and
- maintaining development aid at least at current levels, and providing additional support to low-income countries.

The ILO's Decent Work Agenda is a solid platform to counter the slowdown and build a fair globalization. We need to redesign systems of economic governance, with decent work as a priority – through a better balance between the market, society and the state, and between the needs of production and finance. The ILO's 2008 Declaration on Social Justice for a Fair Globalisation, reaffirms that poverty anywhere constitutes a danger to prosperity everywhere and that the ILO has the solemn obligation to further programs which will achieve the objectives of full employment and the raising of standards of living, a minimum living wage and the extension of social security measures to provide a basic income to all in need.<sup>1</sup>

The UN with its 192 members has the legitimacy of universality, as does the ILO with its almost coincident 182 members. An important challenge is how to ensure that a reinforced G20 process contributes to the ongoing reform efforts within the UN to strengthen its effectiveness and draws on the expertise of its specialized agencies such as the ILO. As the only international body in which representatives of the real economy, workers and employers, participate alongside governments, the ILO has a particularly important role in ensuring that reforms and policy packages for recovery take fully into account the need to create a strong foundation for productive enterprises and decent work in the future.

As Secretary-General Ban Ki-moon said in addressing this month's ILO Governing Body meeting: "Ultimately, we have to do more than just fix the current financial disorder. We have to improve governance so that globalization produces fairer results and promotes social justice. And we have to make sure that it is environmentally, economically, socially and politically sustainable."

## **2. Working out of crisis - decent work and the development agenda**

There was a crisis before the financial crisis erupted – a crisis of narrowly based growth, weak employment growth, imbalances in capital flows, continuing massive poverty worldwide, and growing social inequalities, compounded by a food crisis.

The primary response must be to generate employment and improve its conditions – that is, decent work. Generating decent work opportunities supports sustainable development, raising both consumption and savings. Increased consumption reduces poverty and generates demand. Rising wages also allow greater savings, cushioning the household and increasing the flow of funds for domestic investment, which in turn generates more and better jobs.

Improving incomes also enable government to enlarge its tax base to support the supply of essential public goods such as education and health, which in turn feed back into increased productivity. Imbalanced growth in many countries in recent years has squeezed wages and blocked both productivity and incomes. This has increased dependence on volatile flows of foreign investment, both public and private.

The Doha Conference is an opportunity to shift development thinking to an integrated and sustainable path in which social and environmental progress interacts with the market economy to generate sound growth rather than speculation. ILO Decent Work Country Programmes offer a practical means of improving the integration of decent work policies into national strategies and international frameworks such as UNDAF.

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<sup>1</sup> ILO Declaration on Social Justice for a Fair Globalisation, International Labour Conference, 97<sup>th</sup> Session, 2008, [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_094042.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_094042.pdf)

The 2005 World Summit Outcome recognized that “national development strategies should give priority to policies that foster the progressive realization of decent work for all, thereby mobilizing resources in the fight against poverty”. There is increasing recognition and endorsement of this decent work development agenda. The UNCTAD Twelve Accra Accord of 25 April 2008 highlighted the importance of efforts to promote full and productive employment and decent work at the national level, including through the use of the UN Chief Executives Board Toolkit for Mainstreaming Employment and Decent Work.

Since Monterey, global growth has been high at 4.5%. The region with the lowest income per person - sub Saharan Africa - has grown at 5%. Yet, growth in developing countries has yielded too few decent jobs. In some countries much of the growth has been in enclave commodity producing sectors whose boom is unconnected, sometimes even deleterious, to the rest of the economy. Such exclusive growth jeopardises broader based development and poverty reduction. The primary mechanism for more inclusive growth, broader based development and poverty reduction, is the generation of employment and improvement in the returns and conditions of employment – through decent work.

Generation of employment, and improvement in the conditions of employment like wages and productivity – that is improvements in decent work - support a virtuous cycle of sustainable development, raising both consumption and savings. It increases consumption, which reduces poverty for the household, and generates stable domestic demand for the economy. It allows greater savings, cushioning the household’s future, and raising the economy’s domestic investment in a more stable manner than foreign inflows which are prone to fluctuation. Improved employment and wages are critical for the welfare of the household, and contribute to balanced and sustainable growth.

### **3. A basic social security benefit package to protect the vulnerable**

New estimates by the World Bank show that in 2005, 2.6 billion people were living at or below the two US dollars a day poverty level, which is the same absolute number as in 1981. Approximately half of this total are of working age and are unable to earn enough to lift themselves and their families out of poverty.

All the economic expansion of the past twenty five years meant that we just kept pace with population growth but failed to make any inroads into the total numbers of the world’s poorest. And there has been an increase in the number of people just above the poverty line who are at risk of falling back into extreme poverty as a result of the rise in food and fuel prices and now the slowdown.

The hungry and sick cannot work productively. Initiating a virtuous circle of opportunity for increasing productivity and decent work must start with a concerted attack on extreme poverty.

The most direct way to do this is by introducing a basic social security benefit package that offers a minimum income to those most at risk and increases the opportunities of the working poor to support themselves and their families through productive employment. Such a package should be part of a wider development agenda of investing in people, including education and health services. This basic package would include:

- Income support to families with school age children
- A minimum old age and disability pension

- A basic universal health care system
- Support for unemployed and underemployed workers, especially in rural areas, through job guarantee schemes.

ILO calculations have demonstrated that most or all of such a package is within the fiscal reach of even the least developed countries, costing between 2 and 4 per cent of GDP. A basic benefit package is a vital social stabilizer. As the level of protection rises, social security also becomes an important stabilizer of aggregate demand, helping ride out growth fluctuations in middle- and higher-income economies.

The realization of decent work for all, including investment in human capital through better designed and better funded health and education policies, coupled with better social protection and active labour market policies, is essential. Such policies have begun to show results, but increased efforts are needed.

Decent work, including sound social protection policies, is important to reversing the loss of jobs and incomes in the developed world. Building support for a new multilateralism, which includes a politically sustainable strategy for financing for development, must be based on the global goal of decent work for all.

#### **4. Breaking the downward spiral and generating sustainable growth**

A coordinated global economic stimulus is needed to break the vicious downward spiral of weakening employment and consumption feeding into lower output and investment and back to ever worsening bank losses. Maintaining and increasing Official Development Assistance is a key component of such a strategy and an essential addition to domestic resources. The way forward is, as shown in the Monterrey Consensus, through mutual accountability, and increasing the effectiveness of aid, by using budgetary support to generate employment and decent work, and thus a stronger domestic impetus to sustainable growth and a fairer distribution of income.

With foreign direct investment (FDI) is likely to fall this year and in 2009, it is even more important that FDI supports a development path centred on full and productive employment and decent work. We will make stronger efforts to promote sustainable enterprises, in particular small and medium sized enterprises, corporate social responsibility and good corporate governance and seek to ensure that adequate labour and environmental protection standards are upheld everywhere. A valuable framework for embedding FDI in national development is the ILO Tripartite Declaration of Principles on Multinational Enterprises and Social Policy.

The 2006 Ministerial Declaration of the High Level Segment of ECOSOC affirmed the requirement for greater coherence on the impact of policies on employment and decent work<sup>2</sup>, and that macroeconomic policies that should support employment creation.<sup>3</sup> It also stressed that full and productive employment and decent work for all, which encompass social protection, fundamental principles and rights at work, and social dialogue, are key elements of sustainable development for all countries, and therefore a priority objective of international cooperation.<sup>4</sup>

The ILO's tripartite constituency is ready to play its role in establishing a comprehensive strategy of financing for development that contributes to building decent work pathways to sustainable development.

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<sup>2</sup> United Nations Economic and Social Council's Substantive session (ECOSOC) 2006, paragraph 18

<sup>3</sup> ECOSOC 2006, paragraph 6

<sup>4</sup> ECOSOC 2006, paragraph 2