



Check against delivery

**Remarks by Juan Somavia
Director-General of the International Labour Office
to the High-Level Policy Dialogue on**

**“Resources mobilization and enabling environment for poverty
eradication in the context of the implementation of the programme of action
for the least developed countries for the decade 2001-2010”**

**as part of the
Economic and Social Council 2004 High-Level Segment
(New York, 28 June 2004)**

Madame President, thank you for your invitation. As a former President of ECOSOC, it's good to be back home. I welcome the excellent report submitted to this High-Level Segment and commend Ambassador Chowdhury for his leadership.

The implementation of the Brussels Programme of Action is a make or break issue for the credibility of the multilateral system and commitments made at international gatherings.

If we can't deliver to the people of less developed, land-locked and small island countries which are most in need, what is left of other issues?

But we are also falling short on the tremendous potential that we have to build a fair globalization that creates opportunities for all.

I thank the General Assembly and the Monterrey and Johannesburg Conferences for stimulating the ILO—and encouraging us to advance on the social dimension of globalization.

The [Report](#), which you have invited me to address, is a practical contribution to the implementation of the ideas you have developed so well in the General Assembly resolution on globalization and interdependence.

The [World Commission on the Social Dimension of Globalization](#) took on the challenge to see globalization through the eyes of people. President Mkapa of Tanzania and President Halonen of Finland gave strong leadership to the exercise.

They held consultations around the world. Their report is not the last on globalization after so many others, it is the first based on dialogue among a group of 26 non-like-minded personalities with different interests and experiences.

They were able to find common ground: showing that a balanced convergence was possible on such hotly debated issues is probably its principal value.

The report is critical—positive—common sense. It is critical: it clearly states that the benefits are not reaching enough people. The present path is not politically sustainable.

It is positive. The point is not to stop globalization, but to manage and shape it within open economies and open societies. And it can be done.

It is common sense. It takes an integrated view—connecting the dots between different issues—making proposals for action across a broad front of interconnected policies. The recommendations—most of them based on ongoing work in different organizations—are feasible and realistic.

The report is an action plan for achieving the common goal expressed in the Millennium Declaration “to ensure that globalization becomes a positive force for all the world’s people”.

And it takes to heart the Brussels Programme of Action, which calls for “strong actions...to help least developed countries (LDCs) to integrate beneficially into the world economy, reversing their marginalization in global trade, finance, investment and technology flows”.

Quite simply, the Brussels Programme of Action cannot be implemented unless we build a fair globalization. Let me highlight four Commission recommendations to make it happen.

First, the Commission says, **begin at home**. Much policy advice has been given to facilitate global finance, trade and investments. But much less to reinforce local communities and markets where people live and want to stay if given the opportunity.

There cannot be a successful globalization without a successful “localization.”

Whether it is reaping more benefits from globalization, distributing them better, or minimizing the costs of adjustment, national policies matter in all countries—developed and developing.

And they can yield better or worse results in dealing with globalization—whether or not they are based on dialogue and consensus building among relevant political, business and social actors to define truly national positions.

National ownership demands from the international community the recognition of diversity. There are no one size fits all solutions. Developing countries need sufficient policy space to define their own sequencing and priorities for integration into the global economy.

What choices are being made by many of them?

A strong and effective state. Productive and efficient markets. An honest, open and well-functioning public and private sector. Widespread participation and dialogue. Respect for freedom of association and gender equality, national policy coherence around decent work development strategies, among others.

Also, an enabling environment for investment and enterprise creation. In this regard, the UNDP report “Unleashing Entrepreneurship”—in which I was honoured to participate—is a very useful complement to the report of the Commission.

Powerful countries must carefully assess the impact of their national policy decisions on other countries.

Second, the Commission says, **focus on fairness, fair rules of the game, fair outcomes.**

There is a feeling by many that globalization has developed in an ethical vacuum based on a “winner-take-all” mentality. It has been conceived for the strong—leaving the rest at a serious disadvantage.

In this respect, the report of the Commission reinforces the LDCs Declaration at UNCTAD XI.

Specifically, it recommends: substantial reductions in unfair barriers to market access, especially for goods in which developing countries have a strong comparative advantage. A more consistent and coherent framework for FDI and competition policy.

Significant improvements in the functioning of the international financial system to fully reap gains in the sphere of trade and FDI.

A level playing field complemented by fair rules for the cross-border movement of people and respect for core labour standards. Special and differential treatment not only in trade and finance, but beyond.

The third area is **financing for development.**

The report’s conclusions are inspired by the Brussels Programme of Action and can be used to bolster your messages beyond calls for higher ODA levels and more serious action on debt relief.

The Commission also encourages the consideration of new and additional sources of funding. It cites the International Financing Facility (IFF) proposed by Gordon Brown and the innovative thinking of leaders such as Presidents Chirac and Lula.

Let me point to several other key areas on financing for development.

Tax competition. The report stresses that incentives competition between developing countries to attract FDI drains much needed tax revenues. This could be reversed through balanced cooperative arrangements, possibly beginning at subregional and regional levels.

Migration. The Commission recommends reducing the transaction costs of remittances, tax incentives for migrants to reinvest back home, and measures to allow return migrants to repatriate their social security contributions.

And channeling development assistance to enhance the productive capacity of countries. An important priority is to target development resources to helping people and families move from the informal to the formal economy.

This approach to ODA is critical to meeting the twin goals of promoting sustainable economic opportunities and enhancing the social conditions of people.

In this regard, employment and enterprise creation should find a higher place in the next generation of PRSPs.

Fourth, and finally, **policy coherence**. The Commission starts from the general premise of the recent General Assembly resolution on globalization and interdependence, which reaffirms the UN's central role in promoting policy coherence.

We're still far too disconnected when it comes to trade, investment, financial, social and environmental policies. And the less those policies are linked, the more disconnected we become to the hopes and needs of people.

Achieving coherence in international policy advice in line with nationally defined development priorities is of key relevance to LDCs.

The report recommends the launching of a Policy Coherence Initiative focusing on sustainable growth, investment and employment among relevant international organizations.

Employment was recognized in Brussels as one of the cross-cutting priority issues. And it is recognized by people as the litmus test for globalization in their lives. If full employment were the norm today, we would not have the growing backlash against globalization. We don't, so we must come together around work.

We need a global high growth strategy for sustainable development based on enterprise and job creation.

If I have to boil down the policy message, it is this:

Decent work as a development tool must become a global priority.

Employment, sustainable livelihoods, income-generating opportunities, are the sustainable way out of poverty.

A fair globalization is the external enabling environment for development.

And global governance needs a serious upgrade.

Follow-up is a priority. The report is now in the hands of governments and other actors to use as they see fit.

In September, the Co-Chairs will present the report to the General Assembly. The upcoming African Union Summit on Employment and Poverty is an historic opportunity. National dialogues are also taking place.

You can decide on the best way to utilize the report by ECOSOC.

Let me stress again, this was an independent Commission. It did not produce an ILO report. Each international organization should look at the report in the context of its own contribution to a fair globalization.

Last month, we had that discussion at the ILO where it was very well received by our tripartite representatives of governments, employers and workers.

It was seen as a message of hope.

There is nothing inevitable about the present policies shaping globalization.

If wisely managed the benefits of globalization can reach much more people.

If the recommendations of the Commission, debated and enriched, are carried out within a reasonable period of time, globalization—as we know it today—will change significantly for the better.

That is our collective challenge as we move forward together.
