

High-Level Forum on «Working Out of Poverty: A Decent Work Approach to Development and the MDGs »

New York, 22 September 2008

A side event to the UNGA 63rd Session in New York, the Forum emphasised the importance of a Decent Work component for poverty reduction and the achievement of the MDGs. The event was co-organised by the ILO and the international NGO “Realizing Rights: The Ethical Globalization Initiative”, with the support of the Government of Norway.

The participants were high-level and wide-ranging, including Juan Somavia, Elders Mary Robinson and Ela Bhatt, the newly-elected High Commissioner for Human Rights, the Presidents of Finland and Liberia, several ministers from industrialized and developing countries, and representatives of international organizations, business, workers and civil society. They recognised the need for Decent Work as an integral part of poverty reduction strategies, and called for its more complete integration into development programmes.

The message of the meeting reached out to the international development community, notably through the speech of participant Ela Bhatt before the UNGA just a few days later on 25 September. “A word that is largely absent from the development goals,” she said, “is work. In my experience, the link between poverty and growth is decent work. Decent work means full employment at the household level; it builds the local economy and strengthens a community.”

“Poverty reduction and Decent Work are the same agenda”, said Mr. Kemal Dervis, UNDP Administrator, “Poverty is reduced not through charity, but through development strategies that integrate poverty alleviation, decent work and growth”.

Highlights of the discussion

1. Human rights and economic policy

In her opening remarks, Mary Robinson (former President of Ireland and UN High Commissioner for Human Rights, and founder of Realizing Rights) recalled that this decent work event was part of the "Every Human Has Rights" campaign launched by the Elders to mark the 60th Anniversary of the Universal Declaration of Human Rights in 2008. She described the Universal Declaration as "*our living constitution*" and referred to Article 23, which spells out the universal human rights benchmarks pertaining to work and social security. Decent Work was a policy project to promote the realization of human rights and would have to be supported through the mobilization of different players. The Decent Work Agenda had to be understood and taken forward by business and civil society more broadly, including human rights organizations, development NGOs, academic networks, think tanks and foundations.

The newly appointed High Commissioner for Human Rights, Ms Navanathem Pillay, said Decent Work was tied to human dignity, thus it was "*at the heart of human*

rights". Its promotion could go a long way in helping to realize other human rights, especially economic, social and cultural rights. Too often, she said, MDGs were pursued in isolation from human rights although international human rights treaties provided a comprehensive framework to set policy priorities and the allocation of resources for development. The gains of development, moreover, could not be sustained unless they were embedded in institutions, universal principles and rules of the game. She recalled her Office's efforts to align the MDG targets with human rights standards drawing from expertise across the UN system and civil society community.

Many speakers emphasized the need to integrate social and human rights goals into economic policies. President Tarja Halonen of Finland pointed out that social welfare was not second to economic success: her country's experience showed that "you can have both: jobs and rights". Minister Solheim of Norway and Minister Power of Ireland bore witness to the fundamental role of tripartism behind the success their countries had experienced in reconciling economic and social goals.

José-Antonio Ocampo, former UN Under-Secretary for Economic and Social Affairs, on the other hand, criticized that often the policy frameworks were set by economists without social objectives in mind, and the negative social consequences were left for social policies to deal with. Mr. Ocampo said there was a need to mainstream full employment and decent work objectives into economic policy making (including monetary, fiscal and trade policies). He called for genuine dialogue between economists and human rights advocates to help change the way economic policies were formulated and evaluated. He argued that the inclusion of full and productive employment and decent work for all as a new MDG target, following the 2005 UN World Summit commitment to make this goal a central national and international policy objective, was a major step forward.

2. The contribution of business

Sustainable enterprises cannot prosper outside sustainable communities – this, according to the representative of *Coca Cola*, Mr. Ed Potter, was a key principle behind the support of business to the Decent Work agenda. Mr. Potter made two examples of how his company was taking advantage of its extensive distribution system to provide development assistance, training and microcredit to individuals all over the developing world.

For its part, *Cadbury* presented its Ghana branch as an example of how a company could help promote sustainable agricultural supply chains and contribute to national development goals. Business representatives called for a move from islands of activities and single issues to holistic solutions embracing changes in the legal frameworks and working environments for farmers and workers. Industry could help in identifying and bridging policy gaps, but it did not know how to work with communities and authorities. Money was not the key issue; more important were the time, the different operating cultures and the commitment to create the "institutional engagement" to jointly move towards development objectives.

Further, the experience of *Unilever* in settings as diverse as Brazil, Indonesia, South Africa, and Vietnam underlined the importance of dialogue across the supply chain as a tool to rethink business models. While emphasis was usually given to public-private

dialogue, it was necessary to consider private/private dialogue, i.e. ways to join different enterprises to address policy gaps in given sectors. From the experience not of a multinational enterprise, but of a development NGO catering to over 100 million poor people in Asia and Africa, the founder of BRAC, Mr. Fazle Abed, also argued it was important to start from the sector: focus on a specific policy gap in agriculture - the lack of good seeds - had been the point of departure for a pro-development movement that led to major changes in national policies. It was important, he said, to have high-quality local governments to bring things up to national policy-makers.

The developmental contribution of MNEs was not discussed without controversy. Some participants stressed how MNEs had considerable negotiating power vis-à-vis the poorest countries, and were able to extract significant rents, tax holidays and other concessions. H.E. President Ellen Johnson Sirleaf of Liberia cautioned participants not to look at the issue with the eyes of the past. Governments were now more knowledgeable and informed and could negotiate on better terms. Her country had just renegotiated a major concession agreement leading to concrete improvements for workers and the country as whole. Most participants agreed there was the need for greater transparency in the dealings of major multinationals with the countries where they invest.

3. Full and productive employment in the informal economy

One of the essential changes to the way policies are formulated concerned how to approach the goal of full and productive employment in the informal economy. Founder of India's Self Employed Women's Association (SEWA) and Elders' member Ela Bhatt stressed that in the informal economy there were no regular "jobs" as such. Employment, she said, was combination of a variety of employment relations. At any one time a poor person could be engaged in a number of different working situation -- a small or marginal farmer could also work as a weaver, or a salt worker be employed in agriculture during the rainy season.

Generating employment was thus no longer a matter of simply creating 'jobs', Ms. Bhatt emphasised, but of helping the working poor overcome a range of structural constraints. These related to the lack of legal rights and recognition; limited or no access to capital formation, market infrastructure, technology and skills; no employment security and lack of collective voice and representation. Access to social protection, especially in the areas of healthcare, childcare, shelter and insurance against exogenous economic shocks, was emphasized by many speakers as essential to combat the chronic risks faced by the working poor and their families and to enhance their incomes and productivity.

4. From the MDGs to a global "social floor"

A main theme was to call for a shift from a narrow approach to the MDGs to a broader international commitment to establish a "social floor"--defined within the realities of each country's national circumstances, means and priorities. Such a floor would be designed to prevent people from falling into destitution and help them move up the social and economic ladder. It would be more than a safety net: it would combine social investments (for example minimum health care and old age pension

coverage, insurance against economic risk and job loss) with market opportunities to expand social mobility based on increasingly better jobs.

Stressing this point, Mr. Somavia said that from the perspective of ordinary people it was inconceivable to measure progress simply because there was some statistical movement on the number of people that live on US\$1/day to US\$2/day. This was not how people defined their goals and aspirations in life. The test was rather in terms of their prospect of securing a decent job or livelihood and a future for their children. On this count, he said, the MDGs could be called the "Minimum Development Goals". In addition to recent alarming figures on world poverty, the latest food and financial crises only reinforced the notion that the MDG effort was on the wrong track. "We don't have to wait till 2015 to declare failure. We should begin now to commit to constructing a social floor."

Secretary of Labour of India Ms. Sudha Pillai recalled some elements of her country's economic and social policies, in particular the introduction of the social security bill, to show that some social floor was indeed feasible. Improvement in tax collection and public administration through new technology was one component.

Many participants noted, however, that there was still little support if not outright opposition to an increase in public investments in socio-economic security platforms. Indeed, this was very low on the international aid agenda and was sometimes hampered by external conditionalities set by donors and international financial institutions. Assuming political will could be harnessed to construct a social floor, therefore, a major challenge was to mobilize the necessary resources to finance these social investments. This brought to the fore the need to address problems related to international tax competition, tax evasion and tax havens.

Participants' views differed on the issue of external conditionality and how much it constrained national policy choices. Even within a same international organization, such as the World Bank, different approaches coexisted. According to World Bank representative Mr. Mats Karlsson, developing countries had now many sources of lending and were less subject to conditionality by the IFIs. Greater policy coherence between economic and social goals could not be achieved through the action of international organizations alone, rather it required national political pressures and a broad social movement.