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Growth, Structural Change and Employment

Report of the first thematic consultation on the post-2015 framework for development

Tokyo, Japan

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Growth, Structural Change and Employment:

Report of the first thematic consultation on the post-2015 framework for development

As the first *thematic* consultation on the post-2015 development agenda, the meeting discussed both the broad outlines of the new development agenda, as well as specific challenges and policies for growth, structural transformation and employment.

Value-added of the post-2015 development framework

The agenda must be relevant for all countries, rather than only for developing countries. Instead of giving and taking, it should be about working better together. To be applicable to a broad spectrum of countries, it must be general enough.

The value-added of the global framework would not just be on reaffirming the obvious point that employment *is* important, but on helping countries to coordinate policies with each other, given the growing interdependence between countries. Countries are more interconnected through investment, trade, finance and migration, but also through common environmental problems, most notably climate change. Coordinated international initiatives for investment in productive capacities in areas such as infrastructure, agricultural and rural development, skills and technology would be especially helpful. Countries affected by policies of other countries should also be involved in international policy consultation.

International policy coordination and financing

A stronger emphasis needs to be placed on ‘soft’ aspects of cooperation, such as facilitating exchanging of knowledge and innovations in policies to help countries emulate each other’s experiences and adapt to their own situation. The new agenda should not be a ‘one-size-fits-all’ approach, but should provide broad outlines of action and ensure joint reviewing of policies, policy coherence and capacity building.

The new agenda should recognize the fiscal reality of developed countries, where ODA is likely to play a less prominent role. At the same time, questions remain open on the accountability of unfulfilled commitments under the MDGs - in particular, on the call for ODA levels to reach 0.7% of GDP. Furthermore, poor countries that struggled with financing the MDGs will find it even harder to finance the transition to low-carbon path. Development financing arrangements should recognize that developed countries captured most of the benefits of fossil-driven growth in the past, and not leave all costs to be borne by the poorest.

Nevertheless, the framework should address issues of financing (not only public, but also private) and technology transfer for green growth.

Roles of partners in implementing the agenda

The agenda must be oriented toward public policy goals, based on indicators amenable to policy action. Thus, it will require strengthening the capacity of the states to implement the agenda. The role of the private sector should be that of a partner which would take on responsibilities, similar to other actors. At the same time, the differing characteristics of private sector actors should be acknowledged, ranging from small to large, and those that are more or less aligned with social and environmental objectives.

Issues and policies in the new framework

While policy prescriptions should be relegated to the past, it should be recognized that the international policy discourse does affect and guide policy-making at the national level. The new agenda should recognize that existing structural economic conditions and future trends in most countries will not always be conducive for employment creation.

Fundamentally, different sectors have different abilities to generate employment, although there are differences depending on the types of technologies and infrastructure used. While the manufacturing sector tends to create jobs at a higher rate, the services sector can have a lower capacity for employment generation. Agricultural sector tends to have extremely low rates of employment generation, unless they it is in low-productivity, subsistence agriculture. Given current trends, policies to promote labour-intensive, high-productivity sectors are fundamental, but should be coupled with interventions to enhance productivity, jobs and incomes in traditional and informal activities where there are large pools of surplus labour. Technologies developed in/ for rich countries where the labour force is relatively small in numbers and well-paid, may not be suitable for poor countries with large numbers of low-wage workers. Support to small and middle-size enterprises should be singled out when thinking about policies, as they require capital on a much smaller scale and different types of technologies.

The agenda should recognize that *different* models will work for *different* countries. Moreover, models that worked in the past may no longer be sustainable. For example, the export-driven manufacturing-based model that has driven gains in growth and employment for Asia may not be feasible in the future. The increased fragmentation and agglomeration of global markets and dynamics of global value chains may provide opportunities for some firms and countries, but are increasingly more difficult to penetrate. Such changing global dynamics have implications, since Asia might not be consuming goods produced by others as enthusiastically as developed economies. At the same time, growing wages and likely worker shortages in emerging and developed economies may create opportunities for less developed countries. LDCs, in particular, may need to continue relying on exports and should tackle the challenge of generating more value-added domestically.

Across the world, people with limited employability are being squeezed into vulnerable, insecure, low-paying jobs, mostly in the informal sector or subsistence agriculture. The situation is even worse among women, youth, as well as other groups that have one or more characteristics that become the ground for discrimination. Shrinking the informal sector requires both positive and normative actions, by improving their productivity, and implementing better labour standards.

Poor people are further pushed out due to the exploitation of natural resources such as land, forest and fisheries, while high population growth further exacerbates the scarcity of resources. The revenues generated through natural resource exploitation are often insufficient and not re-invested in job creation. Among communities affected by the growing scarcity of resources and an increase in environmental disasters, the most disadvantaged are women, because environmental problems directly increase their unpaid work burden, blocking opportunities for earning income. The new agenda needs to incorporate the growing scarcity of resources.

Countries rich in minerals and hydrocarbons have a window of opportunity. But these resources need to be managed carefully to spread the benefits to people and to achieve structural transformation, mindful of any Dutch disease impacts. Furthermore, even countries with limited or no natural resources can be afflicted by 'pseudo' Dutch disease effects when receiving large inflows of aid and remittances. In addition to economic policies to help sectors 'climb the development ladder', it is important to watch out for misuse of resources, commodity price instability and ensure fiscal sustainability.

The goals focusing on people, which are currently reflected in MDGs 1-6, should not be thrown out. Health, education and other public services should continue to be the focus in the new agenda. Going beyond the quantity, the focus should be on quality, otherwise the wide differences in the quality of education creates gaps between the haves and have-nots that cannot be mended later in life. A life-cycle approach to employment should be part of the agenda. Childhood is the foundation of the future and therefore, ensuring decent jobs and incomes for parents, carers and public service providers, while eradicating child labour, can make a difference.

Gender inequality is a persistent concern requiring persistent action. Policies and programmes need to have an explicit focus on reducing gender inequality. In order to adequately recognize the contribution of women, it is necessary to incorporate unpaid work and the care economy, not only paid employment. In addition, the outcomes of gender inequality such as inferior conditions of work and pay, and disproportionate engagement of women in the informal sector need to be addressed.

The fast-changing nature of structural change prevents young people, parents, educators and planners from predicting what are the right skills needed for employment. Large wage gaps between the knowledge sectors and the rest of the economy sends signals creating a preference for higher education. The result is many educated young people who sometimes lack basic working 'soft skills'. Many countries experience a disconnect between education and skills imparted in schools and higher education on the one hand, and knowledge and skills needed by enterprises on the other hand. Apart from improving the quality of education, a significant expansion of technical and vocation training is needed to repair this disconnect. Technical and vocational education systems need to also ensure the quality of training, introducing a tiered approach, as well as certification for trained people. Industries need to get involved to improve the quality and relevance of technical training. Moreover, entrepreneurial skills training combined with expanding opportunities for capital and access to markets increases job creation potential.

Social protection has a transformative nature and it is growth-enhancing. It should take two forms: a basic social protection floor for all to ensure dignity in life, and targeted social programmes for vulnerable and marginalized groups of people. Social protection schemes need to be designed for the informal sector, but a gradual approach should be put in place in order not to create incentives for informal entrepreneurs to stay in the informal sector. Design of social protection programmes should

take into account fiscal and political trade-offs. The changing nature and innovations in social protection need to be understood and further spread – including new forms of public employment programmes that combine social protection and employment policies, as well as cash transfer programmes. The spirit of social protection should be not on handouts, but removing exclusion, discrimination and bringing about social justice. The future imperative of transitioning to low-carbon growth will put further stress on workers and households, requiring pre-emptive policies to soften the impact.

Key concepts guiding the new framework

Rising inequalities in much of the world go against the aspiration for just and sustainable societies. Both policies and goals on addressing inequality must be part of the future agenda. The agenda should focus not only on growth, but it should recognize the importance of growth for employment creation and improved well-being. Growth must be inclusive. A broader notion of well-being should be a key orientation of the new agenda. Rather than growth, goals and targets on employment may be appropriate.

The politicized and misunderstood concepts of green growth and green jobs need to be unpacked. Rather than viewing green jobs only as those that regenerate the environment, countries should aim for green growth that creates jobs and at the same time reduces emissions and other forms of pollution.

Tackling the trade-offs

The agenda needs to confront and tackle difficult trade-offs, both globally and nationally. Fundamental conflicts exist between prosperity and sustainability. Economic and social objectives need to be balanced. Moving to a low-carbon growth requires hard adjustments. Financial resources for development may become even more constrained. Natural resources are in decline. Nationally, fiscal trade-offs need to be made for many programmes and policies. Politically, short-term administrations face difficulties in setting and working for long-term goals. The emerging pattern of global governance with no single leader may present challenges for international collective action.

Relationship with the Sustainable Development Goals

Questions remain open regarding the coexistence or relationship between the post-2015 development agenda and Sustainable Development Goals (SDGs). Unlike the negotiations leading to Rio+20 that have not had sufficient time, space and technical input, substantive discussions on the post-2015 agenda are starting three years before its adoption timeline.

Goals, indicators and data

The goals in the new agenda should retain the simplicity and clarity of the MDGs. However, rather than a laundry list, the goals should be interconnected at different levels. Examples of such interconnectedness came up during the discussion. For instance, green growth goals should not merely focus on how many green jobs were created, but could juxtapose the progress of a country in terms of reducing its pollution against its progress in generating jobs.

Goals should be amenable to policy action and both monitorable and implementable. The goals should also clarify responsibilities. This means that the goals should have a connection with

budgeting, monitoring and evaluation. While this can be easier with regard to social policies, such as improving access to education, it is more challenging with regard to employment-related goals or goals to ensure macroeconomic stability and the inclusiveness of growth.

Goals could include both process-oriented goals, as well as outcome-oriented goals. The goals in the framework, set for the long term, could also be 'divisible' into shorter periods to take into account political cycles.

Issues that are more difficult to define might be addressed through a political declaration (similar to the Millennium Declaration). The framework should be based on human rights – the right to decent job, the right to good education, etc. Other issues that need to be addressed at the global level include the international social protection floor and eradication of child labour.

Indicators need to take advantage of the increased availability of data, as well as new technologies that facilitate rapid tracking.

What might some of the goals and indicators look like?

- **Progress for different population quintiles**, as well as for different groups that tend to be discriminated against and excluded: poor people, the unemployed and working-poor in both the formal and informal sectors, persons with disabilities, school drop-outs, youth, women.
- **Social protection**. Examples could include the percentage of population that has access to any kind of social protection programme. Moreover, the increasingly blurring distinctions between social protection and public employment programmes, as well as between social insurance and social protection, should be taken into account. Indicators might also point to trade-offs between fiscal constraints and social protection.
- **Employment**. Rather than focusing on growth, the new framework should focus on employment goals, including inclusive forms of employment. Examples of indicators include: overall employment, the sectoral composition of employment, the gender composition of employment in all sectors (paid and unpaid), regular versus casual employment, vulnerable and informal employment, incomes and real wages from self- or wage-employment including the distribution of such incomes.
- **Women's and children's employment**. Unless unpaid forms of employment are explicitly included, the contribution of women to society will remain unnoticed. Examples of indicators include: women's participation in the labour market, including in vulnerable forms of employment; women's wages and incomes; the amount of unpaid work by women. Similarly, measures to increase valuation of child labour should be included.
- **Technical, vocational and entrepreneurial skills**. Examples include access to quality technical, vocational and entrepreneurial training, as well as certification as a result of such training.
- **Economic structure**. Examples include the share of primary sectors (agriculture and extractive industries) in the economy. In addition, process-based indicators, such as provision of support services in technology and exporting, could be included.
- **Access to natural resources**. Examples include access to land, forests, water and other natural resources for communities.
- **Health and education** goals and targets should be retained in the new framework. However, new indicators reflecting the quality of education and employability of graduates must be included. Some countries might include early childhood education.

- **Green growth.** As noted above, green growth indicators could include a combination of a change in pollution and a change in employment.

Consultative process

Major efforts need to be made for genuine participation of people – civil society, social movements, trade unions, workers and private sector – in the formulation, implementation and monitoring of the new agenda so that it is informed by reality.

ANNEX 1. List of participants (in alphabetical order of the last name)

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7	Mr.	Young-Bae	Chang	International Secretary	Korean Federation of Public Services and Transportation Workers' Unions (KPTU)		Republic of Korea
8	Mr.	Khashchulun	Chuluundorj	Chairman	National Development and Innovation Committee		Mongolia
9	Mr.	Marek	Dabrowski	Chairman	CASE - Center for Social and Economic Research	Supervisory Council	Poland
10	Mr.	Jose	Dallo	Programme Specialist	UNDP	Bureau for Development Policy	
11	Ms.	Anne-Isabelle	Degryse-Blateau	Director	UNDP South Korea Liaison Office		Republic of Korea
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19	Mr.	Degol	Hailu	Policy Advisor	UNDP	Bureau for Development Policy	
20	Mr.	David	Hallam	Deputy Director	Department for International Development (DfID)		United Kingdom
21	Mr.	Rafkat	Hasanov	Executive Director	Investment Round Table		Kyrgyzstan
22	Mr.	Masahiko	Hayashi	Deputy Director	ILO Tokyo		Japan
23	Mr.	Kenji	Hiramatsu	Ambassador, Director-General	Ministry of Foreign Affairs	Global Issues	Japan
24	Mr.	Yoshitaka	Hosoi	Senior Advisor (Natural Resources)	Japan International Cooperation Agency (JICA)		Japan
25	Mr.	Akio	Hosono	Director	JICA Research Institute		Japan
26	Mr.	Takayuki	Imai	Group Manager	Toyota Motor Corporation	Overseas Group, Corporate Citizenship Division	Japan
27	Mr.	Kyosuke	Inada	Deputy Director	JICA	Office of Climate Change, Global Environmental Department	Japan
28	Mr.	Rizwanul	Islam	Independent Expert			Switzerland
29	Mr.	Katsuhiko	Iwata	Professor	Polytechnic University		Japan
30	Ms.	Renata Anna	Jaksa	Director	ICEG European Center	ICT Research	Hungary
31	Ms.	Keiko	Kamioka	Director	ILO Tokyo		Japan

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35	Mr.	Paul	Ladd	Senior Adviser	UNDP	Bureau for Development Policy	
36	Mr.	Kang-Kook	Lee	Professor	Ritsumeikan University		Japan
37	Ms.	Kathrin	Löber	Desk Officer	German Federal Ministry for Economic Cooperation and Development	MDGs, poverty reduction, social protection, sectoral and thematic policies	Germany
38	Mr.	Ahmed Swapan	Mahmud	Executive Director	Voices for Interactive Choices and Empowerment (VOICE)		Bangladesh
39	Mr.	Magdy	Martínez-Solimán	Deputy Assistant Administrator, Deputy Director	UNDP	Bureau for Development Policy	
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41	Ms.	Chie	Matsumoto	Journalist			Japan
42	Mr.	Hiroshi	Matsuura	Director	Ministry of Foreign Affairs	Global Issues Cooperation Division, International Cooperation Bureau	Japan
43	Ms.	Claire	Melamed	Head	Overseas Development Institute	Growth, Poverty and Inequality Programme	United Kingdom
44	Mr.	Takeshi	Miyamoto	Secretary-General	Global Compact Japan		Japan
45	Mr.	Richard	Morgan	Director	UNICEF	Policy and Planning	
46	Mr.	Ahmed	Moustafa	Team Leader	UNDP Pacific Centre	MDGs and Poverty	Fiji

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						Reduction	
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50	Mr.	Toshiya	Nishigori	Public Affairs Specialist	UNDP Representative Office in Japan		Japan
51	Mr.	Masaaki	Ohashi	Chairperson	Japan NGO Center for International Cooperation		Japan
52	Mr.	Philip	O'Keefe	Lead Economist	World Bank		China
53	Ms.	Asako	Osaki	Advocacy person	Gender Action Platform		Japan
54	Mr.	Aurelio	Parisotto	Senior Economist	ILO	Policy Integration Department	
55	Ms.	Cyn-Young	Park	Assistant Chief Economist	Asian Development Bank		
56	Mr.	Ralf	Peters	Economic Affairs Officer	UNCTAD	Division on International Trade in Goods and Services, and Commodities	
57	Ms.	Maria Victoria	Raquiza	Co-Convenor, Board member	Social Watch Philippines	Justice Associates	Philippines
58	Mr.	Rolando	Rodriguez Barcelo	Director-General	Presidency of Mexico	Planning and Strategic Agenda	Mexico
59	Mr.	José Manuel	Salazar-Xirinachs	Executive Director	ILO	Employment Sector	
60	Mr.	Pronab	Sen	Chief Statistician	Planning Commission		India
61	Ms.	Anita	Sharma	Director	UN Foundation		
62	Mr.	Tatehito	Shimoda	Professor, Director	Reitaku University	International School of Economics and Business Administration	Japan

No.	Title	First Name	Last Name	Position	Organization	Department	Country
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66	Mr.	Takafumi	Ueda	Senior Advisor	JICA	Private Sector Development	Japan
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69	Mr.	Kim-Pil	Woo	Director of Humanitarian Assistance Division	Ministry of Foreign Affairs		Republic of Korea
70	Mr.	Peter	Woolford	Representative	International Organization of Employers		Canada
71	Ms.	Lai Yong	Wong	Senior Consultant	CSR Asia		Japan
72	Mr.	Koji	Yagi	Deputy Director	UNDP Representative Office in Japan		Japan
73	Ms.	Akiko	Yuge	Director and Special Advisor to the Administrator	UNDP Representative Office in Japan		Japan

ANNEX 2. Report of the sessions

Session 1: Employment trends and the global jobs challenge

Jose Manuel Salazar-Xirinachs, ILO, outlined the global jobs challenge on the foreground of long term trends and shifts. In addition to cyclical forces – the current recession, the global economy is undergoing deeper, structural changes – a major restructuring.

First, both developing and developed countries are experiencing demographic changes. Globally, the share of the population aged 65 and older will swell from 7% in 2000 to 22% by 2100. At the same time, most developing countries will still enjoy the ‘demographic dividend’, with a growing share of the working age population. But for this dividend to be a factor of prosperity, young people must find jobs.

Second, the changing technology is changing the nature of work. While the manufacturing sector remains a major employment generator, its ability to create jobs will decline as another wave of automation carries on. The United States alone lost 31% of manufacturing sector jobs since 2000. In advanced economies, services sector has been the fastest-growing catalyst of employment.

Third, the nature and geography of education is changing. On the one hand, the quality of education, gender equality and skills mismatch are major problems in many countries despite great progress in coverage of primary and secondary education. Thus, huge achievement gaps remain between developed and developing countries. On the other hand, the idea that only developed economies have the smart people to do smart things is no longer valid: in just ten years to 2007, the number of higher education enrollments nearly doubled to 136 million in 113 emerging and developing economies. Emerging economies increasingly have high-skill and low-wage workforces – a major factor in patterns of investment allocation.

Fourth, the globalization of production is accelerating the transformation of the global value chains. Trade in intermediate goods grew from US\$1 trillion in 1993 to US\$6 trillion in 2008. This presents opportunities for countries and firms with rising capabilities, but also presents challenges.

Fifth, the imperative to put growth on energy-efficient and low-carbon path will become a major source of adjustment, on a scale similar to that created by trade liberalization.

Last but not least, the shifts in economic and political geography will have many implications. By 2030, China and India will account for 35% of the world population and 25% of the world GDP. The rise in demand from their expanding middle classes will be one of the main drivers of global demand, but growth of emerging economies will moderate as they ‘mature’. However, export-driven model will not be forgotten – still, 120 developing countries account for less than 2% of the global trade and exports growth will continue to be important for them. These shifts will lead to a growing importance of regional integration, as well as emergence of a multi-polar world, where no single country plays a leadership role. While this presents opportunities for rising middle powers, it also presents difficulties, as collective action might be constrained by fragmentation and lack of common vision.

Even without considering these changes looming on the horizon, inflexible policy mantras will not work: those that put singular focus on narrow inflation targets and deregulation, that subordinate social policies to strict fiscal austerity, and that limit the role of the state to ‘get out of the way’ of the private sector.

Looking into the future, what policies are needed to generate job-creating growth? Growth needs to be high, balanced, sustained and diversified. This requires accumulation of capabilities and achieving a certain threshold of investments into infrastructure and education/ skills-building systems. Particularly in countries with large informal sector, job-creating growth requires an enabling environment for enterprises, especially SMEs and start-ups. Growth needs to be socially inclusive, with social policies targeting vulnerable groups and basic social protection floor to provide basic income security and medical care for all in need.

Cyn Yong Park, ADB, presented a nuanced picture of employment and growth situation and prospects in the Asia Pacific region. Across Asia, growth has been strong and had a highly positive impact on employment. Trends for the next 5 years project very low unemployment in a range of less than 4-5% for this region, which is half the unemployment rates in the developed world and is much lower compared with that in the Middle East and North Africa. In only 3 out of 19 countries in the region has unemployment been higher than the world average of 6.1% - in the Philippines, Indonesia and Armenia.

However, a closer look at the region reveals a mixed picture. Although the share of employment in the informal sector has fallen in the past 15 years in 9 out of 12 Asian countries, this share still remains high, particularly in countries such as India and Bangladesh. Large populations evoke major concerns about prospects for employment and achievement of MDGs in general. Youth unemployment has grown rapidly in mid-1990s and 2000s. Like other regions, Asia suffers from a skills mismatch, with people getting skills and education that are not suited to the jobs on offer. A lot needs to be done to better link training and education with the needs of employers.

Asia has been the 'workshop of the world' in recent decades and the export-oriented growth model has served it well. However, the export-reliant manufacturing is unlikely to be the main driver of jobs growth in the future. Given the influx of new entrants to the labour market, concerns are mounting about the sources of future jobs. Sources of growth linked to consumption in Europe and North America will increasingly need to be replaced with other sources, but Asia is unlikely to be as enthusiastic consumer of goods produced elsewhere, as Europe and North America. Future job growth in Asia may increasingly come from the services sector. In China, for example, the expansion of the services sector is part of a larger effort to reorient demand to domestic consumption.

Samuel Wangwe, REPOA/ Tanzania, talked about the increased interdependence of economies and policies in the world, drawing conclusions on implications for Africa. The global economic and financial crisis leaves the world facing a serious jobs challenge and widespread deficit of decent work. The economic recovery is slow, with global unemployment at 9% and youth unemployment at 12.7%. Even in faster growing countries, economic growth has not been conducive to stability, employment generation and social cohesion – as is the case in the Arab world and in other regions.

Africa has major concerns. Fairly decent growth rates averaging 5% in the past 10 years have made hardly a dent on unemployment. The bulk of employment is outside of the formal sector: across African countries, 85-90% of employment is either in agriculture or in the informal sector. Most people are poor not because they are not doing anything (most people are employed) but because their productivity and incomes are very low, giving rise to the working poor class.

Increasing labour productivity lies at the heart of the objectives of decent work and overall development. The challenges of poverty and unemployment are best addressed through broad

economic progress, which is why the debate on economic transformation must be revisited. Economic transformation needs to be brought about by enhancing productive capacity, promoting the quality of jobs, changing the composition of outputs and facilitating equitable poverty reduction.

Importantly, policies should focus on transformation of the agricultural and SME sectors. Transforming informal enterprises into formal requires investing in capabilities of farms and rural non-farm enterprises for them to become competitive and continue creating jobs, as well as enabling access to key resources such as finance, business premises and good quality human resources.

In addition to domestic macroeconomic policies to promote job-rich growth, the international policy coherence must receive increased attention, since policies made in one country affect growth and employment in another. This is why the global economic governance needs to be reformed by broadening and deepening the recent G-20 initiative of sharing stimulus policies and by increasing developing countries' participation in OECD discussions on policy coherence.

Koji Suzuki, Japanese Trade Union Confederation (JTUC-RENGO), underscored the importance of decent work and quality of employment in the new development agenda and called for increasing the participation of labour and employers' representation in such dialogues. He also highlighted the activities of JTUC-RENGO in a number of Asian countries, particularly in India and Nepal, including in eradicating child labour, training of trainers on safety and health in the workplace, and other activities in the informal sector. The solidarity network of trade unions needs to be strengthened to positively influence the decent work agenda.

Peter Woolford, International Organization of Employers, spoke from the perspective of the private sector – the key actor that creates jobs. He attached special importance to the fact that the meeting on growth, structural transformation and employment is being held in Asia, the region that achieved impressive results in growth, productivity, employment and incomes, starting with the host country Japan and followed by Taiwan (PRC), South Korea, Singapore and China.

Many factors come together to produce such results. These factors include enabling factors such as peace, the rule of law, sound education and training systems, adequate infrastructure. They also include what he called 'modifying' factors that adjust behavior and results, mainly to deal with externalities and imperfect markets. Such 'modifying factors' include labour laws, social protection measures and environmental protection. But there is also another factor – 'the initiative' factor, without which nothing happens. This factor starts with the entrepreneur and enterprise – an individual or organization that sees an opportunity and takes the risk of investing resources to realize it.

The new development agenda should focus on unleashing the energy and creativity of the private sector, as was noted in a recent World Bank report. The development agenda must balance economic and social goals in order to secure sustainable employment growth. This does not mean removing all protections or ignoring basic rights – the right balance needs to be found in each country through democratic processes. Neither does it mean forgetting about environmental sustainability. Depletion of resources and increasing pressure on the environment is a reality. These can also be part of a solution in the quest for growth, jobs and sustainable development.

Discussion:

The global nature of the development agenda and the need for policy coordination: given the interdependence between countries, the new development agenda must be truly global, relevant for both developed and developing countries. A weakness of the MDGs was that they were essentially targets set for each individual country. The new agenda must reflect policy coordination on the global or regional level.

Balancing the global agenda: the development agenda should identify a strategy for growth (as distinct from the Washington consensus). Unlike the current agenda, the new development agenda should not be about safety nets for the poorest, but should be about working better together, ensuring the balance between social and economic objectives. The connection between social and economic goals should be grounded in rights, justice and equality.

Goals & indicators: the new development agenda should include indicators that are amenable to policy interventions. For example, not just overall employment, but sectoral composition of employment may illustrate progress in structural transformation. Employment indicators should be broken down into regular, as well as casual, vulnerable and other forms of employment. Another indicator could be the incomes or the real wages from employment, earned either through wage- or self-employment. Indicators should be developed to show vulnerability of employment, given that the labour market is vulnerable to shocks. This is relevant to countries regardless of their level of development. **Finance and technology:** The reason for slow progress in achieving the MDGs (in some countries) was simply a lack of financial resources. The new development agenda must incorporate linkages with financial markets, skills and technology transfer on a global scale to support the implementation of the development agenda. It should be complemented by a global project to finance and support implementation of the new agenda.

Support for SMEs: self-employment, micro- and small enterprises are part of the solution of sustainable employment. However, they only work when the local economy is able to absorb local goods. To get them started, the local economy needs injection of seed capital. It is insufficient to talk only about large-scale capital on international markets. Similarly, when talking about technology, it is necessary to focus not only on highly sophisticated technology, but how to turn low-level technologies into real use. For example, farmers in India use SMS to start their irrigation systems. It is necessary to distinguish between different kinds of SMEs, their differing roles and different support systems needed for them. For instance, micro-enterprises are often not very productive, but generate large number of jobs. Improving a business environment for such enterprises, or tax deductions may be suitable for such enterprises. Another type of enterprises is fast-growing, highly productive SMEs. They may not generate many jobs, but present an opportunity for raising productivity and employment. Measures such as innovation grants may be useful for them. Another type of SMEs is those enterprises that work as subcontractors for large firms, often multinational. Their links are built on geographical location and clustering. Such enterprises offer opportunities for technology transfer.

Education and skills mismatches: Large numbers of young people with higher education have no jobs. What kind of education generates growth that, in turn, generates jobs? Although it is difficult to predict the skills needed in the future, some broad conclusions can be made – increasingly, jobs will be created in emerging economies, including China. In addition, the shift is happening from ‘hard’ infrastructure to ‘soft’ infrastructure, such as technology; and from manufacturing to high quality

value-addition. It is critical to build bridges between education and skills systems and the private sector. Youth unemployment is especially worrying. Integrated policies for placement, apprenticeship, training and mentoring of young entrepreneurs are also helpful.

Geographic mismatches and labour shortages: some countries such as Japan, China, South Korea, Italy and France will experience the opposite problem – that of labour shortages due to population ageing. For example, the working age population in Japan will decline by 20 million in the next 20 years. This is another reason why policy coordination is important.

Exclusion and discrimination: the new development agenda must address groups that are excluded from growth, including measures on distribution, progressive taxation and affirmative policies.

Cyclicity: the fact that the development agenda is being discussed during a cyclical economic downturn should not obscure the need to focus on the long-term perspective.

Session 2: Structural transformation and employment

Ralf Peters, UNCTAD, emphasized the need for structural transformation to address the employment challenge.

Structural transformation is needed in different categories of countries: LDCs and middle-income. Many LDCs do not have an industrial base and have limited supply capacity. They often export (natural) resources and have high share of the workforce in low-productivity agriculture. Many middle-income countries (e.g. many Latin American countries) have had some success in industrialization but are stuck at middle-income stages of development. Research shows that some of these countries experienced deindustrialization. Developed countries also face problems. All groups of countries are experiencing rising inequality, calling for inclusive growth.

The share of the south-south trade doubled in the past decade, from 12% of the global trade in late 1990s to 23% in 2010. However, most of this growth has been driven by Asia Pacific (84%), with Latin America (10%) and Africa (6%) trailing far behind. The composition of exports between these regions also differs and is diverging further: Asia exports mostly manufactured goods, Latin America has a good share of manufacturing, but also non-manufactured exports, while Africa exports mainly unprocessed natural resources. Thus, economies are increasingly 'specialized' in different exports.

The patterns and dynamics of trade globalization present both challenges and opportunities for countries striving to undertake structural transformation. Increasing specialization and scale effects can lead to agglomeration of firms that makes it harder for newcomers to become competitive on world markets. Is there still an option to start with labour intensive light manufacturing? While there might be still a possibility in low technology industries, it is increasingly difficult in advanced industries such as electronics. The bar for skills and infrastructure needed to develop industries has risen. In addition, the recent global crisis has shown how quickly sentiments can change towards protectionism, making export led-growth strategies vulnerable.

However, globalization patterns also present opportunities. Low global transport costs and local markets still allow production of goods and services in specific components and niche markets. Fragmentation of production in supply chains makes it easier to enter international trade. Adding

sufficient value to create productive employment is a challenge. There is a revival of the debate on industrial policies, albeit named differently. New methodologies have been proposed by Justin Lin, Ricardo Hausmann, Dani Rodrick, or Cesar Hidalgo to identify sectors to help countries diversify. Another one is a Skills for Trade and Economic Diversification (STED) methodology developed by ILO.

Specific strategies depend on countries' specific needs. For example, in emerging economies, emphasis should be made on increasing domestic demand and addressing inequality, and implement programs to promote competitiveness, investment and innovation. Low income countries need to continue relying on export-led growth, as they simply don't have sufficient domestic demand. In these countries, agriculture plays a major role; but structural change – industrialization, adding more value – is still needed to create productive capacities and employment. The international trading system and international cooperation plays an important role to facilitate such strategies.

Developmental state provides good conditions such as predictable economic environment and reasonably secured property rights. However, the developmental state goes beyond these measures by creating institutions that accelerate a process of discovering and developing successful sectors. This can include, for example, the support of structural change and value addition by provision of support services in technology, training and exporting. Benchmarks for monitoring success and failure need to be developed. **Kenta Goto, Kansei University**, talked about the economic and social effects of globalization, focusing on global value chains and migration as key issues to be included into the new development framework.

The question whether globalization is good or bad is not valid – globalization is a reality, and the question is how to deal with it. Whether globalization is pro-poor or anti-poor; whether it results in widening disparities or does not, depends entirely on macroeconomic and sectoral contexts, as seen from experiences in a number of Asian countries.

Globalization requires 'economic upgrading', but presents serious challenges in terms of 'social upgrading'. If a country only focuses on social issues, it cannot succeed, especially in an increasingly competitive world. But economic upgrading, although necessary, is not guaranteed, because it is influenced by labour markets which evolve within particular macroeconomic and social contexts. Whether economic and social upgrading are complementary depends on whether alternative job opportunities are emerging, or whether local labour markets are well-integrated and functioning.

For some types of workers, social downgrading is a real threat even when the economy is booming. They are usually less employable people, who typically work in the informal economy and are discriminated against due to race, sex or other characteristics. Therefore, local labour markets need to be well-functioning and inclusive. Policies need to focus on education and empowerment of the socially disadvantaged people.

Globalization is not only about the movement of goods and services, it is also about movement of people. When workers are mobile, it is less important for enterprises to relocate, thus offsetting the spread of global value chains. However, migration is a complex issue – how it affects local economies, labour markets and the society at large. This dimension should also be included in the new development agenda.

Wen Tiejun, Renmin University of China, shared the experience of China in addressing unemployment and structural transformation issues during four episodes of unemployment since 1960s.

The worst unemployment problem was experienced in the 1960s, when 84 million workers were laid off. Thus, the unemployment problem had set off a class struggle and the beginning of the cultural revolution. What was the policy response? The government established an agricultural collective system and sent 40 million educated youth to the countryside to work in these collectives.

The latest unemployment issue faced by China was in 2008, caused by the global crisis. In Nanjing city alone, 25 million workers were laid off. The government implemented a large stimulus package by making over \$0.5 trillion investment in infrastructure and by providing subsidies to industries in order to sell durable goods to peasants at discount. Through these measures, it aims to solve problems of both unemployment (via migration back to the countryside) and shifting industries from export-orientation to domestic market.

After 2015, the unemployment problem will still remain big. By 2020, the total working-age population of China will reach 914 million. The surplus rural labour needs to be absorbed into non-agricultural jobs. The more rural migrants will flow into urban markets, the worse will be the situation of the working class, as their incomes and bargaining power will decline and they will settle for the hardest jobs with none or minimal social security. At the same time, coastal areas have industrial overcapacity while inland areas experience a lack of investment. Therefore, central and provincial governments are working together since 1999 to make public investments into inland and western infrastructure and construction to address issues of geographical imbalances as well as rural unemployment.

Discussion

Industrial policies: participants expressed appreciation for reviving the discussion on industrial policies. At the same time, some participants noted that it's a domestic policy prerogative, driven by politics and domestic constituencies. Nevertheless, the international policy discourse does affect policies at the domestic level.

Different sectors have different inherent employment elasticities: the services sector have elasticity under 1, industrial sector has elasticity over 1 and the agricultural sector has elasticity much lower than 1. (In other words, industrial sector growth of 1% generates over 1% growth in employment; services sector growth of 1% generates less than 1% growth in employment; agricultural sector growth of 1% generates significantly less than 1% growth in employment). Thus, industrial growth generates most employment.

Governments need to address market failures and information asymmetries by supporting enterprises to enter into risky sectors. Such programmes are carried out in the US and EU in the form of incubators.

Strategic trade opening is also needed to develop industries. For some sectors, depending on the stage of development, high-quality inputs are necessary for industrial development, for others some form of support or temporary protection is more appropriate.

The experience of South Korea worked thanks to the use of both 'the carrot and the stick' to promote export industries, using time-limited subsidies and performance-based contracts with enterprises. The government has to play a proactive role to develop industries and create jobs.

In the context of Bangladesh, and South Asia in general, the private sector is not creating enough jobs despite getting subsidies and credit.

Technology: developing countries' productivity is not growing. Growth is largely driven by technological effects, and through importing capital and technology. When technologies designed in the developed world (with high wages and relatively low populations) are imported to developing countries (with low wages and large populations), there is a mismatch. At the same time, enterprises cannot refrain from using the latest technologies, because only then they will be able to compete globally.

Agricultural policies: industrial policy needs to be framed more broadly, not just in terms of manufacturing, but in terms of structural change, including the agricultural sector. What policies should the agrarian economies use? In these countries, huge numbers of people live in rural areas. In India, 50 thousand farmers have committed suicide following the global economic and financial crisis. Kyrgyzstan's experience with dissolution of agricultural enterprises in the early 1990s resulted in the creation of over 400 thousand subsistence family farms. Stopping the agricultural protection in 2001 resulted in the loss of 200 thousand jobs. Large numbers of people moved to the construction sector or migrated to Russia. However, agriculture can be part of a solution in developing countries: high-end agriculture processing is complex and requires high value-addition. At the same time, demand for agricultural goods is likely to grow as middle income classes expand and the use of biofuels increases. One solution for small, vulnerable economies could be in developing labour-intensive, but high value-added organic farming. Alternative production methods can reduce reliance on high-cost inputs and create employment and contribute to reducing CO₂ emissions.

Structural transformation: Most countries that have achieved structural transformation did so simultaneously in three domains: 1) transformation in output – increasing the share of manufacturing; 2) transformation of employment – reducing employment in agriculture and primitive sectors and increasing employment in manufacturing and services; and 3) urbanization. Again, this shows that structural transformation needs to be thought of more broadly.

The role of the state: Structural transformation will not be automatic and international trade can lead to specialization in products with low employment and value addition. The government should play a proactive role in structural policies. However, South Korea's structural transformation then and China's current structural transformation were carried out under authoritarian governments. However, democratic governments are also able to support pro-actively structural change.

Inequality: when income and wealth are concentrated in the top population deciles, their income growth will not be spent on food and agriculture, but mostly on services. So services absorb most of the income growth in such economies. Thus, inequality has implications on the structure of the economy.

Care economy needs to be considered, given its importance as a social security of the last resort. The assumption that the care economy is infinitely elastic is proving not to be true.

Human resource policies: education and human resource development policies are needed so that not only employees, but also managers, employers and entrepreneurs acquire good skills.

International trade agreements: many countries have locked themselves in international trade and bilateral investment agreements, which limit their degree of freedom in policy making. The Doha round should secure policy-making room for developing countries. Despite weaknesses, multilateral agreements provide greater degree of freedom of policy making compared with regional and bilateral trade agreements.

South-south cooperation: countries should learn from each other's experiences. Given that no one size fits all, country-specific approaches are important. South-south cooperation provides an opportunity including because developing countries are growing more dynamically.

Financing for development: the United Nations and the World Bank should return to their original mandates and do coordination of the post-2015 development agenda globally. The real value-added of the global agenda would be in doing such coordination of policies and financing of development.

Session 3a: Employment, equity and human development

Rizwanul Islam provided further evidence for the importance of labour-intensive manufacturing for employment growth, and elaborated on global- and national-level policies for inclusion and employment.

Why is growth not leading to sufficient employment generation? Typically, it is explained by labour market rigidity, but empirical evidence does not support this view. The composition and pattern of growth matters. Experiences of South Korea, Malaysia, Indonesia and others show that the growth of the manufacturing sector leads to higher employment growth because it is more labour-intensive. In contrast, in South Asia, employment growth had been slower due to lack of labour-intensive industrialization.

Differences in labour-intensive industrialization between different groups of countries can be explained by 1) the level of infrastructure development and 2) economic policies. Economic policies often favour capital-intensive industries at the expense of labour-intensive ones. For example, India uses a variety of investment- and interest subsidies; Nepal subsidizes construction equipment; State-owned enterprises in Viet Nam and China (which usually are not the most labour-intensive) also get subsidies.

What actions can be taken at the global, regional and interregional levels? Globally, action can be focused on raising awareness, making commitments, providing the broad outlines for action (e.g. the [Global Jobs Pact](#) and [MDGs](#)), and facilitate learning among countries. In addition, it should be recognized that global-level institutions and policies can influence policies at the country level.

In addition, domestic policy action should address the vulnerability of employment. The vulnerability of employment is of two kinds: 1) the vulnerability of wage- and self-employed. This type of vulnerability can be reduced by normative approaches such as setting labour standards, and positive approaches such as improving productivity; and 2) the exposure to shocks of the labour markets. To reduce this kind of vulnerability, it is necessary to reduce the exposure to shocks, increase

preparedness, and increase the capacity to adjust to shocks. Policies to address this kind of vulnerability would include, for example, automatic stabilizers such as the basic social protection floor, as well as active labour market policies.

Claire Melamed, ODI, presented perspectives on three broad functions that the post-2015 development framework can fulfill. Unlike policies that should be very context-specific, a global framework should be general.

First, the framework could act as an anchor in a set of global norms. The MDGs represented a swing of pendulum from growth to social sectors. But the new framework needs to consolidate and balance economic and social issues.

Second, the framework needs to have a partnerships element, which is currently reflected in the MDG8. It should address issues that an individual country cannot address on its own, such as trade and migration.

Third, the framework should continue keeping its focus on people, such as that of the MDGs 1-6. In addition to the MDGs1-6, the new framework should also include measures to help people overcome problems, to get access to employment, to get social protection, etc.

We need to think what will be the value-added of the global framework, since governments don't need to be convinced that jobs are important.

Tatehito Shimoda, Reitaku University, focused on technical and vocational education and training (TVET) as a key solution for creating productive and decent jobs.

Depending on the country context, there are different categories of people who may be deemed to be vulnerable: unemployed, persons with disabilities, school drop-outs, youth, women, poor, working poor and people working in the informal sector. Technical and vocational education and training aims to move them from welfare and casual work to decent jobs. Effective TVET requires collaboration of many actors, including government (central and local), TVET providers, employers and employers' organizations and trade unions.

Marivic Raquiza, Social Watch Philippines, framed her talk in a rights-based approach to employment, and particularly on employment opportunities for women, echoing a joint civil society statement addressed to the G20 in 2011.

Citizens have the right to access quality education, health, and other public services. In order for countries to reach a virtuous circle, investment in human development must precede growth. However, pre-occupation with balanced budgets in many developing countries led to a reduction of public spending on health, education and agriculture.

To improve the quality of employment opportunities and transform the structure of employment, it is necessary to increase worker productivity by providing access to quality education and training. Provision of financial services is also needed. Agricultural policies are important not only for increasing incomes of small farmers, but also for improving food security. For large numbers of people working in the informal sector, it is necessary to extend labour laws, access social protection and get support for professionalizing and scaling up their businesses. To move people into high

value-added activities requires implementation of robust social policies in health, education and training.

Another key issue that needs to be addressed with regard to employment is gender equality. Countries such as China and India which produced fastest growth rates in the past decade account for nearly 80% of 'missing women' due to sex-selective abortion and post-birth neglect of girls. This phenomenon underscores that economic growth does not guarantee gender equality; rather, some growth can reinforce existing patterns of gender inequality. Although women's access to paid work has increased everywhere, women's entry into the labour market is accompanied by the worsening of the terms and conditions of work (compared with that of men). Still, many women do not have equal access to employment opportunities because they are burdened with unpaid work. Social norms and power relations within families and communities also play a big role in determining women's ability to earn a decent wage and retain control over that wage.

Various policies and awareness / educational measures are needed to remove barriers for women's entry to the labour market, including adequate provisioning of social services and infrastructure, fairer distribution of household work, ensuring the fulfillment of the rights of workers employed by informal sector employers, and providing women access to productive assets such as land and credit. It is important, however, to caution against implementing cash transfers and other social protection schemes delinked from employment, as well as consider the contradictory impact of microcredit programs on women's empowerment.

Discussion:

Technical and vocational education and training/ knowledge sectors: even a short period of vocational training can change the lives of young people. However, among youth, there is a bias against 'hard' skills, an impression that the world is moving to the knowledge economy. As a result, youth wants to work in high-skill sectors such as banking (and have no jobs), while enterprises lack people with 'hard' skills. This bias is due to large differences between salaries in the knowledge sector (high skills services) and 'hard skills' sectors, which then send signals to the labour market and influence the choices of young people. Unfortunately, the knowledge-based sectors are not labour-intensive.

The role of the private sector: what is the role of the private sector in enhancing employability and opportunities? The private sector can be reflected in the framework in two ways: 1) by providing enabling environment to the private sector, but not seeing the private sector as an actor in achieving the development objectives; 2) as an important actor in development which takes on responsibilities similar to other actors, e.g. by training in the workplace.

The informal sector is considered the lowest social class. The vulnerability of informal workers can come from two sources – due to the vulnerability of the enterprise itself, and due to the vulnerability of the employee. To address the first kind of vulnerability, it is necessary to take a positive approach – improving productivity to help informal enterprises climb the ladder. To address the second kind of vulnerability, a normative approach is needed – gradually applying basic (labour) standards and introducing social safety nets for people working in the informal sector.

Access to natural resources: well-being should be the main goal of development, because growth is not sufficient to represent progress (or the lack of it). In Bangladesh, for example, poverty exists

because poor people don't have access to land, forests and water. Millions of people are living in rural areas or urban slums.

Ageing: 80% of older people do not have social security, although older workers are the mainstay of agriculture. Developing countries need to put policies in place while they still have young populations.

Implementation of the agenda: how are we doing in the MDGs and what are we doing to achieve the goals? The framework needs to focus on public policy and have connection with: 1) budgeting and evaluation; 2) politics – long-term goals need to be addressed within short-term administration; and 3) implementation. The new framework needs to have measures that can be actionable, can be influenced by policy. This is easier with social policies such as access to education. In terms of employment, the new framework should include goals on labour market outcomes with detailed breakdown by formal and informal, self- and wage-employed.

Inequalities and social protection: social protection should be transformative, valued not just for its protective role, but also as an instrument of social justice. Rising inequalities may lead to unrest. India's rural employment guarantee scheme that provides basic incomes is a good example of 'starter' policies to bring about equity.

Session 3b: Employment, equity and human development

Demirew Getachew, Ethiopian Economics Association, talked about the MDGs, as well as the mismatch between growth and employment in the context of Ethiopia. Ethiopia is the second most populous country in Sub-Saharan Africa, with a population of 80 million, growing at 2.7%.

Education is recognized as a significant component of human resource development in its poverty reduction strategy.

However, policies increasing access to education have not been fruitful: in the 1990s the government created universities and invested in higher education, but the economy is not creating employment for such numbers of graduates.

Despite 2-digit growth rates in the past 7 years, growth has not had much impact on employment. About 80% of the population is employed in agriculture, which contributes only about 15% of GDP. Much of the growth comes from the services sector. Therefore, policies based on expanding labour-intensive sectors are crucial.

Jessica Espey, Save the Children, proposed using a life-cycle approach to employment, and made the case for expanding the focus of the development framework from growth to well-being.

Growth is not a sufficient measure of well-being. Former U.S. President Kennedy once said that GDP measures everything except that which makes life worthwhile. More recently, French President Sarkozy set up a commission on the Measurement of Economic Performance and Social Progress to evaluate effective ways of measuring progress in society. The commissioned identified eight dimensions of well-being: 1) material living standards, 2) health, 3) education, 4) personal activities, including employment; 5) political voice, 5) social relations, 7) environment for present future generations, 8) insecurity, access to land.

Save the Children thinks that four key dimensions of job creation and regulation are vitally important for poverty reduction and are key to a life-cycle approach to decent work.

First, tackling youth unemployment: currently, there are 81 million unemployed youth. Halving this number can add 4-7% to global GDP and reduce costs associated with youth unrest.

Second, ending child labour: Child labourers grow into youth with poor employment prospects, who cannot lift themselves and their families out of poverty. To end this vicious cycle, it is necessary to integrate education with health and social service provision, reforming weak labour market regulation and legislation. Despite difficulties in data collection, valuation of child labour (attaching monetary value to it) would be very important.

Third, providing adequate pay and working conditions for parents and children over 15, because this is directly linked to the well-being of children and the intergenerational transfer of poverty. Children growing in poor households have only a third of a chance as other children to succeed in school. For example, a study showed that in Peru, 60% of children from poor households are less likely to succeed in school.

Fourth, providing living wages for workers providing essential services. Adequate pay for public sector employees is vital for poverty reduction. To deliver basic healthcare to all, a country needs at least 23 doctors and nurses for every 10,000 people. But Ghana and Sierra Leone, for example, have much less than that, for reasons such as low wages and poor conditions of service.

Philip O'Keefe, World Bank, talked about increasing difficulties in classifying social protection, as well as the unexplored terrain with regard to fiscal and political trade-offs in social protection.

Social development (in the World Bank) has become much more acknowledged than in the past. There is increasing acknowledgement that social protection is not just a deadweight, but also growth enhancer. For example, pension and health insurance programs in China are helping rebalance export and consumption and thus have macroeconomic benefits.

Increasingly, social protection is becoming integrated in nature. It is no longer possible to classify social insurance separately from social assistance, and to separate social protection from labour market measures, as for example, with India's NREGA programme.

There is also blurring of distinctions between formal and informal sectors, while a more relevant categorization may be mobile v. immobile jobs. If informal sector social insurance is subsidized, it creates incentives for people to stay in the informal sector. Some countries such as Mexico, Colombia and South Korea are experimenting with social insurance, adopting a gradual approach of subsidization to prevent this disincentive.

Still, many gaps remain between policy and practice. For example, prevention and insurance are still very underdeveloped in relation to weather related and other shocks. Little is known about trade-offs between fiscal constraints and social protection: should Sri Lanka, for example, spend money on children, elderly or the rural poor? There are also political trade-offs which we often fail to acknowledge.

Discussion:

Child labour: a more flexible approach is needed toward child labour. It is necessary to recognize that in poor countries, unless a child works, he or she might not live long enough. Child labour is also a form of insurance. Finally, it is better to have a child work in family business, than on the street. Cash transfer programmes may have different impacts on child labour, depending on the design and implementation of the programme. For example, studies show that conditional cash transfers (CCTs) in Brazil have a positive effect by reducing child labour, while in Paraguay there were no positive effects.

Gender inequality: discrimination against women entrepreneurs – such as sexual harassment or limited access to credit for women entrepreneurs in Kyrgyzstan - jeopardizes not only them, but also jobs that they create. Measures to eradicate gender inequality are different from those to eradicate poverty, requiring explicit gender-inclusive policies. South Africa is a good example.

Unpaid work is not just a ‘side’ issue, it affects entire economies. Fairer distribution of work within households would reduce the burden of unpaid work on women. But policies can influence through the provision of public services. For example, care services expansion can create paid jobs. Examples of programmes to address inequalities due to unpaid work also include survivor pensions and carers’ allowances.

Labour standards and wages in developed countries (e.g. Japan) are being dragged down due to globalization. To avoid exploitation of workers, vocational training should go hand in hand with job creation.

Education of labour force may exacerbate the unemployment problem, ending up with well-educated and skilled labour force without employment. This then leads to brain drain.

Technical and vocational education and training (TVET): studies show that countries with decent TVET programmes have more employable human resources. However, workers in these countries earned less.

Climate change is a serious issue in countries like Maldives, Ethiopia and Bangladesh. People don’t have access to their own resources.

Equity and inequality: many studies show that higher inequality deters long-term economic growth. Therefore, policies and politics that tackle inequality are important.

Issues for inclusion the post-2015 development agenda: the new framework needs to put more emphasis on equality. The framework should also include not only social policies, but also broader issues for macroeconomic stability, such as capital controls.

Indicators and measurement: the post-2015 agenda should retain the strength of MDGs – simplicity and clarity. One of its key contributions could be a measurement of progress for different population quintiles. New indicators on social protection are also needed. Examples of indicators on social protection could be percentage of population that has access to any kind of social protection programme and coverage of the poor.

Session 4: Leveraging the natural resource sector for employment creation

Degol Hailu, UNDP, outlined the boundaries of the discussion in this session, focusing it on minerals, oil and hydrocarbons, rather than a broader definition of natural resources (which also includes renewable resources such as land, water and forests).

Historically, much of the structural transformation was backed by revenues generated from natural resources. Currently, half the world's population lives in natural resource-rich countries, defined as countries whose mineral and hydrocarbon exports account for over half of their total exports. Recent data shows that in many countries exporting natural resources, as much as 25% of GDP growth is driven by oil, gas and minerals extraction. Moreover, demand for these resources is growing.

One prevalent view is that natural resources are a curse for a country. For example, Jeffrey Sachs showed that resource-rich countries are not able to achieve stable and sustainable growth. Michael Ross found that resource-rich countries are prone to governance problems and have high inequality. Paul Collier showed that they are prone to conflict.

However, recent evidence shows that slow growth and conflict are not inevitable for resource-rich countries, as seen from Chile and Indonesia's experiences. These countries used macroeconomic policies and kept real exchange rates low in order to diversify their economies – winery and fishing in Chile's case and food processing and garments in Indonesia's case.

Khashchuluun Chuluundorj, National Development and Innovation Committee/ Mongolia, shared Mongolia's evolving experience in using natural resource revenues for investing in development. Mongolia aspires to follow the development models of Norway and Chile.

Mining is a primary pillar of its growth, accounting for 30% of GDP and 80% of exports. Several multi-billion mining projects were started 2-3 years ago, including a in copper mining (Oyu Tolgoi) and in coal mining (Tavan Tolgoi). The scale of these projects is very large, with investment exceeding the total GDP of the country. As a result, economic growth has soared from 6% in 2010 to 17% in 2011 and is further expected to increase, making Mongolia the fastest-growing country in the world. Poverty rate declined from 39% to 29% within two years. Mongolia is currently at the beginning of a commodity boom.

The question is how to manage growth successfully to benefit the population, diversify the economy and prepare for future shocks. Various benefits are being given to all citizens, with additional benefits given to students in higher education institutions. The government has set up a Human Development Fund to distribute mining dividends to all citizens. A project is started to provide affordable housing. Investments are made into improving the quality of higher education and reform vocational training, to address the problem of educated, but unskilled youth.

Governance is considered key to good public investment and budget sustainability. The government had set a limit on the increase in fiscal spending in order to promote anti-cyclical fiscal policy. Legislation on public investment and planning has been approved or in the works. Recent practices of political parties that competed on the basis of offering cash to citizens led to fiscal unsustainability problems and are legislated to discontinue starting July 2012. Instead, a targeted cash transfer scheme will be introduced. A recent revision to election law had prohibited fiscally unfeasible election platforms. Major efforts are being done to clean up the government of corruption. For example, a former president, as well as a number of senior and mid-level officials are arrested proven guilty of corruption.

Diversification policies focus on the development of infrastructure and the development of industries. Taxes have been reduced to 10% flat rate, and further reduction is planned for SMEs and manufacturing sectors. Key target sectors include chemical and heavy industry, tourism and renewable energy. The Mongolian Development Bank was established to manage infrastructure investments.

The development agenda post-2015 should include structural change, job creation and growth policies on a global scale, using financial resources and technology of the north to develop the south, implementing regional and global projects to generate trade and support SMEs, and develop green, environmentally friendly or advanced technology projects.

Ahmed Moustafa, UNDP, focused on macroeconomic policy challenges for resource-rich countries stemming from 'classic' and 'pseudo' Dutch diseases.

The Dutch disease hypothesis is built on the assumptions that resource rich countries have open economies, which leads to real exchange rate appreciation, resulting in booming non-tradable and services sectors at the expense of tradables (exportable products) sectors. However, even when their economies are closed or semi-closed, most resource-rich developing countries experience booms in the services sector and decline in their agricultural and industrial sectors – Syria is a case in point. Flows of revenues from mineral and hydrocarbons act like growth hormones for a developing country. In Europe and the US, structural transformation unfolded over hundreds of years, allowing industrial sectors sufficient time to reach maturity. In resource-rich developing countries today, industrial and agricultural sectors, as well as communities relying on these sectors, cannot catch up with the speed of services (non-tradables) sector development. For economies experiencing the Dutch disease, liberalization further exacerbates its worst effects, as was experienced by Egypt in the 1970s.

Moreover, the Dutch disease need not be limited to resource-rich countries. In the Pacific region, foreign aid and remittances have the same effect as natural resources, resulting in real exchange rate appreciation and depressing tradables sectors.

Although not a direct cause of conflict, resources can 'oil the wheels' of conflict in places where root reasons for conflict had already existed. For example, in Sudan and Bougainville (Papua New Guinea), conflict has always existed, based on territorial or ethnic divisions. The addition of revenues from resources meant that the communities could buy arms, which had exacerbated the conflict.

The post-2015 agenda needs to address these macroeconomic challenges, to ensure sustainability, inclusiveness and stability of growth and to avoid cyclical trends of progress and setbacks such as those experienced during the past decade.

The MDGs were adopted through a top-down process. A student debate organized by UNDP and the University of South Pacific raised critical questions: did the MDGs manage to harness the global discourse? How many languages was the Millennium Declaration translated into? Were developed countries committed to the MDGs? The MDGs were neither a vision nor a set of policies. Rather, they were a fully-fledged plan complete with targets and monitoring and evaluation framework. However, this perspective conflicts with a no-one-size-fits-all approach. The new global framework needs to focus on managing aid, remittances and resources wisely to help achieve local development goals.

Discussion:

Resource-rich v. resource-poor countries: some countries, such as India, may be resource-rich in the aggregate sense, but resource-poor on per capita basis. Especially serious problems are faced by countries that have enough resources to destroy the environment, but not enough to generate sufficient revenues. For example, the Gulf countries are resource-rich and were able to achieve all the MDGs, but Syria, Yemen and Egypt are trapped in a situation with large, but insufficient resources. Policies applicable to highly resource-rich (per capita) countries may not be applicable to them.

Biodiversity, land and renewable resources: in the Philippines, rapidly growing extractive industries destroy biodiversity and renewable resources such as water and forests, which threatens to create conflicts with indigenous communities. Whereas the land may be legally owned by the state or other actors, policies should start with the assumption that land belongs by its *de facto* owners to avoid conflicts.

Institutions: in Alaska's case, courts played a key role in helping manage resources for the benefit of the population. Creating good conditions for technology transfer, trade and financial market development is critical to take advantage of resource booms. The key to development is management, not resources, which is illustrated by the case of Nordic countries. In contrast with Norway, which is endowed with significant amount of natural resources, other Nordic countries do not possess much, but are doing equally well.

Norway had set up initiatives to help other resource-dependent countries to manage their resources, such as the international Extractive Industries Transparency Initiative (EITI), and Oil for Development programme of Norway.

Political economy and social contract: Mongolia's experience shows that although reaching a political/ societal consensus on managing natural resources takes time, once the consensus is reached, it creates a stable environment for everyone, including investors.

The Dutch disease: there are close parallels between aid, remittances and revenues from natural resources. How can policies be leveraged to manage growth without experiencing the negative effects? What exchange rate policies are adopted to reduce the Dutch disease effects?

Slowing the growth of extractive industries: one way of reducing the negative effects on the tradables sectors could be to deliberately slow down the growth of minerals and hydrocarbons sectors. Each locality and sector has its own, 'natural' growth rate. Although slowing the growth of extractives is politically very difficult, especially when a country has many people living in poverty, it is possible to set targets for the extractives sector, for example, not to exceed a certain share of the overall economy. In Mongolia, for example, the government stopped issuing new mining licenses in the past two years.

Local industries and sectors can be developed, but they require a mix of policies, including incentives, taxes and subsidies. According to Justin Lin, the World Bank chief economist, government intervention is needed to address coordination problems, externality problems and first-comer disadvantage problems. By using a combination of policies, governments can enable the private sector to take risks by venturing into higher-productivity sectors.

Local communities and governments: in designing and implementing policies, the government should not assume that people in rural areas easily acquire skills needed, for example, in mining. Local governments need to have their say in policies, particularly when they involve economic and environmental trade-offs.

Gender equality: the development of extractive industries can exacerbate gender inequality. One solution could be to invest in day care services to reduce the burden of unpaid work on women and improve gender equality in the labour market.

Commodity price volatility: excessive reliance on natural resources leads to instability due to highly volatile commodity prices.

Limited time frame of extractive industries: policies should focus on the long-term, considering policies after the resources are dried up.

Session 5: Environmental sustainability and employment

Paula Caballero, Ministry of External Relations/ Colombia, has shed light on intergovernmental discussions leading up to the Rio+20 conference on sustainable development, the sustainable development goals (SDGs) and the need to deconstruct the concept of green economy.

The concepts of ‘green economy’ and ‘green jobs’, as understood currently, are not helping the negotiations. These are very loaded terms, understood differently by different groups and leading to the polarization of views. For example, some understand the term ‘green’ as a sort of conditionality for getting aid and finance. Unlike with discussions to formulate the Post-2015 development framework, in Rio+20 negotiations, there has not been sufficient time or space allowed to hold substantive discussions to inform the understanding. Deconstructing these terms will be important to drive negotiations to an agreement.

‘Green economy’ may be more usefully replaced with the concept such as ‘inclusive green economy’. Green economy should not be understood only in terms of industries with sophisticated technologies, but should also encompass traditional and indigenous practices. It should also be about adaptation, not mitigation – as is being currently understood in UNFCCC. ‘Green jobs’ should be about jobs that contribute to sustainable development and are themselves sustainable in terms of environmental, social and economic dimensions.

The environmental dimension of sustainability addresses the limits of and pressures on resources such as water, energy and food. However, environmental sustainability is only one of the dimensions of sustainable development goals (SDGs). The SDGs should integrate all three dimensions of sustainability – environmental, social and economic. And they should be part of the post-2015 development agenda.

The SDGs are an effort to help design more comprehensive solutions to complex problems, such as food security. They should serve as a vehicle to mainstream climate change issues into various areas to help countries to transition to low-carbon development and growth. There is a need for universal, shared goals. But also, there should be differentiated approaches for different countries. The role of the SDGs is to help prioritize and galvanize action at the national level, and thus they should be

based on local needs and realities. For example, [Colombia and Guatemala's proposal](#) for the Rio+20 conference proposes a small set of goals, including employment and livelihood security, as well as social protection and enabling policies for employment generation.

Ruth Batani, Benguet State University, presented a study on the impact of changing climate on work and well-being of local communities, especially women.

Climate change is amplifying socio-economic burdens felt by Filipino families and even more among indigenous populations whose livelihoods are deeply rooted in the well-being of the environment. Given that women's work is often unpaid, the effects of climate change on women and their households' well-being often goes unnoticed.

The study has evaluated [the time use](#) of households in farming communities, a measure that encompasses both remunerated and unpaid work and thereby highlights the contribution of women to well-being. This study was carried out in the Philippines, Benguet State, in a mountainous fragile ecosystem. The results in one of the study sites show that over half of the respondents see their quality of life worsened as a result of climate change, although in the other site, the majority of respondents reported no change. In climate change-affected regions, women were affected the most, with their time spent working more than twice as much as men. They reported an increase in simultaneous work, such as farming while looking after children.

Key recommendations emerging from the study include implementation of social protection measures against illness and diseases; measures to reduce the risk of loss of value of agricultural produce due to weather; reintroduction of organic farming; policies that reduce gender disparity in unpaid work, such as human capital investment, provision of health care and recognition of unpaid work; provision of basic social services; and investment in time-saving technologies such as irrigation, roads and marketing.

P.B. Anand, Bradford University/ UK, shared the perspectives on the post-2015 framework, and proposed a new approach to understanding the concepts of green economy and sustainability.

How would the MDGs 2.0 differ from the MDGs? They will be participatory, contextual and modifiable by nations or local stakeholders. However, in this regard, the new MDGs will be subject to challenges such as moving goal posts and inability to compare different goals for different countries. They should also be deeper (more meaningful), fairer (include equity), secure (include peace and security) and more lasting compared with the existing MDGs. It is important to recognize that political systems are designed for addressing short-term problems, but not for addressing long-term change. Finally, unlike the MDGs which constitute a vertical list, the new development goals should be interconnected at different levels. Should goals be outcome-based or process-based? Or should they perhaps include a little bit of both? Finally, the goals should also clarify responsibilities and deal with trade-offs.

With regard to green economy and sustainability, the starting point is to scrutinize existing definitions. For example, [UNEP 2010 report](#) defines 'Green economy' as 'improved well-being and social equity while reducing environmental risks and ecological scarcities'. [World Watch Institute 2008 report](#) defines 'Green jobs' as 'Jobs that contribute substantially to preserving or restoring environmental quality'. While these definitions may be useful, they are unattainable.

It would be more useful to use the term ‘green’ as a verb than as an adjective. In this transition or greening, the focus should be not on checking off whether jobs meet these and that criteria, but on making the trade-offs (between jobs and environmental degradation) transparent, on reducing energy intensity and on shifting to renewable energies. Transitioning requires not only a discussion about technologies, but also about institutions – what types of institutions should be created to make decisions for greening growth?

One of the key questions to ask is whether it is possible to have more jobs while having less CO₂ emissions (or other types of environmental pollution, for that matter)? (See the Green Growth quadrant by P.B. Anand).

	Growing employment	Contraction in employment
Reducing CO ₂	Green	Unaffordable sustainability?
Increasing CO ₂	Unsustainable growth	Losing jobs while polluting more?

The Green Growth quadrant shows that: 1) Countries losing jobs while polluting more are in a worst situation. 2) If a country increases both growth and CO₂, it can be deemed to have ‘unsustainable growth’. Countries such as Angola, Nepal, Benin, Bhutan, Qatar, Vietnam and Maldives experienced such growth since 1990. 3) If a country experiences a reduction of both growth and CO₂ emissions, it can be deemed to have ‘unaffordable sustainability’. Many of the countries of Central and Eastern Europe – Romania, Bulgaria, Hungary, Poland and Albania, as well as Sweden - fall into this category. 4) Some countries managed to both increase growth and reduce CO₂ emissions. They include a number of developed countries, but also Zimbabwe, Gabon, Papua New Guinea, Zambia, DR Congo and Mauritania. Similar analysis was done using adjusted savings v. emissions.

What does this imply for the post-2015 development framework? Sustainability must be at the core of the development agenda, not an after-thought. The development framework should consider interaction and integration of goals – such as sustainability and fairness and human security. It should go beyond win-win strategies that focus on trying to create a small number of truly ‘green jobs’. Rather, it should address the fundamental conflicts between prosperity and sustainability, and focus on the transition to low-carbon future with more jobs.

Discussion:

MDGs, SDGs and the post-2015 framework: considerable part of the discussion focused on raising questions and sharing thoughts on the relationship between the MDGs, the SDGs and the post-2015 framework. However, there were more questions than answers: How will the outcome of Rio be related to the existing framework? Will it replace the MDGs? How will the new (post-2015 framework) differ from the MDGs? The SDGs will likely resemble MDGs, but will likely incorporate the issue of resources, including water, energy and food security. The number of the SDGs will need to be limited.

Sustainability and development: framing the development goals in terms of sustainability risks to result in a purely environmentally-oriented framework. However, it is important to emphasize that in the SDGs, the term ‘sustainability’ refers to all three dimensions of sustainability - environmental, social and economic.

Issues and goals in SDGs:

Health and education: will SDGs include goals on health and education? How would health and education be framed in terms of sustainability? Focusing just on employment is not sufficient to reduce poverty. Education goals are needed.

Gender equality: unless the focus is on well-being, issues of unpaid work and care economy will be overlooked. Female education is important to solve population growth issues.

Energy: how is Energy for All initiative of the UN Secretary-General related to Rio+20? Although the idea is still on the table, some countries are opposed to include this issue in discussions. It should be noted, however, that even poor countries can achieve energy security locally. The terminology in intergovernmental negotiations is now changing from 'energy for all' toward 'energy for sustainable development'. There are clear links between energy and poverty, as increased use of biofuels will drive up food prices.

Is nuclear energy understood as sustainable? As the experience during Japan's great earthquake of 2011 shows, nuclear energy can have huge negative implications for human security. At the same time, nuclear energy issues are politicized and influenced by the media. Therefore, more objective, quantitative risk assessment of nuclear energy is needed.

Production and consumption: in addition to production, the issue of consumption should be included in the new framework.

Social protection: the transition to the 'green economy' will have negative impacts on workers and these impacts need to be factored in.

Investment and financing: for developing countries struggling to shoulder the costs of MDG financing, financing of the SDGs will be difficult. Financing is crucial for developing countries for adaptation to climate change, and developed countries should bear some responsibility for climate change issues. In the meantime, industries are already moving 'green', and will require major investments.

Political and technical inputs: the politics of sustainability are more complicated than the politics of development, since development and employment implies seeking to increase incomes, whereas sustainability is associated with reducing incomes and consumption. Technical inputs into the Rio+20 discussions are lacking, but can be sought following the conference.

Policies: In the context of P.B.Anand's framework on Green Growth, it is important to study policies that have been adopted by countries which managed to both reduce pollution and increase employment.

Session 6: Country perspectives from Asia (videoconference)

India:

Sachin Chaturvedi, Research and Information System for Developing Countries, referred to the ILO report, "Global Employment Trends 2012: Preventing a Deeper Jobs Crisis", in underscoring the importance of inclusive growth for the new framework. India has also focused on inclusive growth in its 12th five-year plan.

Key issues with regard to inclusive growth include:

First, the sectoral job creation patterns and strategies need to be looked at. Despite the increasing orientation toward advanced technologies in emerging countries, employment creation remains a problem.

Second, the distinction between poor, vulnerable people and working poor is becoming increasingly blurred, while inequalities in emerging economies are growing. Particularly serious are concerns about the growth of the informal sector employment in India and Bangladesh. Dani Rodrik's idea of interventions in the productive sectors needs to be seriously considered.

Third, the role of education needs to be oriented toward solving the unemployment problem. Major corrective actions are needed in education policy and reorientation toward vocational education and training, learning from Germany's experience.

Bangladesh:

Nurunhabi Khan, ILO, echoed concerns with low employment generation despite high growth and highlighted unemployment problems in Bangladesh.

The labour market in Bangladesh faces problems with both the quantity and the quality of jobs. The population is growing, while the economy is not generating enough jobs. In addition, inequities in income and quality of job environments are also serious (15% of people are engaged in jobs with low wages and unsafe workplaces).

Several groups need to be singled out with respect to employment problems: youth, women, people displaced by environmental degradation and climate change, migrants, and people with disabilities. They need to find alternative livelihoods. Active labour market interventions are needed to address their employment issues and reduce exploitative practices in the labour market.

Rasheda Choudhury, Campaign for Popular Education, made a strong call for reforming the process of global consultations by including practitioners and activities beyond the 'usual suspects'. For example, teachers, families, community leaders and local governments should be involved in consultations. Women especially need to be part of these consultations. Global policies have to be informed by the realities at the ground level.

Particularly serious problems are inequities, inequalities and discrimination. Although progress to the MDGs has been adequate, the focus has been on the quantities – such as the number of children enrolled in school. However, there is a gaping quality divide in education between the poor and the wealthy, further deepening inequalities.

Kosuke Niimi, YKK Bangladesh (garment manufacturer), highlighted education as a key concern for employers.

YKK has been operating in Bangladesh for the past 10 years and is one of the big garment exporters in the country. For the private sector, profitability is synonymous with sustainability. The key issue is to improve human resources, as it is difficult to find qualified employees and to do evaluation. The company is compelled to both evaluate and educate internally. Therefore, the quality of education (right skills) needs to be improved and certification needs to be developed.

Indonesia:

El-Moustafa Benlamlih, UN/UNDP Indonesia, outlined employment problems, as well as solutions being discussed and tried in Indonesia.

Since about 2000s, employment became delinked from growth: despite high growth rates, the economy is not generating jobs at fast enough rate. Underemployment is four times larger than unemployment. The informal sector is playing an important role absorbing people. Youth unemployment (of people aged 15-24) is especially high, at 25%, compared with 6-7% unemployment rate in general. Women are disadvantaged at all levels. At the same time, the gaps between rich and poor are widening.

Employment and productivity issues need to be redefined, with solutions moving away from hard infrastructure toward soft infrastructure. To enable policy makers to come up with the right solutions, the capacity to better and faster track and analyze employment is needed.

There is a strong need for vocational training, given that a large number of youth stop studying after the completion of 9 years of secondary education. Higher education is not responsive to market demand – about 70% of graduates are not able to find jobs. This gives negative signals to parents and especially deters rural inhabitants from sending children to schools altogether.

We are implementing a programme on vocational training, where 144 training programmes are run by communities. However, the quality of training is not up to expectations. There are also semi-vocational schools. The vocational training programme needs to be expanded, but a lot of questions need to be answered, such as how to fill the need for teachers, how to link training to industry needs, how to get industries to contribute to improving the quality of vocational education schools, or how to offer different kinds/ tiers of vocational training (for example, for youth dropped out from school). Some focus should be on entrepreneurial training, people to create jobs rather than just seek jobs. University-backed entrepreneurial training programmes need to be developed.

Gino Latief, Mitra Mandiri (distributor of laboratory, medical and scientific instruments), talked about the needs and capacities of people living in rural areas, noting that over 50% of them live in poverty. Programmes need to be developed on the basis of mapping local needs and potential, with the objective of giving bigger share to local populations.

Abdulrahman Sumarna, Plan Indonesia/ Ministry of Commerce and Industry, shared the experience of youth economic empowerment programme being implemented currently.

The programme aims to solve two kinds of gaps: 1) the gap in the supply and demand and the absorption capacity of the formal sector; and 2) the gap in the quality of education. The programme tries to use a demand-driven system and is based on three pillars:

- 1) Setting competence standards by the industry
- 2) Developing training and education curricula
- 3) Implementing certification to ensure that graduates meet industry requirements

One of the key problems is the incentives to make the system work. While the industry does require new recruits, the demand is low. We have started working with industries through industrial associations.

This kind of approach can be used as a model for other countries. In the future, we can build a system whereby countries in the Asian economic community mutually recognize certification of workers.

Another approach would focus on entrepreneurial programmes, which requires not only technical skill-building, but also capturing market and capital opportunities. It would require linking microenterprise development with microfinance, so that youth are provided with both finance and supervision in starting businesses.

China:

Feng Wenmeng, China Development Research Foundation,, focused on three points, some of which are particular to China and others are relevant to other countries.

Quality of education: similar to other countries, China is experiencing a mismatch between education (in college) and demand in the labour market. Improving the quality of higher education and increasing vocational education is very important. Specific to China, some manufacturing sectors and regions are starting to experience shortages of labour.

Early childhood development is crucial in the long term. China has more children in rural areas than in urban. But rural areas experience problems with nutrition and lack of pre-school education for 3-5 year olds – a critical age on which the foundations for future learning are built. The China Development Research Foundation started a programme in two provinces to improve nutrition of infants and pregnant women and establish early childhood education centres.

Migration and social protection: migration is needed for continued economic growth – China has almost 250 million migrant workers, most of whom work in the informal sector. It is necessary to implement specific social protection schemes tailored for them, because social protection in the formal sector is not suitable.

Steven Sabey, UNDP China, pointed that China faces problems of both developed and developing countries. While the country has the need to generate basic jobs and incomes for many, it also has a looming ageing problem. Other critical challenges are inequalities between western and eastern regions, as well as the need for structural transition from export-driven growth toward domestic consumption.

The current five-year plan is a very interesting example of how country's leaders envisage this shift of a development model. It clearly outlines a vision for a more balanced growth in terms of social, economic and environmental dimensions (including energy efficiency). The plan also has good indicators.

Discussion:

Structural changes: key reasons for reduced ability of economic growth to generate jobs are structural, although they differ from country to country.

In Indonesia, it is due to the inability of the manufacturing sector to compete with Chinese imports. Labour laws in Indonesia are very strict and some companies are relocating factories to Viet Nam and China. An important factor was the end of favourable trading conditions for Indonesia's exports. Infrastructure development cannot keep up with growth and will require at least 5 years to be built sufficiently for the economy to become more competitive. In addition, less labour-intensive sectors, such as services and natural resource-based sectors, have become more dominant. In recent years, growth has been driven by the commodities boom and the inflow of speculative capital.

In China's case, the growth in the 1980s was driven by small and medium enterprises in towns, which absorbed surplus labour from the countryside. In the 1990s, the driver of growth has shifted to capital-intensive industries and now it is shifting towards services and the informal sector, as in many other countries. Still, the manufacturing sector continues to play a big role in China.

Migration and shortages of workers: China has started to experience a shortage of workers, although this phenomenon is limited only to coastal regions and some sectors. Compared to earlier periods, rural labour surplus is not as serious an issue as before. Partly, this is due to the change in migration dynamics and the increased cost of living in urban areas. Whereas earlier, rural migrant workers moved to cities temporarily and were willing to accept any conditions, more recent migrants tend to move for good and therefore demand better work, pay and living conditions. Migrant wages, which remained quite flat until about 2000, have grown much faster after that. For example, prior to 2000, migrant wages as a percentage of urban workers' wages were only about 35%, whereas by 2010, they became 78%. The cost of living in urban areas has risen fast, and the lack of reform of the *hukou* system (registration by residence whereby migrants incur higher costs and bigger difficulties in terms of housing, child education, etc.) have also been contributing factors.

Policy orientation: a recent World Bank report on China's development till 2030 outlined a reformist agenda. What are the implications of moving away from the state capitalism model for job creation? The report has lots of nuances and recognizes that complete privatization of state enterprises is unrealistic. But it does recommend the removal of various distortions and to implement market reforms. For example, many state enterprises do not pay dividends. The removal of tax distortions is also recommended. Currently, labour is highly taxed in China (higher than OECD average), while land is barely taxed. At the same time, enterprises get access to capital at subsidized rates. Addressing these distortions would resolve some labour demand issues and create a more favourable environment for SMEs.

Work conditions: compliance with labour standards was brought up from both workers' and employers' perspectives. On the one hand, it is necessary to ensure compliance and implement ILO's work programme, but on the other hand, concerns of manufacturing enterprises need to be considered, as some enterprises struggle to make profits, and therefore resort to non-compliance. However, labour standards compliance is not the only issue. A broader issue that needs to be solved is ensuring freedom of association and fundamental rights at work.

Presence of China in Africa: China's engagement in Africa has rapidly increased through exports of consumer goods, investment and migration. But there is a big misconception that this trend is part of some centrally coordinated plan. These dynamics are led by individual entrepreneurs driven by business opportunities.

Education reforms need to be implemented in Bangladesh to improve productivity and competitiveness.

Session 7: Implications for the post-2015 development agenda

Jose Dallo, UNDP New York, drew implications from the meeting for the post-2015 development agenda.

These two days of the meeting exposed many important dynamics, including: the gap between formal and informal sector and the growing vulnerability of employment, urbanization, demands for different skills, the possibility of generating jobs through social protection, and the need for new kind of education. A key dynamic globally is the increasing interdependence of economies.

In further discussions of the post-2015 agenda that will lay the ground for intergovernmental discussions, it is important to factor in the thinking, ideas and commitment of different governments.

The data to inform the agenda should come not only from available data, but also newly collected data including that by using new technologies.

The link with the Rio+20 and sustainable development goals needs to be firmed up and the boundaries of the agenda needs to be more clearly delineated.

Limited discussion happened on ODA, FDI and technology transfer, but these may be addressed in future consultations.

What might be some features of the post-2015 agenda? Issues that are more difficult to define might be addressed through a political declaration (similar to the Millennium Declaration). The framework could be based on a rights approach – the right to decent job, the right to good education, etc. The means to reach the goals should be addressed at two levels – national and global/ regional. For instance, global elements could include the international social protection floor and eradication of the worst forms of child labour.

Pronab Sen, Planning Commission/ India, commented on the instrumentality of the new development agenda, as well as key issues arising from the meeting.

The purpose and usefulness of the MDGs was in generating financial resources (external assistance) for developing countries to deliver on the MDGs. The MDGs did not, however, give answers on how to achieve the goals, but were nevertheless a useful framework to think about how to achieve them.

This meeting brought up new issues very sharply, particularly on high and rising youth unemployment. The understanding that only large enterprises are decent places to work should be changed, and entrepreneurship of youth should be encouraged. Financial sector architecture is not suitable for employment growth and this should be reflected.

Ahmed Mahmoud, VOICE/ Bangladesh, spoke on behalf of his NGO, as well as a coalition of NGOs Beyond 2015 campaigning on the post-2015 development agenda.

The structural adjustment programme in the 1990s based on the Washington consensus resulted in reproduction of poverty, and is known popularly as an 'action against the poor'. The terminology 'structural change' being used in this meeting is reminiscent of 'structural adjustment'. So it may need to be changed.

The unfinished agenda of MDGs - the 0.7% GDP commitment of development countries for financing development – should not be brushed under the carpet.

The global architecture has created the problems of food crisis, energy crisis, climate crisis and financial crisis. It needs to be addressed in the new agenda.

As remarked by Robert Chambers, the father of participatory rural appraisal, it is necessary to put 'the last into first' – i.e., put the needs and demands of people as a first priority.

The role of the private sector in the new framework needs to be accompanied with accountability framework, for creating jobs with specific targets. Constitutions of every country talk about basic rights of citizens and bestow responsibilities to fulfill those rights on the state. Thus, states should stop serving the interests of multinationals as a priority. A moral public-private partnership needs to be created.

Discussion:

Participation and consultation: much of the discussion was about discussions (i.e., the quality and the breadth of future consultations leading up to the post-2015 agenda). This meeting in itself demonstrated how valuable it an environment where people from different walks of life listen to each other. Especially the voices of the poor should be heard. However, in organizing consultations, we should be aware that some consultation methodologies involve only superficial consultation. Social entrepreneurs (socially responsible private sector companies) need to be brought into the discussion. The longer period for consultation and preparation for formulating the post-2015 framework, in contrast with the period leading up to the MDGs, provides opportunity to undertake serious consultations.

International cooperation:

Instead of 'cutting the world in half', the framework needs to be relevant for both developed and developing countries.

The growing interdependence between countries and scarcer resources in the next 50 years are key factors that should be driving the framework. Another key trend is that we should not expect the same rate of technical innovation in the future.

The framework should also address international policy coordination on issues such as the movement of labour and agricultural / trade policies. Since migration is here to stay (or to come), it is better to have regulated, rather than unregulated migration.

The framework needs to reflect 'softer' aspects, as opposed to finance-based nature of interaction between countries. The need for financing development goals is acknowledged, but at the same time, the reality is that ODA prospects are limited due to fiscal problems in developed countries themselves. The focus of the new framework could be on facilitating the exchange of knowledge and experience, joint review of policies and programs, ensuring policy coherence and capacity building.

For instance, Brazil is the only country in the past decade that reduced inequality. The world can learn from Brazil – in terms of not only its cash transfer programmes, but also the whole gamut of its redistributive policies, as well as normative and positive approaches to reduce informality.

Orientation of the post-2015 agenda:

The framework needs to be ‘out of the box’ and different from the past, learning from the past mistakes, especially the policy mistakes of the 1990s. This particularly applies to macroeconomic, trade and finance policies.

Inequality, well-being and employment were brought up as key issues toward which the new agenda should be oriented. The framework needs to be clear about the ultimate objective (rather than setting the MDGs for growth, growth must serve the improvement of people’s lives). Therefore, rather than including growth, the new framework should include employment (including inclusive forms of employment) as indicators and goals. Goals should be framed in such a way so as to guide policy.

The framework needs to take a rights-based and affirmative approach to address inequalities and discrimination. It should focus not only on economic policies, but also on issues such as the property rights of indigenous people, as well as corruption.

The framework should recognize that large differences exist between large and small, socially-oriented v. other enterprises. The role of the state should be strengthened, with focus on improving the capacities of the state to implement the agenda.

Data availability significantly improved in recent years. For example, there is now data available on relative distribution of people by wages, as well as informalization of labour.