

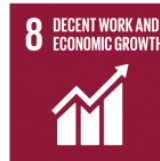

COMMISSION for SOCIAL DEVELOPMENT

United Nations Headquarters, New York



United Nations

Department of
Economic and
Social Affairs



Sixty-first Session of the Commission for Social Development

High-level panel discussion on the priority theme

“Creating full and productive employment and decent work for all as a way of overcoming inequalities to accelerate the recovery from the COVID-19 pandemic and the full implementation of the 2030 Agenda for Sustainable Development”

Monday, 6 February 2023, 3:00 pm – 6:00 pm, Conference Room 4

Chair’s Summary

The Commission for Social Development held a high-level panel discussion on the priority theme, *“Creating full and productive employment and decent work for all as a way of overcoming inequalities to accelerate the recovery from the COVID-19 pandemic and the full implementation of the 2030 Agenda for Sustainable Development”* on 6 February 2023. **H.E. Alya Ahmed Saif Al-Thani**, the Chair of the 61st session of the Commission, opened the session. **Ms. Manuela Tomei**, Assistant Director-General of the ILO, was a keynote speaker. The panelists were **H.E. Mr. Rafael Eugenio Rodríguez Pellecer**, Minister, Ministry of Labor and Social Welfare, Guatemala; **Dr. Dirk Andreas Zetzsche**, Professor, Financial Law, University of Luxembourg; **Ms. Céline Thévenot**, Senior economist, Fiscal Affairs Division, Spending Policy Department, IMF; **Ms. Paola Simonetti**, Director, Equality Department, International Trade Union Confederation (ITUC); **Dr. Rose Ngugi**, Executive Director, Kenya Institute for Public Policy Research and Analysis (KIPPRA). The panel was moderated by **Ms. Carmela I. Torres**, Undersecretary, Employment and Human Resources Development, Department of Labor and Employment, Philippines.

Increasing inequalities within and beyond the labour market

Panellists concluded that global inequality had fallen over the past three decades, albeit from high levels. Concerns were shared about the close connections between inequalities in income, wealth, access to basic services and opportunities. Often these had been mutually reinforcing, such as the intergenerational transmission of disadvantage from parents to children regarding education and employment. Globally, trends such as climate change and digitalization, were now increasing inequality, in particular for workers with lower skills. High levels of inequalities crippled the resilience of people, workers, businesses and society at large.

The COVID-19 pandemic reversed the trend of declining inequality and exposed the fragility of social gains made over past decades. The disproportionate impact of the pandemic on the most vulnerable were felt in dimensions of poverty, health, education, income and employment. There were also indications of long-lasting impacts because education losses, often as a result of school closures, were larger in poorer countries and for children in the lower income quintiles. The number of extreme poor had increased by 95 million relative to pre-covid projections and 214 million workers were living in extreme poverty.

Lack of decent employment opportunities was a major driver of rising inequalities. Wide productivity gaps among enterprises were another important source of inequality, as was the decoupling between wages and productivity. The impact was disproportionate on the two billion workers in the informal economy because of their unstable jobs and income, unhealthy and unsafe working conditions, and no social protection. Migrant workers were particularly vulnerable.

Policies, programmes and strategies to create more inclusive, equitable and adaptable labour markets

To overcome inequalities and create more inclusive labour markets, new policies, programmes and strategies were needed. These included universal access to basic services and to step up public spending on education, health, social protection and infrastructure. These services would help to narrow differences in incomes at their source and ensure a more equal playing field. Ensuring access to quality education and training, including lifelong training, and quality public services for early childhood was key. Investment was needed not only in relation to classroom education and theoretical training, but also for practical training, such as high-quality apprenticeships. **Guatemala** had granted over 24,000 scholarships and had invested in apprenticeships contracts to support young people get a foothold in the labour market. There was a growing need for countries to support partnerships between schools and employers so that the skills required on the labour market were taught in schools.

It was estimated that increasing access to public services, to achieve the Sustainable Development Goals by 2030, in emerging market economies would require an additional spending of 4.7 percentage points of GDP by 2030. For low income and developing countries, this would, on average, require 15 per cent of their GDP. As such, tax revenues needed to increase, partly through more progressive taxation, which would also reduce inequalities.

Gender equality policies should be promoted to help tackle gaps between women and men in the labour market. This entailed removing stereotypes, discriminatory laws and practices, and the promotion of measures to counter occupational gender segregation, unequal pay for work of equal

value, gender-based violence and harassment, and the unequal division of unpaid care work. It would also involve making childcare more widely available and affordable, increasing the transparency of pay, and providing more parental leave, including for fathers. **Malaysia** had invested in early childhood development care through a voluntary contribution scheme that provided support and protection to full-time housewives and single mothers.

Countries also needed to prioritize job creation through pro-employment and gender-transformative macroeconomic and financial frameworks, along with policies for sustainable business environments, including to narrowing productivity gaps between enterprises. Active labour market policies and demand-side policies (such as public work programmes) need to be in place to allow population groups in vulnerable situations to have improved access to work. In this respect, **Guatemala** had introduced a forestry incentive that led to jobs for more than 127,000 families.

Countries should support decent job creation in the green, digital and care economy. These new jobs needed to ensure the rights and dignity of workers as well as freedom of association and collective bargaining, while guaranteeing occupational health and safety. Migrant workers had an important role to play in supporting the growth of the care economy and health sector as developed countries often relied on foreign labour. Regular pathways of migration did not only support migrant workers but could help promote decent working conditions and wages of national workers and avoid a backlash against migrants. Certain countries were also trying to combat ‘brain drain’ by encouraging ‘circular migration’ policies. **Guatemala** encouraged migrants to return with the skills and knowledge that they had gained abroad. **Portugal** had made efforts to entice emigrants and their relatives to return through financial support and credits for businesses creation.

Promoting decent work and social dialogue could help create a more equal, just, inclusive and sustainable world. Social dialogue could counter polarization and social conflicts and restore people’s trust in State institutions. International Labour standards provided guidance to levelling the playing field. This entailed protecting workers against work-related deaths, sickness, injuries and working poverty, and ensuring a fair share of the fruits of their work. This would require adequate minimum wages, free and transparent collective bargaining systems and more effective and inclusive labour market institutions. For instance, **Malaysia** had mandated minimum wages for workers in all sectors to increase earnings and uplift the standard of living of the poor. Labour market programmes, such as unemployment benefits and job retention schemes, protected people from income losses as a result of individual or systemic shocks. Most unemployment benefit were contributory and only covered workers in formal employment. It covers informal and self-employed workers access to non-contributory benefits had to be broadened.

Transition of informal workers and economic units to the formal economy was necessary to reduce poverty and make decent work a reality for all. This required the creation more decent work opportunities and strengthened ability of people and enterprises to enter the formal economy. Effective labour inspection was needed to help tackle informality. Digital tools and digital payments could simplify national formalisation strategies and reduce the cost of registration processes for businesses. In the **Philippines**, collective bargaining and social dialogue had increased formalisation of many domestic workers.

Persons with disabilities faced more obstacles in accessing decent work, with higher shares of poverty as result. In **Kenya**, as in many other developing countries, persons with disabilities were more often self-employed or informally employed, with no or limited access to social protection. In most cases, non-contributory benefits did not help them to leave poverty. More needed to be done to promote their participation in the labour market, including through general skills development and entrepreneurial and digital skills. Educational systems should consider the specific circumstances and needs of children with disabilities. There was a need to invest in early childhood development and education programmes that were inclusive and considered the diversity of children. Social protection systems needed to be more comprehensive and better include persons with disabilities. There was a need for governments to work closely with employers to support the integration of persons with disabilities in the workplace, by absorbing some of the cost of making work environments disability-friendly, through reasonable accommodation measures and assistive technologies. In this respect, quota systems could further encourage employers to recruit persons with disabilities. It was stressed that persons with disabilities should be an integral part of all reform processes as they would contribute insightfully on how to best shape services.

Universal social protection was needed to help people cope with ordinary life events, including unemployment, getting old, having a child, obtaining a disability or sickness. The ILO was promoting the establishment of social protection floors, in accordance with ILO Recommendation 204, to ensure that all those in need had access to essential health care and basic income security over their life course. These floors provided a much needed, but modest, level of protection. By complementing social floors with social insurance or other employment-based contributory systems, governments would be able to attain higher levels of protection. Social protection policies could be leveraged to respond to new challenges, including digitalization and climate change, which created new vulnerabilities for people. In this respect, **Guatemala** had introduced agricultural insurance for small-scale farmers to provide financial support in case of extreme weather or other crises that resulted in the loss of harvests.

Fair trade and shared prosperity could support inclusive social development. Governments, social partners, and the private sector should therefore work together to maximize the employment potential of investment and trade, boost the competitiveness and security of global supply chains, and respect international labour standards. Solidarity and cooperation, in the form of bilateral, regional, and multilateral agreements, were integral to successfully tackle inequalities. In **Guatemala**, the “Plan Guatemala does not stop” aimed to attract productive investment, strengthen human capital and infrastructure, and promote tourism and legal certainty.

Inclusive and sustainable growth would require policy coherence, holistic strategies and a shared vision. Nationally, a whole-of-government approach could help ensure that departments and agencies acted within the same framework of development. For instance, there was little point in providing quality education if at the same time, the macroeconomic policies did not generate the employment opportunities that were required for those talents to be absorbed by the economy. Internationally, these strategies needed to be aligned with international cooperation activities and converge around the same development paradigm.

Financial inclusion was a precondition for any crisis-resilient policy approach seeking to combat inequalities. At a minimum, everyone should have a payments account, which over 1 billion adults currently lacked. Beyond this formal access, the meaningful use of credit, investment and insurance by people in vulnerable situations was of utmost importance. Long-term oriented financial inclusion policies had driven fundamental and inclusive economic changes in **Kenya**, with its payment services based on basic telecommunications services, and in **India**, with its Aadhaar systems and multiple applications based on e-identity. Digitalization was key to financial inclusion. Digitalization allowed for the creation of individual and business identities, where a legal, economic, or social formal identity was otherwise lacking. For individuals, this could be based on biometrics features difficult to forge, such as fingerprints and Iris scans.

International solidarity and cooperation were also essential to tackling inequalities. In this respect, international cooperation was central to solving global challenges such as climate change, hunger and migration. When it came to social protection, domestic resource mobilisation through progressive taxation was essential. However, many developing countries were not able to fund a fully-fledged social protection system and required financial support from the international community. The time was ripe for a new World Social Summit to re-confirm commitments and to reset the terms of engagement. The ILO Global Coalition for Social Justice could pave the way towards the emergence of a new global social contract, one built on a shared approach to human rights and renewed multilateralism.