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Follow-up to the implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly

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Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 61/141 on the implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly. The report provides an overview of the discussion held on the priority theme “Promoting full employment and decent work for all” during the forty-fifth session of the Commission for Social Development. It also highlights the emerging issue of youth employment and examines several key challenges for the achievement of decent work, including labour mobility and corporate social responsibility.

* A/62/50.



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I. Introduction

1. The World Summit for Social Development recognized that productive work and employment were central elements of development and that full and adequately remunerated employment was an effective way to combat poverty and promote social integration. The twenty-fourth special session of the General Assembly reaffirmed the central role of employment for social development and recognized the need to elaborate a coordinated international strategy on employment to increase opportunities for sustainable livelihoods and access to employment. The exchange of best practices to stimulate and expand employment generation, reduce unemployment and enhance the quality of work was encouraged as well.

2. The forty-fifth session of the Commission for Social Development, held in February 2007, initiated the first two-year action-oriented implementation cycle, with each two-year cycle consisting of a review segment followed by a policy segment. For its first two-year cycle, the Commission chose as its priority theme "Promoting full employment and decent work for all". As mandated by the Economic and Social Council, the outcome of the review segment was in the form of a chairperson's summary. The policy segment, which will take place during the forty-sixth session of the Commission in February 2008, is expected to result in a negotiated outcome with action-oriented strategies.

3. The priority theme has been addressed in the report of the Secretary-General focusing on trends in full employment and decent work since 1995, namely the impact of full employment and decent work on poverty eradication and on social integration (E/CN.5/2007/2). That report also addressed ongoing challenges in those areas.

4. The present report highlights the points made in the discussions of the Commission on its priority theme. It also takes into consideration the report of the Secretary-General on the priority theme. In section III, the report highlights three of the emerging challenges to social development from the perspective of the priority theme, namely youth employment; issues related to corporate social responsibility; and labour migration.

II. Summary of the substantive discussions held during the forty-fifth session of the Commission for Social Development on the priority theme "Promoting full employment and decent work for all"

A. An enabling environment for full employment and decent work for all

5. Sound economic and social policies can contribute to the creation of an enabling environment for the implementation of a decent work agenda. The decent work agenda of the International Labour Organization (ILO) is particularly pertinent, including respect for the basic rights of workers, prohibition of forced labour and child labour, the safeguarding of the rights of freedom of association and collective bargaining, the improvement of social protection and the promotion of social dialogue. There is also a need to implement a broader decent work agenda

aimed at balancing economic performance with social justice, thus creating an enabling environment to tackle poverty, offering to all the right to work in good quality employment and aiming at extending social protection to workers in the informal sector.

6. An enabling economic environment for employment creation includes good governance, suitable regulatory and policy frameworks, transparency, fair property rights enforced by an independent judicial system, adequate infrastructure and a developed financial sector. In that context, trade unions and employer associations should be able to voice their concerns and participate in the negotiation of the implementation of labour policies, thus contributing to the advancement of the decent work agenda.

7. Access to education and technical and vocational training is a major component of an enabling environment for employment creation. Skills development and training programmes are essential to respond to demands for increased employment and productivity of labour. It is important to raise the quality of education and work closely with the private sector to promote core skills development. Better access to vocational training, counselling and job placement programmes is essential as well.

8. The majority of poor people live and work in rural areas, where the work is most likely to be informal, unprotected and lacking a regulatory framework. Priority should therefore be given to the agricultural sector, and steps should be taken to mitigate and reverse any negative consequences of liberalization and globalization on the employment and livelihoods of poor people. Rural development, and increased agricultural productivity driven by technological investment, can help create jobs and reduce poverty. The mitigation of the risks and vulnerabilities of rural populations should accompany job creation. It is important to support programmes that invest in health and education and offer social protection to minimize risks. Complementary growth and employment creation in the non-farm rural sector is vital if sustainable poverty reduction in the rural sector is to be achieved. Productive non-farm activities should be promoted, not only as a way to generate employment, but also as a means to intensify linkages between the agricultural sector and the national economy.

9. People in rural areas are often marginalized and lack access to financial services. In order to enable them to become self-employed, increase their income, accumulate assets and become economically independent, they need access to financial services. Microfinance and microcredit can help raise agricultural and non-farm productivity. Beyond microcredit, access to insurance can provide poor people a cushion in times of economic instability or unemployment and should be enlarged to include the most vulnerable in rural and informal urban settings. The building of inclusive financial services to reach the very poorest should be encouraged.

10. Another area of concern is the informal urban sector. The majority of the poor people in developing countries depend on the informal economy for their employment. Consequently, interventions and policies on the formalization of the informal economy should take into account the impact of those measures on the livelihoods of poor people. In that regard, the importance of the role of the private sector for sustainable and productive job creation cannot be overemphasized. The promotion of small- and medium-sized enterprises (SMEs) in both the informal and

formal sectors of the economy, helps to expand employment opportunities. Successful functioning of SMEs should be encouraged by suitable regulatory and policy frameworks.

11. Finally, capacity-building in relevant government bodies dealing with employment and work, such as ministries of labour, accompanied by the development of worker and employer associations, is necessary for monitoring and sustaining the positive employment impact of economic policy. Legal reforms and new labour legislation may be required to reduce barriers to job creation, and assessment of the employment impact of policies should be undertaken to create an enabling environment for employment creation. In addition, the employment implications of macroeconomic and growth-promoting policies should be evaluated and possibly modified to facilitate job creation.

B. Economic and social policies to support full employment and decent work

12. Employment creation should be an integral component of macroeconomic policy. At the twenty-fourth special session of the General Assembly, Governments agreed to reassess their macroeconomic policies with the aims of generating greater employment and reducing the poverty level while striving for and maintaining low inflation rates. Governments made a commitment to ensuring that macroeconomic policies reflected and integrated employment growth with poverty reduction objectives. Unfortunately, inadequate progress has been made to fulfil those commitments.

13. Although growth is a necessary condition for job creation and poverty reduction, too often strategies boosting growth do not take fully into account job creation and poverty eradication. At the macroeconomic level, economic growth alone is not sufficient for job creation. The often-cited phenomenon of “jobless growth” is a growing concern as a result of the apparent failure of growth to generate employment. Despite the importance of macroeconomic policy for employment creation, the achievement of full employment and the provision of decent work are seldom central objectives of macroeconomic policy.

14. Employment and decent work policies should be considered in an integrated way. They should take into account demand-side concerns for generating jobs and supply-side issues such as improving education, skills and health. Supportive macroeconomic policies, a good institutional framework, well-functioning markets and good infrastructure help to create an enabling environment for growth, employment creation and poverty reduction. In particular, counter-cyclical macroeconomic policies are needed to address situations of economic and employment downturns.

15. Active labour market policies should aim to facilitate smooth adjustment by both workers and employers to changes brought about by trade liberalization and globalization. Efforts should be made to make globalization more inclusive. Active labour market policies may serve as a means of combating social exclusion and promoting gender equality in the labour market. Special policies empowering those marginalized from the labour market and reintegrating them into the world of work and into society should be adopted. The policy of flexibility for employers to hire and fire employees accompanied by unemployment benefits (“flexicurity”) is a

significant development. Investment in productive sectors, technology transfer, microfinance and microcredit, and public works programmes should be encouraged as well.

16. At the national level, all key ministries, in cooperation with other stakeholders, should be involved in coordinating employment creation strategies. Partnerships between Governments, the private sector, labour organizations and trade unions to guarantee the success of combined collective efforts and the exchange of best practices for employment creation should be encouraged. Social and labour ministries should ensure employment policies are included in national poverty reduction strategies. Better lines of communication between those and other ministries should be established to facilitate consultation on matters concerning vocational training, management, public works programmes, social transfers and their monitoring.

17. Well-functioning labour market policy should be based on reliable market information and comprehensive labour market assessment. Market deficiencies should be identified before interventions take place. Such deficiencies may lie in the lack of jobs, the lack of training and educational services or poor placement capacities. National statistical programmes for data collection should be strengthened to help counteract such deficiencies.

18. Monetary policies, including exchange rate, interest rate and credit policies executed by central banks, may contribute to employment generation. Sound monetary policies promote savings and investments, raising confidence in the economy and promoting economic growth and employment generation. Growing financial liberalization, accompanied by increased volatility of capital flows, has sometimes led to financial crises, resulting in rising unemployment and expansion of the informal sector. Financial and stabilization policies often have a negative impact on employment and social protection; therefore, more efforts are needed to reconcile market competitiveness with the objectives of the decent work agenda.

19. Price stability, considered indispensable for overall economic stability, often has not led to sustained economic growth and employment creation. In some cases, the low and stable inflation believed to be beneficial for economic growth in the long run has actually slowed growth and led to rising unemployment. Tight monetary policies often lead to a rise in the real exchange rate and a lowering of the competitiveness of exports, which in turn leads to the shifting of resources to non-tradable sectors, negatively affecting employment and growth.

20. In some countries and regions, structural reforms are necessary to improve the effectiveness of the financial sector. To be effective, the financial system should be capable of responding to intermediate monetary and fiscal stimuli and have a greater impact on employment generation in an economy. Other structural changes that have an impact on employment creation may be needed. Liberalizing fixed exchange rate policies, achieving a balance between public and private sector development, and diversifying the economy by moving away from overdependence on the exports of natural resources and primary commodities are all concerns that deserve greater attention.

21. On the issue of labour mobility, it should be noted that migrants are rarely able to obtain decent jobs and have little legal protection. Despite the criticism that migration adversely impacts flows of low-skilled labour, displaces local workers,

reduces wages and causes the break-up of families, labour mobility raises global incomes and productivity for both developing and developed nations. In developing countries remittances ease foreign exchange constraints on growth, help increase household consumption and are often used for education, health care and community development by recipient households. Moreover, workers employed overseas acquire new skills and develop networks useful for entrepreneurship development in their countries of origin. In receiving countries, labour immigration helps reduce demographic imbalances caused by ageing populations.

22. At the international level, the capacity to diversify and strengthen linkages with global value chains, creating domestic capabilities, diversification, successful export strategies and quality of export portfolios positively impact employment creation as well. Moreover, patterns and quality of growth as well as pro-employment sectoral and structural approaches, including labour versus capital intensive strategies, should be emphasized.

C. The role of social protection and social dialogue as key elements to attaining decent work

23. With respect to social protection, the twenty-fourth special session of the General Assembly recommended strengthening both the modalities of coverage of social protection systems to meet the needs of people engaged in flexible forms of employment and the mechanisms for determining minimum wages, wherever appropriate. It was observed that the number of insecure forms of employment was on the rise, offering less social protection in addition to lower wages and poorer working conditions. Social protection systems offered by the State had not been adapted to accommodate the growth in those precarious forms of employment and the accompanying social change.

24. The lack of social protection in the informal economy is of special concern. In the informal economy, workers tend to have lower wages and poor working conditions, with limited or no social protection; thus informal workers are more vulnerable. Governments lack the capacity to enforce and ensure compliance with labour regulations. In order to better balance labour market flexibility with the need for worker security, flexible and secure contracts with social protection should be introduced, in combination with active labour market policies and lifelong learning.

25. Social protection and social dialogue are essential components of the decent work agenda. Owing to macroeconomic stabilization efforts, declining public revenues and demographic pressures, there have been major cutbacks in social protection. As a result, the affordability of social protection is thrown into question. However, the needed investment in social protection is actually very small relative to the range of positive outcomes it can produce. Social protection offers stable income in times of economic crises and helps to smooth the impact of cyclical swings in the economy. It is also a useful instrument for maintaining demand and economic growth at levels that are conducive to employment generation. As part of flexicurity, it facilitates change and reforms, making the labour market more responsive and better functioning. Social protection reduces the economic vulnerability of poor people and can be a matter of survival where there are no social safety nets or possibilities of sufficient income from the informal sector. The

commitment to social protection on the part of Governments is a clear expression of their political commitment to help the poorest and reduce their vulnerability.

26. In developing countries, social protection may not be effective owing to such constraints as budgetary limitations, poor governance and limited coverage. More efforts are required to develop institutional capacity for social protection. Whereas many funding modalities are available, such as cash transfers, universal basic coverage, insurance or a combination of the above, sustainable funding for social protection should be secured and transparency in its financial management improved.

27. The negative effects of structural and labour market adjustments should be counterbalanced by the provision of adequate social safety nets. Reforms of the social security system and adjustments to social security programmes according to cyclical changes in the market may be necessary, but a basic set of social security policies should exist to protect the workers and permit the companies to adapt to market changes. In cases where social protection is weak or unavailable, risk management mechanisms, including savings, credit, mutual insurance and public works, should offer security against income loss.

28. Population ageing presents a new set of challenges for effective job creation strategies. Older workers often have to continue working owing to inadequate retirement income. Adequate employment, including part-time employment creation, is of great importance to older persons who wish to work. Social protection, including pensions and health insurance, can reduce poverty among the elderly.

29. Social transfers are also an essential development tool for poverty reduction and inequality reduction. They have a positive impact on school attendance and performance, and help to ensure greater access to health care and better nutrition. Cash transfers often encounter resistance from policymakers who see them as leading to dependency. Research indicates, however, that there is little evidence that cash transfers have negative effects on the economy. Contrary to the negative perception, cash transfers do stimulate demand, create spending power and have a positive impact on economic growth. Complementary interventions can multiply their positive effects if they are accompanied by a long-term developmental strategy, the building of human capital, investment in education and training and job creation.

30. Social dialogue between Governments, the private sector, labour organizations and trade unions can advance efforts towards full employment and decent work and assist in implementing labour market reforms while protecting workers' rights. Tripartite bargaining arrangements help to alleviate the effects of inflation and achieve a consensus on wages.

31. Social dialogue is indispensable to promoting consensus and compromise on many labour-related issues that are contested and for which the interests of employers and employees may differ. Employer associations and trade unions can contribute to social dialogue, and the independence and autonomy of such organizations is essential. The absence of effective social dialogue may lead to serious labour disputes and result in production losses. Appropriate mediation and conciliation mechanisms are important for the prevention and resolution of labour disputes. Judicial institutions should be strengthened to increase their efficiency for conflict resolution.

32. There is a need to support national capacities for and effective design and implementation of social and employment policies in cooperation with trade unions and business organizations. Donor agencies and intergovernmental organizations can help to develop multi-stakeholder partnerships for that purpose. In countries with large informal economies it is essential to strengthen the representation and organization of workers and employers. Good governance can be reinforced if national social partners participate fully in the development process. Public-private partnerships should be strengthened as well to better contribute to the design, management and financing of training and labour market information structures to facilitate access to jobs.

III. New challenges in full employment and decent work, and their impact on social development

33. Section III addresses three emerging issues that have entered the international social development debate over the past decade: the challenge of youth employment; the social responsibilities of private sector firms for poverty reduction and decent work standards; and international migration. Although the challenges and opportunities for social development arising from those issues were not elaborated at the World Social Summit in 1995, their prominence on the global development agenda has since risen significantly.

A. Youth employment: challenges and opportunities

34. The Programme of Action of the World Summit for Social Development¹ pointed to the urgent need to give special priority, in the design of policies, to the problems of structural, long-term unemployment and underemployment of youth. It also called for enhanced employment opportunities for youth, and emphasized that policies should seek to guarantee all youth constructive options for their future by encouraging the resourcefulness of youth, preparing them for durable employment or self-employment and providing them with vocational and managerial training, social skills, work experience and education in social values. It further emphasized the importance of protecting youth against economic exploitation, and noted that particular efforts should be made to develop and strengthen programmes targeted at youth living in poverty in order to enhance their economic, educational, social and cultural opportunities.

35. The realization of the goal of youth employment holds the greatest potential to incorporate today's youth into the global economy. When young people have jobs they become involved development partners and beneficiaries. Millennium Development Goal 8, which, inter alia, aims to develop and implement strategies for decent and productive work for youth, in cooperation with developing countries, attests to the importance of youth employment. Investing in the future by creating employment opportunities for youth is a crucial target that contributes to all Millennium Development Goals.

¹ *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annex II.

36. Although young people represent one fourth of the working-age population, they currently comprise around half of the total number of unemployed. In some regions that number is even higher: in Africa youth are three times more likely to be unemployed as their adult counterparts.² Since 1995, the youth labour force in sub-Saharan Africa has grown almost as fast as the youth population; it has grown by 30 per cent in the Middle East and in North Africa; but in developed regions and East Asia it has declined. Nevertheless, job prospects for youth have deteriorated in most regions. Overall it is estimated that around 170 million youth are economically inactive, although many may in fact be active in the informal sector.³ Youth economic inactivity, including young people who are neither in employment nor in education (sometimes referred to as “NEET”), is on the rise as well. In developed countries, one in seven young people on average is neither in employment nor in education. That figure reaches one in three in Central and Eastern Europe.

37. The highest regional youth unemployment rate can be observed in the Middle East and North Africa (25.7 per cent) and Central and Eastern Europe and the Commonwealth of Independent States (19.8 per cent), followed by sub-Saharan Africa (18.1 per cent), Latin America and the Caribbean (16.6 per cent), South-East Asia and the Pacific (15.8 per cent), the developed economies (13.3 per cent), South Asia and East Asia (10 and 7.8 per cent respectively). Some of the most dramatic increases in youth unemployment rates over the past decade took place in South-East Asia and the Pacific (from 9.2 to 15.8 per cent), and in Latin America (from 14.4. to 16.6 per cent). In both cases the brunt of unemployment due to economic crises was borne by youth. Only in the developed economies was there a decrease in youth unemployment, resulting from successful youth employment strategies combined with declining numbers of young people in the labour force.⁴

38. Young people entering job markets are affected by new labour market trends, including high labour mobility, an increase in informal employment lacking social security and rapid changes in technology. Those changes bring about both new employment prospects and new challenges. Information and communications technology (ICT) offers new opportunities for job creation, the establishment of knowledge-based societies and even more active participation in the political process. Governments may consider supporting ICT-related enterprises through investment in infrastructure and fiscal incentives to hire youth, contributing to the reduction in youth unemployment.

39. With the shift in employment from rural to urban areas and from small-scale to export-oriented manufacturing of goods and services in many developing countries, young people, who seem to be more flexible and mobile than adults, migrate to urban centres and can be major beneficiaries of such trends. Although new job opportunities resulting from the worldwide shift in manufacturing from developed to developing countries benefited many young people, globalization does not always bring about many new economic opportunities for the ever-increasing numbers of young people in developing countries.

40. Often, persistent conflicts and lack of investment in infrastructure and training force youth to look for employment abroad, thus contributing to a large part of the brain drain in originating countries. However, once they return they have a strong

² International Labour Organization, “African employment trends” (Geneva, 2007).

³ International Labour Organization, *Global Youth Employment Trends* (Geneva, 2006).

⁴ *Ibid.*

potential to contribute to their countries of origin with new skills acquired abroad. Developing economies and economies in transition face the challenge of not just creating new jobs for young people but also securing decent jobs for young people who are underemployed and for those working in the informal economies in rural and urban areas.

41. Youth unemployment is highly sensitive to the cycles of economic activity. Typically, when there is a downturn in economic activity, businesses will first cut back on jobs held by young people while protecting those held by adults. Moreover, long-term youth unemployment has many negative economic consequences. Deprived of job opportunities at the start of their working lives, young people face a greater risk of low wages in their adult lives, a greater risk of unemployment, longer future unemployment spells as adults and a greater risk of poverty. Unemployed youth will have less to spend as consumers or to save and invest, which will in turn hurt employers and economies. Importantly, the investment in education and training of young people will not be utilized if they do not obtain productive work as a consequence. Only through employment will they become tax-payers and begin to support public services.

42. There are high individual and social costs of youth unemployment as well. Young people are more likely to be marginalized or excluded if they do not have jobs. Unemployed young people are more prone to frustration and low self-esteem and are more likely to be victims of substance abuse and disease. Reduced self-esteem and diminished levels of well-being may lead to antisocial behaviour, violence and juvenile delinquency. Prolonged unemployment often puts youth at a higher risk of delinquency. A link appears to exist between high youth unemployment and growing delinquency rates in the countries with economies in transition, while unemployment leading to poverty and hunger and social exclusion seems to be linked to delinquency in Africa.

43. Long-term youth unemployment may lead to civil and political unrest and even violence. It has been argued that large numbers of unemployed and discontented youth tend to mistrust Government, question its authority and jeopardize its stability. Youth are sometimes also vulnerable to ideological manipulation. Moreover, high levels of youth unemployment may introduce an additional risk of social and political unrest in post-crisis and post-conflict situations. However, on the positive side, young people and students who feel challenged by economic crisis and social and political injustice have often become a positive force for change by demanding good governance, democracy and an end to discrimination.

44. Since the lack of jobs may result in the recruitment of young people into armed conflicts, youth employment can be seen as a bridge between the development and the security agendas. Youth employment is essential for preventing conflict and advancing post-conflict reconstruction. Investing in the reintegration of youth combatants and the creation of sustainable livelihoods for young people in post-conflict areas is of crucial importance for effective peacebuilding.

45. Targeted measures are urgently needed to overcome the obstacles young people face in entering and remaining in the labour market, such as discrimination, lack of experience, prejudice or lack of capital to start a business. It is also important, within the context of youth employment, to address such issues as the informalization of employment; the removal of labour market restrictions and employment protection laws that may hinder young people's entrance into the job

market; gender discrimination against young women; young people with disabilities; and youth belonging to ethnic minorities. It is also important to create flexible employment opportunities for youth, especially those at risk, taking advantage of new technologies, such as information and communications technology, and finding opportunities in new areas of the labour market, including tourism and services

46. There is a need to mainstream youth employment into national development strategies. Enhancing the employability of youth should be a primary consideration in the design of active labour market and educational policies. To help with that task, the Youth Employment Network was established in 2001 as an initiative of the United Nations, the International Labour Organization and the World Bank. It focuses on four priority areas for youth employment: enhancing young people's employability by investing in training and education; promoting entrepreneurship, by facilitating the establishment and running of enterprises; placing employment creation at the centre of macroeconomic policy; and ensuring equal opportunities for young women and men. The Network seeks to engage youth as equal partners in the policymaking process. A number of lead countries within the Network have formulated national plans to combat youth unemployment. Many of those plans focus on promoting entrepreneurship and on offering young people better access to education and vocational training.

47. It is important for education and training, as well as lifelong learning, which enhance the employability of young people, to be matched to the needs of the labour market. In that respect, appropriate vocational training at the primary, secondary and tertiary levels should be promoted and expanded to provide young people with the skills that can improve their chances of entering the labour market.

48. Special attention should be given to rural youth, who often have difficulty competing in urban job markets since they lack necessary training and skills. However, the potential contribution of rural youth to rural development through innovative agricultural practices remains largely unrecognized. Young people could fuel growth in rural areas if Governments invested in rural infrastructure, undertook land reform and provided incentives to businesses and access to credit. The question remains as to how to make agricultural employment more productive. In the above context community-based training to improve the basic skills of workers in the informal economy should be evaluated for its effectiveness and relevance.

49. Management skill development and microfinance initiatives should be used to reduce barriers to youth entrepreneurship. An alternative to microfinance is a matched-savings or savings incentive programme. Such an asset-based, community-supported approach helps young people to learn to manage finances before starting their businesses. Commercial banks should extend lending to small- and medium-sized enterprises led by young people. To support that endeavour, central banks could play a proactive role in facilitating access to credit by SMEs and microenterprises. Business practices should be modernized to lower transaction costs as well.

50. Owing to the lack of opportunities in the formal labour market, young people may be forced into entrepreneurship or self-employment in the informal sector, where they are faced with hazardous working conditions with low pay and no prospects of advancement. Such undesirable outcomes may further alienate young people. However, merely tackling formal unemployment does not address the negative impacts of underemployment, wages below the poverty line, low labour

standards and the lack of social protection. Therefore, policies should also focus on unemployed youth who are not actively seeking employment owing to family obligations, disability or other factors.

51. Youth should be empowered as students, developers, contributors, entrepreneurs, active participants and decision makers. Young people should be active partners, not passive recipients, in developing and implementing new employment strategies, so they can become true agents of their development. More emphasis is needed on developing youth ownership, grassroots networks and partnerships between local and national level stakeholders.

52. The ministerial declaration by the Economic and Social Council at its substantive session of 2006 (see A/61/3) reaffirmed the commitment to develop and implement strategies that provide youth with real and equal opportunities to find full and productive employment and decent work and the determination to mainstream youth employment into national development strategies and agendas and develop policies and programmes improving youth employability through education, training and lifelong learning that meet labour market demands.

53. Youth employment is essential for poverty eradication and for the achievement of other development goals. When young people are unemployed, a vast potential is being lost. Without decent jobs for young people, the Millennium Development Goals would be difficult to achieve. Therefore, since decent and productive work for youth is essential for reversing the cycle of poverty, employment creation for youth should be seen in the broader context of reaching the goal of reducing poverty.

B. Corporate social responsibility and its contribution to social development

54. The Copenhagen Declaration on Social Development⁵ and the Programme of Action of the World Summit on Sustainable Development paid only limited attention to the important role that the private sector could play in promoting social development, in particular, by promoting the principles of decent work, poverty alleviation and social integration. The Programme of Action only encourages “transnational and national corporations to operate in a framework of respect for the environment while complying with national laws and legislation, and with proper consideration for the social and cultural impact of their activities”.⁶

55. However, since the mid-1990s, it appears there has been a considerable rethinking among many policymakers about the contribution of the private sector to economic and social development. During the last decade, as statutory protective regulations have weakened and as labour markets have become more flexible and insecure, major corporations have adopted voluntary codes of conduct and sets of commitments to adhere to decent labour practices. At the level of individual companies, support is growing for the view that companies should go beyond financial philanthropy to solve social problems, and that initiatives that promote corporate social responsibility ultimately contribute to the company’s profitability. There is a diversity of voluntary initiatives by private firms: many of them have

⁵ *Report of the World Summit on Sustainable Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annex I.

⁶ *Ibid.*, chap. I, resolution 1, annex II, para. 12 (e).

involved single companies acting alone; some have been the initiative of a group of companies, often within a particular sector; and others have taken the form of partnerships between private corporations, Governments and international agencies.

56. Many of the voluntary codes of conduct that companies follow have been derived from guidelines developed by international organizations, including the United Nations. The Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, both initially drawn up in the late 1970s and revised since then, encourage corporations to adhere to standards on disclosure, labour relations, environment, bribery, consumer interests, competition, taxation and technology. Voluntary codes of conduct on employment issues echo the 1998 ILO Declaration on Fundamental Principles and Rights at Work and encourage companies to provide facilities, information and consultation to employee representatives. The codes also call upon companies to observe standards of employment no less favourable than those observed by comparable employers in the host country.

57. The Global Compact, launched in 2000, is a voluntary initiative with the twin objectives of mainstreaming 10 designated principles in business activities around the world and catalysing related actions in support of United Nations development goals. It requires companies that wish to embrace those universal principles, which are designed to make globalization more stable and inclusive, to commit themselves to the 10 principles covering the protection of human rights, core labour standards and environmental protection. By March 2006, the number of participants in the Compact had grown to nearly 3,000, spanning 2,500 businesses in 90 countries. The fact that the Global Compact is a voluntary, and not a regulatory, instrument raises questions about its effectiveness in advancing social principles in the corporate world. There is also a risk that some corporations may aim to benefit from their association with the United Nations through the Compact, while not being fully committed to implementing its principles.

58. Pressure on corporations to adhere to corporate social responsibility principles is also coming from investment funds and related pressure groups. For example, the Principles for Responsible Investment, launched in April 2006, are tapping the altruistic attitudes of people with savings to invest. The six voluntary principles underlying the initiative were developed in collaboration with pension funds and foundations as well as with experts and are underpinned by a set of 35 possible actions that institutional investors and asset managers can take to integrate environmental, social and corporate governance considerations into their investment activities. To date, investment funds worth more than \$8 trillion have backed the Principles.

59. In the financial world, specialized rating agencies have begun to include the full range of the International Labour Organization's core labour standards in their evaluation criteria. Additionally, in several countries, a link has been established between the codes of corporate practice and stock market regulation. Furthermore, "sustainability" stock market indices have been developed, which track the performance of sustainability-driven companies with regard to a wide range of issues, from their human rights to their environmental record. The indices exclude companies in some sectors altogether on the grounds that they are intrinsically socially undesirable, as in the case of tobacco and weapons production.

60. As consumers have become more aware of the poor working conditions under which goods are often produced, multinational corporations have come under pressure to ensure decent treatment of workers throughout their supply chain. One significant development is the international monitoring of the labour practices of the firms that carry brand name products and of their suppliers, with the objective of improving labour standards. Although most companies claim to inspect their suppliers' factories periodically, the system appears to be fragmented. In addition, monitoring is done by a variety of organizations, including for-profit groups as well as non-governmental organizations. Those monitoring efforts have had some success, most notably in reducing the extent of the most hazardous forms of child labour.

61. It is important that firms actively committed to promoting corporate social responsibility be equally committed to transparency and accountability of their activities through public reporting. To that end, one such initiative, the Global Reporting Initiative, was conceived in 1997 as an ambitious effort to create a common framework for voluntary reporting of the economic, environmental and social impact of organization-level activities. Under the scheme, many companies have published corporate environmental or sustainability reports.

C. Migration and its impact on social development

62. The basic facts about migration are well known. In 2005, there were some 191 million migrants worldwide. Of those, roughly half were in the labour force of their countries of destination. While roughly 6 out of every 10 migrants were living in high-income countries, one third of all migrants moved from one developing country to another (see A/61/871). International migration patterns have become more complex: more States have become countries of origin, destination and transition at the same time; short-term, highly skilled migration is on the rise; efforts to increase circular migration have intensified, increasingly on a bilateral or regional basis; and a growing proportion of highly educated migrants find work in high-income countries. Moreover, some 2.5 million students are enrolled in tertiary education abroad, and while strictly not part of the migrant stock, they do form part of a well-educated mobile work force, ready to be integrated with the ageing work force of many developed countries (ibid.).

63. The growth of international migration is closely related to globalization, in particular in relation to work opportunities in various construction and service industries in many high-income countries. While the number of migrants has grown by roughly 40 million people since the beginning of the 1990s, most of the growth has been concentrated in high-income countries. At the same time however, the increased use and wide dissemination of information and communications technology have arguably also kept pressure for larger-scale migration flows at bay.

64. There is still little evidence-based research on the relationship between migration and poverty alleviation. Generally, despite criticism that migration adversely affects low-skilled workers in the labour markets in recipient countries by displacing native workers and reducing wages, labour mobility appears to have contributed to a rise in incomes and productivity in both developing and developed nations. On the one hand, in countries of origin, inflows of remittances often exceed flows of official development assistance and can ease foreign exchange constraints

on growth. In addition, workers employed overseas can acquire new skills and develop networks useful for entrepreneurial development in their countries of origin. Migrants with valuable skills are generally able to obtain attractive salaries and good working conditions, in health care, information technology, education and finance — among the fastest growing industries in developed countries. On the other hand, it is not unusual for migrants to have to take on low-skilled jobs even though they may be well educated or to have to work under poor conditions, mostly in agriculture, construction and household services. There is a consensus that the remittances of overseas workers, investment and consumption by diaspora and a reduction of the transaction costs involved in transmitting their earnings to the country of origin could contribute to a better financial situation for both the migrant workers abroad and for the household members left behind. Remittances help to increase household consumption and are often used for education and health care, thus contributing to poverty reduction.

65. Unlike refugees or asylum-seekers, most global migration flows are employment driven. Migration policy is therefore extremely relevant for reaching the objectives of full and productive employment in any society. Nevertheless, the relationship between migration and the decent work agenda is decidedly mixed since unemployment forces many migrant workers to seek low-status, lower-skill jobs abroad. Although migrants often benefit from the expanded work opportunities and the often higher remuneration in their destination countries relative to their countries of origin, the conditions of work are frequently difficult. Those who find themselves in the informal economy will have few of the legal protections that formal sector employees tend to have. In many countries, many qualified immigrant applicants are unfairly excluded in job selection procedures. Migrants often have little or no means of legal protection against exploitation. They are more likely to be discriminated against in the workplace, as they often lack the language and negotiating skills as well as the supporting networks to enable them to capitalize fully on the opportunities offered in the destination countries.

66. International migration can have a significant impact on social integration in receiving and sending countries in both positive and negative ways. On the negative side, in the countries of destination, migration has sometimes resulted in xenophobia, discrimination and social conflict. Many migrant workers have tended to be targets of discrimination in recipient societies, sometimes despite having lived in and contributed to those societies for long periods. Where migrants are relegated to marginal, low-skilled and low-paying work, they and their families can be driven into poverty and social exclusion. On the positive side, there are examples of countries in which large groups of migrants have benefited from greater diversity, enjoyed long periods of peaceful coexistence among various ethnic and religious groups and, in many cases, built dynamic, competitive economies in which migrants are given real opportunities to thrive and prosper. In countries of origin, outward migration can pose significant disadvantages arising from the forced separation of families for extended periods of time, which can affect gender roles and intergenerational relations. Moreover, while remittances may help increase household consumption and are often used for education and health care, those expenditures tend to create a disparity in sending communities between the families of those with access to overseas income from family members and those who do not enjoy such income, thus increasing inequalities.

IV. Conclusions

67. The World Summit for Social Development and the twenty-fourth special session of the General Assembly underscored the importance of employment creation and decent work for social development. Employment has a central role in promoting prosperity, poverty eradication, social inclusion and enhanced stability, peace and social harmony. The significance of the decent work agenda based on productive and freely chosen employment, rights at work and core labour standards, social protection and social dialogue contributes to the achievement of the Millennium Development Goals. Poverty reduction through full and productive employment and decent work should be a central objective of international policies and national development strategies.

68. **On the basis of the present report, the following recommendations are made:**

(a) **Labour market policies should be devised and implemented, taking into account their social impact.** There is a need to counteract jobless growth and reconcile market forces with the objective of a decent work agenda. Failure to implement those policies jeopardizes the prospects of social development and poses a threat to stability and peace.

(b) **All individuals, regardless of age, sex, ethnicity, race or disability have the right to equal opportunities, decent work and social protection.** Employment and poverty reduction strategies should target marginalized and vulnerable groups in the labour market, such as older workers, persons with disabilities, indigenous peoples and migrants who face insecurity in the workplace and limited opportunities for decent work. Social protection should follow a rights-based approach and should be expanded to include workers in the informal economy. Social protection should also be offered to those who cannot seek active employment or are temporarily out of work.

(c) **Decent and productive employment for youth requires coherent and coordinated economic and social policies.** Youth employment is vital for social development. It contributes to poverty reduction, social integration, and intergenerational solidarity; it leads to community participation, active citizenship, autonomy and independence. It is also crucial for economic development. Skilled young people entering productive sectors of the economy can help to increase the productivity and competitiveness of the local economy in the global market. Youth employment initiatives are most successful when they address education and training, and support entrepreneurship and labour market services. Ideally, they should be designed and implemented in cooperation with the social partners. It is generally agreed that an integrated youth employment strategy should consist of supportive macro-economic policies to address labour supply and demand. Combating youth unemployment should not be seen as a cost but as an investment to enable young people to become active partners in an inclusive society. In that context, as agreed by the General Assembly in the 2005 World Summit Outcome (resolution 60/1), the target of realizing full and productive employment and decent work for all, including for women and young people, should be incorporated into the new set of targets used to follow up on the United Nations Millennium Declaration.⁷

⁷ See also A/61/1, para. 24.

(d) **In shaping evolving global governance, a balance is needed between idealism and practice.** Society and sustainable development depend on responsible behaviour by all actors to a much greater extent than can be captured by detailed legislation and complex regulations. Public policy, including social policy is the responsibility of States and companies should not be expected to take over responsibility for social policy. However, partnerships between Governments and the private sector are necessary to explore the means to promote corporate social responsibility as an instrument for the achievement of decent work for all, to promote social integration and ultimately to contribute to poverty reduction. Since the World Summit for Social Development, there have been many encouraging developments in support of further collaboration for the preceding common goals, and they should be encouraged.

(e) **With respect to migration, the following points should be stressed:**

(i) **Migration policies need to be socially responsive and inclusive.** Increased labour mobility has become an indispensable feature of the global economy, and all countries have an obligation realistically to assess their demographic situation and labour market needs;

(ii) **A better understanding of the nexus between migration and patterns of investment and consumption in both sending and receiving countries is needed.** This will ensure that migration policy can become a more effective tool for economic prosperity, social development and ultimately, poverty eradication in developing countries;

(iii) **The positive contributions of migrants to the diversity and the competitiveness of recipient societies should be recognized.** In so doing, migrants contribute to the attainment of the World Summit on Social Development goals of social integration and inclusion;

(iv) **Finally, stronger partnerships between recipient and sending countries are urgently needed at the bilateral, regional and global levels.** Such partnerships will help to achieve greater policy coherence and a more even distribution of the social and economic benefits of migration to countries of destination and to those of origin.