



Economic and Social Council

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Substantive session for 2012

High-level segment

Provisional summary record of the 13th meeting

Held at Headquarters, New York, on Monday, 2 July, 2012, at 9 a.m.

President: Mr. Koterec. (Slovakia)

Contents

Opening of the session

Adoption of the agenda and other organizational matters

Statement by the President

Address by the Secretary-General of the United Nations

Address by the President of the General Assembly

Keynote addresses on the theme: "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals"

Annual ministerial review: Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals

Policy messages from the regional preparatory meetings

National voluntary presentation: the Russian Federation

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The meeting was called to order at 9.20 a.m.

Opening of the session

1. **The President** declared open the substantive session of 2012.

Adoption of the agenda and other organizational matters (E/2012/82 and E/2012/100; E/2012/L.5 and E/2012/L.6)

2. *The provisional agenda, as contained in document E/2012/100, was adopted.*

3. **The President** drew attention to the proposed programme of work for the substantive session of 2012 (E/2012/L.5) and said that if there was no objection, he would take it that the Council wished to approve it on the understanding that modifications might be made as the session progressed.

4. *The proposed programme of work was adopted.*

Requests from non-governmental organizations to be heard by the Economic and Social Council

5. **The President** drew attention to the requests from non-governmental organizations for hearings before the Economic and Social Council, contained in document E/2012/82. At its resumed 2012 session, the Committee on Non-Governmental Organizations had decided to recommend that the organizations listed in document E/2012/82 should be heard by the Council during the high-level segment of the 2012 substantive session under the corresponding agenda item. If there was no objection, he would take it that the Council wished to adopt that recommendation, contained in document E/2012/82.

6. *It was so decided.*

Statement by the President

7. *A film on the Council's work, prepared by the Department of Public Information, was projected.*

8. **The President**, opening the high-level segment, said that work should be challenging and rewarding as well as sustaining, yet 205 million people worldwide were unemployed or without decent, meaningful work. The causes were varied: recovery from the deepest financial crisis since the Great Depression had been slow, held back by de-leveraging, sovereign debt woes and rigid labour markets. Meanwhile, globalization and

technological innovation were reshaping the world economy, with significant implications for jobs and unemployment rates in the short term. Nobel Prize-winning economists Edmund Phelps and Michael Spence had argued that in many rich economies, the "natural" unemployment rate, below which greater demand would increase inflation, was significantly higher than in the recent past. At the same time, a thriving minority were benefiting from the intensifying global competition for talent as pay for top performers soared to ever-larger multiples of the average worker's salary. Those sweeping changes posed huge challenges to Governments, employers and workers and would be the focus of the Council's work in the coming week.

9. Economic growth and job creation had lifted hundreds of millions out of extreme poverty and enabled solid progress towards the Millennium Development Goals (MDGs). However, while failure to manage global job creation and sustain growth inflicted damage everywhere, the world's poorest, particularly women and youth, suffered the most. Those issues must therefore be placed at the top of the political agenda, including at the United Nations. The Secretary-General was to be commended for his ambitious efforts towards that end, and particularly for his focus on young people, who suffered disproportionately during economic slowdowns. The Council was also scaling up its efforts to address youth unemployment and including more young people as stakeholders. Some 1,000 young people had attended the partnership event on the theme "Breaking new ground: Partnerships for more and better jobs for young people", organized by the Council, the Department of Economic and Social Affairs, the International Labour Organization (ILO) the United Nations Office for Partnerships and the United Nations Global Compact in preparation for the Council's 2012 annual ministerial review, and the Council's inaugural youth forum on the theme "Creating a Sustainable Future: Empowering Youth with Better Job Opportunities", held in New York on 27 February and 4 May 2012, respectively.

10. The preparatory meetings for the annual ministerial review had made it clear that, although the quest for sustainable growth, job creation and decent work was universal, each country faced unique employment challenges. The participants in the regional meeting for Africa had emphasized the many obstacles impeding the growth of small and medium-

sized enterprises; at the Asia-Pacific meeting, participants had discussed the challenge of boosting productive capacity among the fastest-evolving economies in the region; and the regional meeting for Latin America and the Caribbean had focused on the efforts to design more comprehensive social safety nets and protection floors. For those who were unable to attend the regional meetings, an e-discussion on the theme “Jobs, decent work and inclusive growth”, organized by the Council, the Department of Economic and Social Affairs, the United Nations Development Programme (UNDP) and ILO, had been held from 8 February to 16 March 2012 with the participation of development experts from over 90 countries. In order to integrate its development work, the Council chose annual cross-cutting themes: education in 2011, employment in 2012 and science, technology, innovation and culture in 2013.

11. He welcomed the commitment, made recently at the United Nations Conference on Sustainable Development (Rio+20), to strengthen the Council as the principal organ for follow-up to conferences and summits and the recognition of its key role in integration of the three dimensions of sustainable development: economic, social and environmental. The Council’s subsidiary bodies should therefore stand ready to pursue sustainable development and to do all the related technical and substantive work. While the current system could be improved, it should be stressed that the universal intergovernmental high-level political forum established in the Rio+20 outcome document was meant to provide an opportunity for political engagement, not to create a parallel system or a higher authority. Instead, the Council should envisage a future substantive session that met at intervals throughout the year and had greater focus and impact. It should also examine its priorities in order to align the work of its subsidiary bodies and rethink its agenda and working methods.

12. An effective development agenda beyond 2015 should be based on streamlined development cooperation, better and more targeted financing, transparency, accountability and much more. The Development Cooperation Forum would bring together stakeholders from around the world to share lessons learned and promote best practices. The entire high-level segment would be an opportunity to help create desperately needed jobs and growth, make development more sustainable and advocate for

decisive multilateralism, placing the Council in its natural leadership role — that of supporting global development efforts — which would grow as it strengthened and revitalized itself.

Address by the Secretary-General of the United Nations

13. **The Secretary-General** said that the Council was meeting under the shadow of continued global uncertainty: the modest recovery in some countries could not disguise the precarious state of the world economy. People everywhere, and especially young people, were concerned about jobs, fairness and opportunities. Getting the global economy back on track would require decisive action and the courage to take difficult decisions. Short-term measures had bought some time but had not resolved the underlying dysfunctions. Recovery was not just a matter of macroeconomic adjustment; it was a development issue. In the long term, the solution was to pursue a new model of growth within the framework of sustainable development and enhanced international cooperation.

14. Rio+20, which had closed a week previously, had been a victory for multilateral cooperation and it was time to build on that momentum. High on the priority list were decent jobs with predictable, stable incomes for city dwellers, small farmers, the poor and the marginalized. In that connection, he paid tribute to Juan Somavía, Director-General of ILO and the father of the “decent work” concept, who would leave office later in 2012. The Director-General had often said that the job crisis should be tackled head-on through productive investment, targeted policies and coordinated intervention; only by generating decent employment could stakeholders help the poor and vulnerable to escape poverty traps and build resilience.

15. The Millennium Development Goals Report 2012, which offered a comprehensive picture of global progress towards the Goals, was encouraging, particularly as the world community looked forward to defining a development framework beyond 2015; the number of people living in extreme poverty had been reduced by half well ahead of schedule and millions of lives had been saved thanks to improvements in child survival, expansion of HIV treatment and malaria prevention programmes. Between 1990 and 2010, more than two billion people had gained access to improved water sources and living conditions were better for

more than 200 million people in slums. Parity between boys and girls in primary school enrolment had been achieved and many countries had made significant progress towards universal primary education.

16. Those results represented a tremendous reduction in human suffering and clearly validated the approach embodied in the MDGs, but success was uneven within countries and regions. Projections indicated that in 2015, more than 600 million people would still lack access to improved water sources, almost one billion would be living in dire poverty, hunger would remain a global challenge, mothers would continue to die needlessly in childbirth and children would still suffer and die from preventable diseases owing to lack of adequate sanitation or nutrition. Meanwhile, biodiversity loss continued apace and greenhouse gas emissions posed a major threat to people and ecosystems.

17. At Rio+20, Governments had renewed and strengthened their political commitment to sustainable development, providing a foundation for building the future the world wanted. Among the most significant outcomes had been the agreement to launch a process with a view to the establishment of universal sustainable development goals, which would build on advances made under the MDGs and would be an integral part of the development framework beyond 2015. The United Nations system would support Member States' efforts to set the new goals and develop tools to measure their success. The MDGs had given policymakers a unifying framework for global development — a clear agenda with measurable goals and targets and a common vision — and the same would be required after 2015. An action-oriented agenda focused on poverty eradication, inclusive economic and social development, environmental stability and peace and security for all was needed and he would rely on the Council for advice, leadership and action.

Address by the President of the General Assembly

18. **Mr. Al-Nasser** (Qatar), President of the General Assembly, said that in the aftermath of the global economic crisis, it was appropriate for the Council to focus on productive capacity, employment and decent work, which were crucial to the well-being of societies and the stability of political systems. The employment of women, young people and disadvantaged groups was one of the greatest challenges; forecasts showed

that global unemployment would increase to 200 million people, including 75 million young people and 84 million women, in 2012. In the light of those urgent concerns, he had conducted high-level debates on disaster risk reduction, commodity prices, the state of the world economy and the road to Rio+20 and beyond. Developed and developing countries alike suffered from challenges that they must overcome collectively in a spirit of cooperation. A more sustainable paradigm for decent jobs and well managed economies must be established. The General Assembly and the Council should collaborate in order to tackle those financial and economic issues urgently and effectively. Inclusive, sustainable and equitable economic growth and full employment were crucial for eradicating poverty, improving education, achieving the MDGs and maximizing long-term gains.

19. During the annual ministerial review, the Council would consider how Member States could provide their citizens with an effective safety net, address the global economic crisis and make growth more sustainable, inclusive and equitable without damaging natural resources or biological cycles. For over 60 years, the Council had been an important forum for addressing global challenges collectively by giving countries, both large and small, an opportunity to voice their concerns, seek solutions and formulate development policies. Action on the renewed commitments made at Rio+20, which had set the stage for reflection on the United Nations development agenda beyond 2015, must begin. Given its mandate under the Charter, the Council was well placed to promote partnership among countries, the private sector, academia and civil society in pursuit of the three pillars of sustainable development. The high-level segment should send a strong message that Council members were committed to creating decent work and strengthening international cooperation and environmental management.

Keynote addresses on the theme: “Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals”

20. **Mr. Tuomioja** (Minister for Foreign Affairs, Finland), speaking on behalf of the invited speaker, Mr. Sauli Niinisto, President of Finland, said that the recent financial crisis and economic downturn had

increased unemployment globally, particularly among women and young people. The number of people in vulnerable employment had also risen and the quality of jobs had deteriorated. It was necessary to secure strong, balanced economic growth that would generate development within the boundaries of nature's carrying capacity. The current environmental crises, including global warming, biodiversity loss and the depletion of natural resources, stemmed from the inadequacy of the current growth model. There might be just a few decades left in which to attain ecologically, socially and economically sustainable development, and no one could be certain that that goal was even achievable. Those issues had been discussed in Rio and while significant advances had been made and commitments reiterated there, follow-up was needed.

21. One of the main outcomes of Rio+20 had been the decision to set sustainable development goals, which had the potential to place sustainable development at the core of United Nations policy. It was therefore essential that that process should be part of the development framework beyond 2015. All stakeholders — the public sector, the private sector, organizations and civil society — should be involved in setting the new goals through an efficient, results-oriented process. He welcomed the recognition that the Council would play a key role in achieving balanced integration of the three dimensions of sustainable development and looked forward to a transparent, inclusive process of establishing the universal intergovernmental high-level political forum mentioned in the Rio+20 outcome document.

22. The European Union endorsed the concept of a "green economy", meaning an economic system that strengthened human well-being and social equality, was compatible with the sustainable use of natural resources and secured the provision of ecosystem services, thereby addressing unsustainable patterns of production and consumption. Far from being at odds with economic development, the green economy was a prerequisite for sustained, balanced growth and for the creation of productive capacities. Building such an economy would mean tailoring national strategies to the circumstances of each country; promoting efficient, sustainable decision-making by policymakers, consumers and the private sector; and providing capital for small and medium-sized enterprises.

23. The Nordic economic model had shown that it was possible to combine comprehensive social welfare

with ecological responsibility and economic competitiveness; the key was inclusiveness. Economic growth should create equal possibilities for all to participate in society and find decent employment, but the current growth model was far from inclusive and generated an insufficient number of decent jobs. According to ILO, global unemployment would increase to 206 million within four years. Currently, one third of the unemployed were young and over 40 per cent were women. Many of the poor in developing countries were self-employed in the informal sector; to achieve sustainable poverty eradication, they should be given decent jobs or a chance to participate in entrepreneurial activities with growth potential. Basic social protection empowered people to adjust to changes in the economy and labour market; during economic shocks, it stimulated demand and served as an economic and social stabilizer. Policies that sought to ensure equality of opportunity for social, economic and political participation and equal access to basic services while recognizing the importance of private sector development and the environment should be supported. In the wealthiest societies, poverty had been reduced through comprehensive pro-growth and pro-equity policies.

24. More transparent rules for foreign investment, which was crucial to sustainable development, were needed. He welcomed the efforts of the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) to secure a global agreement on foreign investment, negotiated with the participation of the developing countries, which would safeguard both the rights of Governments and environmental, consumer and labour standards, ensure corporate social responsibility and facilitate the establishment of the public-private partnerships that would be crucial to the development of a green economy.

25. The rule of law was vital to economic growth and the creation of productive capacities and decent jobs. Predictable, effectively implemented legal frameworks enabled entrepreneurship, protected businesses from corruption and arbitrary treatment and upheld labour rights, creating an attractive environment for domestic and foreign investors. Businesses should respect the rule of law and human rights. Central to the Nordic model was cooperation among labour market parties, which often negotiated agreements not only on wages and conditions of employment, but also on pensions

and other benefits. The equal participation of women was also needed in order to achieve common goals and sustainable development; society could progress in a more positive direction when the competence, knowledge, experience and values of both women and men influenced political processes.

26. During the previous decades, hundreds of millions of people had been lifted from poverty, overall quality of life had improved significantly and major achievements in technology had changed the way people lived and communicated, yet the absolute number of people living in poverty had increased. Although the majority of the world's poor people now lived in middle-income countries, attention should still be paid to those in the least developed countries, which had low productivity and little ability to diversify their economies. People in richer countries could weather economic crises by tightening their belts but for poor people living in poor countries, such crises could be fatal. In 2011, Member States had adopted a Programme of Action for the Least Developed Countries with the goal of enabling half of them to meet the criteria for graduation out of that group by 2020. The least developed countries needed greater productivity and a structural transition to more modern activities in order to sustain growth and reduce poverty, and enhanced technical and financial support in order to move towards a green economy.

27. The time for economic, social or environmental mercantilism was over; States shared a common fate and common interests. He therefore agreed with the Secretary-General, who had stated in his report to the Council (E/2012/63) that global action was needed in order to coordinate policies aimed at increasing productive capacities and strengthening the global economy. Governments must make structural changes and adopt policies and measures that enabled social equality and justice and acknowledged environmental boundaries. At the fifth United Nations Conference on Delivering as One, held in Tirana from 27 to 29 June 2012, the participants had undertaken to pursue United Nations reform and system-wide coherence. A well functioning, efficient United Nations system was crucial to promoting system-wide coherence and ensuring maximum delivery of results on the ground.

28. **Mr. Somavía** (Director-General, International Labour Organization) said that the timeliness of the theme of the 2012 annual ministerial review had been made abundantly clear by the previous speakers. The

world was coming to the end of the current cycle of growth and globalization, and that end had been stimulated by an economic and financial crisis which was the result of many policies that had not worked. The financial experts who should have been able to control the situation had been unable to do so and, four years later, the crisis was still ongoing. Global unemployment levels were at an all-time high and four out of 10 unemployed people were young; people had lost trust in their political and governance systems, their business sectors and certain members of civil society; and there was a general perception that decision-makers were not taking into account their top priorities: jobs and education. "Business as usual" was not an option since people no longer believed that their institutions worked. The States that had succeeded in exiting from the crisis had done so not through austerity measures, but through an expansionist approach that included strengthening social protection and raising the minimum wage.

29. The solution to the crisis lay in production, but growth with jobs would be impossible if the financial system retained its current power over the global economy. Control must pass to the real economy — people who wanted to invest and take risks — rather than the "casino economy" of the past, illustrated by the recent news that allegedly reputable banks had manipulated interest rates. At the political level, power that had become relatively unaccountable must be put in its place and brought back to its original purpose: the capture of savings and their use for productive investment, technological innovation, trade and consumption. Such an approach would have the universal support that the current banking system lacked.

30. Another reason for the end of the current cycle was the fact that the inequality gap had become too great; at present, 61 million of the world's people had wealth equivalent to that of 3,500 million people. At those levels, the system was no longer politically sustainable. Reducing inequality required a fairer relationship between productivity and wages as a practical way to ensure that the demand side of the economy worked; wages were, after all, a source of demand.

31. The 101st session of the International Labour Conference, held in Geneva from 30 May to 14 June 2012, had resulted in two new products: a call to action on youth employment that was the result of consensus

among the tripartite constituents of ILO — employers, workers and Governments — and of 46 consultations with 5,000 youth leaders throughout the world, an important part of the process since young people repeatedly complained that no one was listening to them; and a new standard for the social protection floor in the form of practical, specific types of policies that States and regions could implement with the unanimous support of all three ILO constituents.

32. The end of a cycle was marked by a period of uncertainty; people did not know where the world economy would be in a year or how long the crisis would last. But it was also a time of extraordinary opportunity for the United Nations since its Secretariat, specialized agencies and regional commissions, the Bretton Woods institutions and regional banks provided one of most important knowledge bases for growth and globalization if only the system could learn to work in an integrated manner. The fundamental role of the Council was to put together that knowledge base, but in order to do so it must “think outside the box”, not try to address issues piecemeal and bear in mind the opening words of the Charter: “We the people of the United Nations ...”. Delegations knew when they were negotiating in the right way and when they were not and should consider the future impact of the agreements that they drafted and the practical implications of their failure to agree for the people whom they represented.

33. It was a popular perception that a society was defined by the quality of work available to its people. There was no direct correlation between wages and productivity and since work was seen as a cost of production, in the logic of the global economy wages must be as low as possible in order to be competitive. Workers were consumers and were defined as such in economic and social policies that followed the prevailing dogma, but work was also a source of personal dignity, family stability and peace in the community and while it was generally known that those additional dimensions existed, they was not reflected in policy-making. Until the way in which economic policymakers defined work matched the real-life definition, the current problems would continue.

34. The Rio+20 process would focus on a series of opportunities — in other words, on sustainable development goals. He did not know whether the participants in the Conference would rise to that challenge, but the decisions taken in Rio, if

implemented, would be a major breakthrough for the United Nations. As he had been a Vice-President of the Council in 1992 at the first Rio Conference, the opportunity to make his final address during the high-level segment as Director-General of ILO was deeply meaningful to him.

35. **Tan Sri Dato’ Haron** (President, International Organisation of Employers) said that massive challenges confronted the global community and, in particular, the United Nations system, which was trying both to deliver on the MDGs and to ensure that the next phase of global development delivered on agreed priorities more effectively and in more countries. Employers had no magic bullet for meeting the current challenge of protracted economic and job crises, including a particularly pressing crisis in youth employment, but they were well placed to identify a key factor in the success or failure of global development, employment and poverty reduction efforts and to deliver more effectively on communities’ expectations of the international system.

36. Even after decades of development assistance and promotion and the accelerated effort to achieve the MDGs, there was still significant room for improvement. Business could share its experience in turning around under-performing companies and products on a daily basis. Employers were all too aware that in a changing world, a willingness to scrutinize previous assumptions and approaches and to change their way of doing business was needed, and those lessons were critical to the work of the United Nations as well.

37. Business called on the United Nations system to better recognize the extent to which a robust private sector, sufficiently confident to invest and employ, was essential for the achievement of global development goals. Future efforts should encourage and incorporate private sector expansion more actively and encourage the development of robust enterprises in efficiently regulated, more functional economic and product markets in which private enterprises could grow, generate jobs and thereby contribute to their communities.

38. Development planning should consider the long-term returns from short-term encouragement and support for private sector and market development. More countries should be able to benefit from the income, innovations and social and economic

development that the private sector had historically provided to the most developed societies. The United Nations system should encourage the Governments of developing countries to pursue market-based reforms and private sector development, which made it easier to invest and do business, and support their efforts to do so.

39. Employers particularly endorsed the work of the World Bank, and especially its annual Doing Business report as the leading source of good ideas and practices that made it easier to do business, create jobs and contribute to development and as the world leader in improving regulatory quality, relevance and effectiveness. The report should be viewed as a critical resource for development planning and should inform policy formulation in more countries with the support of the United Nations system. It was difficult to envisage any effort more relevant to the wide range of United Nations actions under the auspices of the Council.

40. No part of the international system could claim to encourage and work with businesses while simultaneously adopting or advocating measures that reduced their confidence and capacity to invest and employ; policies that were ostensibly in the interests of or communities could have the opposite effect if they made businesses less willing to take risks. The stated purpose of proposals for additional labour market regulation or restrictions on business should be weighed in order to ascertain their potential impact on private sector development and to determine whether there was a better approach.

41. There were encouraging signs that the United Nations system realized the potential of the private sector. Employers welcomed the attention accorded to productivity in the theme of the annual ministerial review and the Organization's linking of productivity, development and poverty eradication. His work with the Association of Southeast Asian Nations (ASEAN) had shown that improved productivity had been key to the development of Asian societies and remained critical to their continued success.

42. The Director-General of ILO would soon step down, and it would be useful for the Council to make it clear that ILO, once a leader in promoting productivity improvement, could better deliver on its mandate by fostering private-sector-led development and the

expansion of market economies in order to better support the Council's vision.

43. It was misguided to think that there was a binary choice between decent work and productive, profitable businesses. Substantial inroads in meeting the global employment and developmental challenges required strengthening private sector enterprises, particularly small and medium-sized companies, and making them as productive as possible. Employment security was a direct function of enterprise sustainability, a lesson that had been made all too clear in workplaces throughout the world.

44. The United Nations, ILO and the wider body of efforts overseen by the Council relied, to a perhaps under-recognised extent, on the viability and development of the private sector. The United Nations system should allocate more resources to supporting business development in more countries in order to increase employment, reduce poverty and work towards the MDGs and whatever would replace them. Businesses stood ready to become active, engaged partners with policymakers and other stakeholders, including those unfamiliar with private sector priorities, in pursuit of development goals that reflected the shared interests of business and the communities in which its members lived and worked. One area of opportunity might be to enhance contact and understanding between businesses and development policymakers through new dialogues and even temporary exchanges of personnel in order to underpin policy dialogue with practical work experience.

45. He acknowledged the efforts of the former Special Representative of the Secretary-General for Business and Human Rights, Mr. John Ruggie, whose Protect, Respect and Remedy Framework reflected the type of well considered, interconnected policy development that could better harness the contribution that private sector development could make to international development. Members of his organization had recently had an opportunity to meet with Ms. Aung San Suu Kyi, who had proposed a sophisticated and advanced policy vision for the social and economic development of her country, Myanmar; they hoped that the United Nations, international agencies and the Government of that country would do the same. The international business community welcomed its ongoing engagement with the Council through his organization and stood ready to engage in

genuine partnerships with Governments, international agencies and other interests to advance the new approach to development policy.

46. **Ms. Burrow** (General Secretary, International Trade Union Confederation) said that, as previous speakers had clearly put it, the current economic model was not working. With over 200 million people unemployed and young people increasingly excluded from the labour market, world leaders must focus on the issues of quality jobs, wages and social protection. The outlook was set to worsen; 45 million new entrants to the job market were predicted for each of the next ten years. Leaving the problem to be resolved by the markets was not the solution since the economic recovery was uncertain, the informal economy was growing and inequalities were widening.

47. Like the previous speaker's organization, the International Trade Union Confederation supported and was committed to private sector growth since sustainable business meant sustainable jobs. She cautioned against false competition between private and public sector growth: while balance and independence were essential, so were cooperation and dialogue with the International Organisation of Employers since the infrastructure and services required could not all be delivered by the private sector.

48. The recent intergovernmental meetings had yielded no concrete coordinated commitments to action, only an acknowledgment of the issues. The Group of 20 Leaders' Summit, held in Los Cabos on 18 and 19 June 2012, had seen a shift in language from austerity to job creation that had not, however, been matched by concrete, deliverable commitments. The resulting Los Cabos Declaration expressed the right intentions, but it was left to individual leaders to implement the Declaration; the necessary coordination was lacking. Governments remained fatally trapped in the web of financial markets and limited themselves to reiterating long-standing commitments to financial regulation. Four years after the crisis, there had been no in-depth, commensurate effort to mitigate the damage caused by the financial sector or the disastrous effects of continuing speculation in Europe.

49. In a letter dated 30 May 2012 addressed to President Felipe Calderón of Mexico, Chair of the Group of 20 for 2012, the business organizations (B20) and the trade union organizations (L20) of the Group

of 20 countries had called for coordinated investment in infrastructure, particularly green infrastructure; scaling up of quality apprenticeships and internships; and social dialogue between the Group's Employment Task Force and employers and unions in order to address the expanding informal economy that was preventing the development of sustainable economies. Unions were also calling for endorsement of a financial transaction tax and for global funding for the development of a social protection floor in the poorest countries. Despite the lack of concrete action, the Summit's recognition of the L20 and B20 and the partnership between them on key points had been a positive step. The business and trade union organizations planned to meet with OECD and ILO in October 2012 in order to examine, inter alia, the scaling up of apprenticeships and to develop a common position on policies and regulations for shrinking the informal sector.

50. She lamented the fact that the hasty decision taken at the 2010 Toronto Summit of the Group of 20, to halve its members' budget deficits by 2013, had not been overturned; such measures had contributed to the economic slowdown and, without mitigation, would lead to further hardships and inequality and further shrink demand in all regions and economies. Debt levels had to be managed, but they should be leveraged on job-centred growth as the economy recovered. She was also distressed by the growing view, expressed in meetings of the Council, that it was acceptable to deny workers their fundamental rights and labour market guarantees in an attempt to stimulate the economy. It was not in anyone's interest to make victims of workers; she called on leaders to put their verbal commitments to core labour standards into action.

51. Polls taken in the run-up to the Los Cabos Summit and Rio+20 had shown that the majority of those surveyed believed that the next generation would be worse off than the current one, that they did not have adequate legal protection for secure jobs and that voters had no real influence on the economic decisions of Governments. Only 10 per cent had backed "austerity first" measures, while 66 per cent favoured investment in jobs. Alarming, only 11 per cent had said that their income had improved, a disastrous situation for demand, business, and workers and their families.

52. The outcome of Rio+20, like that of the Los Cabos Summit, had not raised hopes. While unions

were pleased by the Rio outcome document's endorsement of key proposals on green jobs, social protection and human and union rights, there had been no call to immediate action. Rio+20 had thus been a missed opportunity to ensure that ecology, equity and the economy were integrated into international action. It had been shocking to witness a Summit in which 114 Heads of State had met, without negotiating among themselves, in what amounted to a mere photo opportunity.

53. Her organization's research on 12 countries had shown that if they invested just 2 per cent of gross domestic product (GDP) in the green economy annually for five years, 48 million new jobs would be generated. She was not calling on Governments to provide funding; \$25 trillion of workers' capital was already invested in the global economy, \$14 trillion of that amount under joint trustee management. Workers wanted their assets out of the speculative economy and into patient capital and had undertaken to put 5 per cent of their money into the green economy within two years. However, Governments needed to provide the right environment for such investment; the maturity of the green bond market, which required the backing of national authorities and multilateral institutions, was also essential.

54. There were models such as the Global Jobs Pact, but they must be integrated into the broader picture. A social protection floor would do more to deliver rapidly on the MDGs than any other effort to date, a view upheld in the Report of the Advisory Group chaired by Ms. Michelle Bachelet entitled "Social protection floor for a fair and inclusive globalization" and in the recently adopted ILO Recommendation No. 202 on national floors for social protection. Such an initiative could be afforded, either from the approximately \$240 billion in lost global taxes from the \$11 trillion held in tax havens by high-net-worth individuals or from other sources, such as a financial transactions tax or other levies on bunker fuels and global products. Those measures could be implemented without distorting the markets or placing a burden on business. The perceived conflict of productivity and profits versus wages, in which workers lost out, was not in the interests of demand or sustainability. Investment in both the demand for and the supply of jobs and business services, active labour market policies and affordable credit for small and medium-sized enterprises would lay the groundwork for action.

The ILO Global Jobs Pact, underpinned by a social protection floor, would change the world and cooperation would make it possible.

55. While she did not normally single out countries, she had been distressed and surprised to learn that Qatar would be making a voluntary presentation on its social protection floor initiatives since over 90 per cent of its workers were migrants and the country continued to refuse even to recognize the right to freedom of association. The Council must take such matters seriously if it wanted to rebuild trust in the Organization, and in multilateralism and Governments in general. Jobs, wage and income share and a social protection floor, which was denied to 75 per cent of workers, as well as a commitment to genuine decent work and productive employment, were necessary in order to avoid further deflationary spirals. The Council's leadership was vital in that regard and, through its work in the rural sector helping the poorest of the poor, it could make a difference if it made the commitments that had been lacking in recent high-level meetings.

56. She urged the Council to show political courage and to demand coordinated action that unions could support. The choice was clear: rebuild an economic model that worked for everyone and enhanced development, or see people on the streets in despair.

57. **Ms. Fong** (Chief Science Officer, LightSail Energy), accompanying her statement with a video presentation, said many would agree that the old system was not working. The young people of the world were working desperately towards a future that would allow them to do work that they cared about and in which there was a sustainable relationship to the environment. They were more globally aware and connected than any other generation, having growing up with the Internet and broad access to media and information, and while they were perhaps the most educated generation, they faced extremely high unemployment rates. They felt as if they were on a treadmill moving in the wrong direction and the only solution was to get off.

58. As an entrepreneur, she believed that the necessary solutions could be found and that they could be put into practice by those in the room with one single action. The Council's youth forum on the theme "Creating a Sustainable Future: Empowering Youth with Better Job Opportunities", held in New York on

4 May 2012, had brought together students, entrepreneurs and advocates from around the world to address the specific problems facing young people and to give them a voice. Despite frustrations, the mood of the forum had been uplifting; the issues raised by panellists and participants included job insecurity; the need for decent jobs; the importance of channelling the energy that young people had put into revolutions and businesses around the world into sustained engagement; the links between more sustainable economies, green initiatives and job opportunities; and the idea that it was not just that young people had to be helped, but that the world needed the help of young people.

59. Many of the current challenges could be solved by new ideas and by people who were just beginning their careers; entrepreneurship was the new education. Her own education at a leading university had not met her expectations and when she had been unable to find a job that would allow her to develop her method for allowing renewable energy to be stored and produced at a lower cost than conventional generation from fossil fuels, she had sought funding and formed her own company despite the obstacles presented by poorly adapted regulations.

60. In a world where innovations were made in one region and the best opportunities for deploying them were found in another, more could be done to encourage bottom-up impact and entrepreneurship. She therefore proposed a concrete solution that participants could take back to their countries and implement at no cost: a global entrepreneur exchange programme modelled on student exchanges, which were a perfect example of international diplomacy and allowed young people to take the best from each other's societies. Such an exchange would enable people to travel to where they could make the biggest impact and then share with the world. Examples included a solar energy tracking start-up, launched by a Canadian entrepreneur, which had spread to Tanzania and the highly developed mobile payment system in Kenya, which had attracted interested researchers from around the world.

61. Her proposal was an occasion for those present — not the Governments they represented — to take the first step by expressing their personal support for the goal of global cooperation in creating a network to connect people with the best opportunities around the world. That network would give young people the opportunity to engage in a new form of education, one

that did not involve years of schooling for jobs that did not exist but allowed them to travel to where they had the greatest opportunity to learn. She invited participants to express their interest and to contact her by e-mail. It would take only a few nations to create a globally empowered network of entrepreneurs who could create the future the world wanted.

Annual ministerial review: Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals

Policy messages from the regional preparatory meetings

62. **Mr. Nakano** (Parliamentary Vice-Minister for Foreign Affairs, Japan), presenting the conclusions of the Asia-Pacific regional preparatory meeting on the theme “Promoting productive capacity, employment and decent work in Asia and the Pacific: a regional approach to sustained, inclusive and equitable growth and achieving the MDGs”, held in Kyoto on 7 December 2011, said that the participants in the preparatory meeting had recognized that dynamic growth in Asia and the Pacific had lifted hundreds of millions out of poverty, labour market governance had improved and decent work had become a central objective in national development strategies. Progress had also been made in the areas of social protection systems, migrant workers' rights, child labour and young people's skills. Nevertheless, the region still faced challenges: inequalities between and within countries had widened and 37 per cent of workers lived on less than two dollars a day; many still worked in informal and vulnerable employment; and real wage growth had been slow. Slow employment growth affected young people in particular, while the female labour participation rate in the region was only 50 per cent as compared to 80 per cent for men.

63. The region's large population and fast-growing labour force promised enormous productive capacity and a large regional market. The participants in the meeting had observed that, in order to sustain strong growth, it might be necessary to reduce export dependency, increase domestic demand and place employment and decent work at the core of policymaking. In order to continue making progress towards the MDGs, measures should be taken to establish a job-rich growth model; strengthen social

protection floors; support small and medium-sized enterprises; promote decent employment opportunities for youth; build the skills required by labour markets, particularly for young people; promote fairer labour markets that upheld international labour standards and workers' rights; and encourage greener growth that was consistent with economic and social sustainability. Decent work and full employment should become a goal of macroeconomic policies; a more inclusive, job-rich growth model should be explored in order to create a virtuous cycle of growth and improvement in wages and living standards; labour institutions should be strengthened in order to ensure more inclusive and fairer labour markets; and regional cooperation should be strengthened in order to leverage experience, good practices and social capital. Small and medium-sized enterprises should be supported through an enabling environment that promoted an entrepreneurial culture, strengthened business development services, facilitated access to credit and enhanced employment-intensive investment through such measures as public employment guarantee schemes. States should design policy packages using the ILO Global Jobs Pact; promote collective bargaining and develop minimum wage systems based on ILO standards; and build comprehensive social protection systems that targeted the poorest in particular.

64. Recognizing that women and young people were particularly vulnerable to low employment and labour market instability, the participants had recommended creating and promoting decent jobs for youth, particularly in dynamic sectors such as green jobs, e-commerce and undeveloped agricultural sectors; reducing gender barriers and promoting women's participation in labour markets; devising innovative measures to ease the school-to-work transition; equipping the workforce, particularly young people, with the skills required by labour markets, including life skills; promoting productive capacity and human resources development policies in order to address mismatches between supply and demand; and fostering dialogue among national Governments, employers' and workers' organizations, youth and women's organizations and other civil society stakeholders in order to address the problem of unemployment.

65. **Mr. Shide** (State Minister of Finance and Economic Development, Ethiopia), presenting the conclusions of the African regional preparatory meeting on the theme "Small and medium enterprises

as drivers of productive capacity and job creation", held in Addis Ababa on 25 March 2012, said that the participants had determined that Africa's solid growth had not been sufficiently inclusive to meet the job needs of a fast-growing population and that its enormous potential required coherent policies in order to ensure job creation and productivity gains. Women and youth merited special attention in discussions of enterprise development and job creation; young people, who were better educated than any previous generation in Africa, offered a demographic dividend.

66. Opportunities for knowledge-sharing and exchange of good practices in the region were limited. Vast infrastructure gaps, particularly in the areas of energy, transport, and information and communications technology, should be addressed in order to open markets and remove constraints on the development of small and medium-sized enterprises. Although financing for those enterprises had improved in recent years, their access to credit was still limited owing to the high risk of default and inadequate financial facilities. Possible solutions included the granting of direct credit by public financial institutions or public-private sources and the offer of credit guarantees. Education systems should be more comprehensive and better linked to labour market needs; technical and vocational training should be better integrated into national education systems; and human resources development should include informal apprenticeships and on-the-job training in information technology, management and entrepreneurship.

67. Although boosting agricultural productivity remained a priority, the increased number of rural households participating in non-farm activities suggested that more small and medium-sized enterprise development in rural settings was required. Policymakers should also evaluate and implement strategies for formalizing informal enterprises. Lastly, social protection programmes could improve productivity and employability and guarantee a minimum level of income security, which contributed to local economic development, job creation and investment.

68. **Mr. Brenta** (Minister of Labour and Social Security, Uruguay), presenting the conclusions of the Latin American and Caribbean regional preparatory meeting, held in Montevideo on 27 April 2012, said that while the region had made significant progress in economic growth, job creation, social protection and

poverty reduction, major challenges remained, including social inequality, structural weaknesses and low income levels. There was a need for integrated macroeconomic policies to promote economic growth, quality employment and social protection and for economic diversification to minimize the region's vulnerability to external shocks. An integrated policy approach on the issues of productivity, employment and social protection would be crucial for strengthening growth. Sectoral policies on innovation, capacity-building and investment should be geared towards incorporating small and medium-sized enterprises into production chains and boosting their participation in export markets. Given the ongoing impact of the economic crisis on job creation, a social protection floor should be established throughout the region; youth should have greater access to professional training and education; and policies should ensure that young people completed their education before entering the labour market. A social protection floor would also bring about structural change in that respect.

69. Public and private associations should be encouraged to establish programmes for young people seeking their first jobs. Implementation of the United Nations Youth Employment Network should continue and a regional high-level panel on youth employment should be established in order to compile the results of national efforts and develop regional youth employment programmes. Public-private alliances would lead to more stable, balanced growth. Lastly, it had been stressed that all efforts in that area should be made within the framework of basic labour rights.

70. **Mr. Çelik** (Minister of Labour and Social Security, Turkey) said that the wrong economic policies and the regional and global crises had had a major impact on workers in Europe and the Middle East, particularly for disadvantaged groups such as persons with disabilities, migrants, unskilled workers and young people. By the end of 2011, the youth unemployment rate had reached 22 per cent in the European Union as a whole and had exceeded 50 per cent in some of its members. Unemployment and loss of confidence in the future could affect entire societies, national policymakers and even other countries in the region; the events that had led to political change in Tunisia had begun when a jobless youth had set himself on fire. Therefore, economic measures must be accompanied by social policies, labour market

incentives, vocational training, public works programmes and on-the-job training. Solutions must be found before the current problems became structural.

71. In preparation for the 101st session of the International Labour Conference, held in Geneva from 30 May to 14 June 2012, preparatory meetings had been held in 11 European countries, including Turkey. During those consultations, the problem of youth unemployment had been addressed in detail; the issues raised had included low demand for labour, segmented national labour markets, a mismatch between education and the skills required by the labour market, difficulties in the transition from school to work owing to a lack of experience, and lack of knowledge of where and how to look for jobs.

72. In order to address those problems, Governments, including his own, had provided income support for young people, developed programmes and projects to facilitate the school-to-work transition; provided better career guidance for young people and the unemployed; effectively implemented social protection floors; taken legislative steps to promote the employment of disadvantaged groups; and offered skill development programmes and apprenticeships.

73. Although some economic indicators suggested that the crisis was coming to an end, unemployment rates remained high. Increasing productive capacity and employment would help not only to combat poverty locally and internationally, but also to promote peace and stability. Turkey had seen the greatest increase in employment of any of the Group of Twenty countries since the beginning of the crisis and, in 2011, had been the second-fastest-growing country. With half of its population under the age of 30 and 17 per cent aged 15 to 24, the country was determined to turn its demographic potential into an opportunity for development through economic, education, employment and social protection policies.

74. In order to further decrease youth unemployment rates, his Government had adopted a comprehensive national employment strategy that included the use of career consultants, specialized career planning centres, a skills development project, vocational, on-the-job and entrepreneurship training; public works; reforms in formal education; and targeted unemployment and social security schemes.

75. **Mr. Arkless** (President of Corporate and Government Affairs, ManpowerGroup), accompanying

his statement with a video presentation, said that he had moderated a panel discussion on the theme “Building New Business Models for Youth Employment” as part of the partnership event held in February 2012 in preparation for the annual ministerial review. The focus of the event had been on the need for innovative partnerships, particularly with the private sector, in order to provide decent work for young people and thereby to achieve a fairer society and a stronger democracy. The magnitude of youth unemployment was staggering: the jobless rate was over 18 per cent in developed countries and over 40 per cent in many developing countries. New partnerships must be forged and existing ones strengthened in order to reverse that disturbing trend. Those partnerships must harness the complementary strengths of civil society, business and Government in order to better match training and skills to labour market needs, encourage businesses to hire young people and support youth entrepreneurship and engagement.

76. On behalf of the ManpowerGroup, he had made a commitment to put one million young people into jobs within a year. In addition, the members of the International Confederation of Private Employment Agencies had pledged to put some 300 million people into jobs, train 70 million people and create almost 20 million new jobs worldwide in the next five years. They had also pledged to help 13 million customers develop new skills to improve their companies and, most importantly, to help 75 million young people enter the labour market. If every sector of industry were to make similar practical pledges, the world’s unemployment problems would be solved.

National voluntary presentation: the Russian Federation (E/2012/52)

77. **The President** said that the national voluntary presentation process had demonstrated the Council’s value as a forum for engaging the global community in an exchange of critical lessons learned during the pursuit of internationally agreed development goals. Since 2007, 44 countries, both developed and developing, had shared their best practices and lessons learned. The presentations had enabled the Council to explore ways to address lags in progress towards the MDGs, provided a platform where national implementation could connect with international policymaking and offered an opportunity to build

linkages with the normative and operational areas of development in the work of the United Nations system.

78. However, the process had design flaws; a mechanism that allowed the presenting States to report back to the Council on progress in implementing some of the recommendations emerging from the dialogue would greatly strengthen the overall value of the experience. He was convinced that, in the future, the introduction of a standardized analytical framework and the establishment of regional knowledge-sharing networks would scale up the benefits of the review. In 2012, an effort to link the national voluntary presentations with Rio+20 would be made and presenting countries would have the opportunity to share their ideas on ways to further connect the MDG framework with the sustainable development agenda. He hoped that the United Nations country teams in the presenting States would become more involved in the national review process and that the presentations would further strengthen the global partnership for sustainable development.

79. He invited Ms. Conny Czymoch, journalist and anchor for Phoenix Television, Germany, to act as moderator for the national voluntary presentation of the Russian Federation.

80. **Mr. Kolbanov** (Director, Department for Analysis and Prognosis of Health Care, Social and Labour Development, Ministry of Health and Social Development, Russian Federation) said that the Russian Federation had undergone significant economic and social change since the year 2000; with a 1.7-fold increase in per capita GDP and a 1.5-fold increase in industrial output, poverty and unemployment levels had decreased markedly. A demographic crisis had been averted through a 21 percent increase in the birth rate and a halving of the infant mortality rate and major projects designed to enhance the quality of and access to education and health care were under way.

81. In 2005, the Russian economy had faced long-term systemic challenges as a result of external and internal barriers to growth, while the global financial and economic crisis had further decreased economic and social indicators. Using its financial reserves, the Government had deployed a range of measures aimed at maintaining social stability and preventing a spike in the unemployment rate and a drop in living standards. Those measures, described in detail in his country’s

national report (E/2012/52), had demonstrated the need to prepare for crises by setting aside reserves, planning programmes of action to mitigate their impact on society and balancing policies so as to achieve economic and social development simultaneously.

82. The 2008-2009 crisis had shown that the old model of growth, based on boosting internal demand, had become largely exhausted in the Russian Federation. The new model, which would leverage all of the country's resources and productive capacities, would require modernization and a shift towards innovation-based development using the infrastructure of a post-industrial society. The Russian Federation had become integral to the world economy thanks to natural resources such as gas, oil, metals and lumber, but its dependence on the import of consumer and manufactured goods and technology was not conducive to stability or sovereignty.

83. His Government's social policy focused on the traditional task of supporting the most vulnerable groups and paid insufficient attention to the middle class, which had the greatest potential for innovative growth. The Russian labour market presented unique features that made it less responsive to social policies than those of other countries. The employment rate barely moved when production levels increased or decreased; it was workers' wages, not the number of workers, that adjusted in response to market changes. Wages were low, the number of "working poor" was large and there were high levels of informal employment. Moreover, a shrinking workforce and a growing number of dependents were liable to hinder growth in the future unless sufficient productivity gains were made. The primary consequences of those labour market features were low productivity and poor production quality, while strict labour regulations made it difficult for employers to trim their excess labour, leading to distorted labour relations and off-the-books hiring that allowed them to manipulate wage levels.

84. Reform of that growth model would entail mitigating macroeconomic risk, strengthening market mechanisms and promoting entrepreneurial activity. The economy must be protected from external market fluctuations, the budget must be strengthened in the long-term and prices must be stabilized. Stronger market mechanisms would require the protection of property rights, removal of barriers to new products and introduction of incentives to boost productivity. The State could no longer rely on resource exports for

economic growth since price fluctuations led to uneven growth and the country would be relegated to ever greater technological backwardness. Business activity must be promoted in order to shift from a demand-driven to a supply-driven economy and to bring down inflation; greater competitiveness would, in turn, lead to innovation. Exports must be diversified and businesses must become part of international production chains with the opening of the Russian economy.

85. In addition to spurring sustained economic growth, the Government aimed to improve living standards and build the potential for future growth. The country had the advantage of an excellent education system with which to develop its human capital, and that resource should be further strengthened using State and private funding.

86. The labour market should be modernized, primarily by shifting from a policy of low unemployment to a policy of effective employment and from cheap, low-skill jobs to jobs with decent wages for highly skilled workers. Flexible labour legislation should be introduced in order to ensure a more disciplined labour force. An effective labour market required a mobile national labour force and incentives to attract immigrants. The system for training and retraining workers in high-demand skills should be expanded and efforts to halt the "brain drain" and attract Russian professionals back to the country should be made.

87. Job creation would be a major priority; there was great potential for creating new jobs in the infrastructure, construction and social service sectors. Because an effective labour market was one in which people participated throughout their working lives, employment for youth, older persons and persons with disabilities would be a major area for further development.

88. Increasing the size of the middle class, another key policy, would require new economic, social and financial structures. More high-quality, high-wage jobs must be created and people must have access to better education and health care and modern, affordable housing. The ultimate goal of social and economic policies was to improve the well-being of the people; many developed countries used life satisfaction indicators to help gauge the success of Government

policies and the Russian Federation should do the same.

89. **Ms. Czymoch** (Moderator) said that one of the key lessons to be learned from the presentation was the need for a new model and for new ideas, which might emerge from the ensuing dialogue.

90. **Mr. Berger** (Germany) said that the Russian Federation had weathered the crisis well by adopting important measures to prevent a greater rise in unemployment; it had created additional public sector jobs, provided retraining for workers in sectors threatened by unemployment and maintained the level of state-sponsored social services during the crisis. It was particularly estimable that, in contrast to other countries, unemployment levels among young people had fallen. He also noted with appreciation that a central labour market policy for persons with disabilities had been implemented since 2010.

91. Germany attached great importance to small and medium-sized companies and the promotion of self-employment was a key element of its economic policy. He therefore commended the Russian Federation's efforts to promote small businesses and provide start-up capital to workers that became self-employed. The Government's support for large companies threatened by bankruptcy had also proven successful. However, the sustainability of those measures was problematic; without a lasting restructuring of its industrial production, the State would be similarly affected should another crisis arise. The Government understood the significance of economic reform and the fact that in order to guarantee the sustainability of development, it was necessary to build efficient, diversified industrial production and to reduce the unbalanced focus on oil and gas production.

92. Even after the crisis, the Government had continued to improve the social conditions of its citizens, drastically raising the average pension and increasing the minimum wage, which nonetheless remained markedly below the official subsistence level. Unemployment benefits had also been increased in accordance with the recommendations offered by many experts at the Council's discussions earlier in the current year. Social security was an important stabilizer, particularly in times of crisis.

93. In order to achieve the goal of increasing by 30 per cent the salaries of workers in the cultural, education, health and social sectors, the State's regions

would have to implement the measures agreed at the federal level. In that context, it would be interesting to hear how the Government assessed ILO recommendation No. 202 on national floors for social protection. The Government was also making a substantial effort to improve workplace safety. It was a party to a number of ILO conventions and planned to increase its cooperation with that organization.

94. The institutionalized cooperation between the State, business and unions through the Russian Tripartite Commission for the Regulation of Social and Labour Relations did not, in his delegation's view, replace the autonomous work of trade unions, whose role as representatives of the workers and shapers of labour-market and social policy could not be overemphasized. The Government's measures in the areas of decent work, poverty reduction and minimization of inequality had proved successful in significant areas and the percentage of people living in extreme poverty had been markedly reduced.

95. In addition to the diversification of industry, the Government was taking additional measures, including the adoption of labour market policies that matched jobseekers' and potential employers' needs, the introduction of worker protection reforms and the use of a vocational training system. In that context, the conclusions of the Group of 20 Employment Task Force could be useful. Germany had had good experience with a system of vocational training, which could also retrain employees in the use of modern products and production methods. The demand for sustainably produced products and services was expected to rise, particularly in the wake of Rio+20.

96. Several demographic measures, such as "capital for mothers", introduced in the hope of altering the nation's age structure, had not yet demonstrated lasting success. An aging society also meant a decline in the workforce; Germany had addressed that problem through an incremental increase in the retirement age. He wondered what other steps the Russian Federation planned to take in that respect. The measures described in the report clearly showed the Government's effort to achieve the MDGs and in many cases, the results justified the measures taken.

97. **Mr. Kolbanov** (Director, Department for Analysis and Prognosis of Health Care, Social and Labour Development, Ministry of Health and Social Development, Russian Federation) said that his

Government worked closely with ILO and viewed its new recommendation on social protection floors in a positive light. It was ratifying various ILO conventions and would endeavour to implement them despite its current financial and economic constraints.

98. The Russian Federation had one of the most robust demographic policies in Europe, having adopted a special conception of “demographic development” for the twenty-first century in which it was specified that demography was the fundamental link between health, housing and migration policies. Over the past five years, it had seen a 25 per cent increase in the fertility rate — to 1.6 children per woman — and the mortality rate in the active population had fallen by 13 per cent owing, in part, to a decrease in the number of car accidents, which were a major cause of death. Thus, the population was growing younger. But, for all its efforts, the Russian Federation was still far behind its European and Japanese counterparts and it was difficult to envisage raising the retirement age; the focus had been on more efficient use of the system and of the available resources to fund pensions.

99. **Ms. Dong Zhihua** (China) said that her delegation appreciated the spirit of frankness and cooperation displayed in the voluntary presentation and congratulated the Russian Federation on its achievements. The Government had made an enormous effort to respond to the international financial crisis, curb the rising unemployment rate and increase the income of the people and had made bold experiments in enhancing vocational training and improving social security. It had greatly improved its employment situation, overcome the effects of the economic and financial crisis on its economy and sustained steady GDP growth.

100. As stated during the presentation, the task of economic modernization was arduous and the State still faced challenges in economic structural adjustment and transformation of its mode of growth. She was convinced that the new administration of the Russian Federation would continue the efforts to promote economic growth and improve public welfare. Lastly, in view of the close relationship between immigration and social and economic development, she asked what specific policy measures the Government intended to take in the area of immigration management in order to achieve economic and social development.

101. **Mr. Kolbanov** (Director, Department for Analysis and Prognosis of Health Care, Social and Labour Development, Ministry of Health and Social Development, Russian Federation) said that, while important, migration processes were not considered the most important aspect of demographics. The Russian Federation placed the greatest emphasis on increasing the birth rate and reducing the mortality rate in the active population. Immigration currently stood at 230,000 people per year, which was not a large number given the population size. The President had recently adopted an immigration policy that included favourable conditions and incentives for the return of Russians living abroad. For other nationalities, the country aimed to give priority to highly qualified specialists and migrants whose skills were sorely needed on the labour market, such as investors and entrepreneurs, foreign graduates of Russian educational institutions, teachers, researchers and analysts. The Government intended to cooperate actively with international organizations in the field of migration in order to facilitate the free movement of persons on the basis of international agreements and would conclude a legal framework for cooperation with other States in the near future.

102. Internal migration was a major problem; in a population that was not very mobile, it was difficult to persuade people to change jobs and reside elsewhere. That attitude was somewhat understandable given the enormity of the territory as it required a great deal of effort and money to move. The Government had introduced incentives for voluntary migration and was working to develop the necessary infrastructures, particularly in the job and housing markets, but it was a difficult task; great flexibility was required in order to ensure that one part of the country did not suffer from policies designed to benefit another.

103. **Mr. Zdorov** (Belarus), noting the Russian Federation’s success in providing social protection during the financial crisis, said that the scale of problems facing the country called for bold measures to stimulate the economy and promote economic and social change. Because poverty reduction should be a high priority on the national and international agendas, he asked the representative of the Russian Federation to provide more details on measures taken to alleviate poverty in the light of lessons learned from the global financial and economic crises of the 1980s. It would also be interesting to hear of the country’s experience

in overcoming the effects of the crisis on people with different income levels. Lastly, as the report showed that the Russian Federation had a long history of social partnerships, he asked how the Government intended to further develop those partnerships in light of the country's relatively high rank on the Human Development Index .

104. **Mr. Kolbanov** (Director, Department for Analysis and Prognosis of Health Care, Social and Labour Development, Ministry of Health and Social Development, Russian Federation) said that even in the midst of the crisis, his Government had raised the minimum wage and unemployment allowances because its people, including the unemployed, had to live. The State had developed a method of targeting social payments and had adopted a system based on European models: unemployed people signed contracts with the authorities and social protection agencies, which helped them to find jobs or provided the rudimentary tools to start their own businesses; in return, they pledged to put those resources to good use.

105. It was true that the gap between rich and poor was widening. While one of the reasons was the enormous variation in wages between the rich and the rest of the population, another was demography; a great deal of money could be earned in the oil- and gas-rich north of the country whereas the south was characterized by agricultural and light industry that did not yield great profits. The first step would be to reduce inter-regional differentiation into Government policies in order to mitigate the uneven regional economic development. It would also be necessary to further raise the minimum wage, which was still too low and well below European norms. Another measure under consideration was the introduction of a luxury tax, which would add to the Government's coffers.

106. The Russian Federation had developed specific social partnerships with trade unions and employers and encouraged dialogue between them as an alternative to the courts and the Government.

107. **Ms. Czymoch** (Moderator) asked how successful the Government had been in implementing its ambitious strategy for addressing regional imbalances and whether it was achieving the desired outcome of encouraging voluntary migration within the country.

108. **Mr. Kolbanov** (Director, Department for Analysis and Prognosis of Health Care, Social and Labour Development, Ministry of Health and Social

Development, Russian Federation), reiterating that his country had had encouraging results in the areas of industrial production and agriculture, said that those were only the first steps; much remained to be done. There was a need to introduce advanced technologies and the Government would try to learn from the most developed States. Some regions of the country had already taken the best from the West and were developing their own plants; for example, in the automotive, electronics and appliances and food industries there was close collaboration with German, Japanese and European manufacturers. It would take time to restructure the Russian economy successfully.

109. **Mr. León González** (Cuba) said that the Russian Federation's report was proof that it had implemented a coherent and holistic policy; it was noteworthy that social expenditures accounted for more than half of all national budget outlays. The Government's commitment to meeting its social obligations was clearly evident in the measures adopted to protect employment and maintain the quality of life of its people and in the use of its financial reserves to mitigate the global economic crisis. The businesses start-up assistance programmes and vocational training for women were among the national projects in the areas of health care, education, housing and agricultural production that were ensuring progress towards the MDGs and had led to lower levels of unemployment and underemployment and higher minimum wages and pensions. The Government's political commitment and the priority given to social issues would doubtless consolidate the country's social and economic development.

110. The report highlighted job creation programmes for persons with disabilities, parents raising children with disabilities and parents with large families. He would appreciate additional information on implementation of the programmes designed to create public- and private-sector jobs for persons with disabilities and wondered how the specific needs of persons with disabilities and their families were taken into account.

111. **Mr. Kolbanov** (Director, Department for Analysis and Prognosis of Health Care, Social and Labour Development, Ministry of Health and Social Development, Russian Federation) said that with 19.5 million people with disabilities, some of them quite severe, the Russian Federation faced an acute problem in finding jobs for them. Despite the quota

system in place, many employers tried to avoid hiring persons with disabilities and administrative measures were not much help. In 2011, the Government had offered reasonable subsidies to employers, allocating money from the federal budget to cover the costs of workplace modification. There was no coercion involved; the employer submitted a proposal and the State provided resources which, albeit modest, had a major impact. The mechanism would subsequently be deployed on a broader scale. His Government had recently ratified the Convention on the Rights of Persons with Disabilities and was implementing a broad, unprecedented programme to improve accessibility and remove obstacles to the equal participation in society of such persons. Efforts to make public transport more accessible were under way; it was an enormous undertaking, which would be helped by adopting a systemic approach to the problems faced by persons with disabilities.

112. **Ms. Sutormina** (Observer for the Russian Peace Foundation) said that a consistent increase in the productive capability of a country was decisive in eradicating poverty, but the recent global economic crisis had made it even more difficult to secure full employment and guarantee decent wages. She commended the achievements described in the report of the Russian Federation, especially since the 1990s. At the same time, she noted that youth unemployment was a particular problem in that country, accounting for 27.5 per cent of all unemployed persons, and that ILO experts had warned that further increases would heighten the risk of a lost generation, posing a serious threat to social cohesion. The existence of concealed or unregistered unemployment must not be ignored; civil society was concerned by that situation, which was closely linked to labour migration. The national authorities should be more open to civil society and the Government's budget and targeted programmes should be made more transparent, including through the use of the media.

113. **Mr. Kolbanov** (Director, Department for Analysis and Prognosis of Health Care, Social and Labour Development, Ministry of Health and Social Development, Russian Federation) said that while youth unemployment was a serious problem, it was not exclusive to the Russian Federation but affected developed and developing countries alike. The Government was seeking new ways to address the problem, including by reviving mechanisms used under

the Soviet Union, such as internships for young people and skilled trainers who could inculcate a love for their profession. It was also working actively with medium-level educational institutions to offer graduates jobs, on the model of higher education establishments that were already trying to establish partnerships with employers. It was a difficult task, but the Government would try to give priority to young jobseekers. That, however, raised another difficulty: the need to strike a balance with the rights of other citizens.

114. Civil society had become very active in the Russian Federation and was represented in its Public Chamber. The Government was trying to work more closely with civil society and would continue to improve that cooperation; regular meetings with the President and the Government had led to a number of interesting initiatives.

The meeting rose at 1.05 p.m.