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Rethinking and strengthening social development in the contemporary world

Report of the Secretary-General

Summary

The present report has been prepared in response to Economic and Social Council resolution 2014/3, in which the Council decided that the priority theme for the 2015-2016 review and policy cycle of the Commission for Social Development would be “Rethinking and strengthening social development in the contemporary world”. The report provides an assessment of progress made in fulfilling the commitments of the World Summit for Social Development. It is shown that, 20 years later, the commitments to poverty eradication, full employment and social integration remain acutely relevant and are largely unfulfilled, given that progress has been unequal and fragmented. Consideration is given to forward-looking strategies to strengthen the social dimension of sustainable development and specific avenues for action by the Commission are proposed.



I. Introduction

1. In its resolution 2014/3, the Economic and Social Council decided that the priority theme for the 2015-2016 review and policy cycle of the Commission for Social Development would be “Rethinking and strengthening social development in the contemporary world”. The topic is timely. Within the year, Member States will adopt a new global development agenda to succeed the Millennium Development Goals. The year also marks the twentieth anniversary of the World Summit for Social Development, held in Copenhagen.

2. At the World Summit, Governments agreed to give social development goals the highest priority, committing themselves to eradicating poverty, promoting full employment and fostering social integration based on the enhancement and protection of all human rights. The present report, submitted to the Commission at its review session, provides an assessment of progress made in realizing the vision of the Summit and in fulfilling its commitments. It is intended to lay the groundwork for the policy session. It is shown herein that, 20 years later, the three core commitments remain largely unfulfilled and acutely relevant in the current context. On the basis of the review, the Secretary-General will, in his second report on the priority theme, in 2016, identify new challenges and opportunities for socially sustainable development, taking into account the contours of the new post-2015 development agenda, and provide more specific forward-looking policy recommendations.

II. World Summit for Social Development: a comprehensive policy framework

A. Enduring influence of the Summit’s outcomes

3. The Copenhagen Declaration on Social Development and Programme of Action of the World Summit for Social Development constitute, to date, the broadest set of norms and explicit commitments to guide action on social development at the national, regional and international levels, building on earlier agreements. Against a backdrop of significant political changes — most notably the end of the Cold War — and renewed hope in the transformative potential of international relations, the Summit gave rise to an ambitious, people-centred agenda aimed at promoting social progress, justice and the betterment of the human condition, based on full participation by all.

4. At the Summit, Governments advocated a broad vision of social development, considering it both an objective and a process. In terms of objectives, the Summit was aimed at ensuring the well-being of all people and the harmonious functioning of society, notably through its three core commitments: eradicating poverty, promoting full employment and fostering social integration. As a process, social development involved a progressively fairer distribution of opportunities and resources to foster social justice and equality. It also entailed greater inclusion and participation of all people in economic, social and political processes.

5. The series of international conferences held during the 1990s, including the Summit, reflect a growing emphasis on human development and well-being in the development discourse, a discourse that increasingly acknowledged the limits of

economic growth and the need for structural adjustment “with a human face”.¹ In aspiring to place people at the centre of development and direct our economies to meet human needs more effectively, as set out in paragraph 26 (a) of the Copenhagen Declaration, the Summit’s framework inverted the conventional dependency of social issues on the economic dimension of development. In paragraph 7 of the Declaration, it was also affirmed that, in both economic and social terms, the most productive policies and investments were those that empowered people to maximize their capacities, resources and opportunities.

6. The uniqueness of the Summit lies also in the political will shown by Governments to comprehensively tackle social challenges, recognizing that social development could not be pursued as a sectoral initiative or in a piecemeal fashion, but required an orientation of values, objectives and priorities towards the well-being of all. It was at the Summit that Governments clearly stated, in paragraph 6 of the Declaration, that economic development, social development and environmental protection were interdependent and mutually reinforcing components of sustainable development. They also acknowledged the important impact that economic policy, including structural adjustment programmes and other economic reform policies, could have on the social situation.

7. In the Programme of Action, general means to fulfil the Summit’s commitments were proposed. Policies, actions and specific economic, social, environmental, legal and other measures needed at the national and international levels were outlined, while leaving ample space for national policy design and adaption to local settings. Abiding by the values and principles framing the Summit’s narrative meant that implementation processes had to be participatory and inclusive.

8. The Summit influenced the outcomes of several of the conferences that followed it. Notably, in September 2000, the centrality of many of the values and principles advocated at the Summit, including equality, solidarity and tolerance, was reaffirmed in the United Nations Millennium Declaration. The Millennium Development Goals were intended to give expression to the vision set out in the Declaration. Their framework took on many of the social concerns raised at the Summit, most notably poverty (although the definition of poverty as living on less than \$1 a day represented a departure from the more comprehensive approach to poverty advanced at the Summit). Full employment was not added until 2005, as a target under the goal of eradicating extreme poverty and hunger (Goal 1). Aside from the commitment to promoting gender equality and the empowerment of women, social integration and issues relating to specific social groups are absent from the framework.

9. With the Millennium Development Goals, Governments are encouraged to take specific actions around a set of measurable goals, in particular in support of efforts to eradicate poverty, and to improve coordination. The Goals have been criticized, however, for narrowing the development process to a limited set of human or social needs and for insufficiently integrating the principles of equality and social justice. Given that the Goals are measured largely in terms of average progress towards each indicator, they can be attained (and in some cases have been attained) at the national and global levels amid growing inequalities in human development, even bypassing entirely some vulnerable and disadvantaged social groups.

¹ Giovanni Andrea Cornia, Richard Jolly and Frances Stewart, eds., *Adjustment with a Human Face*, vol. I, *Protecting the Vulnerable and Promoting Growth* (Oxford, Clarendon Press, 1987).

10. The exclusive focus on specific goals or end states has made the Goals framework simple and has been effective in mobilizing support for development. The share of aid and domestic resources allocated to social infrastructure and services has generally increased since 2000. The framework has also left ample space for nationally driven strategies to achieve the Goals. Resources have, however, at times been invested in narrow, temporary measures that may address short-term needs but often do not tackle the underlying causes of vulnerability or build resilience against poverty and exclusion. While it has kept national Governments in the driver's seat, the lack of guidance on the process or means to achieve the Goals has not ensured participatory processes or inclusive outcomes.²

11. The General Assembly is now embarking on the final negotiations on the post-2015 development agenda. While the United Nations membership has taken the lead in shaping consensus on the agenda, the process has engaged a broad range of stakeholders and peoples at large, in part through the consultations organized by the United Nations Development Group. Whether the agenda will promote inclusion and participation and succeed in advancing the comprehensive vision of social development proposed in Copenhagen will depend on how it is implemented, as considered in section V of the present report.

B. Enabling environment for social development: changing dynamics and new opportunities

12. In the Copenhagen Declaration and Programme of Action, Heads of State and Government envisaged favourable national and international economic, political and legal environments in which sustained economic growth and the equitable distribution of its benefits, together with democratic, transparent and accountable institutions, would contribute to improving and enhancing quality of life.

13. Since the Summit, major political, economic and social trends, including democratization, decentralization processes, continuing and new conflicts, globalization, the world financial, economic, food and energy crises, climate change and technological progress, in addition to demographic trends such as urbanization, population ageing and migration, have changed the environment for social development. On the positive side, globalization, urbanization and technological progress have contributed to economic growth, job creation and innovation around the world.

14. The spread of formal democracy, decentralization and improvements in information and communications technology, together with the vast expansion of literacy and education, have strengthened people's capacity to make informed choices and participate in decision-making. The impact, however, has been unbalanced. In some existing democracies, measures of political participation and media freedom have deteriorated and confidence in institutions is in decline. With globalization, swifter growth in many countries coexists with growing inequalities both across and within countries, and basic service provision and decent work have not reached everyone. The rise of a financial services sector that no longer supports productive investment and decent work has increased economic volatility. A digital

² *Combating Poverty and Inequality: Structural Change, Social Policy and Politics* (United Nations publication, Sales No. E.10.III.Y.1).

divide persists in most countries and has even grown in some. The degradation of ecosystems, the increased likelihood of extreme weather events and the loss of agricultural productivity brought about by climate change are already constraining livelihoods and threatening social stability.

15. Those and other major economic, social, political and environmental trends have therefore exacerbated some long-standing social problems and presented new challenges, while some have also created new opportunities for social progress. Overall, their outcomes are contingent on how they are managed. The uneven impacts of growth in trade, financial flows, capital, investment across borders and other features of globalization are due, mainly, to deficiencies in its governance. Policy coherence at the national and international levels is essential to achieving balanced positive outcomes and minimizing risks. Owing to the global and complex nature of those major trends, greater international cooperation and strong global governance are also essential.

III. Unequal progress towards social development

A. Building more equal societies: an ongoing pursuit

16. Progress in advancing social development goals remains uneven. As shown in the sections that follow, while there has been progress in reducing poverty, the world is far from eradicating it. Unemployment is pervasive and a majority of workers still lack access to social protection. Social exclusion continues to affect many, in particular members of some social and population groups.

17. In addition, inequalities remain high across and within countries. More than half of all countries with available data experienced an increase in income inequality between 1990 and 2010.³ They are home to 70 per cent of the world's population. Disparities in human development also remain large. On average, children in the bottom 20 per cent of households by income are two times as likely as those in wealthier households to die before their fifth birthday and nearly three times as likely to be underweight. Poverty, education and a majority of health indicators also show wide spatial disparities, with urban populations being noticeably better off than rural populations, and significant inequalities remain based on gender, age and ethnicity and migrant, indigenous and disability status.

18. Growing inequalities hinder progress towards poverty eradication and other social development goals. The impact of economic growth on poverty is undermined by high or rising inequalities. Where the poor are excluded from economic growth processes or trapped in low-productivity jobs, the gains from growth go disproportionately to those who are already wealthier. Disparities in health, education and other dimensions of human development, which reflect unequal access to basic social services, make it even harder for people in poverty to break its cycle. Without appropriate institutions to prevent inequality, it leads to a concentration of political influence among those who are better off, therefore tending to create or preserve unequal opportunities. Inequality does not matter only for those at the bottom, however: highly unequal societies tend to grow more slowly

³ *Report on the World Social Situation 2013: Inequality Matters* (United Nations publication, Sales No. 13.IV.2).

than those with low-income inequalities, are less successful in sustaining growth over long periods and recover more slowly from economic downturns. Inequalities also threaten social cohesion, given that they contribute to generating social tensions, political instability and conflict.

19. The commitment made by Governments in Copenhagen to promoting the equitable distribution of income and greater access to resources through equity and equality of opportunities for all remains largely unfulfilled. The common pursuit of social development aimed at social justice and equality within and across countries is therefore a continuing process. After all, the persistence of poverty and inequality are themselves manifestations of the absence of social justice and equality.

B. Eradicating poverty

20. At the Summit, world leaders committed themselves to placing poverty eradication at the centre of national and international development efforts. The period since has been characterized by an unprecedented fall in the number of people living in extreme poverty. The target set out in the Millennium Development Goals of halving, between 1990 and 2015, the proportion of people whose income is less than \$1.25 a day had been met at the global level by 2010. While nearly half of the developing world's population lived in extreme poverty in 1990, the proportion had declined to 17 per cent by 2011 — from 1.9 billion in 1990 to just above 1 billion in 2011.⁴

21. While those trends rightly provide cause for guarded optimism, progress in poverty reduction has been uneven. Driven in significant part by China, the East Asia and Pacific region has seen a reduction in the number of persons living on less than \$1.25 a day from 939 million in 1990 to 161 million in 2011. However, sub-Saharan Africa and Southern Asia, in particular the least developed countries within those regions, lag behind. Sub-Saharan Africa continues to have the highest proportion of people living in extreme poverty, many of whom experience worse deprivations in this than in other regions.

22. The past 20 years have also seen changes in the way in which countries understand and measure poverty. More detailed insights from participatory research methods and increased household-level data collection have shed light on the multidimensional nature of poverty and on the fact that it afflicts different people at different times in the life cycle. Participatory assessments have shown that people living in poverty experience multiple deprivations, restrictions in opportunities and social barriers. Indicators of human development, such as life expectancy, educational achievement and participation in social or civic organizations, are all affected. Poverty renders people less able to live lives that they value or to cope with risks.

23. Assessments of global poverty eradication that take into account the multidimensional nature of poverty suggest that countries that have succeeded in reducing income poverty continue to face significant challenges in meeting other human needs. According to the Multidimensional Poverty Index, which considers overlapping deprivations in health, education and living standards, more than

⁴ World Bank, PovcalNet database. Available from <http://iresearch.worldbank.org/PovcalNet/> (accessed 13 October 2014).

2.2 billion people are either living below or just above the multidimensional poverty line, i.e. living with at least two of three critical deprivations.⁵ Progress in another dimension of poverty — chronic hunger — has also been uneven. During the period 2012-2014, there were 791 million undernourished people, a gradual reduction of 203 million since 1990-1992.⁶

24. The dynamics of poverty are also better understood now than in 1995. The line separating people living in poverty from those who are not has become less meaningful. Poverty is not a state that applies to a fixed group of individuals, but rather a dynamic condition that people are at risk of experiencing at some point in time, with potential to move out of poverty and to return to it at various stages. In some circumstances, including periods of ill health or malnutrition during childhood, an individual may be particularly exposed to poverty. Some groups, including women, young people, indigenous peoples, migrants and persons with disabilities, are more vulnerable.

25. In South Asia alone, 44.4 per cent of the population — around 730 million people — live just above the international extreme poverty line, earning between \$1.25 and \$2.50 a day, and could easily fall back into poverty with a sudden change in circumstances.⁵ In addition, a staggering 3.8 billion people globally fall below an income threshold of just \$4 a day.⁴ In Latin America, research drawing on the experiences of those living just above poverty suggests that, even as people move up the income ladder, they remain at high risk of poverty. For example, 23.3 per cent of households living above \$4 a day in Mexico and 18.7 per cent of those living above that threshold in Peru in 2002 were living under \$4 a day by 2005.⁷ Higher household income has often not been accompanied by equivalent improvements in risk protection measures such as unemployment insurance or affordable health care. Individuals and households struggle to build their resilience and remain highly vulnerable to falling back into poverty. In fact, households that are not poor by international standards but are not yet part of the income-secure middle class benefit little from the fiscal system, often paying more in indirect taxes than they receive in public cash transfers.⁷

26. Well-being depends not only on an individual's income, but also on the income of the individual's reference group, whether his or her neighbours, co-workers or fellow citizens of the country in which he or she lives. Relative measures of poverty, which classify individuals as being poor if they have less than a certain proportion of the income enjoyed by other members of society, reflect the fact that relative deprivation affects welfare. Based on a relative measure, the percentage of people living in (relative) poverty fell from 63 per cent in 1981 to 47 per cent in 2008 — a percentage that is more than twice as high as the percentage of those living in absolute poverty. This speed of decline has not been sufficient to reduce the number

⁵ United Nations Development Programme, *Human Development Report 2014: Sustaining Human Progress — Reducing Vulnerabilities and Building Resilience* (New York, 2014).

⁶ Food and Agriculture Organization of the United Nations, International Fund for Agricultural Development and World Food Programme, *The State of Food Insecurity in the World 2014: Strengthening the Enabling Environment to Improve Food Security and Nutrition* (Rome, Food and Agriculture Organization of the United Nations, 2014).

⁷ Nancy Birdsall, Nora Lustig and Christian J. Meyer, "The strugglers: the new poor in Latin America?", CGD Working Paper 337 (Washington, D.C., Center for Global Development, 2013).

of relatively poor persons, however, which rose from 2.3 billion in 1981 to 2.7 billion in 1999 and remained at 2.7 billion in 2008.⁸

27. While progress in reducing income poverty reflects some of the results of poverty eradication efforts since 1995, there have also been significant changes in the context in which the efforts are being made, as discussed in section II of the present report. Globalization and regional integration have led to economic growth, wealth creation and poverty reduction worldwide. Their outcomes, however, have been unbalanced and basic service provision, decent work, voice and accountability have often been realized only for some groups. While rapid urbanization has opened up new job, business and education opportunities to urban residents, cities have often become focal points for intense inequalities, heightening associated risks for those living in poverty. Moreover, increased exposure to the consequences of climate change and ecosystem degradation, including food insecurity from crop failures, ill health from air and water pollution and injury or death from major weather events, is continuing to harm the capacity of communities and countries to eradicate poverty sustainably.

28. More positively, however, better technology and more data have allowed Governments, the private sector and individuals across the world to leverage new information and communications technology to support efforts to eradicate poverty. Formal legal identification efforts, such as the massive Aadhaar programme in India, are being supported by biometric database technology to help citizens to have reliable access to government, banking and mobile phone services. The wealth of empirical evidence of the potential of conditional and unconditional cash transfer programmes to improve the health and educational outcomes of the poorest households, especially in Latin America, stands as another example. At the same time, emerging research has deepened understanding of the experience of those living in poverty, with implications for policy. Research into human behaviour, for example, has helped to create incentives for individuals and households to take decisions that support, rather than undermine, their long-term prosperity, namely on issues such as the vaccination of children or the purification of water.

29. Overall, the growing body of evidence on poverty and well-being suggests that the conventional picture since 1995 of gradual reductions in poverty using income averages and thresholds does not adequately capture the diversity of experiences of those living in poverty. Emphasis on the eradication, and not just the reduction, of extreme poverty will require countries to adopt coherent policies that use a life-cycle approach to tackle vulnerability across multiple dimensions. Governments must also acknowledge that even those people just above international income poverty lines remain vulnerable to falling back into poverty. Countries, including those where poverty has declined substantially, must therefore focus on building people's resilience and tackling the main causes of impoverishment, including ill health and environmental degradation. Doing so will require strengthening policies that extend and broaden health, unemployment and other forms of risk protection. Governments must also tackle the specific constraints experienced by population groups and prevent the intergenerational transmission of poverty, for example by building up human capital through investment in education, in particular for women and girls. Eradicating poverty will also require increased emphasis at the national

⁸ Shaohua Chen and Martin Ravallion, "More relatively-poor people in a less absolutely-poor world", Policy Research Working Paper, No. 6114 (Washington, D.C., World Bank, 2012).

and international levels on measuring poverty beyond economic terms, thus providing the means to assess whether policies truly build resilience among vulnerable individuals and households.

C. Creating full employment and decent work

30. In Copenhagen, the international community also committed itself to putting the creation of employment, the reduction of unemployment and the promotion of appropriately and adequately remunerated employment at the centre of strategies and policies. Employment and decent work were considered to be both goals and means to combat poverty and promote social integration.

31. Indeed, insofar as jobs are adequately remunerated, provide income security and access to social protection, they are a key way out of poverty. Decent jobs allow people to create social and economic ties, build networks and can give them a voice, thereby contributing to social integration and cohesion. A lack of access to jobs, in contrast, erodes trust in institutions and has been a source of social unrest. Consequently, labour cannot be approached solely as a cost of production, but must be recognized as a foundation of dignity and a source of stability and development.

32. The world has not made significant progress towards the goal of full employment since 1995, according to available evidence.⁹ Even during the period of expansion that preceded the economic crisis in 2008, employment growth was not sufficient to absorb the growing labour force: the global unemployment rate hovered between 6.0 and 6.5 per cent from 1995 to 2005, while the number of jobless persons grew from 157 million in 1995 to some 186 million in 2005.¹⁰ The economic crisis and its aftermath brought unemployment to 202 million people in 2013. Persistent long-term unemployment since the crisis stands in contrast to the gradual global economic recovery and continues to raise fears of a jobless recovery.

33. In addition, there has been a redistribution of income towards capital and away from labour. The share of wages in total gross domestic product (GDP) declined in a large majority of both developed and developing countries from 2000 to 2008.¹¹ Furthermore, the wage gap between top and bottom earners has also increased in most countries, mainly owing to an increase in top salaries that is not fully explained by a growing demand for highly skilled workers.³ While technological change and, to a certain extent, globalization have contributed to wage inequality, declines in real minimum wages and other changes in labour market policies and institutions account for much of the increase in wage disparities in recent decades.¹²

⁹ Eddy Lee, "Employment in the global economy since the 1995 Social Summit", paper prepared for the expert group meeting on rethinking and strengthening social development in the contemporary world: progress in advancing social development and lessons learned, New York, 17 and 18 July 2014. Available from <http://undesadspd.org/CommissionforSocialDevelopment/Sessions/2015/EGMonRethinkingSocialDevelopment.aspx>.

¹⁰ International Labour Organization, Key Indicators of the Labour Market database. Available from www.ilo.org/empelm/what/WCMS_114240/lang--en/index.htm (accessed 29 September 2014).

¹¹ International Labour Organization, *World of Work Report 2014: Developing with Jobs* (Geneva, International Labour Office, 2014).

¹² Organization for Economic Cooperation and Development, *Divided We Stand: Why Inequality Keeps Rising* (Paris, OECD Publishing, 2011).

34. Trends in unemployment and in declared wages do not fully reflect deficits in decent work, given that not all existing jobs take people out of poverty or give them income security. In countries with high levels of poverty and a lack of social protection systems, most workers cannot afford to stay unemployed. In developing countries, which are home to 82 per cent of the working-age population, a majority of people must work but struggle to earn income through what is commonly defined as vulnerable employment (self-employment or work in family businesses). This is often in the informal sector, where salaries are lower than in formal employment, social protection is largely absent and working conditions are poorer. There are few reliable estimates of informality or of the total extent of underemployment, which renders monitoring of the global employment situation difficult. One series of comparable estimates suggests that the share of workers in informal employment averages between 50 and 60 per cent in Africa, Asia and Latin America and the Caribbean. It also indicates that that percentage has not declined since 2000 in about half of the countries with data.¹³ Women and young people are overrepresented in both vulnerable employment and the informal sector.

35. Vulnerability in the world of work has grown in developed countries, especially through an increase in the incidence of involuntary temporary and part-time employment. In general, greater labour market flexibility has resulted in greater insecurity for some workers and increased inequalities in wages and working conditions, given that some jobs have remained protected while others have been made highly flexible. Workers on non-standard contracts, among whom young people, women, migrants and other disadvantaged groups are overrepresented, bear the brunt of employment losses during recessions, while little adjustment is made through wages in the more protected segment of the labour market. A similar segmentation exists in developing countries, where workers in the formal sector benefitting from some degree of protection coexist with a large informal economy.

36. Those dismal employment trends stand in contrast to the progress observed in reducing poverty, but are not incompatible with such progress. Continued unemployment and underemployment notwithstanding, the proportion of those workers who live on less than \$1.25 a day declined from 33.4 per cent in 1995 to 11.9 per cent in 2013. At the same time, the number and proportion of workers living on between \$2 and \$4 a day and those earning between \$4 and \$13 a day have increased. Those trends reflect long-term rises in average labour productivity in all developing regions and suggest some improvement in average returns to labour, even though wage growth has lagged behind productivity growth. However, workers living near poverty, and even those living above \$4 a day, remain at significant risk of falling back into it. It is worth noting, for example, that the decline in working poverty has not been accompanied by a decline in informality and that the chances of falling back into poverty are higher among workers in the informal sector.

37. In many of the countries that have experienced growth in labour productivity since 1995, such growth has primarily come with a shift away from agriculture to the services sector. The experience of such countries contrasts with that of developed countries and even emerging economies in East and South-East Asia, where structural transformation to higher productivity took place with an initial transfer of labour from agriculture to labour-intensive manufacturing. Enabled by

¹³ International Labour Organization, *Global Employment Trends 2014: The Risk of a Jobless Recovery* (Geneva, International Labour Office, 2014).

the spread of information and communications technology and declining transportation costs, some developing countries have achieved high productivity growth in modern services such as banking, business services and tourism. The results of several studies indicate that aggregate labour productivity in developing countries has been driven as much by industry as by services since 2000, or the mid-2000s in the least developed countries, strong variation among countries notwithstanding.¹⁴ Whether services-led economic development can be a viable alternative to structural transformation and growth in decent work through manufacturing is uncertain. Currently, higher shares of manufacturing remain associated with higher income levels in developing countries. In addition, the services sector remains highly segmented, especially in low-income countries; low-productivity, informal service jobs continue to expand, even alongside industrialization.

38. In conclusion, the world has witnessed significant changes in the way in which work is performed and managed since 1995. In the developed world, jobs have become less stable and workers more vulnerable. Job insecurity and the rise of poorly paid, precarious work have brought about growing income insecurity. In developing countries, a significant share of the labour force remains employed in vulnerable jobs. Higher growth in many developing countries has not translated into higher incomes or better working conditions for all workers. Progress in reducing poverty notwithstanding, 1 in 10 workers is still living in extreme poverty. The divide between workers in the formal sector, especially more educated adults, and unskilled young people and women, who work more often in informal jobs, has grown. Decent work deficits, in particular among young people, raise fears of social instability and put the social contract under threat.

39. Trade growth, the rapid diffusion of information and communications technology and other features of globalization have exerted a strong influence on employment. They have expanded opportunities in some developing countries, although growth has often been propelled by rising commodity prices and increased exports of natural resources, rather than productive structural transformation. The employment intensity of growth has been affected by the nature of technological progress and the growth of global production systems. Owing to competitive pressures in the global economy, developing countries have imported forms of technology that are capital intensive and skill intensive in order to increase their competitiveness.

40. While no country stands out as a clear success story in achieving the goal of full employment, some policies have proved more effective than others in enabling the creation of decent work opportunities and making growth more inclusive. A growing body of evidence indicates that giving people the opportunity to move into jobs that provide living wages, unemployment insurance and access to health care and facilitate collective bargaining does not choke off economic dynamism. Instead, labour market policies and institutions have had a positive impact on the earnings of less-skilled workers. Where they have helped to increase real wages, they have had a positive impact on demand, economic growth and employment. Such evidence notwithstanding, many countries have undertaken reforms intended to reduce labour

¹⁴ Leanne Roncolato and David Kucera, "Structural drivers of productivity and employment growth: a decomposition analysis for 81 countries", *Cambridge Journal of Economics*, vol. 38, No. 2 (March 2014); International Labour Organization, *World of Work Report 2014*, figure 3.7.

protection, lower labour costs and facilitate dismissals. The disconnection between existing labour policies and the reality of the world of work has left workers increasingly insecure.

41. While necessary, labour market institutions alone will not bring about the structural transformations needed to create and sustain decent work for all. A policy environment conducive to the creation of more and better jobs requires a coherent set of policies, as discussed in section V of the present report. Achieving the goal of full employment and decent work also requires favourable international conditions warranting greater attention to the global governance of trade, finance and macroeconomic coordination. Globalization and the growing role of foreign shareholders in decisions that affect domestic employment, often to the detriment of decent jobs, have shrunk countries' policy space. Strong international cooperative action is necessary to open space for countries to choose their employment-promoting strategies.

42. Integrating employment into all three dimensions of the sustainable development agenda, including the environmental dimension, will help to address their links. Climate change and environmental degradation pose significant challenges to employment as a result of slowing growth, the destruction of livelihoods dependant on natural capital and the growing frequency of natural disasters. At the same time, the transition to a green economy brings employment opportunities. The potential of green economies to create jobs and reduce poverty can, however, be realized only through policies that protect and invest in those who will be negatively affected by the transition. Policies that take into account the labour intensity of alternative green technologies are also necessary to ensure that the transition will effectively contribute to the goal of full employment.

D. Promoting social integration

43. At the Summit, the participants recognized the importance of social integration for achieving poverty eradication, full employment and decent work for all. The social integration agenda of the Copenhagen Declaration and Programme of Action is rooted in social justice and respect for diversity and is elaborated as an objective and a process to realize a society for all, in which all persons, including members of disadvantaged and vulnerable groups, enjoy human rights and fundamental freedoms and have opportunities to participate in civil, political, economic, social and cultural life.

44. A review of approaches to social integration has highlighted differences among countries and regions. While some have focused exclusively on policies targeting disadvantaged and vulnerable social groups, others have focused on reducing general inequality, promoting democratic governance or preventing or overcoming social fractures.

45. Assessing progress in promoting social integration is difficult in the absence of an agreed definition of the term. Trust in others is often used as an indicator of the degree to which societies are integrated or cohesive. Based largely on survey data, social cohesion as measured by trust has changed little since 1995, with available data showing median levels of trust falling slightly between the periods 1994-1998 and 2010-2014. Following declines in trust between the periods 1981-1984 and 1994-1998, median trust levels remained relatively steady through the

period 2005-2009 and then declined further to the period 2010-2014. In the latter period, the share of people who reported that they trusted in most people was under 35 per cent in half of all countries participating in a global survey.¹⁵ Overall, levels of trust vary significantly by country, with higher levels found among wealthier countries and, in particular, Nordic countries.

46. Levels of economic inequality are typically the strongest predictor of cross-national differences in social trust.¹⁵ Economic and social inequalities exacerbate social tensions and limit space for shared interests and responsibility. The low levels of social mobility often found in highly unequal countries also hinder social cohesion because they affect perceptions of meritocracy and fairness.

47. Respect for diversity is at the core of social integration. Amid rapid globalization, growing levels of migration, concerns over terrorism and a rise in identity politics, many countries have struggled to foster tolerance of and respect for diversity in recent decades. According to the results of a study measuring social cohesion in 34 developed countries, more countries became more accepting of diversity than less accepting, relative to the other countries, between the periods 1996-2003 and 2009-2012.¹⁶ At the same time, the number of people who believed that immigrants enriched society declined. In many cases, major immigration destination countries experienced declining levels of acceptance, whereas major emigration countries experienced rising levels of acceptance. Although some research has found that diversity has a negative impact on trust, no significant correlation was found between social cohesion and either ethnic diversity or the percentage of immigrants. This suggests that, contrary to common belief, heterogeneity does not undermine social cohesion. Rather, social cohesion requires effective management and leveraging of diversity through open and democratic means.

48. In a general context of growing inequalities, exclusion among social groups remains significant, accounting for a large part of overall inequalities within countries. In addition, inequalities across social groups are generally more persistent than economic inequalities between individuals. Young people, older persons, indigenous peoples, persons with disabilities and migrants, among other social groups, face particular disadvantages and barriers that often result in worse health outcomes, lower levels of education and a higher incidence of poverty than the rest of the population.³ Women and girls often fare worse than men within each of those groups.

49. The labour market situation of young people is increasingly precarious. Young people are almost three times as likely as adults to be unemployed and rises in joblessness continue to hit them disproportionately.¹⁷ Young people are also disadvantaged in terms of wages, work more often in the informal sector and are disproportionately affected by working poverty. Decent work deficits experienced

¹⁵ Christian Albrekt Larsen, "Social cohesion: definition, measurement and developments", paper prepared for the Department of Economic and Social Affairs of the Secretariat, September 2014.

¹⁶ Georgi Dragolov and others, *Social Cohesion Radar: Measuring Common Ground — An International Comparison of International Cohesion* (Gütersloh, Germany, Bertelsmann Stiftung, 2013).

¹⁷ International Labour Organization, *Global Employment Trends for Youth: A Generation at Risk* (Geneva, International Labour Office, 2013).

during youth can have long-lasting consequences on poverty and affect the well-being of current and future generations of young people.

50. Limited data by indigenous status indicate that one third of indigenous people live in poverty.¹⁸ Lower educational levels, poorer health and higher levels of unemployment and underemployment account for half of the observed gap in earnings between indigenous and non-indigenous groups, while other factors, including, possibly, discrimination, account for the remainder of the gap. Indigenous peoples also experience environmental challenges on multiple fronts, including dispossession of their traditional lands and territories and disproportionate impacts of climate change.

51. Although many older persons continue to participate fully in society and maintain adequate living standards through retirement pensions, jobs or familial support, many others, both in developed and developing countries, experience high levels of poverty, poor health and social exclusion. Nearly 50 per cent of all people over pensionable age (often 65) do not receive a pension, with the percentage being much higher in developing regions, especially in the less developed countries.¹⁹ The need to ensure income security in old age is increasingly critical owing to longer life expectancies and a decline in familial care, which is occurring in the context of rapid population ageing. While ageing is associated with growing prosperity and advances in health, it will increasingly lower old-age support ratios and strain public spending.

52. Persons with disabilities are at a disadvantage vis-à-vis the general population across many dimensions of well-being. Most often, the disadvantage is the outcome of physical, cultural and social barriers, discrimination and exclusion. Persons with disabilities are overrepresented among people living in extreme poverty and generally have lower employment rates than persons without disabilities. Children with disabilities also tend to have lower school attendance rates compared with children without disabilities. Social exclusion and the subsequent waste of the human and productive potential of members of excluded groups have costs for societies at large. Using data from a selection of 10 countries in Asia and Africa, it is estimated that the exclusion of persons with disabilities, for example, may cost countries between 1 and 7 per cent of GDP.²⁰

53. Migrants generally benefit from their move, but migration also carries significant risks and costs. Poor access by migrants to good education and health care, lack of political voice, work in the informal sector, migration policies and deep-rooted social and racial barriers often limit the opportunities available to them and the outcomes of their move. Evidence shows that many migrants and even their children work more often in precarious and informal jobs, experience higher unemployment, have lower income than natives and lesser access to social protection, even at comparable levels of education and when they are employed. In

¹⁸ Gillette H. Hall and Harry Anthony Patrinos, eds., *Indigenous Peoples, Poverty and Development* (Cambridge, Cambridge University Press, 2012).

¹⁹ International Labour Organization, *World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice* (Geneva, International Labour Office, 2014).

²⁰ Sebastian Buckup, "The price of exclusion: the economic consequences of excluding people with disabilities from the world of work", Employment Working Paper, No. 43 (Geneva, International Labour Office, 2009).

the United States of America, for example, 13.5 per cent of natives lived below the national poverty line versus 19.0 per cent of foreign-born persons in 2009.²¹

54. At the international level, several mandates and instruments have been adopted since 1995 to address the special needs of social groups, including the Political Declaration and Madrid International Plan of Action on Ageing adopted at the Second World Assembly on Ageing (2002), the United Nations Declaration on the Rights of Indigenous Peoples (2007), the World Programme of Action for Youth (1995, 2007) and the Convention on the Rights of Persons with Disabilities (2006), which had been ratified or acceded to by 151 States and signed by 159 States as at 24 September 2014. Moreover, Member States are currently discussing means to strengthen the protection of older persons' human rights, including the feasibility of further instruments and measures, through an open-ended working group on ageing established in 2010.

55. Findings from the implementation review processes carried out within the framework of the Programme of Action of the Summit and the various instruments pertaining to social groups show that national policies and strategies to promote social integration need to encompass both universal and targeted approaches. A comprehensive and universal policy framework is necessary to ensure equal rights and non-discrimination in accordance with international human rights instruments, including by guaranteeing that all persons have well-defined and recognized legal identity. The universal provision of basic social services for all, including education, skills training, health care and social protection, is also key to the development of human capital. At the same time, where appropriate, policies must be directed at disadvantaged and marginalized groups through targeted measures such as preferential access to services or quota systems.

56. Education, which promotes tolerance of diversity, should include multicultural, human rights and citizenship components. Moreover, Governments should foster inclusive institutions and support civic engagement and popular participation in formulating and evaluating social and economic policies with the aim of representing the views of all stakeholders. In recent years, increased access to information and communications technology has enabled more people, especially those in rural and remote areas and belonging to disadvantaged groups, to gain access to education and skills, markets, job opportunities, health care and social networks. Such access has been crucial in facilitating participation, enabling individuals and groups to voice their opinions and organize around common causes. Realizing the empowering potential of information and communications technology will, however, require bridging the digital divide and strengthened responses to online crime and exploitation.

57. In the preliminary consultations on the post-2015 development agenda, many Governments and other stakeholders emphasized the importance of inclusion. A focus on inclusiveness, if also demonstrated in targets that reflect the needs of marginalized individuals and groups, signals the potential for significant progress in advancing social integration and in strengthening the social contract.

²¹ United States Census Bureau, Statistical Abstract of the United States: 2012, "Population: native and foreign-born population". Available from www.census.gov/compendia/statab/cats/population/native_and_foreign-born_populations.html (accessed 14 March 2013).

IV. Paths to sustainability: rethinking social development beyond 2015

A. Addressing uneven progress

58. Some 20 years after the Summit, progress towards realizing the commitments assumed has been unequal and fragmented. Great strides in reducing poverty globally hide significant international and regional variations. Evidence suggests that the underlying vulnerabilities of those living below and just above national and international poverty thresholds have not been comprehensively addressed. Furthermore, a steady decline in the number of people in working poverty and growth in labour productivity notwithstanding, little progress has been made towards the goal of full employment since 1995. With unemployment and underemployment having barely declined and job instability growing, people have been kept employed in vulnerable jobs. Limited data also suggest that social integration and cohesion has not improved over time, even in contexts of economic growth and improved living standards. People living in poverty and other groups, including young people, older persons, indigenous peoples, persons with disabilities and migrants, often remain socially excluded amid non-inclusive institutions, discrimination and lack of voice and political power.

59. All in all, progress in social development is fragile. Growth and development have been neither inclusive nor equitable, while rising inequalities are hindering progress towards poverty eradication and other social development goals, trapping people in low-productivity jobs and generating social tensions and political instability. Major global trends such as climate change and recurring global economic, food and energy crises demonstrate that achievements in reducing poverty and advancing human development can be swiftly weakened or reversed by an economic shock, a natural disaster or political conflict. Many individuals and families cannot rely on stable decent jobs as means to cope with risks or secure livelihoods. Accordingly, strengthening the social dimension of sustainable development is not only a matter of making progress towards poverty or employment targets within a short time horizon, but also requires securing such progress and ensuring that it will be sustainable in the long term.

B. Forward-looking strategies for a strong social dimension

60. The unsteady nature of social development achievements and the failure to prevent negative social trends call for rethinking strategies to achieve social development goals in the current context. An essential lesson from recent decades is that market forces alone do not bring about economic and social inclusion or greater resilience. Countries that have benefited from complementary social and economic policies have implemented far-sighted macroeconomic policies focused on encouraging equitable economic growth and the creation of productive employment. Those that have also extensively invested in infrastructure, universal social protection and health and education services have proved the most successful in preventing impoverishment and addressing vulnerability. The transformative impact of such investments has been greatest when they have created opportunities for individuals and families to improve their livelihood prospects, thereby tackling the underlying causes of poverty and increasing the productive potential of the workforce.

61. Development will not be sustainable unless it is inclusive. Success cases in promoting inclusive development show also that universal social policies must be part of broader and coherent development strategies that address access to resources and their distribution. Measures that ensure access to land, credit and other productive resources, housing, fair inheritance rights and justice for all are critical to leaving no one behind. Redistribution through fiscal policy is also necessary, although the redistributive impact of taxation and social transfers has declined in many developed countries and remains low in developing countries. Where discrimination underpins individual or group disadvantages, countries that take action to address the norms and forms of behaviour that create bias and to ensure that excluded groups have legal identity and are represented politically can tackle a key source of vulnerability.

62. Since the Summit, overreliance on the capacity of markets to bring about inclusion and social justice, a retreat of the redistributive role of the State and growing inequalities have put the social contract under threat in many countries. A reconsideration of the policy priorities that have prevailed in the past two decades creates an opportunity for the international community. Coming together around a transformative post-2015 global vision with clear sustainable development goals can serve as a first step towards a new policy era aimed at building and securing the well-being of all people. In particular, the post-2015 development agenda should generate commitment to undertaking the major transformations required to strengthen the social pillar.

63. Bringing the emerging vision for the post-2015 development agenda to life will require a number of actions. Above all, a compelling and inclusive narrative is crucial in order to engage all stakeholders, including people living in poverty and members of other marginalized groups, in the agenda's vision. The Commission for Social Development can be instrumental in helping to build this narrative and forging consensus around it. Many voices have already expressed the hope that the agenda will be transformative. Guided by the principle of social justice, a socially transformative agenda should bring about greater equality and promote the inclusion and active participation of all individuals in economic, social and political life. It should leave no one behind. Correcting asymmetries in power, voice and influence is not only the right thing to do, but is necessary to strengthen the social contract at both the national and global levels.

64. In addition, whether the agenda will bring about inclusion and social justice will depend on how it is implemented. Without being too prescriptive, the agenda should provide some guidance on the process or means to achieve its goals. The Commission can use its leadership to reinforce that guidance and help to ensure, for example, that social and economic policies will work in tandem to achieve socially, environmentally and economically sustainable goals. It can also promote global commitments to national measures such as social protection floors, universal social services, decent work for all and the protection and promotion of human rights. Such commitments can help to open national policy space for countries to determine their own specific approaches to those measures. The Commission is well positioned to advance strategies that integrate the social dimensions of peace and security, human rights and development and thereby help to bridge the gaps across the pillars.

65. The Commission can also promote accountability for ensuring that implementation and monitoring processes will be participatory, paying particular attention to including and acting upon the voices of marginalized and otherwise vulnerable groups and individuals through, for example, multi-stakeholder partnerships and participatory mechanisms in open and responsive public institutions. Adequately integrating the principles of equality and social justice calls also for adjusting targets and indicators to capture disparities and for explicit reference to various groups of the population, with a focus on the poorest and most marginalized groups. No target or goal should be considered to have been met in the absence of progress among any poor or marginalized group. Capturing such exclusion and inequalities, the multidimensional nature of poverty or the current realities of the labour market will require strengthened capacity of national statistical agencies, better household-level and individual-level data, increased data disaggregation and openness to innovative social research directions and the potential of new data collection technologies.
