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Integration segment

Summary record of the 20th meeting

Held at Headquarters, New York, on Tuesday, 1 April 2015, at 3 p.m.

President: Mr. Drobnjak (Vice-President) (Croatia)

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In the absence of Mr. Sajdik (Austria), Mr. Drobnjak (Croatia), Vice-President, took the Chair.

The meeting was called to order at 3.10 p.m.

Achieving sustainable development through employment creation and decent work for all
(continued)

1. *A panel discussion on the topic “Means of implementation: Financing for development and partnerships for decent work”, moderated by Mr. George Wilfred Talbot (Permanent Representative of Guyana to the United Nations and Co-Facilitator of the preparatory process for the third International Conference on Financing for Development), was held. The panellists were Ms. Rania Antonopoulos (Alternate Minister of Labour and Social Solidarity, Greece), speaking via video link; Mr. Robert Shiller (Nobel Laureate and Professor of Economics, Yale University); and Mr. Martin Khor, (Executive Director, the South Centre) and the discussant was Mr. Richard Kozul-Wright (Director, Division on Globalization and Development Strategies, United Nations Conference on Trade and Development). The panellists and the discussant made presentations and an interactive discussion ensued, during which the panellists and the moderator responded to comments and questions by the representatives of Botswana and Germany.*

The meeting was suspended at 4.20 p.m. and resumed at 4.25 p.m.

Panel discussion: “Wanted: 600 million jobs!”

2. **The President** said that 600 million jobs must be created in order to close the employment gap. That was a challenge for Governments, the United Nations system, trade unions, civil society and the private sector, which all needed to step up their job creation efforts while also promoting environmental sustainability.

3. **Mr. Velshi**, (Host, Al Jazeera America), moderator, said that creating jobs and enhancing global prosperity constituted one of the most serious challenges facing the international community and the United Nations. It was widely believed that job creation could, by itself, resolve many of the world’s problems; it would alleviate a general sense of desperation and reward people for seeking to enhance their knowledge and skills. In that connection, he invited Mr. Mora, Minister of Foreign Trade, Costa

Rica, to provide details of his Government’s ambitious job creation plan and asked whether the Costa Rican Government had faced criticism for its efforts to promote employment.

4. **Mr. Mora** (Minister of Foreign Trade, Costa Rica), panellist, said that although his country’s gross domestic product (GDP) had tripled in the previous 20 years, unemployment levels had risen over the same period and poverty remained entrenched. To tackle those issues, the Costa Rican Government was placing greater emphasis on developing overlooked, more traditional sectors of the economy, revising its domestic regulatory frameworks on competitiveness and worker and consumer protection, and enhancing the country’s education system so that young people gained the skills needed by employers. The Government hoped to reverse the upward trend in unemployment within 12 months, and aimed to reduce unemployment by 25 per cent. To achieve that objective, Costa Rica was, inter alia, launching high-level public-private partnerships, implementing pro-employment macroeconomic policies and promoting entrepreneurship. It would shortly be applying for membership in the Organization for Economic Cooperation and Development (OECD), with which it was working closely to improve the national education system, and was working to enhance its oversight and the quality of jobs offered by micro-, small, and medium-sized enterprises.

5. **Mr. Velshi**, (Host, Al Jazeera America) said that he was struck by the fact that rapid GDP growth did not necessarily lead to employment gains. He asked Ms. Nadeau for her views on that and how changes in energy prices and, in particular, oil prices, could impact job creation.

6. **Ms. Nadeau** (Chair, World Energy Council, and Executive Vice-President of Corporate Affairs and Secretary General, Hydro-Québec, Canada), panellist, said that although lower oil prices had boosted economic growth in some countries, certain energy-producing States were struggling to balance their budgets as revenues fell and were finding it increasingly difficult to provide key education and health services. The world economy was likely to become much less fossil-fuel dependent in the coming decades and the World Energy Council believed that between 20 and 30 per cent of the world’s energy would be generated from renewable sources by 2050, up from the present 15 per cent. The shift to renewable

energy generation would create some 20 million jobs by 2030, with engineers, technicians, project managers, financial officers, construction personnel and many other skilled workers in high demand. Many countries, including China, Denmark, Germany and the United States, had already established extensive renewable energy sectors and countries that wished to do likewise must formulate robust, predictable and clear national energy policies, including policies to spur domestic renewable energy sector investment.

7. **Mr. Sukhdev** (Founder and Chief Executive Officer, GIST Advisory, India), panellist, said that 70 per cent of the world's jobs were to be found in the private sector. Of those, 1 billion jobs were in agriculture. It should be borne in mind, however, that 400 million of the world's 525 million farms were less than 2 hectares in size and, though they were small, subsistence farms produced half of global food output. Their productivity remained low, however, and was likely to be adversely impacted by the effects of climate change. It was disconcerting, therefore, that so much emphasis was being placed on developing high-tech economic sectors with a push, often supported by Government subsidies, to transition developing countries' economies away from smallholder farms. That was a risky strategy which could potentially destroy several hundred million agricultural sector jobs. Countries must realize that industrialization was no magic bullet that could cure all economic ills: although the information technology sector had created 6 million jobs, and the automobile industry some 4.5 million, those figures could not be increased sufficiently to absorb hundreds of millions of unemployed subsistence farm workers.

8. Policymakers must understand that the world simply didn't need a billion software engineers or luxury car manufacturers. Instead, countries should focus on increasing the productivity of their smallholder farms, including by encouraging them to adopt simple cost-effective technologies such as multi-cropping and low-impact tillage. Indeed, studies had shown that, by adopting such strategies, the average smallholder farm could increase yields by over 70 per cent. Unless steps were taken to support smallholder farming jobs, countries could witness dramatic increases in their rates of poverty and malnutrition.

9. **Mr. Rajan** (Chief Human Resources Officer and member of the Group Executive Council, Tata Group,

India), panellist, said that a society that systematically exploited one section of the population for the benefit of another could never aspire to be free and growing. Industries must acknowledge that they owed their existence to the community and that, in a society built on free enterprise, the community was not merely another stakeholder but rather the very purpose for their existence. Since the early decades of its existence, the Tata Group had provided childcare facilities and schools to facilitate women's employment in its factories, and had developed innovative profit sharing mechanisms which gave workers a stake in the company they worked for. The Tata Group employed 60,000 people in some 140 countries, and approximately 66 per cent of the equity capital of Tata Sons, the principal Tata Group holding company, was held by philanthropic trusts.

10. **Ms. Nadeau** (Chair, World Energy Council, and Executive Vice-President of Corporate Affairs and Secretary General, Hydro-Québec, Canada) said that some 1.2 billion people had no access to modern sources of energy. Women, children and young people were particularly harmed by inadequate energy access, which impeded job creation and the provision of sanitation, education and health-care services. It was crucial for Governments to work with business to train the skilled workers needed to install necessary infrastructure so that all people, regardless of where they lived, could enjoy access to energy.

11. **Mr. Velshi**, (Host, Al Jazeera America) asked Mr. Mora how the Costa Rican Government intended to create jobs while also taking steps to become carbon neutral by 2021, and whether it was indeed possible to create jobs, particularly for women, while also safeguarding the environment.

12. **Mr. Mora** (Minister of Foreign Trade, Costa Rica) said that strengthening the green economy was good for both the planet and individual countries. Costa Rica, which had achieved 99.8 per cent electricity penetration, had been obtaining all its energy needs from renewable energy sources for almost three months. Furthermore, to achieve carbon neutrality, Costa Rica had set aside 20 per cent of its total land area as protected forest. An additional 20 per cent was protected in one way or another. Public sector bodies, private companies and citizens were all encouraged to invest in projects to restore and preserve natural environments. Initiatives were also under way to protect forest fauna in Costa Rica. All those steps

had a direct impact on employment; some 11 per cent of jobs in Costa Rica were now in ecotourism and related fields. Costa Rica had also launched projects to safeguard its marine environments, which were expected to create sorely needed jobs in coastal communities.

13. **Mr. Velshi**, (Host, Al Jazeera America) said that some people believed that laws and regulations on workers' pay and conditions hindered job creation and, in a world that needed 600 million jobs, there were increasing calls for less stringent worker safeguards. He asked what long-term effect that was likely to have on workers' rights and on their ability to negotiate fair wages.

14. **Mr. Sukhdev** (Founder and Chief Executive Officer, GIST Advisory, India) said that the private sector must remain profitable or it would no longer be able to employ 70 per cent of the global workforce. Corporations would continue to play a critical role, yet the challenge was to ensure that, in addition to their profit motive, corporations had a social purpose and served the community; that was still far from being the norm. Efforts must therefore be made to change the corporate environment, inter alia, by adopting policies that encouraged corporations to take their social responsibilities seriously. That was crucial as job losses could occur over the longer term if they failed to do so. It was particularly important to adopt tax regimes that rewarded hard work, cooperative ingenuity and innovation, the key drivers of growth, and penalized behaviour and actions that were harmful to society, such as the consumption of non-renewable energy resources.

15. **Ms. Nadeau** (Chair, World Energy Council, and Executive Vice-President of Corporate Affairs and Secretary General, Hydro-Québec, Canada) said that political electoral cycles of four or five years meant that there was often little incentive to adopt socially and environmentally responsible policies and tax regimes whose benefits would not be seen for some 15 or 20 years. Even efforts to adopt a global carbon tax — which the majority of global industrialists would actually support — had been derailed because of insufficient political will.

16. **Mr. Velshi**, (Host, Al Jazeera America) asked how it was possible for corporations to safeguard workers' rights while ensuring that the goods and services they produced remained competitively priced.

17. **Mr. Rajan** (Chief Human Resources Officer and member of the Group Executive Council, Tata Group, India) said that corporations could actually become more profitable by adopting socially responsible policies. For example, since women's participation in the global workforce remained low, companies that made an extra effort to hire women would be accessing a vast pool of untapped labour. If the most marginalized or poorest members of society were given jobs, the multiplier effect of their wages could have a startling effect on a country's GDP. It was, moreover, important that companies supported their supply chains. To that end, the Tata Group provided training and consultancy services to its suppliers to boost both productivity and quality. In turn, that benefited the Tata Group as a whole. The Tata Group also believed that it had a responsibility to support marginalized communities through affirmative action, and ran education programmes to enhance the employability of the poor and encourage entrepreneurship.

18. **Mr. Velshi**, (Host, Al Jazeera America) asked what steps could be taken to increase women's participation in the workforce and narrow pay gaps between women and men.

19. **Mr. Mora** (Minister of Foreign Trade, Costa Rica) said that his country had already made significant progress in promoting women's employment; at the Ministry of Foreign Trade, for example, 72 per cent of the staff were women. Countries must focus on improving their education systems in order to boost women's pay and workforce participation rates. Costa Rica planned to be spending 8 per cent of its GDP on education by 2018 and would adopt a holistic approach to ensure that funds was used effectively to improve national education standards. Governments, international organizations and the private sector had all learned useful lessons on how to promote women's employment and should seek to share best practices in that area.

20. **Ms. Nadeau** (Chair, World Energy Council, and Executive Vice-President of Corporate Affairs and Secretary General, Hydro-Québec, Canada) said that good will alone was not enough to bridge the gender gap: instead, supportive legislation and infrastructure for women were needed. Efforts must also be made to combat cultural norms that discouraged women from working once they married or had children. Gender equality could not be achieved overnight, but would require sustained support from all stakeholders.

21. **Mr. Velshi** (Host, Al Jazeera America) noted that Scandinavian countries had adopted robust legal frameworks to promote women's rights and their participation in business and industry. As a result, those countries had some of the world's highest female workforce participation rates. Some claimed, however, that women's workforce participation rates and salaries lagged behind those of men only because women's and men's priorities differed, with women making different life and career choices as a result. He asked how such stereotypes could be overcome.

22. **Mr. Sukhdev** (Founder and Chief Executive Officer, GIST Advisory, India) said that although some corporations were taking steps to hire and promote more women, legislation to mandate women's participation on company boards and promote women's education and training was also necessary. Robust monitoring mechanisms were also needed to ensure that policies on gender were implemented effectively by companies. Although some companies made great efforts to promote the interests of women and honour what they believed were their social responsibilities, much of what they did went unreported or unmeasured. Balance sheets, share prices and shareholder returns provided only a partial measure of a company's performance. A new measure of performance was needed that would also take into account and quantify the human, social and natural capital that companies developed or destroyed. Furthermore, accounting methodologies and standards needed to be amended to reflect the true impact and performance of corporations.

23. **Mr. Rajan** (Chief Human Resources Officer and member of the Group Executive Council, Tata Group, India) said that Tata had always believed that corporations must take the initiative in promoting social responsibility and should not wait for laws to be adopted forcing them to do so. In the past, Government red tape had hindered efforts by the Tata Group to promote social responsibility; it was essential that Governments and corporations worked closely together to draw up appropriate regulations in that regard. The Tata Group was pressing ahead with initiatives to promote diversity in the workforce and women's employment, and aimed to increase the number of women in senior management positions from 350 to 1,000 by 2020.

24. **Mr. Velshi** (Host, Al Jazeera America) asked whether Governments should be partnering with companies to enhance workers' skills.

25. **Ms. Nadeau** (Chair, World Energy Council, and Executive Vice-President of Corporate Affairs and Secretary General, Hydro-Québec, Canada) said that it was probable that energy sector companies would need large numbers of highly skilled workers in the future. By themselves, Governments would find it difficult to identify areas in which future job growth was likely and the skills that workers would have to acquire to take advantage of new jobs; input from industry and other private sector stakeholders would prove vital if Governments were to successfully anticipate future labour trends.

26. **Mr. Mora** (Minister of Foreign Trade, Costa Rica) said that his country had established a council that brought together representatives from six government ministries and the public and private sectors to promote employment and enhance productivity. Inter alia, the council was working with industry to draw up a certification scheme for young people who received industrial training. Costa Rica was well aware that input from the private sector was crucial in its efforts to promote employment.

27. **Mr. Sukhdev** (Founder and Chief Executive Officer, GIST Advisory, India) said that although many companies created significant human capital through their training and other support programmes, there was little acknowledgement of the huge contribution made in that area by the private sector and little support was provided by Governments for companies' human capital creation initiatives. Nonetheless, a few Governments did understand the importance of supporting the private sector in that area. Moreover, Germany had developed a superbly structured education system that provided young people with the skills needed by the labour market. In general however, Governments felt they had little incentive to support companies' efforts to create human capital, and often adopted tax regimes that hampered the creation of human capital and other long-term returns to society.

28. **Mr. Velshi** (Host, Al Jazeera America) asked how Costa Rica responded to criticism that it had failed to consult adequately with the private sector in its efforts to create jobs.

29. **Mr. Mora** (Minister of Foreign Trade, Costa Rica) said that his Government welcomed criticism of its policies and had now established mechanisms to address complaints regarding Costa Rica's job creation initiatives. It was hoped that those mechanisms would facilitate dialogue between all relevant stakeholders.

30. **Mr. Shiller** (Nobel Laureate and Professor of Economics, Yale University) asked the panellists for their views on benefit corporations, which were corporate entities in the United States that included positive impact on society and the environment in addition to profit as their legally defined goals, and asked whether other countries were encouraging the establishment of similar corporations.

31. **Mr. Sukhdev** (Founder and Chief Executive Officer, GIST Advisory, India) said that benefit corporations were a positive development. He cautioned, however, that multinationals operated under numerous national jurisdictions and it would take considerable time for all States to put in place legislation to mandate companies to implement social responsibility initiatives. In the United States, for example, many state legislatures had still not adopted legislation to allow for the establishment of benefit corporations. Concerned stakeholders should therefore encourage companies to take the initiative themselves, redesigning themselves as benefit corporations, rather than waiting for the adoption of relevant legislation.

32. **Ms. Kage** (Germany) said that India had recently passed far-reaching legislation to reform its apprenticeship system to enhance the employability of young people. She asked whether that was a positive development and what the main ingredients of a successful apprenticeship programme should be.

33. **Mr. Sukhdev** (Founder and Chief Executive Officer, GIST Advisory, India) said that under India's new Corporate Social Responsibility Law, all large Indian companies had to spend 2 per cent of their profits on corporate social responsibility initiatives, including in areas such as rural development and women's rights and livelihoods. Traditional corporate activities would not meet that requirement whereas hiring apprentices and funding training programmes were eligible for consideration in view of the human capital they created. While the effect of the new law was not yet clear, it had a huge potential impact because only 10 of the top 200 Indian corporations

already allocated 2 per cent to corporate social responsibility initiatives.

34. **Mr. Mora** (Minister of Foreign Trade, Costa Rica) said that although large corporations operated very differently from Governments, Costa Rica had proven that it was possible for Governments and the private sector to reach consensus on ways to address pressing national issues.

35. **Ms. Nadeau** (Chair, World Energy Council, and Executive Vice-President of Corporate Affairs and Secretary General, Hydro-Québec, Canada) said that providing access for all people to modern forms of energy would significantly boost prosperity, economic growth and job creation. However, falling government revenues in many States meant that they were finding it increasingly difficult to support access to sustainable and resilient energy systems; private capital was therefore required to bridge funding gaps. Business, industry and Governments would need to work together to draw up appropriate regulations to provide necessary safeguards while also encouraging private sector investment in energy.

36. **Mr. Sukhdev** (Founder and Chief Executive Officer, GIST Advisory, India) said that, to rise to the challenge posed by unemployment, policymakers needed to take a long-term view, and must not merely think in terms of four- or five-year electoral cycles. They must also ensure that incentives were in place to encourage long-term engagement in job creation by the private sector.

37. **Mr. Rajan** (Chief Human Resources Officer and member of the Group Executive Council, Tata Group, India) said that the need to create some 600 million jobs posed a huge challenge to stakeholders. That goal could be achieved only if policymakers and the private sector worked closely together. To encourage such collaboration, India had, inter alia, established the Nationalist Skill Development Corporation, a public-private partnership, which was directly supported by the Prime Minister.

The meeting was suspended at 5.40 p.m. and resumed at 5.45 p.m.

Conclusion of the segment

38. **Mr. Ryder** (Director-General, International Labour Organization) said that several powerful messages had emerged during the integration segment.

The President of the United Republic of Tanzania had stressed that robust economic growth was not sufficient to deliver sustainable development or decent work for all; the Prime Minister of the Bahamas had expressed concern about the impact of climate change on sustainable development; and the Prime Minister of Sweden had outlined his vision for a new Global Deal involving business, labour, Governments and key international institutions to promote growth, jobs and decent work. The Council's discussion of the macroeconomics of sustainable development had highlighted the need to increase demand in countries' economies; undertake structural reforms; combat rising income inequality; formalize the informal work performed by so many of the world's workers; tackle climate change; reaffirm the normative basis of the Council's operational work, in particular with respect to international labour standards; invest in infrastructure; and realize the potential of young people by equipping them with the right skills to meet the needs of today's job markets and engage in entrepreneurship. All those issues were relevant to the ongoing United Nations negotiations on the sustainable development goals, on financing for development and on climate change, as well as the work of the International Labour Organization. In reviewing how promoting decent work could support sustainable development, the Council had underscored the importance of policy integration in efforts to create 600 million jobs and eradicate poverty, and the need for robust financial, environmental, trade, fiscal, monetary, employment and social policies, which it was ideally placed to coordinate at the global level.

39. **Mr. Gass** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs, Department of Economic and Social Affairs) said that the integration segment of the Council had become a unifying platform for Member States, the United Nations system and others to debate policy options for the integration of the social, economic and environmental dimensions of sustainable development. In that spirit, the focus had been on proposed sustainable development goal 8 while taking into account specific targets under other proposed sustainable development goals.

40. Over the previous three days, the segment had underscored the central position employment creation and decent work played in the implementation of the post-2015 development agenda, and had highlighted the need to get people back to work, ways to boost

sustainable global economic growth and job creation, and strategies for building a competitive workforce to address the skills gap. The segment had also drawn attention to the link between unemployment and social unrest. Policy choices had both trade-offs and long-term benefits, and must be addressed in an integrated manner if the international community was to successfully implement the post-2015 development agenda. A shared vision for humanity was emerging that would require everyone to participate both as beneficiaries and contributors. The integration segment and the Council should continue to provide a critical transverse perspective of the myriad aspects of sustainable development.

41. **The President** said that he had been encouraged and inspired by the innovative ideas presented during the integration segment for achieving sustainable development through employment creation and decent work for all. The segment had inspired a number of concrete policy recommendations and action-oriented solutions to promote policy coherence in the economic, social and environmental dimensions of sustainable development and would provide additional food for thought in the elaboration of the post-2015 development agenda.

42. Economic growth had not generated jobs as expected due to insufficient demand. Efforts should therefore be made to estimate aggregate demand through financial and tax policies; carbon and financial transaction taxes, for example, could help stimulate the economy. Achieving policy coherence was at the core of sustainable development for all; interrelated issues, such as decent work, poverty eradication, industrialization, women's empowerment and the promotion of trade and investment should be addressed in an integrated manner. For Africa, infrastructure and industrialization were critical for economic growth and job creation. In the global quest for 600 million new jobs, Africa must have its fair share.

43. Making dignity and prosperity the norm in labour markets was not just ethically right, but also good for business. For effective social dialogue, respect for the fundamental rights of freedom of association and collective bargaining was essential. Trade unions could play a crucial role in promoting decent work; new innovative forms of social dialogue, drawing on the participation of trade unions, civil society, Governments and businesses, were needed to adequately address emerging challenges in the twenty-

first century. Indeed, the Council should consider launching such a dialogue. Efforts should also be made to strengthen social protections and job security for those working in the informal economy and, in view of the key role that women played in spurring growth, to increase women's participation in the labour market. Young people must, moreover, be equipped with the right skills and education to meet the needs of modern job markets.

44. Since environmental sustainability and job creation were mutually reinforcing, transitioning to more environmentally sustainable approaches could have a positive impact on job creation, quality and productivity; efforts must be made to ensure that the transition to a green economy was a just transition for workers. Governments needed to adopt policies that incentivized investment in sustainable development and job creation, and should partner with the private sector, development banks, entrepreneurs and multilateral organisations to advance progress. Fostering inclusive growth required transparency, a just and efficient tax system, international cooperation and smarter aid to spur investment and create an enabling environment. Policymakers must also encourage business-oriented risk-taking by putting in place financial arrangements to support long-term investment.

45. To provide follow-up to the outcome of the integration segment, he was working with the Director-General of the International Labour Organization to launch a global network of stakeholders on employment creation and decent work for sustainable development. Consultations with potential members of that network were under way. The discussions and recommendations of the integration segment, which would be made available on the Council website, would serve as an important contribution to the high-level segment of the Council, including the high-level political forum on sustainable development, convened under its auspices.

46. In conclusion, he welcomed the proposal to make "harnessing digital technologies for sustainable development" the theme of the 2016 integration segment. That proposal, put forward by the representative of the International Telecommunication Union at the previous meeting, would be carefully considered by the Bureau.

The meeting rose at 6 p.m.