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Expert Meeting on Social Inclusion Programmes
and Their Impact on Sustainable and Inclusive
Development and Growth
 Geneva, 27–28 November 2014

Report of the Expert Meeting on Social Inclusion Programmes and Their Impact on Sustainable and Inclusive Development and Growth

Held at the Palais des Nations, Geneva, on 27 and 28 November 2014

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I. Chair's summary

1. The expert meeting focused on social inclusion programmes and their impact on sustainable and inclusive development and growth in developing countries. It also discussed policies and strategies needed to foster poverty reduction and inclusive development. The key issues discussed at the meeting included:

- How could developing countries create and support more inclusive development pathways?
- What were the linkages between structural transformation, employment creation and inclusive growth?
- What were the successful experiences and best practices from developing countries in making growth more participatory and inclusive with impact on poverty reduction, job creation and equity?
- How could developing countries better integrate social protection policy into national development strategies?
- What was the role of gender, finance, leadership and informality in promoting social inclusion in the growth process?

A. Opening statement

2. The Deputy Secretary-General of UNCTAD pointed out that many developing countries were yet to achieve sustainable and inclusive development despite experiencing robust growth over the past two decades. He argued that the lack of creation of enough good-quality jobs and the absence of adequate and effective mechanisms to distribute the benefits of growth were some of the factors accounting for the lack of social inclusion in the growth process in developing countries. In this context, he stressed the need for adoption of social inclusion programmes in developing countries to give vulnerable groups an opportunity to participate and benefit from economic growth.

B. Informal sessions

3. The meeting was organized in three sessions. The first session was on "Productive capacities, structural transformation and social inclusion". The second session focused on the experiences and lessons from social inclusion programmes in developing countries. The final session dealt with cross-cutting issues such as gender, finance, leadership and informality. Each of the three sessions featured presentations by panellists followed by interactive discussions.

Productive capacities, structural transformation and social inclusion

4. At the first session, the UNCTAD secretariat made a presentation highlighting the importance of social inclusion programmes for inclusive development. It stressed the need for developing countries to move away from the use of social inclusion schemes as remedial action to making them an intrinsic part of productive capacity-building and structural transformation. It was noted that involving the poor in the productive process was a sound avenue for generating better prospects for them in the development process. Furthermore, it was mentioned that adopting social inclusion measures and policies as early as possible in the productive capacity-building process was generally desirable.

5. The panellists also shared their views on the theme of the session. They argued that the poor had not derived significant benefits from growth as evidenced by the fact that there had been an increase in global inequality over the past few decades that had been further exacerbated by the recent global crisis. They also noted that the current model of development applied in most economies did not generate sufficient numbers of decent jobs and that this had contributed to social exclusion. They called for structural transformation of developing economies and for social inclusion programmes to be an integral part of the transformation agenda.

6. Several participants stressed the need for Governments and the international community to address comprehensively the issue of inequality within and across countries. They were of the view that fostering social development was not only the responsibility of national Governments, since many international factors also affected the ability of Governments to promote social inclusion. In this regard, it was noted that the circumstances of world economy, international trade, finance and aid policies had to be made more consistent and transparent with the objective of promoting social inclusion worldwide.

7. The view was expressed by some panellists that the relationship between growth and development was not linear in the sense that growth did not automatically translate into inclusive development. For example, it was often the case that growth occurred without improvements in social indicators. The panellists argued that for growth to be inclusive it had to affect the three key sectors (agricultural, industrial and service sectors), leave no one behind, create jobs, reduce inequality and foster structural transformation. In this context, it was noted that economic and social developments had to be better integrated.

8. Several panellists argued that orthodox (market-based) policies, including liberalization, privatization and macroeconomic stabilization policies, were ill-equipped to address inequality (of income and opportunity), reduce poverty and create jobs. In this regard, it was noted that the public sector had an important role to play in promoting structural transformation and in making economic growth benefit all stakeholders. It was suggested that government reforms should not aim at enhancing efficiency alone but should also take into account equity issues. Government interventions in the form of enhancement of productive capacities, land redistribution, improved access to public services, water, universal free education, universal health services, subsidized housing and adequate minimum wages were identified as crucial to achieving socially inclusive, broad-based and sustainable development.

9. Several panellists pointed out that social policy had a transformative role in the sense that it could enhance productive capacities of individuals, reinforce redistributive effects of economic policies, reduce the burden of growth and protect people from risks. Against this backdrop, it was noted that social policies and programmes should be seen as an investment and not simply as a cost.

10. During the interactive debate, one participant noted that Governments often had to make a choice between a universal system of social assistance and one targeted specifically at the poor. He indicated that this was an important challenge particularly when targeting the poor meant excluding the middle class, a group needed to garner political support for social programmes.

11. Several participants described their countries' experiences with social programmes and the difficulties in dealing with the issue by stressing the fact that their effectiveness depended on joint efforts by all stakeholders in the society. Providing better access to education and eliminating discrimination also helped to foster inclusion. Participants noted that social inclusion programmes required financing and this could not be done by Governments alone. It was necessary to find ways to incentivize the private sector to

provide financing for social programmes. Participants also mentioned the need to create wealth and opportunities for all and ensure sustainability of social programmes.

Social inclusion programmes: Experiences and lessons

12. During the second session, panellists reviewed the experiences and lessons from social inclusion programmes in developing countries. It was noted that social inclusion programmes had to be well designed in order to be effectively implemented. The objective had to be strongly connected to the interests of the community and supported by a clear vision. Furthermore, programmes had to be designed in such a way that beneficiaries could graduate out of them and sustainability also had to be taken into account in the design of these programmes.

13. One panellist argued that community-based tourism enterprises were effective in fostering social inclusion in the tourism sector. In addition, foreign tourism enterprises, compared to local enterprises, made a lower contribution to reducing poverty and increasing the well-being of local inhabitants. Measures or actions to promote competitive and steady local supplies of goods and services of direct interest to domestically established industries (that is, linkages) was cited as the area of social inclusion perhaps most likely to have a catalytic impact by transforming informal stakeholders (for example, farmers, handicraft makers, carpenters, and the like) into formal operators. It was also mentioned that a social inclusion programme in the area of tourism would necessarily involve a rich local input to the tourism economy, and was likely to lead local stakeholders to improve their skills eventually, particularly if efforts were made by the State to facilitate the people's rise from informality to formal economic activity.

14. Several panellists indicated that creating employment was crucial for inclusive development and that employment guarantee schemes was one way Governments had attempted to promote social inclusion. In this context, it was mentioned that social programmes had to be operated at an optimum scale to have the desired impact. It was also important to invest in institutions to enhance the capacity of Government to run and implement programmes effectively.

15. During the interactive debate, some participants expressed the view that there was no uniform model, programme or instrument for promoting social inclusion. Each country needed to formulate policies and strategies based on its specific circumstances, resource base and cultural and institutional set up. There was some consensus, however, that there was a need for developing countries to build their productive capacities, spur structural economic transformation, promote decent jobs and adopt social inclusive policies that gave vulnerable groups an opportunity to participate in and benefit from economic growth.

16. One participant asked whether there was any evidence indicating that social inclusion programmes had a positive effect on structural transformation. In response to this question, it was mentioned that while there was evidence indicating that social programmes contributed to productivity, the impact on structural transformation was more difficult to establish and researchers had not fully addressed this question.

17. Another issue that was raised by participants during the interactive debate was the fact that implementing social programmes required financing and that efforts had to be made to attract private sector flows into social sector activities. In this context, it was suggested that UNCTAD should play a role in guiding the private sector to support social programmes.

Role of finance, gender, informality and leadership in promoting social inclusion

18. During the third session, one panellist argued that gender was at the heart of policies to promote social inclusion and so Governments had to find ways to integrate gender issues

and concerns more broadly into national development strategies. It was mentioned that gender equality was a right and that the State had a role to play in guaranteeing and enforcing this right. It was also noted that women bore the burden of social exclusion and that creating decent employment through structural transformation was crucial for including women in the growth process. While structural transformation was highly important, it was stressed that Governments had to carefully identify and locate women in the discussion on structural transformation. The panellist considered this to be critical because if transformation resulted in the promotion of activities that women were not heavily involved in, it would be unlikely to promote social inclusion.

19. Another panellist highlighted an approach to including gender in the finance of agricultural projects and programmes. The approach involved identification of the target group, design of the programme, implementation and monitoring, and evaluation and impact assessment. It was noted that avoiding elite capture and political pressure, and also measuring and evaluating programmes, were challenges associated with project implementation. The panellist also stressed the need to look at economic transformation at the household level rather than simply at the national level. It was mentioned that if women either did not have a voice at home or did not control income, achieving social inclusion would be difficult.

20. One of the panellists also underscored the importance of leadership in fostering inclusive development. It was mentioned that weak governance affected the fiscal space and ability of Governments to finance social inclusion programmes. There was, therefore, the need to reduce corruption in the public sector. In addition, leadership had to be forward looking and to have the political will to take corrective actions to address issues of social exclusion. It was suggested that providing quality education, eliminating corruption, discouraging conspicuous consumption and promoting the culture of savings were key in promoting inclusive growth. There was also the need for leadership that showed compassion and kindness and was sensitive to the needs of vulnerable groups in society.

21. Another panellist suggested that informality accounted for the majority of employment in least developed countries and that self-employment accounted for a large share of informal employment. In this context, it was noted that there was a link between informality and social exclusion in developing countries. The panellist stressed that developing countries could not depend on growth to reduce informality, pointing out that addressing informality required structural transformation. In particular, it required moving people out of informal and low-productivity activities. It was also mentioned that the nature of social inclusion mattered because there could be unfavourable inclusion in societies and so the terms of inclusion should be considered as important.

22. During the interactive debate, participants emphasized the importance of capacity-building in strengthening the role of the private sector in fostering inclusive development. They also encouraged Governments to continue with social inclusion programmes and suggested that these programmes should be institutionalized rather than being implemented in an ad-hoc manner.

23. One participant wondered whether leadership was inconsistent with equality and social inclusion. In response, several participants indicated that the focus in the inclusion debate was not on equality but on equity. It was noted that there was a difference between equality and equity – most discussions on social inclusion were concerned with equity issues, and leadership provided the space for vulnerable people to benefit from growth and catch-up in the development process.

24. Some participants argued that the challenge of informality in Africa needed to be further discussed, pointing out that poor infrastructure contributed to informality on the continent. It was also noted that small firms had difficulties graduating into medium and

large firms and that the financial sector did not support small firms to grow. They were also of the view that social inclusion could not be achieved without financial inclusion in terms of access, quality and use of financial services. Governments should therefore make financial inclusion a key component of their social inclusion policies.

25. One participant mentioned that the problem of social exclusion was not unique to the informal sector because the formal economy also had similar problems in developing as well as in developed countries. In this context, it was important to address the problem of social exclusion in a holistic manner rather than focusing on the informal economy.

26. Several participants noted that the problem of poor governance was not unique to oil-exporting countries and so it would be wrong to suggest that natural resources were the cause of poor governance in developing countries. They argued that there were countries that had abundant natural resources and had managed and used them effectively in support of economic transformation and inclusive development.

II. Organizational matters

A. Election of officers

(Agenda item 1)

27. At its opening plenary meeting, the expert meeting elected the following officers:

Chair:	Ms. Natalia Pacheco (Plurinational State of Bolivia)
Vice-Chair-cum-Rapporteur:	Mr. Muhammad Takdir (Indonesia)

B. Adoption of the agenda and organization of work

(Agenda item 2)

28. At its opening plenary meeting, on 27 November 2014, the expert meeting adopted the provisional agenda for the session (TD/B/C.I/EM.7/1). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Social inclusion programmes and their impact on sustainable and inclusive development and growth
4. Adoption of the report of the meeting

29. Also at its opening plenary meeting, the expert meeting agreed that the Chair should summarize the discussions.

C. Adoption of the report of the meeting

(Agenda item 4)

30. At its closing plenary meeting on 28 November 2014 the expert meeting authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting.

Annex

Attendance*

1. Representatives of the following States members of UNCTAD attended the expert meeting:

Afghanistan	Mozambique
Algeria	Myanmar
Bangladesh	Nepal
Brazil	Philippines
Chile	Poland
China	Saudi Arabia
Dominican Republic	Singapore
Ecuador	Spain
Ethiopia	Sudan
Indonesia	Switzerland
Malaysia	Thailand
Mexico	Togo
Morocco	Tunisia

2. The following United Nations organs, bodies and programmes were represented at the session:

Department of Economic and Social Affairs
 Economic Commission for Africa
 United Nations Institute for Training and Research
 United Nations Research Institute for Social Development

3. The following specialized agencies were represented at the session:

International Fund for Agricultural Development
 International Labour Organization
 United Nations Industrial Development Organization

4. The following non-governmental organizations were represented at the session:

General category

Organisation Camerounaise de Promotion de la Coopération Économique
 Internationale
 Village Suisse ONG

* For the list of participants, see TD/B/C.I/EM.7/INF.1.