

Single Year Expert Meeting on Social Inclusion Programmes and Their Impact on Sustainable and Inclusive Development and Growth

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Statement by Mr. Petko Draganov, Deputy Secretary-General of UNCTAD

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Excellencies,

Ladies and Gentlemen,

It is my pleasure to welcome you to this expert meeting on "*Social inclusion programmes and their impact on sustainable and inclusive development and growth*". This is a topic that we, at UNCTAD, consider crucial to engendering development. The meeting is timely given the on-going discussion on the post-2015 agenda and how it can foster inclusive and sustainable development and create prosperity for all.

Let me start by putting the meeting in context.

Despite robust growth over the past two decades, sustainability and inclusiveness are still unaccomplished objectives in many developing countries.

On the one hand, economic growth in developing countries improved significantly. Real GDP increased from 4.7 per cent between 1991 and 2002, to 7.0 per cent between 2003 and 2007, and still stood at 5.3 per cent in the post crisis period of 2008-2012. This translated into significant poverty reduction rates. Globally, the proportion of people living on less than US\$1.25 a day, fell from 47 in 1990 to 22% in 2010. This is a major achievement.

On the other hand, in many countries, particularly in Africa and the least developed countries, recent growth has also come together with an increase in the absolute number of poor people and a rise in inequality. Growth has left large parts of the society out in the cold.

This experience has shown once more that growth is a necessary but not a sufficient condition for poverty reduction: Growth does not automatically reduce poverty or vulnerabilities, and neither does it ensure that benefits are fairly distributed.

It is thus important to address why growth has not been inclusive.

My colleague, Pierre Encontre, will further elaborate on some answers to this question, but I would like to mention two issues that I consider of particular relevance: the first one relates to the jobless growth trend; and the second, to the lack of sufficient and effective mechanisms to distribute the benefits of growth.

Let me start with the first aspect.

Recent growth has not generated sufficient and good quality jobs that enable a decent living and absorb the rapidly growing new entrants to the labour market. This occurred, to some extent, because growth has not been transformative, especially in many African and Least Developed Countries. I mean that these countries did not go through *a* structural transformation process, characterized by a shift from low- to high-productivity activities within and across sectors.

Furthermore, in many of these countries productive capacities remain weak due to low investment rates, slow technological progress and lack of economic diversification and transformation. Low investment rates also reflect the reliance on consumption-based growth strategies. Such growth results in over-dependence on imported consumer goods which affects the development and survival of local industries, thus inhibiting job creation. And large shares of workers are employed in vulnerable jobs in still expanding informal sectors; hence, the phenomenon of the working poor.

The second factor that explains why growth has not been inclusive relates to the lack of sufficient and effective mechanisms to distribute the benefits of growth.

Many countries lack well-designed programmes, such as social protection schemes, to redistribute the benefits of growth, lower inequalities and poverty, and ensure that vulnerable population groups can actively take part in the growth process. Let me emphasize that the vulnerable are not just the poor, but also the elderly, the ill, the unemployed, the women and the minorities.

Social inclusion programmes can be powerful mechanisms to reduce people's exposure to risks and break the vicious cycle of vulnerability and poverty. They can enhance the capacity of individual's to build up skills and protect themselves against loss of income or other events that push people into poverty.

The UN System Task Team on the post-2015 UN Development Agenda estimates that 80 per cent of the global population has no access to comprehensive social protection that enables people to cope with life risks. This explains why growth often co-exists with social exclusion and why it is such a big concern that requires action.

The recent crisis has further demonstrated the importance of social inclusion programmes. Suffice it to look at epidemics, such as Ebola, spread in those countries where poverty is vast and social protection is limited.

Countries with effective schemes succeeded in protecting millions of people from falling into poverty. They safeguarded that the economic progress achieved in good times was not wiped out during bad times.

I would not argue that implementing such schemes is easy or cheap. But I would like to underscore the growing evidence indicating that these programmes are affordable even in developing countries, if well-designed and implemented. Moreover, there is a high opportunity cost of not implementing social inclusion programmes, in terms of poverty and vulnerability, social disintegration, low educational achievement, loss of assets and related effects on productive capacities.

Ladies and gentlemen,

Inclusive growth implies that the vulnerable groups of society get an opportunity to participate and benefit from economic growth. This requires both job-rich growth strategies and scaling up of social inclusion schemes.

In this expert meeting we want to discuss these elements in more detail and provide a platform to share country experiences.

I would like to invite you all to actively participate in the discussions and use this opportunity to reflect on how we can foster more inclusive development paths.

Thank you.