



General Assembly

Distr.
LIMITED

A/CONF.191/L.17
19 May 2001

Original: ENGLISH

Third United Nations Conference on the
Least Developed Countries
Brussels, Belgium, 14-20 May 2001

Interactive thematic session

HUMAN RESOURCES DEVELOPMENT AND EMPLOYMENT

**Decent work for poverty reduction: an agenda for development
in the LDCs**

Summary prepared by the Conference secretariat

1. The International Labour Office (ILO), as lead agency, organized the thematic session on Human Resources Development and Employment. Consistent with the tripartite nature of the ILO, the session included presentations from Governments, workers and employers. In total, 27 interventions from representatives of the three groups, donors and international agencies were made. The session was structured around three issues: the role of human resources development for accelerating economic growth and enhancing competitiveness and for empowering the poor; the role of employment creation in poverty reduction; and key policy issues to ensure decent work for all.

The role of human resources development for accelerating economic growth, enhancing competitiveness and empowering the poor

2. It is widely recognized that an essential determinant of achieving sustained economic growth is the accumulation and utilization of human capital. Employment is the most effective mechanism for poverty reduction. The characteristics of employment in LDCs provide a good overview of problems facing them in pursuit of their development objectives, since their labour force is both an asset and a handicap for sustainable development. One particular view advanced is that human resources is the major asset that LDCs have to alleviate poverty

3. During the discussions, it was argued that policies should take into account the structural features particular to the labour markets in LDCs. Firstly, traditional agriculture and low-productivity in the informal economy account for a very high proportion of total employment (some 80 to 90 per cent). Secondly, the unequal distribution of land is detrimental to employment creation. Thirdly, there is a very high incidence of self-employment. Taken altogether, the employment picture is one of low productivity and low returns to labour.

4. LDCs also have problems in areas other than in the structure of employment, which affects their ability to meet development objectives, as can be witnessed from the high rate of population growth and health problems exemplified by the spread of HIV/AIDS. These directly impact on efforts to reduce unemployment and alleviate poverty.

The role of employment creation in poverty reduction

5. For successful poverty alleviation through the provision of decent work, it is essential that LDC's economies achieve sustainable growth. Economic growth is a necessary precondition for employment expansion for poverty reduction. However, discussions also reinforced the point that economic growth is a means for human development, not a goal on its own. It is important to take a holistic concept of development that encompasses, in particular, the employment dimension of growth. In LDCs with an appropriate system of incentives and institutions, economic growth can be highly employment intensive.

6. There are a number of different forms, sources and dimensions of poverty reduction due to decent work. The welfare of the poor increases if there is: (i) an increase in wage employment; (ii) an increase in real wages; (iii) an increase in the self employment of the poor; (iv) an increase in the productivity of the poor's self-employment; and (v) an increase in the terms of exchange for the output of the poor's self-employment or income from employment.

7. These outcomes, however, should be embedded in a poverty reduction strategy that includes basic rights, informal or formal social security, representation and social institutions. Organization and dialogue provide representational security and often give way to the enjoyment

of other freedoms. Systems of social security that are part of a wage employment system are seldom feasible in LDCs. Innovative schemes are needed to provide social protection for the poor especially in the informal economy.

Key priority areas

8. A successful employment-creating strategy for poverty reduction is one of rapid employment-intensive growth which enables people to achieve productive, remunerative and freely chosen decent jobs.

9. The components of such a strategy could include:

- A high rate of labour-absorbing growth;
- Promoting self-employment of the poor by converting them into productive entrepreneurs;
- Increasing the productivity of poor workers both in wage employment and in self-employment;
- Ensuring favourable terms of exchange for the products of the poor's labour;
- Specially designed employment opportunities for the households with unfavourable labour endowment;
- Design of system of social protection of vulnerable groups especially women, youth and children.

10. The design and implementation of these strategies should be done in a framework of partnership among LDCs, donor countries and international organizations. Such a framework could include

- Strengthen national capacity to enhance the quality of international economic integration through technical assistance;
- Design decent work strategies;
- Harness migration as a force for poverty reduction;
- Create partnerships for social progress;
- Enhance the quality of research.

11. A sound and pragmatic employment-creating strategy to accelerate economic growth should not be implemented in isolation. It is only one element of a coherent comprehensive development strategy that requires appropriate political, economic and legal frameworks, including: peace, good governance, market access, debt alleviation, removing child labour, fundamental rights of workers, social dialogue and participation. All these are necessary pre-conditions to reverse the marginalization of LDCs and ensure their participation in the global economy.

Deliverable proposals

12. The deliverable proposals the ILO are within the perspective of making a contribution to the objective set out at the UN Millennium Summit to halve poverty by 2015 and to assist LDCs in their development process. They cover four main areas:

(i) Human resources development and employment: The main objective is to respond to the specific characteristics of LDCs, offering a package of components to be integrated into national employment strategies and to support national poverty reduction programmes through the achievement and consolidation of employment-intensive growth. Particular focus is placed on employment-intensive infrastructure; skills development and vocational training (with emphasis on youth); self employment through enterprise promotion (with emphasis on women entrepreneurs); cooperative employment; access to financial services (with emphasis on micro-finance) and labour market information systems. A combination of local economic development and the development of the necessary human resources to allow LDCs to increase their competitiveness in international trade has also been proposed. In this context, two specific projects were mentioned: UNCTAD's Train for Trade Capacity-building Programme and the joint UNCTAD/ILO Minimum Income for School Attendance (MISA) scheme. Mozambique has volunteered to be one of the three pilot countries for the project in Africa.

(ii) Social protection: The overall objective is to extend social protection to those who are unable to benefit from formal social security systems. This focuses on innovative and cost-effective methods of extending social safety nets to poor groups, especially in the informal and rural economies. Innovative proposals are also presented in the form of a reinsurance facility for community-funded health schemes as well as a cash transfer (minimum income) programme conditional on basic education attendance, targeted to the poorest and most vulnerable families.

(iii) Social dialogue: The main objective is to ensure that social partners (workers and employers) as well as Ministries of Labour are fully involved in the design and implementation of national poverty reduction strategies of LDCs and that employment and the decent work agenda are integrated into these strategies. This calls for the strengthening of the capacity of social partners, in particular through training, in order to enable them to fully engage in the process of economic and social policy-making. Social dialogue is the most effective way to ensure the ownership of poverty reduction strategies particularly in the framework of the World Bank/IMF PRSPs.

(iv) Vulnerable groups: This category targets particularly vulnerable groups, such as working children victims of the worst forms of exploitation and workers living with HIV/AIDS, with emphasis on prevention and fighting social exclusion.
