



weak national and global governance as the main reason for the persistence of poverty (Max Ooft, UNDP Suriname; Donald Lee, UN DESA; Margret Vidar, FAO). Aspects of governance discussed included power and politics, abuse by interest groups, decision-making and inclusiveness, access to information, respect for rights, capacity and empowerment, and police protection and legal services.

There was strong agreement among contributors that growth without equitable income distribution cannot reduce poverty, and that, therefore, there is a fundamental need for **redistribution of resources to the poor** (Daniel Kostzer, UNDP Argentina; Diego Recalde, RASC Panama; Duncan Campbell, ILO; Isabel Ortiz, UN DESA; Luca Monge Roffarello and Sabrina Varma, UNDP THDU Geneva; Luke Wasonga, UNDP RSC Johannesburg). Several contributors underscored the appropriateness of redistribution from the perspective of social justice, but Ms. Ortiz noted it also meets an economic need, boosting global demand and productivity.

Diego Recalde (RASC Panama) identified a strong, sustainable national budget – ideally achieved through progressive taxation and an efficient tax collection system paired with responsible macro-fiscal management – as the primary redistribution mechanism available to governments. In addition to domestic taxation, increased and better quality development aid, and newly proposed international sources such as taxes on short-term speculative financial transactions, on arms trade, pollution and others (Isabel Ortiz, UN DESA) as well as debt reduction and concessional loans (Nora Lustig, BDP UNDP) were named as other revenue sources for redistribution.

Max Ooft (UNDP Suriname) emphasized that poverty cannot be solved with pure anti-poverty packages. Contributors were of the unanimous view that policy efforts to reduce poverty must be directed toward the root causes. There was broad agreement that **strengthening governance** is essential for improving the lives of the poor (Ooft; Donald Lee, UN DESA; Isabel Ortiz, UN DESA; Noha El-Mikawy, UNDP Oslo Governance C -0pa6-the lives Kd TD 08.062 Tc 3.312 T((Daniel Kostzer, UNDP Argentglobal f -0.062 Tc resogen0.7m

mechanisms for broad-based participation in the delivery of public services and efforts to minimize the likelihood of these services being captured by local elites; promoting progressive tax systems and adequate allocations for social services; fighting nepotism and corruption (Isabel Ortiz, UN DESA); ensuring national and local institutions that deliver on the MDGs in a responsive manner with special attention to issues of jobless growth, urban/rural poverty, hunger, trade and aid effectiveness; ensuring processes of planning, budgeting, policy identification, implementation and monitoring that are participative, inclusive and empowering (Noha El-Mikawy, UNDP Oslo Governance Center); strengthening leadership in its broad sense; empowering disadvantaged and vulnerable groups; strengthening information exchange and mechanisms for inclusive decision-making (Max Ooft, UNDP Suriname); and clarifying and enforcing property rights (Derek Scissors, George Washington University). Margret Vidar (FAO) emphasized that ensuring their human rights could shift power relations more in favor of the poor.

Max Ooft (UNDP Suriname) felt that there is a need to accelerate efforts to strengthen governance and suggested that the UN should adopt and promote holistic and empirically tested guidance for governance practices at the national level. From Noha El-Mikawy the e-discussion learned that the UNDP Oslo Governance Center is working to define the most appropriate range of policy options available to address deficits in democratic governance, to assess the quality of existing democratic governance indicators and to build national capacities for measurement and assessment of governance performance. Derek Scissors (George Washington University) encouraged relevant international institutions to help governments formulate effective property right laws.

## II. E-DISCUSSION THEMES

### A. Reduction of Jobless Growth

*Q: What national policies would assist developing countries to break the trend of jobless growth and generate youth employment in particular?*

*Q: In what ways can the broader international community support these efforts, including through trade policy?*

*Q: What are the existing useful diagnostic tools and methodologies used for identifying the constraints/challenges resulting in less optimal job creation and jobless growth?*

There was consensus that **growth is not a panacea for poverty**. Duncan Campbell (ILO) defined the problem as one of global “underemployment” -- not unemployment -- where good jobs are not being created, and the \$2 per day working poor still account for almost 50 per cent of the global labour market. He said measures are still needed to move employment and decent work higher up among policy priorities. Some contributors noted that it was particularly important to target unemployed youth (Donald Lee, UN DESA; Ruby Sandhu-Rojon, UNDP Burkina Faso; David Abbott, UNDP Fiji). A growing number of countries have or are preparing national action plans for **youth**

**employment**, a compendium of which was recently published by DESA and the ILO<sup>1</sup>. The Youth Employment Network (YEN) has spearheaded action to address youth employment at the global level.

Nora Lustig (BDP UNDP) mentioned that rich countries can help reduce poverty and inequality in the developing world through **trade policies such as** lowering international trade barriers for goods and services that employ low-skilled workers. Ms. Lustig cautioned that not all the reductions in trade barriers or migration restrictions will help, providing the examples that reducing the barriers for goods that are intensive in the use of natural resources could actually exacerbate inequality and poverty in the country of origin, as could relaxing migration restrictions for skilled workers. Although international trade has both created and destroyed jobs, Luca Monge Roffarello and Sabrina Varma (UNDP TDHU Geneva) referred to the WTO-ILO study on *Trade and Employment: Challenges for Policy Research*, which states that, in the long run, efficiency gains

growth and public investment strategies (Ortiz). Integrating employment concerns in macroeconomic management can restore some balance in the way that policy makers set goals and priorities, and it entails setting realistic job creation targets that would be consistent with absorbing – at a minimum – new entrants to the workforce (Lee). Macroeconomic policies must ensure that public expenditures in the social sectors are maintained at satisfactory levels, and that an adequate exchange rate policy combined with an investment/industrial policy stimulates output and employment growth (Ortiz). The ILO has argued that governments can influence the employment intensity of growth by incorporating the use of labor-based rather than equipment-based production methods in its public investment policy (Lee). Luca Monge Roffarello and Sabrina Varma (UNDP TDHU Geneva) advocate for policy space for countries to pursue their trade and industrial priorities through national development plans.

Daniel Kostzer (UNDP Argentina) stressed that evaluating and monitoring the impact on employment of every economic and social policy, plan or programme implemented is critical to avoiding negative impacts. This requires the development of new and original **tools to undertake ex-ante assessment and reduce risks of job destruction** as well as on-going evaluation that will allow changes in direction if the desired outcomes are not achieved. He highlighted that UNDP, ILO and DESA have a role in supporting capacity-building programmes/projects at national and sub-national levels.

Leisa Perch (UNDP SRO Barbados) underlined the need for investigating the challenges facing job-seekers and undertaking diagnostic efforts to link education attainment and access to the job market. In the context of new sector development, including spin-offs, **labour market studies** that tap into both the needs of job seeker and the employer could be useful to ensure a link to vocational or tertiary level opportunities so that when a new sector emerges there is a lab

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environment and effective regulatory framework promoting competition, enforcing fair practices and standards, and ensuring that essential goods and services are affordable and

with measures to ensure more equitable distribution of incomes and enhanced social protection for the poor and vulnerable. Structural policy will promote labor intensive sectors with great employment potential, such as productive agriculture, agro- and food processing, and services with a particular focus on small-scale and family entrepreneurship. Targeted child allowances and social assistance benefits have alleviated the most acute forms of deprivation, but the volume of income transfers needs to be increased, through reforms to improve planning, targeting and management of social expenditures, using the positive experience of the decentralized administration of social assistance by the local self-government (mahallas) (Vladimir Mikhalev, UNDP Regional Center Bratislava).

**Tuvalu:** The Falekaupule (Outer Island Development) Trust Fund (FTF) comprises funds contributed by government, donors and communities that are invested in international capital markets. In years in which the fund increases in value, a distribution is made to participating communities and applied toward community-based development projects selected and managed by the communities. The construction projects create employment during their implementation and the investment helps stimulate additional private enterprises to meet local demand. As incomes rise, additional employment opportunities are generated, making it financially viable for youth, in particular, to remain in their rural communities. In the past two years, communities have received significant distributions and major projects are being implemented. Better governance processes have been identified as being critical to the long-term success of the FTF (David Abbott, UNDP Fiji).

**Fiji:** With only one-quarter to one-third of all those leaving school likely to find regular work in the formal sector, youth employment is one of the most critical issues facing Pacific Island governments. A UNDP pilot project introduced entrepreneurship into the school curriculum in Samoa so that youth may develop skills to generate their own income. Moreover, recently concluded negotiations with New Zealand will provide employment opportunities for temporary workers from a number of Pacific island countries, which will particularly benefit younger workers (David Abbott, UNDP Fiji).

**Africa:** Examples of the different ways in which African countries are approaching youth employment issues through volunteering include: Niger where government and civil society organisations are working with international partners through a two-phase process to establish the legislative context and operational mechanisms to strengthen youth volunteering; Kenya in which a major youth policy initiative is in process within which youth volunteering is to be fostered; and Burkina Faso which is putting in place national infrastructure for the launch of a national corps of “Volunteers for Development” (Ruby Sandhu-Rojon, UNDP Burkina Faso).

## **B. Global Governance of Trade**

***Q: What innovative policies and strategies can countries use to ensure that the benefits of globalization are both inclusive and equitable, disproportionately benefit the poor and effectively shield them from its perils?***



and systems and identify areas where strategies are needed at the national levels to assist redistribution of wealth and reduce inequality.

With regard to the “dispute settlement system”, Bipul Chatterjee (CUTS International) suggested an alternative and cost effective system, such as the Swedish proposal for an Ombudsman, along with capacity building for poor countries to take part in the dispute settlement mechanism and financial compensations for LDCs that are unable to retaliate for adverse trade activities.

In terms of ensuring the benefits of globalization are distributed in equitable manner, Nora Lustig (UNDP BDP) pointed to several ways for the rich countries to play their roles. These would include (i) implementing policies that reduce the wage gap between low and high skilled workers or between capital owners and laborers in poor countries through lowering international trade barriers for goods and services which employ low skilled workers, encouraging foreign investments in labor intensive sectors and relaxing the restrictions for international migration to the richer countries; (ii) providing resources to government of the poorer nations for redistributive policies through foreign aid, debt reduction, loans, etc.(i.e. Cohesion and Social Funds of the EU); (iii) creating effective global financial safety nets to help developing countries cope with the volatility of capital flows; and (iv) implementing mechanisms to reduce the tax loopholes for developing countries’ rich in order to improve countries’ tax bases.

### **C. Scaling-Up the Response**

## **Conclusions and Recommendations**

Luca Monge Roffarello and Sabrina Varma (THDU Geneva) suggested multilateral trade reforms in key areas of interest to developing countries such as agriculture, appropriate flexibility in the context of industrial tariffs and agriculture for food security and livelihood purposes would make a positive contribution to creating the fiscal space for countries to fund their development priorities.

Ram Shankar (UNDP Maldives) asserted that aid effectiveness can only be achieved with good governance – a proper system of accountability, transparency, fund-distribution and basic security – in place. Mr. Shankar also stated that the international community should support financial scale-up depending on the implementation of measurable governance reforms.

Nora Lustig (UNDP BDP New York) said that international community can increase resources available to governments of poorer nations for redistributive policies through foreign aid, debt reduction or concessional loans, citing Europe's Cohesion and Structural Funds as examples.

### **D. Innovative National Policies to Reduce Rural and Urban Poverty**

problems. Vladimir Mikhalev (UNDP Regional Center Bratislava) discussed the case of Uzbekistan and its efforts to align its PRSP (Welfare Empowerment Strategy) with the MDGs. He highlighted that the policies to reduce persistent rural poverty need to be designed to ensure more equitable distribution of growth to improve the human condition in rural areas. In this regard Mr. Mikhalev also mentioned that structural policy needs to focus on promotion of labor intensive sectors with employment potential such as agriculture, agro- and food processing, and focus on small-scale and family entrepreneurship.

C. Kenrick Hunte (Howard University) stated that to reduce rural poverty, the emphasis should be on changing the way rural households allocate time to meet basic needs. Mr. Hunte highlighted an example of women who spent long hours accessing water resources that prevents them to allocate time to income-gene

economic utilization in rural areas.

Multiple contributors (Donald Lee, UN DESA; Max Ooft, UNDP Suriname; Dag Ehrenpreis, UNDP IPC Brazil) highlighted the need for 'good governance' and leadership's commitment in eradicating poverty in rural areas. Empowerment of the rural poor is necessary to ensure allocation of resources and launch of infrastructure development projects. In connection to issues of governance, Derek Scissors (George Washington University) emphasized the need for enforceable property rights laws as a means to empower the rural population and increase their wealth and social welfare.

Chiranjibi Tiwari (SNV Vietnam) stated that people's lack of access or expensive access to basic services such as safe drinking water and sanitation, health facilities, and education, is the key factor in holding rural communities in poverty. C. Kenrick Hunte (Howard University) stated the necessity of governmental action to ensure the basic services are guaranteed in rural areas. In addition, Dr. Hunte recommended that a study be undertaken to collect and analyze approaches used in delivering fresh water to rural communities in order to replicate them across affected regions.

In relation to understanding the implications of and tackling rural poverty, Leisa

ownership must be reformed to enable the poor the ownership of land. In addition, Leisa Perch (UNDP Barbados) highlighted the necessity of involving the rural poor in designing financial mechanisms specifically relevant for the rural population.

### **Country Examples**

**Tuvalu:** In Tuvalu, the Falekaupule Trust Fund (FTF) was established with funds from the government, donor agencies and the communities. Each year the fund makes investment in international capital markets and the revenues are distributed to the community. The community then selects how to spend the revenues on community development initiatives managed and implemented by the community. As the FTF targets the needs of the community, it improves household and community infrastructure and basic services as well creates employment during the construction and implementation phases of the community projects. As families receive income from construction, they also decide to spend it on consumer durables which increases employment opportunities for the provision of the consumer durables. The aim and the hope is to not only improve the community through community resources but also encourage the youth to remain in their rural environments and thus curb the rural migration (David Abbott, UNDP Pacific Center).

**China:** In China, the aftermath of the Cultural Revolution brought to light severe wealth distribution inequalities. Wealth was concentrated in urban areas while rural populations were prevented from accessing rich urban areas. The ensuing agricultural reform and enforcement of land rights in rural areas led to quick and explosive increases in agricultural productivity and incomes. Agricultural output nearly doubled and incomes increased leading to a reduction in food costs and in poverty (Derek Scissors, George Washington University).

### **E. Short-term Response to Long-Term Solutions to Hunger**

***Q: How can developing countries shift from short-term responses to hunger and food insecurity to long-term solutions? To what extent can biotechnology contribute to this end?***

***Q: What steps can developing countries take to mitigate and adapt to climate change, which threatens to affect food production?***

Margret Vidar (FAO) reported that progress is being made in promoting the right to food and its implementation<sup>2</sup>. Indeed, food is plentiful, Ram Shankar (UNDP

stated that hunger must be tackled at both the aggregate and local (micro) levels and that it is imperative to maintain common resources that are critical to people who cannot find food grown by the use of technology.

Yusuf Gumaa (UNDP Kenya) observed that poverty is the enemy of sustainable livelihoods because it encourages short-term decision-making for immediate survivability and creates a vicious spiral of poverty and environmental degradation. Nikhil Seth (UN DESA) emphasized the likelihood that climate change will impact agricultural production and rearing of animals and fish for human consumption. He pointed to the importance of countries needing to have the capacity to adapt to change. Mr. Seth provided examples of where the United Nations system is actively working on various facets of the issue, including innovative financing and food security. Leisa Perch (UNDP SRO Barbados and the OESC) indicated that many Caribbean nations have taken steps to mitigate and adapt to climate change.

Luke Wasonga (UNDP RC Johannesburg) challenged the assumption that new crops and modern production techniques lead to increased incomes and higher standards of living of poor households. Mr. Wasonga also used the evidence from a Kenyan study which suggested that increases in productivity are often realized at the expense of the nutritional well-being of the farming population.

## **Conclusions and Recommendations**

Donald Lee (UN DESA) stressed the importance of a holistic approach to poverty and hunger reduction in which **governance** is given due attention. Yusuf Gumaa (UNDP Kenya) also underscored the importance of good governance and leadership commitment to eradicate poverty and hunger through the path of good growth, good distribution of income and well-targeted social expenditures by governments. Ram Shankar (UNDP Maldives) suggested that the UN share between regions and countries (through mechanisms such as the South-South Cooperation Unit) its expertise on best practice in fighting hunger, with a particular emphasis on governance.

Citing evidence from a Kenyan study that showed that increases in productivity are often realized at the expense of the nutritional situation of the farming population, Luke Wasonga (UNDP RC Johannesburg) pointed to the need to **balance cash and food production and nutritional objectives** in agricultural and rural development interventions.

Yusuf Gumaa (UNDP Kenya) recommended that **biotechnology** in agriculture, fisheries and livestock should be encouraged in poor countries. If this would be

governments through PRSPs that target the issue of hunger, including provision of alternatives crops and GM foods. He also recommended that the UN use existing resources and expertise on best practices to **build capacity and train farmers** on best practices on farming and alternative crops and usage of low-cost technology.

Furthermore, Yusuf Gumaa (UNDP Kenya) supported formulating **new developmental models based upon renewable energy** to ensure that environmental degradation is taken into account, based on the logic that fossil fuel has given rise to environmental disasters that create poverty. In this context, he recommended that ODA could be disbursed on environmental grounds and, insofar as aid packages raise incomes and alleviate poverty, he stated that the environment may benefit and the poverty trap could be avoided.

Leisa Perch (UNDP SRO Barbados) underscored the **responsibility of the State** to respond to climate change. She wrote that it is imperative that countries know their vulnerabilities as well as the social and economic impacts those vulnerabilities will bring. She recommended bringing scientific knowledge into economic and social planning to assist in identifying threats to food production. Ms. Perch encouraged governments to take responsibility to encourage the population to adapt to climate change and to use environmental levies and other economic instruments to balance conventional technologies against environment- and climate-friendly technologies. She also urged a stepped-up advocacy campaign to reduce emissions. Ram Shankar (UNDP Maldives) recommended that the UN play a useful role by mobilizing civil society organizations in various countries to educate local communities and people about climate change and to influence national and sub-national policy making processes.

## **Poverty and Employment Generation**

- § To ensure that benefits of globalization and economic growth are widely shared and evenly distributed, policies to address income inequality and redistribution of resources to the poor need to be actively pursued.
- § Strong, pro-poor governance is essential for eradicating poverty and hunger.
- § Employment generation and decent work -- especially for youth -- must become a higher national policy priority, and be aligned with fiscal, monetary and exchange rate policies.
- § Developing countries' trade policies can be deployed to help reduce poverty and inequality, but this cannot happen without the cooperation of developed countries.
- § Policies and programmes to foster micro-, small- and medium-sized enterprises (MSMEs) will disproportionately benefit the poor, who are most likely to be dependent on small enterprises for income.
- § Partnership among states, the private sector, civil society and other stakeholders is vital to taking coordinated, cooperative action to eradicate poverty and hunger.

## **Global Governance of Trade**

- § The 'democratic deficit' of the WTO can be effectively addressed through: linking development goals with the goals of trade liberalization; implementing mechanisms for inclusive consensus, negotiating norms, rules for informal processes, review of procedures for ministerial conferences, preparatory processes; setting clear guidelines and rules for chairs of the WTO bodies; and undertaking trade negotiations that proactively engage international and national NGOs

## **Scaling Up Response**

- § In order to generate domestic resources to finance development, countries should maximize the benefits from trade-related investments by supporting labor-intensive industries (e.g. the agriculture sector) and undertaking structural adjustments where necessary (e.g. through trade related technical assistance, Aid for Trade, etc.).
- § International community should increase resources available to governments of poorer nations for redistributive policies through foreign aid, debt reduction or concessional loans.
- § Aid effectiveness can be achieved through good governance -- a proper system of accountability, transparency, fair distribution and basic security -- in place.



**Reduction of Rural and Urban Poverty**

- § Poverty reduction requires mainstreaming equity across public sector policies to enable the poor to access opportunities, assets, incomes and social services.
- § Policies to reduce persistent rural poverty should focus on ensuring more equitable distribution of growth to improve the human condition in rural areas.
- § National poverty reduction strategies must be designed with participation of the target population -- the rural poor – in order to bring long-term solutions to multi-faceted long-term problems.
- § Structural policies need to focus on promotion of labor intensive sectors with employment potential such as agriculture, agro- and food processing, and focus on small-scale and family entrepreneurship.
- § Financial services for the poor need to be backed with adeng