

**Unclassified**

**DCD/DAC/POVNET/M(2008)10**

Organisation de Coopération et de Développement Économiques  
Organisation for Economic Co-operation and Development

**04-Nov-2008**

**English - Or. English**

**DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE**

## **DAC Network on Poverty Reduction**

**STAKEHOLDER CONSULTATION ON PROMOTING THE CONTRIBUTION OF EMPLOYMENT  
AND SOCIAL PROTECTION TO PRO-POOR GROWTH**

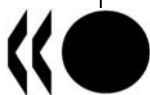
**SUMMARY RECORD**

**23 September 2008, OECD, Paris**

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**JT03254528**

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**SUMMARY RECORD OF THE STAKEHOLDER CONSULTATION  
ON  
PROMOTING THE CONTRIBUTION OF EMPLOYMENT AND SOCIAL PROTECTION TO  
PRO-POOR GROWTH**

1. The Development Assistance Committee's (DAC) Network on Poverty Reduction (POVNET) is presently preparing policy guidance notes for donors on how to assist developing countries increase the impact of economic growth on poverty reduction by supporting employment and social protection measures. In addition, a policy statement is being prepared.

2. The draft policy guidance notes are based on analysis, evidence and experience in developing countries. Before finalising this work, and the policy statement, a consultation was organised with developing country policy makers and practitioners to test out their meaningfulness and relevance and to arrive at clearer ideas on priority needs and what works well in supporting employment and social protection in pursuit of pro-poor growth. In particular, the consultation focused on the practicalities of how donors can best support developing country policies in these areas, including issues concerning the political economy of these policies, budgetary dimensions and how to roll out such measures and subsequently assess their impacts.

**I. Welcome and opening remarks**

3. Morten Elkjaer, Chair of the POVNET Task Team on Employment and Labour Markets (ELM), underlined in his opening remarks the importance of having an external view of professionals dealing with social protection and employment and labour markets in developing countries. It is a reality check of the task teams' work so far and can help improve the draft documents discussed at this workshop.

**II. Employment and labour markets**

4. Summarising the Task Team's findings, Morten Elkjaer highlighted that employment and economic growth is the key route out of poverty, but also stressed the importance of having a conducive context where both can develop unhindered and be supported with the right incentives. From the donors' perspective, the recognition of the informal economy, a demand-driven and financially sustainable vocational training policy as well as giving youth and women specific attention to increase the potential of growth, should receive special attention. Against this background, he invited the speakers to share their perspectives on the draft ELM policy guidance note and the policy statement.

***Mr. Ngyen Manh Coung, Viet Nam (a government perspective)***

5. Appreciating the linkages made between employment and social protection, as well as giving a special focus to the informal economy which has so far been neglected, Mr. Ngyen pointed out several issues using country specific examples that were of particular importance. Highlighting the need for effective social protection systems, he underlined the importance of the inclusiveness of such systems and their access by the poor. Looking specifically at domestic migration from rural to urban areas, he underlined that this concerned mostly low-skilled women and young people who are in need of special measures for successful integration into the labour market. They are a very vulnerable group and have most difficulties moving out of poverty and misery. He encouraged the Task Team to better specify what "vulnerable groups" really are in its documents. A further challenge identified is the notion of vocational training in the informal economy. Explaining that skills development in the informal economy is often very

informal itself and on-the-job, formalisation of it has to build on existing traditional practices. Finally, the role and responsibility of the private sector in the creation of decent employment was underlined. The underlying codes of conduct of Corporate Social Responsibility (CSR) initiatives often reflect idealised views of consumers, but do not take into account values and domestic concepts of importance to a country. Recognising the value of CSR, he cautioned against the import of foreign values that are not always compatible with country structures.

***Mr. William Baah-Boateng, Ghana (a policy analyst perspective)***

6. Mr. Baah-Boateng agreed that, as a link between economic growth and poverty reduction, decent and productive employment is critical in the development and design of employment policies. Also, growth in developing countries often failed to reduce poverty because it often did not originate in “employment friendly” sectors. Enough evidence is available to support these statements. He confirmed that the key policy messages identified by the Task Team are in line with a broader framework of job creation for poverty reduction, but underlined a few general issues for attention: donors have to consider country specific issues and recognise a country’s vision. The harmonisation of donors and the need to strengthen capacities of public institutions for policy implementation remains crucial. Accountability, transparency and the reduction of bureaucracy to minimise corruption remain important issues donors are expected to support.

7. More specific comments included the need to remove the negative perception of formalisation processes, but rather to stress the gains from formalisation. Confirming the direction donors want to take on vocational training, he stressed not only the importance of quality certification and recognition, but also the need to go beyond training and facilitate the placement of people according to their skills, considering a more holistic approach, especially for youth, and to support a framework to export skilled manpower. Building on traditional informal training, there is an opportunity for periodic training to introduce new and changing technologies. Bottlenecks for youth and women need to be better addressed, going from job search assistance and counselling, to policy issues like paid maternity leave accepted by enterprises. As most of the poor are involved in the agricultural sector, measures like credit assistance, resolving land tenure issues, improved packaging and marketing of produce through adequate extension services need to be better addressed in the policy guidance note.

***Ms. Rosemary Ssenabulya, Uganda (an employer perspective)***

8. Ms Ssenabulya underlined from the outset the need to include all stakeholders (employers, workers and civil society) in the development, implementation and evaluation of policies so as to increase ownership and effectiveness. Donors should devote more resources to institutional development of stakeholder organisations but also to the implementation of private-public-partnerships – with specific opportunities for employment. More precisely, agriculture – where 65% of the labour force is active – requires more specific support and attention, especially to address small holder farmers and land reforms, but also the linkages to industries. Agriculture needs to be better addressed in the policy guidance note if the poor are really to be included. The focus on informal economy and support to employers and workers organisations is seen as crucial and should be piloted regionally, before being scaled-up nationally. The informal economy is complicated and has to be well understood. Also, vocational training has to become part of an overall employment and education policy. She also suggested that employers’ organisations should be supported to establish an industrial training fund to enable industrial training by employers.

9. In terms of social protection, the private sector should be involved and included in its delivery, to ensure complementarities. Social protection also needs to be extended to self-employed and workers in small enterprises and the informal economy. Migration is clearly not a desirable situation and incentives are needed to attract skilled workers to return home. The focus on youth and women, especially in terms of

entrepreneurship and special business development support for women, is essential for their inclusion in the economy. She concluded that although governments are primarily responsible for creating a conducive environment for productive employment, employers, workers, civil society and youth organisations have an important role to play. Donors are expected to enable these stakeholders to work together.

***Dr. Aggrey K.L.J. Mlimuka, Tanzania (an employer perspective)***

10. Dr. Mlimuka underlined the importance of a competitive and conducive environment as a pre-condition for productive and decent employment. The private sector is the one providing more employment and should be in the centre. In general, the private sector has very low capacity to invest and cannot afford social benefits such as retirement schemes. He sees a strong need to involve the private sector in the design of any vocational training policy to make it truly demand-driven and recognises the need to promote human capital development. He stressed the importance of rural-urban migration, leading to a need to increase rural non-farm activities and private sector development in such areas.

***Discussion***

11. Emphasis was given to the fact that many developing countries currently have minimum policies regarding employment and decent work, but that their implementation and the enforcement of the law is lacking. This can lead to an exploitation of the labour force. Donors should therefore give attention to this and help governments develop the means and instruments to enforce legislation, as for example the translation of labour laws into the language of foreign investors. Another important insight was the fact of creating entrepreneurship in a holistic way, allowing people to move from being employment seekers to employment creators. This should include not only capacity building and training, but also access to investment opportunities and an education system that prepares people to solve problems rather than learn facts. Such an approach would allow workers to increase their mobility between different types of jobs and occupations. To make training more effective and truly demand-driven, the private sector should not only participate in the development of policies but also be an actor in delivering vocational training. In terms of participation of stakeholders, the Task Team documents focus on strengthening social partners and trade unions, but should also emphasise the right to assemble and to play their role vis-à-vis the government. Donors are expected to support a dialogue that fosters mutual accountability.

12. Informality was taken up as an important issue. The main question raised was how governments should address the informal economy, knowing that it does not get immediate benefit (taxes) from it. It was stressed that even though there is no 'formal' policy for vocational training in the informal economy, there are traditional ways and means to train people. When donors support governments in extending vocational training to the informal economy, they should recognise and build on existing informal and traditional learning. It was agreed though that the focus should be given to concentrating on increasing productivity in the informal economy to increase growth and to offer assistance to processes that promote formalisation. Finally, the issue of migration was not fully discussed, except the export of skilled workers without really finding common ground.

**III. Session II: Social protection and empowerment**

13. In his introductory remarks, the Chair of the POVNET Task Team on Social Protection and Empowerment, Rüdiger Krech, emphasised that successful social protection needs political commitment from finance ministers as well as from development stakeholders.

***Ms. Sheila Nkunika, Zambia (a Government perspective)***

14. Sheila Nkunika commenced her presentation by emphasising the need for continued support to social protection programmes and stated that affordability was not a question, provided programmes are

appropriately structured and have political backing. The main point of the presentation was the need for donors to co-ordinate their efforts and align these with existing structures in the recipient country. Ms. Nkunika called for stronger strategic alliances between donors and national development plans to avoid parallel planning and programming. To avoid duplication of work, Ms. Nkunika also urged donors not to attempt to cover numerous sectors, but rather to focus on a few in which they have significant experience. This will enable the recipient and donor countries to build long-term political commitment collectively as well as reduce the burden of administration on the side of the developing country. On a similar note, when building capacities, Ms. Nkunika requested donors to strengthen existing government structures and continue their work on these in order to ensure sustainability. Finally, Ms. Nkunika recommended a sharpening of the mandate of the policy documents and suggested accentuating both the Monterrey Consensus and the Paris Declaration.

***Mr. Paul Msoma, Malawi (a civil society perspective)***

15. Bringing in a perspective from civil society, Mr. Msoma focused on the issues of accountability and transparency in social protection programmes in Malawi. These, he argued, were associated with a growing decentralisation of responsibilities between different donors, government bodies, regions and civil society organisations. Mr. Msoma also brought attention to the fact that donors had moved away from supporting basic social services and how this has caused a number of problems for existing social protection mechanisms. Mr. Msoma, like many of the other stakeholder representatives, urged donors to work together in order to streamline their inputs with national processes and ‘to get on the same page’. Additionally, Mr. Msoma expressed how civil society plays a key role in social protection, especially in the growing regionalisation of intervention programmes where the government is distant from the end user. He argued, however, that a lack of experience with institutionalising public policies existed in both civil society organisations and government bodies, and that this had led to a decline of ownership. Concluding his presentation, Mr. Msoma praised the recent focus on alignment and stated how this process could also potentially assist in developing common methods and approaches to assess and measure poverty.

***Discussion***

16. From the stakeholder consultations, donors recognised that social protection was already on the agenda and well under way in many developing countries. Interventions should therefore go in the direction of financial support and capacity building, rather than advocacy. Donors should leave governments to take stronger ownership as they support social protection programmes. In this endeavour, it was also stressed that donors must align their efforts and take measures to ensure coherence with national policy processes in the partner country. National governments should be the lead development partner from the onset. When donors engage in social protection it was also noted by stakeholders that their agendas must be kept simple, realistic and harmonised. The role of civil society was also discussed and several donors mentioned that civil society engagement is at the centre of many agencies’ current and future work. Consultation with civil society should therefore be reflected in the policy guidance notes and the policy statement. To avoid too much donor funding, it was discussed whether donors should perhaps focus their efforts on capacity assessments and where and how to create programmes. Finally, south-to-south co-operation was also discussed, and it was clear that Africa can learn much from South America where investments in social protection have been successful in many countries.

**IV. Session III: Wrap-up and conclusion**

17. The Chairs thanked the participants for their useful comments and inputs which had led to an interesting discussion, but also added value to the draft documents that will be revised accordingly.

## **Participants list for Stakeholder Consultations & Task Team Meetings on Employment and Labour Markets, and Social Protection and Empowerment**

**23/9/2008**

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