

# The Federal Republic of Germany

## Positions for the Economic Commission for Latin America and the Caribbean

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### I. Addressing Labor Rights Through MSME Development

The Federal Republic of Germany is a strong advocate for utilizing both the public and private sectors to address and advance labor rights throughout the Latin American and Caribbean (LAC) region, along with many other Member States within the United Nations (UN). Currently, micro-, small, and medium enterprises (MSMEs) make up 97 percent of the world's industrial foundation, allowing for avenues of economic and social development throughout the world.<sup>1</sup> However, in the LAC region, MSME development is experiencing issues due to a number of productivity lags, which include a lack of manufactured and financial capital and resources, such as investing accounts and government subsidies.<sup>2</sup> In turn, these productivity lags prevent LAC-based MSMEs from enjoying long-term success due to the aforementioned economic and political hindrances that have a negative compound effect on lower income groups.<sup>3</sup> This compound effect cultivates a culture of social inequality and wage gaps with regards to labor unions and labor rights throughout the region.<sup>4</sup> As a result, the Federal Republic of Germany sees that the enhancement and development of labor rights can be made possible through the collaboration between the public and private sectors to promote and develop MSMEs throughout the LAC region.

The Federal Republic of Germany seeks to improve the inauspicious labor laws and rights throughout the LAC region. Currently, primary concerns of the ECLAC region include poor child labor rights, where an estimated one in every five children is found working in intolerable conditions.<sup>5</sup> In response to this data, the Federal Republic of Germany reaffirms its multifaceted joint efforts with fellow ECLAC Member States. Having only been admitted into the ECLAC in February 2005, the German State maintains various bilateral cooperation networks and political dialogues that have been forged between the ECLAC and the German State.<sup>6</sup> Just four years after its admission into the commission, Germany signed an agreement with the ECLAC to promote the sustainable development and social cohesion within the LAC region.<sup>7</sup> Under this agreement, Germany would pledge 3.97 million USD towards the program, and would continue joint efforts towards fiscal cooperation and improving economic quality throughout the region.<sup>8</sup> Furthermore, the German Mittelstand Framework, which employs heavy public and private sector financing and capital to enhance, promote, and ensure long-term success for developing small businesses throughout the Germanic region, can be replicated and implemented in those developing LAC region Member States that are ailed by poor labor legislation and productivity lags.<sup>9</sup>

The Federal Republic of Germany is a staunch advocate for implementing existing German frameworks regarding MSME development to address and improve labor rights across the LAC region. The primary method for developing Member States suffering from productivity lags is to utilize and implement public-private partnerships (PPPs), as seen through the Mittelstand framework, and further expand existing PPPs within the LAC region. PPPs enable long-term growth through shared risk, development of innovative relationships between public and private sector firms, and the use of private financing and public subsidies to promote the development of MSMEs.<sup>10</sup>

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<sup>1</sup> Colin Fenwick, John Howe, Shelley Marshall, and Ingrid Landau. "Labour and Labour-Related Laws in Micro and Small Enterprises: Innovative Regulatory Approaches." *International Labour Office*. 28 February 2007. Accessed 12 September 2018. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/documents/publication/wcms\\_093618.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_093618.pdf)

<sup>2</sup> "Addressing Labor Law Challenges to Promote MSME Growth." *Confederation of Indian Industry*. April 2017. Accessed 14 September 2018. <https://www.ciiblog.in/addressing-labor-law-challenges-to-promote-msme-growth/>

<sup>3</sup> Nicole Calcagno, Alyssa Jaime, and Jacob Howe. "Economic Commission for the Latin American and Caribbean." Background Guide. PDF. Atlanta: SRMUN, September 2018.

<sup>4</sup> Ibid.

<sup>5</sup> "At least 15 million children at work in Latin America The most intolerable forms of child labour targeted at the Cartagena Meeting." *International Labor Organization*. 7 May 1997. Accessed 14 September 2018.

[https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_008014/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_008014/lang--en/index.htm)

<sup>6</sup> "Germany and ECLAC Reaffirm Cooperation Ties for Follow-up to the 2030 Agenda in Latin America and the Caribbean," *ECLAC*, <https://goo.gl/afwq8A>.

<sup>7</sup> "ECLAC, Germany sign agreement to promote development in L. America." *Global Times*. 21 June 2009. Accessed 14 September 2018. <http://www.globaltimes.cn/content/438308.shtml>.

<sup>8</sup> Ibid.

<sup>9</sup> "Introducing the German Mittelstand." *Make it in Germany*. Accessed 14 October 2018.

<https://www.make-it-in-germany.com/en/for-qualified-professionals/working/mittelstand>

<sup>10</sup> "PPPs Vital to Improve Infrastructure Quality in Latin America." *World Bank*. 4 May 2017. Accessed 14 October 2018.

<http://www.worldbank.org/en/news/press-release/2017/05/04/ppps-vital-to-improve-infrastructure-quality-in-latin-america>

## II. Addressing the Economic Opportunities of Women Through Cash Transfers

Utilizing cash transfers to provide further economic opportunities for women has been a prominent topic throughout many Latin American and Caribbean (LAC) Member States. Cash Transfer Programs (CTPs) are economic programs common in many Member States today, mainly throughout Africa. When cash transfer programs are implemented, they demonstrate positive effects for women, mainly through strengthening the beneficiaries bargaining power and status in the household hierarchy.<sup>11</sup> The Federal Republic of Germany believes that cash transfer programs require some improvement within the LAC region in order to effectively promote and expand worthwhile economic opportunities for women.

Germany fully supports the upward mobility of our allies in the Economic Commission for the Latin American and the Caribbean (ECLAC). Economic gender parity is the cornerstone of German engagement within the United Nations (UN), and through its vast networks and economic prowess, the German State can be a catalyst for growth in the LAC region. Germany believes that implementing CTPs is the best way for Member States to improve their economic health and prosperity, while also growing and subsequently developing the region as a whole. The Federal Republic of Germany has been a supporter of CTPs, for example, Germany contributed 5.2 million USD to the World Food Programme's CTP in Iraq.<sup>12</sup> Germany also signed a financial agreement of 22 million USD to fund a CTP in Malawi.<sup>13</sup> Germany understands that CTPs have had impactful results in many Member States within the LAC region. Furthermore, cash transfer programs that target women have shown results that reflect positive economic activity such as income driven actions in East Africa.<sup>14</sup> Although current evidence of success is affected by different notions of empowerment, as well as the complexities of measuring results that come with economic decision-making, Germany would encourage the use of Conditional-Cash Transfers (CCT) frameworks like "Bolsa Familia" established in Brazil and Mexico's ProgresA/ Oportunidades. Using a model like CCT could produce profound results. In Brazil the poverty rate decreased by 15.6 percent since the introduction of CCTs.<sup>15</sup>

Agreeing upon the framework and implementation of an effective socioeconomic program is crucial for a Member States economy. Evidence from a range of Member States shows that increasing the share of household income controlled by women, either through their own earnings or cash transfers, changes spending habits to better benefit children and when more women work, economies improve and grow.<sup>16</sup> Although CTP's offer many advantages to their beneficiaries, there are many challenges that come with implementing these programs. For a program like a social safety net to succeed, the environment of the recipients needs to be properly addressed and accounted for during the programs conception. A society involved with a socioeconomic program is a crucial factor that needs to be accounted for. For instance, women's participation in the labor force is hindered by things such as: skills gap, occupational segregation, a lack of care services for children and the elderly, limitations in terms of mobility and transportation and legal or social restrictions.<sup>17</sup> Women who do work are more likely than men to work in informal, low paid, and undervalued employment; in Latin America and the Caribbean 54 percent of women in non-agriculture jobs are in informal employment.<sup>18</sup> CCT programs normally focus their conditional requirement at children however taking the initiative to improve the capabilities of women could add value to these workers.

Increasing the economic capabilities that women have in their communities is crucial in fostering long-term economic growth, which in turn would support development and equality within their Member States. A woman who is empowered economically has both the ability and the means to make and act on economic decisions, thus increasing their purchasing power and allowing them to benefit from economic activities. Germany's history of support with CTPs shows just how vital we are to implementing a successful initiative. Germany looks forward to close collaboration and joint initiatives with our partners in the LAC region while also strengthening the global economic position for the region.

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<sup>11</sup> "Conditional Cash Transfer and the Human Right to Social Security," UNRISD. Accessed 10 October 2018

<sup>12</sup> "Funding from Germany Underpins WFP Cash Assistance To Conflict-Affected Iraqis," World Food Programme. Accessed 12 October 2018

<sup>13</sup> "Malawi, Germany sign K17 billion social protection pact," The Times Group. Accessed 24 October 2018

<sup>14</sup> "The impact of cash transfers on the economic advancement and decision-making capacity of rural women," Food and Agriculture Organization of the United Nations. Accessed 12 October 2018.

<sup>15</sup> Conditional Cash Transfers in Latin America, Impact, Scope and Limitations, Cairn.info. Accessed 24 October 2018. <https://www.cairn.info/revue-reflets-et-perspectives-de-la-vie-economique-2012-2-page-5.htm>

<sup>16</sup> "Facts and Figures: Economic Empowerment." UN Women. July 2017. Accessed 12 October 2018.

<http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures>

<sup>17</sup> Gonzalez, Anabel. "Economic Opportunity for Women: It's Good Business." Private Sector Development. March 08, 2016. Accessed October 25, 2018. <http://blogs.worldbank.org/psd/economic-opportunity-women-its-good-business>.

<sup>18</sup> "Facts and Figures: Economic Empowerment." UN Women. Accessed 12 October 2018.