

INTERNATIONAL LABOUR ORGANIZATION
OFFICE FOR THE UNITED NATIONS

Financing for Development
First Drafting Session
Domestic and international private finance

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Statement by: Mr. Massimiliano La Marca, Senior Economist, ILO

Thank you Mr. Co-facilitator,

Yesterday, the ILO emphasized the importance of creating an enabling environment that supports MSMEs and promotes financial inclusion, FDI and strategic integration into global value chains.

I would like to add a new dimension to the theme of domestic private finance as a source of self-sustained development that is missing in the Elements Paper.

A large part of the financing needs of enterprises is covered by revenues from sales of their products and at the same time, revenues depend on domestic and global demand. The current global financial and economic crisis is still showing us the importance of domestic and global demand in supporting investment and capacity accumulation, as well as avoiding the threat of "secular stagnation" in developed countries and supporting development in developing countries.

Work that is productive and fairly remunerated creates the mobilization of resources that boosts demand (domestic and global) through consumption and investment that supports the growth of incomes, which in turn generates necessary savings.

The importance of employment and social protection policies including effective labour market policies and legislation that support statutory or negotiated minimum wage systems, acceptable conditions of