



SEVENTEENTH ITEM ON THE AGENDA

**Report of the Working Party on the  
Social Dimension of Globalization**

**Oral report by the Chairperson  
of the Working Party**

**Visit of the Director-General of UNCTAD and  
the United Nations High Commissioner for  
Refugees**

1. In the morning, Mr. Rubens Ricupero, Secretary-General of UNCTAD, and Mr. Ruud Lubbers, United Nations High Commissioner for Refugees, addressed the Working Party. Mr. Ricupero focused his remarks mainly on the forthcoming Third UN Conference on the Least Developed Countries to be held in Brussels in May. He invited the ILO to take an active role in the preparations and proceedings of LDC III. Mr. Lubbers, drawing on his experience in politics and academia, highlighted issues of governance as being at the heart of the work of the UNHCR on refugees. Both speakers identified the scope for increased collaboration with the ILO and its tripartite constituency as important to their work. In reply to various questions the two guest speakers developed their visions and analysis of globalization and its impact on the mandates of their respective organizations.
2. In discussion, members of the Governing Body expressed appreciation for the thought-provoking contributions of the guest speakers, which had both served to underline the relevance of the decent work approach to the issue of poverty reduction, and to reinforce it through a collaborative effort of the multilateral system. A summary report of the discussions with Mr. Ricupero and Mr. Lubbers will be prepared and made available to Governing Body members for the future reference of the Working Party.

**Poverty reduction and decent work  
in a globalizing world**

3. During the course of the afternoon's discussions the Employers' and Workers' groups, as well as a number of governments and international agencies commented on document

GB.280/WP/SDG/1. There was general agreement that poverty reduction was an important part of the ILO mandate, and on the proposals in the paper to develop the decent work approach further with a view to increasing the ILO's effectiveness as a partner in the international community's efforts to achieve agreed development targets. A number of detailed comments were made and will be taken into account as further work progresses.

4. The Employers' group expressed some concern that by offering a relative as well as absolute definition of poverty, the paper risked distracting the ILO from the priority of action to alleviate extreme poverty in the poorest countries. This, rather than the different question of inequality, needed to be the ILO's focus. The Employers also insisted that growth was essential and that within the decent work agenda, job creation was of first importance. Other aspects of decent work could, in addressing stark poverty, be too demanding and needed to be applied reasonably.
5. The Workers' group felt that the paper emphasized only the quantity of employment and would have preferred to see more prominence given to freedom of association, collective bargaining and social dialogue as important mechanisms for the poor to advance their claims. Poverty in richer countries remained a serious concern and should not be overlooked while giving highest priority to the situation of the poorest in the developing world. The Workers were also concerned that so far poverty reduction strategy papers (PRSPs) appeared to be essentially a repackaging of previous World Bank policies, that developing countries remained disadvantaged in negotiating for World Bank and International Monetary Fund support, and that consideration of employment issues and social dialogue were largely absent from the process. The ILO needed to focus on capacity building with trade unions and employers' organizations in developing countries. They requested further information from the Office on its work on PRSPs and an assessment of their practical value as a means of advancing decent work and poverty reduction.
6. Government delegates largely welcomed the information in the paper and the approach suggested for further ILO work. It was proposed that future discussions of the subject would benefit from more analysis and evaluation of the impact of the ILO's activities.
7. A number of speakers highlighted the scale of the challenge of job creation, especially in the largest developing countries, and urged that this aspect of the decent work agenda deserved first priority. The timing and sequence of improvements in the quality of work would depend on the socio-economic conditions in each country. It was suggested that the scope for job-creating growth was linked to, amongst other things, access to industrial country markets and finance, especially official development assistance. The ILO should develop its collaboration with other agencies to maximize the respective competencies of each in a coherent form, but some delegates said that this should not lead to social conditionality. Coherence was needed at local, national, sectoral and international levels and duplication and waste should be avoided, including in studies of poverty.
8. Some Government delegates also stressed that the multifaceted character of poverty called for integrated strategies and that the ILO had an important opportunity to lead the way in placing decent work at the heart of a poverty-reducing development framework. The research and advisory activities of the ILO were a platform for action and a number of speakers looked forward to the first reports and evaluations of the ILO's engagement in operationalizing decent work through the PRSP process. The scope for collaboration with bilateral aid agencies and the European Commission, as well as multilateral institutions, was emphasized and delegates from some donor countries expressed support for the approach taken in the paper and interest in collaboration with the Office in its practical development.

9. Recalling Mr. Ricupero's remarks in the morning about the scale of the poverty reduction challenge in the least developed countries, it was pointed out that poverty also remained a serious concern in a number of developing countries not only in the LDC group and a focus on the poorest should not exclude them from ILO and the international community's support. Among other points made by delegates, it was recognized that the relationship between international integration, growth and poverty reduction was complex and endogenous factors remained significant. Further research and discussion, particularly through the examination of country case studies, was needed to understand better how the potential of greater openness could be translated into improved economic performance and the alleviation of poverty. In this context, training was of key importance. It was suggested that the concentration of poverty in rural areas and amongst wage labourers and their families called for an intensification of ILO work on the problems of this sector. The challenge of overcoming social and economic divides between the formal and informal sectors was a major issue for many countries requiring local-level action through the promotion of networks of self-help organizations, cooperatives, micro-credit institutions, micro-enterprises, local authorities, local-level employers' and workers' organizations. ILO support for efforts to overcome social exclusion was an important part of the decent work approach to poverty reduction.

## **Proposed work to expand the knowledge base of the Working Party**

10. All speakers who commented on the paper (GB.280/WP/SDG/2) supported the work proposed. The Employers' group noted that it contained interesting suggestions but felt that the work should be located in the International Institute for Labour Studies rather than in the International Policy Group. The Workers' group strongly supported the proposed studies but also expressed concern that other items that had been proposed last November were not being pursued. In particular, they thought that it would be important for the Office to examine far more carefully the reasons behind the dramatic growth in export processing zones over recent years as well as other ways in which trade and investment decisions were undermining labour standards. One Government speaker urged the Office to increase its research capacity on macro and microeconomic issues, while another commended the partnership approach adopted by the project on the impact of globalization on employment and poverty reduction, adding that there should be an assessment of the role and the effects of the policies of international institutions on globalization, employment and the informal sector.

## **Future priorities for the Working Party**

11. In an intervention at the end of the morning, the Director-General raised the issue of the strategic direction that the Working Party could now take. There were two aspects to be considered.
12. First, the Working Party is an internal instrument of the ILO and it has played a very important role in promoting exchange within the Office and with other international organizations, and in developing new means of action. For instance, it was here that the idea emerged of the Declaration on Fundamental Principles and Rights at Work.
13. Second, there is a large and increasing external demand for a better understanding of the issues arising out of globalization. There is widespread concern with the social dimensions of globalization, a need to develop new frameworks, and people are looking to the

multilateral system for answers. The Working Party has been making a major contribution to meeting this demand.

14. The adoption of the decent work agenda as the framework for the ILO's programme strengthens the ability of the Office to respond to the social dimensions of globalization.
  - First of all, it provides a more integrated approach in the ILO's own work.
  - Second, it is a development agenda, one which puts people and their needs at the centre of development. This strengthens its potential to provide answers to some of the key concerns with globalization.
  - Third, decent work provides a policy identity for the ILO in its dialogue with other multilateral institutions.
15. The Director-General noted that there is awareness in the international system of the need for a more integrated approach, but not enough progress towards this goal. He stressed that we were reaching the analytical and policy limits of a piecemeal approach to an increasingly complex and integrated phenomenon. The developments in the ILO programme make it possible to strengthen the Working Party in this regard. Within the multilateral system this forum is particularly well suited to pursue the social dimensions of globalization in an integrated way, not least because of its tripartite composition. This integrated view should encompass globalization and the world of work, and should take into account how decent work forms part of the development agenda.
16. In order to play this role effectively, the Director-General felt that the presence of the Working Party should be enhanced. He referred to a number of options as to the ways this might be done. For instance, it could meet more frequently; there could be stand-alone meetings on important issues; it could organize hearings or an international commission, there could be a high-level segment of the Working Party; there could be further research in depth. The Director-General was not indicating that all of these things should be done, but that these and other possibilities should be reviewed. He was basically opening an exchange about ideas on the strategic direction of the Working Party.
17. The importance of the issues raised by the Director-General was generally acknowledged. Many delegates spoke in favour of one or more of the possibilities that he mentioned in his intervention. There was a clear consensus that the Director-General should continue to consult on these ideas. There was also a general feeling that more time was required to evaluate the different options, and that in order to permit this the Office should prepare a paper on the subject. I understand that there was no objection to the proposal that this paper be considered in a meeting of the Working Party to be held during the next International Labour Conference, on a date to be decided. This is subject to the appropriate practical arrangements being made, and to the paper being provided well in advance in order for the members of the Working Party to have adequate time for preparation and internal consultation within the groups. The modalities of this meeting should be arranged in agreement with the Officers of the Governing Body.

Geneva, 29 March 2001.