



THIRTEENTH ITEM ON THE AGENDA

**Report of the Committee on
Employment and Social Policy**

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1. The Committee met on 18 March 2004. Ambassador Umer, representative of the Government of Pakistan, was Chairperson. The Employer and Worker Vice-Chairpersons were Mr. Niles and Mr. Oshiomhole, respectively. Mr. Oshiomhole had been nominated to replace Mr. Patel, who was unable to attend the Committee meeting for personal reasons.

I. Promoting decent employment through entrepreneurship (First item on the agenda)

2. A representative of the Director-General (Mr. Henriques, Director, Department of Job Creation and Enterprise Development) introduced the Office paper.¹ He highlighted key points from the paper by indicating that the large majority of jobs were generated by small and medium-sized enterprises (SMEs) and cooperatives, and they played an important role in tackling poverty. Job quality issues remained a concern in many SMEs. As SMEs played a crucial part in the labour market, he stressed the importance of having policies, strategies and programmes that would enable SMEs to make a full contribution to social and economic development. Guidance for the Office's Programme on Entrepreneurship and Decent Employment was found in the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), and the Promotion of Cooperatives Recommendation, 2002 (No. 193). He placed the Global Employment Agenda's (GEA) fifth core element, promoting decent employment through entrepreneurship, in the context of the three core principles of the GEA, viz. social dialogue, decent work as a productive factor and combating discrimination; he also related core element five to the remaining nine elements of the GEA. The Office's programme had three major areas of focus. These were: (1) Promoting enabling policies and regulations; (2) supporting an entrepreneurial culture; and (3) building capacity for support services for small enterprises.
3. The Employer Vice-Chairperson expressed his disagreement with the fact that a paper before this Committee should cover financial matters. Such information did not add value to the discussion; moreover, budgetary allocations were clearly under the mandate of the Programme, Financial and Administrative Committee (PFAC). He endorsed the views expressed in the paper that small enterprises played a prominent role in job creation. If the Office was concerned about job creation, then it had to be concerned about SMEs; employment resulted from new enterprises, which in turn contributed to economic growth. He encouraged the Office to take account of the work of Hernando de Soto as expressed in his book *The mystery of capital* and to align itself to the recent report published by the UNDP on unleashing entrepreneurship. This should provide a good basis for partnership between this work of the UNDP and the GEA. He noted some apparent areas of conflict within the paper on issues relating to enterprise creation and regulation, in particular in paragraphs 8 and 10. Bureaucratic measures needed to provide enough room for enterprises to grow, and entrepreneurs needed to have the right to fail. In relation to further work by the Office, he suggested greater collaboration between the Office and the UNDP to improve access to the Internet by SMEs. In conclusion, he wished to see more analysis within the paper, particularly relating to what had worked and what had not. He also took exception to the inclusion of the phrase "race to the bottom" in the paper, indicating that such a concept had no value and should not be referred to in Office documents.
4. The Worker Vice-Chairperson noted that in his understanding a decision had been taken at the last meeting on the provision of information relating to the allocation of resources, to

¹ GB.289/ESP/1.

enable the Committee to know more about the GEA and to promote transparency. He thanked the Office for the consultations and cooperation with ACTRAV. The report was interesting and comprehensive, but some aspects and elements of the general approach to entrepreneurship needed adjustment. Firstly, he disagreed with the characterization that entrepreneurship was the principal determinant of employment promotion, particularly in light of the definition of entrepreneurship provided in the paper. Economic theory had identified numerous key determinants and, although there was some disagreement as to the most important ones, no research supported the claim made in the report that the principal factor determining employment levels was management capability and the skills of employers. Furthermore, this characterization could lead to the conclusion that any obstacles that hindered employers should be removed, such as company taxes, labour legislation and trade unions. Referring to research commissioned by the Office on the impact of policies and legislation on SMEs in seven countries, he noted that this research clearly showed that demand for the products and services that the enterprise produces was the most important factor influencing the level of employment in SMEs; the report did not address this issue. Noting that the research also demonstrated that labour legislation and regulations did not appear to be the burden that was originally anticipated, he indicated that the section on lessons learned should acknowledge this error. Referring to future priorities, he suggested that the Office should focus more on examining factors that influenced the demand for products and services produced by SMEs and should promote policies designed to augment the demand for these products – including wage and tax policies that would increase disposable incomes of the poor. He also expressed concern that policies designed to encourage multinationals to invest in developing countries, as well as trade liberalization, were having an adverse impact on SMEs and employment, and this issue was not addressed in the report. The speaker warmly welcomed the paper's focus on the quality of employment, and the increasing importance being given to the promotion of decent work and labour standards in the activities concerning SMEs. He strongly endorsed the findings that exemption of SMEs from labour legislation was counterproductive and promoted growth traps, and the statement in paragraph 26 that cooperatives were attractive for self-employed persons because they provided members with economic services and gave them voice and representation. He felt that the paper underplayed the large potential of cooperatives. The Office placed too much emphasis and resources on development of SMEs, despite the high failure rate of such enterprises, at the expense of support for cooperatives. Given the proven record of cooperatives in generating decent work and their sustainable contribution to economic development and job creation, the speaker recommended an adjustment to the relative resources devoted to promoting cooperatives and SMEs within the Office. In closing, the speaker recommended two actions: involvement of workers' and employers' organizations in policy matters; and strengthening and promoting work on cooperatives, especially following the adoption of the Promotion of Cooperatives Recommendation, 2002 (No. 193).

5. The representative of the Government of Sudan, on behalf of the Governments of the Africa group, welcomed the report. He stressed that it was essential to develop both the economic and social situation, and that SMEs played a pivotal role in the process to release the potential of society and to reduce unemployment. In Africa, a large number of countries lacked national policies and resources to develop enterprises in the public and private sectors. They also lacked local expertise, and too often had to depend on foreign experts; hence training was needed to develop local expertise. Other areas of need included: providing advice and support to SMEs; making financing accessible; and undertaking feasibility studies, data collection and other forms of support. He also stressed the importance of SMEs for job creation, particularly for youth and to bridge the urban/rural development gap, since SMEs were relatively labour intensive. In conclusion, the speaker emphasized the importance of: encouraging national funding for investment in SMEs; encouraging entrepreneurship through training and promotion of an entrepreneurial

culture; raising awareness of the important role of SMEs through media and research institutions; and implementing appropriate legislation and regulations to govern SMEs.

6. The representative of the Government of India, speaking on behalf of the Governments of the Asia-Pacific group, thanked the Office for the important and informative document. He stressed that the main instrument to promote SME entrepreneurship was microfinancing, which had grown in importance over the last decade. Recent statistics indicated that SMEs accounted for the vast majority of new jobs. Unemployment was a primary concern in every part of the world, and he hoped that adequate account would be taken of the concerns of countries with labour surpluses. He hoped that the Office would formulate steps to promote entrepreneurship which would in turn help with economic growth and job creation.
7. The representative of the Government of France, speaking on behalf of the IMEC group of countries, welcomed the document and expressed support for future priorities proposed in paragraphs 68-75 and for the four objectives in paragraph 75. He stressed that four points needed particular attention in future Office work: the simplification of administrative and regulatory procedures; the organization of the informal economy; the promotion of a culture conducive to entrepreneurship through education and the media and the dissemination of tools such as the programme Start and Improve Your Business (SIYB); and the need for linking international labour standards with environmental standards. Finally, he asked that future PowerPoint presentations be provided in the official languages, as already requested in previous sessions of the Committee.
8. The representative of the Government of Japan highlighted the importance of paying attention to job quality in job creation, and mentioned several cases of bilateral and international cooperation, supported by his country, in countries such as Thailand, Pakistan, Bangladesh and China. In the future, his Government intended to support other such initiatives in the Asian region.
9. The representative of the Government of South Africa expressed support for the statement made on behalf of the Africa group, and welcomed the paper prepared by the Office. The GEA represented a growing consensus in the world that the employment challenge required both national and international collective efforts. He agreed that entrepreneurship had strong links with the other core elements of the GEA, and welcomed the ILO's emphasis on both the quality and quantity of employment. He urged the Office to continue its efforts to integrate the core GEA values of decent work as a productive factor, non-discrimination and social dialogue into the strategy to promote entrepreneurship. The speaker then shared some information on recent trends in his country concerning the role of SMEs in employment generation and economic growth, and on legislative measures being taken to support cooperatives. In conclusion, he expressed his positive expectations for the work of the Office, particularly in light of the upcoming Extraordinary Summit of African Union Heads of State and Government on Employment and Poverty Alleviation, Burkina Faso, September 2004.
10. The representative of the Government of the United States considered it useful to have information in the report on the allocation of staff and financial resources. However, the Committee had to respect the budget allocation process and the authority of the PFAC, and the discretion accorded to the Office management. The work of the Office on cooperatives, and its new emphasis on local economic development, were useful approaches. He also noted the importance of vibrant and inclusive democratic political institutions, a free press and the capacity of individuals to participate in the political system. He endorsed the Office's advice to simplify regulations, to inform actors of their obligations, and to assist them with compliance as a first step in enforcement. Lastly, he noted that the Office could

do a better job in acknowledging the work of other institutions and researchers, to encourage others to work more closely with the ILO.

- 11.** The representative of the Government of Pakistan expressed satisfaction with the ground covered over the past year concerning the GEA. He was particularly pleased with the level of concrete action being taken at the national level. He gave several examples of activities taking place in Pakistan, and considered that the sharing of national experiences was extremely helpful. The real challenge, which the report correctly identified, was promoting the twin aims of providing rights at work and security, while ensuring that commercial and product regulations did not inhibit growth of SMEs, particularly micro-enterprises in the informal economy. Consequently, he appreciated that the report provided examples on how this goal could realistically be achieved. He also stressed the importance of ensuring that workers and employers in SMEs had a voice, to ensure that policies were not biased against them. In conclusion, the speaker supported the conclusions of the report and encouraged the further sharing of experiences.
- 12.** Mr. Anand (Employer member) endorsed the comments of the Employer Vice-Chairperson, and drew particular attention to paragraphs 71-75 of the report. He noted the importance of reducing the emphasis on the role of the State as a prerequisite for fostering an entrepreneurial culture; but he did not think that the ILO was taking the initiative in this respect. He stressed the need to balance job protection with job promotion, as both were necessary. The social environment was changing, as were peoples' values, in particular those of frustrated youth. Therefore, the ILO should work with the UNDP on promoting a school curriculum to emphasize self-reliance. Cooperative principles needed to be linked to management of clusters by the users, in terms of environment, community relations, and maintenance of infrastructure.
- 13.** The representative of the Government of Mexico noted that her Government considered that future action by the Office needed to take account of the special needs and circumstances of each country as referred to in paragraph 8. While small enterprise owners and workers were responsible for being represented in policy formulation and implementation, employers' and workers' organizations should promote their representation. In this regard, she recommended that successful cases be disseminated. With regard to policy formulation and implementation, future Office activities should focus on policies that meet the goals of creating enterprises while securing decent working conditions. These activities should be complemented by an evaluation mechanism at the national and local levels with a view to monitoring progress and disseminating the experience of successful SMEs. Finally, she suggested that the Office should document the experience of various countries with regard to the reduction of unnecessary administrative burdens on enterprises.
- 14.** The representative of the Government of Spain expressed disagreement with the statement on labour inspectors in paragraph 22 of the document. He regretted that the document had made recommendations on what the decisions of labour inspectorates should be. He stressed that labour inspectors were independent and their decisions on whether to impose fines or to provide guidance for improving compliance were made depending on the circumstances of each enterprise.
- 15.** The representative of the Government of Italy thanked the Office for the document and endorsed the statement that had been made by the representative of the Government of France on behalf of the IMEC group. His Government supported the ILO programme for the promotion of SMEs and cooperatives and acknowledged the employment creation potential of these enterprises. He endorsed the operational strategy highlighted in paragraph 13 of the document and supported the promotion of an entrepreneurial culture based on ILO values and an enabling environment reducing administrative and regulatory

burdens and creating quality jobs. He referred to the Italian experience in promoting SMEs and cooperatives through financial and non-financial incentives, one-stop-shops and other decentralized administrative facilities, and promotional activities. He emphasized the importance of targeted initiatives, especially for women, youth and groups that were disadvantaged in the labour market. The Office should strengthen cooperation with the social partners and governments to increase their capacity in providing support services to enterprises at the national level, as well as their representation in SMEs for an effective social dialogue. His Government attached importance to the strategic alliances and supported paragraph 74.

16. The representative of the Government of Nigeria supported the comments of the Africa group. There were serious challenges in bridging the representational gap in respect of the informal economy, where most SMEs operated, because in most cases the number of enterprises was unknown. Her Government had established an “Office of the Coordinator of the Informal Sector” to give SMEs a voice in policy formulation. She also indicated that the first step should be to undertake a survey to enumerate SMEs, and stressed the importance of awareness campaigns to highlight the link between productivity and profitability, and decent work. Lastly, she called for action to be taken to develop labour inspection techniques for ensuring decent work which at the same time took into account the circumstances of each country.
17. The representative of the Government of New Zealand supported the comments of the spokespersons for IMEC and the Asia-Pacific group, and strongly supported the proposed Office action in the area of promoting entrepreneurship and decent work. Reducing regulatory constraints was essential to enable SMEs to offer quality employment opportunities. She was particularly pleased to read about tools being developed, such as SIYB, which provided practical, targeted and timely information and assistance to SMEs, while simultaneously promoting decent work.
18. Mr. Suzuki (Employer member) congratulated the Office for the good report. He stressed that the purpose of SMEs was the same as any other type of enterprise – wealth creation. This wealth creation enabled the enterprise to pay its expenditures and other financial obligations, and to earn a profit. SMEs tended to pay a relatively higher share of wealth to labour than to capital, which was important to bear in mind in gain-sharing. He encouraged the Office to study a new trend in management practice in SMEs in Japan, called co-partnership, where workers were encouraged to take an entrepreneurial role – by integrating them into a broader range of enterprise activities and interactions with stakeholders.
19. The representative of the Government of Belgium supported the statement that had been made on behalf of the IMEC group. He stressed three points. First, there was a need for strengthening an entrepreneurial culture, including by enhancing cooperation between schools and providers of business support services and by an increased recognition of the value of training in this area. In this regard, the report was too short and too optimistic. Second, referring to women’s entrepreneurship, he drew the Office’s attention to the work currently conducted by the United Nations Economic Commission for Europe (UNECE). Third, noting the absence of any reference to subcontracting, he underscored that this issue deserved particular recognition since it opened new opportunities to small enterprises, but also raised serious challenges to decent work because it was susceptible to the abuse of workers’ rights.
20. Mr. Trogen (Employer member) thanked the Office for the excellent report. He expressed his respect for the mission of the ILO, including promoting tripartism and the rights of workers and children. He stressed that the growth of entrepreneurship was a prerequisite

for this mission and the basis for employment generation; and that this point must be clearly reflected in the ILO agenda.

- 21.** The representative of the Government of Venezuela welcomed the debate and stressed the need for initiatives geared to enterprise and cooperative development. He referred to ongoing collaboration between his Government and the UNDP in order to enable employers and the Government to obtain relevant information for setting up and running enterprises. The adoption of the Promotion of Cooperatives Recommendation, 2002 (No. 193) had facilitated the registration of 8,000 new cooperatives in a short time compared to 1,200 that existed before 1999. Efforts of his Government in this area had been supplemented by the creation of financial institutions. Such initiatives had been instrumental in enabling vulnerable small entrepreneurs, including women, to operate. As a result also of illegal practices of low-productivity enterprises that had almost ruined the main petroleum industry, unemployment had increased from 14 per cent to 21 per cent in February 2003. Over the eight months that followed, some 800,000 jobs had been rescued thanks to public policies in which financial, technical and social support to SMEs and cooperatives played an essential role. This included the access of SMEs and cooperatives to public purchasing. Finally, his Government considered that education and training were essential for skilled, competitive and productive employers and workers.
- 22.** In response to the comments made by the Employer Vice-Chairperson, Mr. Henriques indicated that the Office had been working closely with the UNDP on the entrepreneurship report published recently. He agreed that the Internet could provide important marketing opportunities for SMEs and cited the REDTURS project, as referred to in paragraph 57 of the report, which made extensive use of an Internet-based gateway to promote the local tourism sector. He concurred with the Worker Vice-Chairperson that market factors were extremely important for SMEs and their decisions with respect to hiring staff and expanding employment. However, that policy and regulatory reforms could have considerable positive impact on the registration of SMEs, their formalization and compliance with legislation. In Viet Nam, for example, streamlining of procedures for enterprise registration had brought about an increase in registered enterprises from 5,000 per annum to 14,700 per annum. The Office was engaged in supporting market access, including through its women's entrepreneurship development activities, and facilitating subcontracting of public services to small enterprises, through better access to public sector tendering systems. In relation to environmental standards, the Office was collaborating with UNIDO and the Government of Switzerland on job quality and productivity services delivered through a number of national cleaner production centres. He noted the importance given in many interventions to working with young people and to introducing entrepreneurship into the educational and training curricula, and referred to the Office's work in several CEE countries. He also indicated that labour inspectors could help compliance by providing guidance to small-scale entrepreneurs. He agreed that local authorities had a key role in small enterprise and local economic development and indicated that the Office would give significant attention to local development in the current biennium. The Japanese experience with labour-management relations in small enterprises was noteworthy; the Office had a work item to document and disseminate successful SME experiences in the labour-management relations area. In the field of women's entrepreneurship, he referred to the collaboration between the Office and UNECE. In relation to the importance of subcontracting for SMEs, he referred to the work of the Office on upgrading enterprise clusters, including subcontracting and job quality issues. The Office would consider the many supportive references that had been made about cooperatives. The requests for more information on lessons learned had been well taken. Regarding the resources available to the Department of Job Creation and Enterprise Development, he clarified an earlier comment from the Worker Vice-Chairperson and indicated that the staff resources were approximately 25 per cent of the Employment Sector.

23. A representative of the Director-General (Mr. Hultin, Executive Director, Employment Sector) thanked the Committee for the guidance received. He indicated that the Office would reflect on ways in which the richness of experience existing at the country level could benefit a larger audience. Referring to the debate on regulation and legislation, he asserted that the Office's work on entrepreneurship would take full account of the body of international labour standards. The challenge was to reduce the burden of compliance on enterprises while securing decent work.
24. The Employer Vice-Chairperson emphasized that the Employers had not agreed in November 2003 to raise budget issues in the report, and felt that it was unnecessary and inappropriate and risked undermining the work of the PFAC. As for the need to address issues of market demand for goods and services, this issue was important but should rather be covered in the forthcoming Committee discussion on macroeconomic policy. He reiterated that the Employers did not support an exemption for SMEs concerning labour standards, but clarified that laws designed with larger enterprises in mind could not always be easily applied to SMEs functioning more as a partnership. The Office should increase its focus on SMEs, given the large percentage of economic and job growth that they generated in most countries, and their essential role in reducing poverty. He noted research by the World Bank and the OECD, which refuted contentions that foreign direct investment and trade liberalization had harmed SMEs. Lastly, he objected to the comments of the representative of the Government of Venezuela, particularly concerning enterprises operating there.
25. The Worker Vice-Chairperson reiterated that information on the allocation of resources within the sector was important for evaluating its work. Transparency and accountability would be enhanced if information on resources was more available. He noted that only the Employers' group and the Government of the United States had raised any objections to the inclusion of information on resources. He reaffirmed strong support for the programme on cooperatives as a key means of moving from the informal to the formal economy, and of empowering women. With regard to Internet access, many parts of the world were struggling to meet more basic needs, such as access to clean water, electricity, and access to technology. He supported paragraphs 31-33 of the report on access to finance for SMEs, and was particularly concerned about women's access. He encouraged ILO activities to make credit more accessible and affordable. He agreed with the representative of the Government of Belgium that many workers in SMEs, and in general atypical workers, did not enjoy the basic rights contained in international labour standards, and called on the Committee to acknowledge and support the work of the Office to extend protection of the rights to freedom of association and collective bargaining in SMEs. He was encouraged by comments from an Employer member concerning profit-sharing, and suggested that the Office conduct further research in this area. The speaker expressed surprise that anyone could doubt the potential risks for abuse of workers' rights in SMEs, given the tremendous pressure they were under to cut costs, which made them more inclined to see the rights contained in core labour standards as luxuries. If this were not the case, the ILO would not be needed. Lastly, the speaker worried that, in stating that entrepreneurship was not for everyone, the report might unduly discourage people from becoming entrepreneurs, since the skills needed to become an entrepreneur were not innate but acquired.
26. The Chairperson, in summing up, referred to the differences in perspectives, concepts, ideas and principles that had emerged from the debate, as well as the areas of general agreement. On the issue of budgetary information, he noted that information of a general nature would be acceptable if it contributed to the debate, but decisions about budgetary matters remained the responsibility of the PFAC.
27. The Committee took note of the Office paper.

II. Productive employment for poverty reduction and development (Second item on the agenda)

28. A representative of the Director-General, Mr. Islam (Director of the Recovery and Reconstruction Department, Employment Sector) introduced the paper.² The background to the debate were the persistently high poverty levels and concerns regarding the attainment of the Millennium Development Goal (MDG) of halving poverty by 2015. Poverty reduction was made more difficult by various types of crises in many countries. He pointed out the need to look at employment as part of the overall approach of decent work as the foundation for poverty reduction. He outlined the three pillars of an employment-focused development strategy for poverty reduction: growth, employment intensity of growth, and the capacity of the poor to benefit from the economic opportunities opened up by growth. The ILO's efforts in poverty reduction following this strategy included advisory and policy-level work and interventions at programme and project levels. Since the former type of work was periodically reported to the Committee in the updates on the implementation of the Global Employment Agenda (GEA), this paper concentrated on programmes and projects. He referred to the ILO's work on the informal economy, especially focusing on women, labour-based approaches in infrastructure for job creation, and capacity building for the poor through skills development and access to finance, and in crisis-affected countries. As for the future, it was important to focus ILO tools more on poverty reduction, the adoption of an integrated approach, the scaling up of pilot demonstration work, and on integrating the approaches into national development strategies (including the PRSPs).
29. The Worker Vice-Chairperson thanked the Office for an excellent paper providing a comprehensive view of ILO activities on development and the link between growth, employment and poverty reduction. He agreed that productive employment was key to ensuring linkage between growth and poverty reduction. Referring to the projections cited in paragraph 2, he expressed scepticism that the Millennium Development Goal of halving poverty by 2015 could be achieved even globally. He supported the paper's position that sustained growth was necessary but not sufficient for poverty reduction. A redistributive policy framework was needed, including key elements such as changes in land distribution, enhanced opportunities for discriminated or disadvantaged groups (through a rights-based approach and education for all) and empowerment of the poor (through freedom of association, for instance). He pointed out the need for legislative reform, wealth distribution and collective bargaining.
30. Regarding strategies, he agreed with the paper on various key elements to maximize employment: sustained, employment-friendly growth, going hand in hand with increasing productivity, and with the poor's access to employment opportunities. He called for effective mechanisms to empower the poor and give them access to employment opportunities to ensure that: growth benefits reached the poorest; women were better integrated; and the poor could influence the allocation of growth benefits. He endorsed the three pillars of the strategy mentioned in the paper, but added two more: increasing the resource flows towards developing countries (via development assistance, debt relief, etc.) to allow investment in education, skills and other elements mentioned in paragraph 10; and a focus on human and workers' rights, in particular freedom of association and collective bargaining. He regretted that the PRSPs still reflected the Washington Consensus, highlighting the need for flexibility and country ownership in macroeconomic management, and the importance of not considering health and education purely in market

² GB.289/ESP/2.

terms as they were essential enabling elements for the poor. He wondered whether the ILO could offer advisory services to constituents on alternative macroeconomic policies to those of the World Bank and the IMF. The ILO should do more work on social economy initiatives. Referring to the success of the Employment Intensive Investment Programme in generating decent work in small enterprises, he hoped for a reverse in the trend of declining resources allocated to this programme. The ILO should undertake more work on the informal economy, namely on implementing the conclusions of the discussion on the subject at the International Labour Conference in 2002. He expressed strong support for issues raised in paragraph 55, particularly the concept of “scaling up the scope” of ILO tools and means to make employment instrumental in poverty reduction, and the need for ILO advisory capacity vis-à-vis governments, employers and workers. More ILO work was also needed to boost productivity and income in the rural economy, as was the case some 20 years ago.

31. The Employer Vice-Chairperson found the document interesting and useful, although he would have preferred more analysis and examples of what had worked and what had not, to facilitate recommendations. He welcomed the Office’s work on poverty reduction through employment promotion and its contribution to PRSP strategies, as outlined in paragraphs 28-30, and supported the three-pillar approach as presented in paragraph 10 – which should, however, be complemented by good governance and anti-corruption policies. He agreed that boosting productivity and employment in poor rural economies raised very complex issues. He also stressed the difficulty of tackling transition economies. He sought clarification on job costs and duration in the labour-based programmes presented in the box following paragraph 26. Referring to paragraphs 36-38, he referred to Hernando de Soto’s reflections on how formal property relations could facilitate access to credit. As for the future directions, he supported alliances with the World Bank and UNDP, but did not see a need to distinguish the ILO’s work from that of the international financial institutions. Finally, he agreed with the Workers that the ILO should have given more follow-up to the 2002 Conference conclusions on decent work and the informal economy.
32. The representative of the Government of India, speaking on behalf of the Asia-Pacific group, stressed that poverty was a global concern, and its halving by 2015 was the foremost Millennium Development Goal. Pro-poor growth policies were needed in the context of economic reforms and trade liberalization. Appropriate strategies should aim at widening the opportunities of poor and vulnerable people to access employment and assets, and eliminating institutional and other barriers. His group agreed with the strategies defined by the ILO as the three pillars for poverty reduction and emphasized the importance of agriculture, rural non-farm activities, and the urban informal economy. Public investment in physical infrastructure, education and skills development, health and access to credit and social security nets, as well as related necessary policy reforms, could unleash tremendous entrepreneurial energy in the farm and non-farm rural sectors.
33. The representative of the Government of Sudan, speaking on behalf of the Africa group, confirmed the need to put employment at the centre of growth policies: this was the best way to promote decent work and rights at work. While the political will to combat poverty was indispensable, there was a need to mobilize human and financial resources to create jobs; improve skills and education – especially for women, the unemployed and the poor; facilitate access to appropriate technologies and markets; and eliminate constraints, particularly in agriculture. The group asked for enhanced ILO support to develop poverty reduction strategies integrating employment in mainstream economic and social policy, and welcomed the forthcoming AU Summit on Employment and Poverty Reduction as an opportunity for African countries and the ILO to cooperate on this.
34. The representative of the Government of Ecuador, on behalf of the Governments of Latin America and the Caribbean, stressed that interlinkages between growth, employment

generation and poverty reduction were not automatic, and that poverty was not limited to the informal economy. He recommended further ILO research on poverty reduction and considered the decent work concept extremely useful for it. If economic growth resulted in a decent work deficit, compensatory protection measures would be required, as well as better representation of the poor, better enforcement of workers' rights and social dialogue. He welcomed the Office's work in Latin America on various crises, in particular Argentina and Central America. The ILO had an important role to play in analysing the effects on employment and decent work of adjustment policies and in proposing productive employment alternatives for poverty reduction. He expressed particular concern at the effect of high trade barriers and agriculture export subsidies on the large and mostly poor rural populations in Latin America. He recommended that the Office promote a more coherent global system to reduce poverty. The ILO's approach to employment issues should become integrated in all activities of the Bretton Woods institutions relating to poverty reduction.

- 35.** The representative of the Government of France, speaking on behalf of IMEC, pointed to the importance of macroeconomic frameworks – national and international – conducive to economic growth. Modalities for regional cooperation or economic integration should be considered. He considered the ILO programme on labour-intensive investments important and efficient in making growth employment-intensive. Additional means needed to be considered though, such as employment-friendly fiscal and social policies; lifelong learning; local development policies; and satisfaction of basic needs such as health, nutrition, and sewerage, education. Work done in the context of the GEA would enhance the ILO's competence in these areas and help strengthen the role of employment in PRSPs. It was important to determine how employment growth could benefit the poor. This included examining issues such as the progressive transformation of the informal economy; education and vocational training accessible to all; appropriate forms of social protection; an active role of local communities – including the poor; and the direct involvement of the social partners. Work on these issues could be linked to the Millennium Development Goals. Finally, the IMEC group endorsed paragraphs 52-56 of the paper, particularly paragraph 53.
- 36.** The representative of the Government of Bangladesh, while supporting the approach outlined in the Office paper, stressed the need for country-specific strategies and concerted, integrated efforts to make a critical impact on the global poverty situation. He asked for greater ILO involvement at country level, especially in low-income countries, to demonstrate the proposed approaches.
- 37.** The representative of the Government of China stated that the ILO was right in selecting employment as the entry point to poverty reduction. She felt this was particularly crucial for developing countries facing globalization, since the latter had a negative impact on the poor. In China, the income gap between urban and rural areas had increased due to economic reforms. However, efforts were being made to reverse this trend through improving productivity and income of the poor, focusing on improved employability of rural workers through training. The forthcoming China Employment Forum showed the importance attached by the Chinese Government to employment generation and poverty reduction. China was working closely with the ILO on labour-based investment in infrastructure and construction. Employment-intensive growth, cooperatives, microfinance, and other tools discussed in the paper were considered important for poverty reduction in developing countries.
- 38.** The representative of the Government of Cameroon stressed that decent work as such was not enough. The document recognized in paragraph 21 that the labour market needed to be activated. He underlined in this respect the importance of public employment services and of support from the “World Association of Public Employment Services”.

39. Mr. Anand (Employer member) stated that regulation was good but should not lead to strangulation. Urgent ILO action and new ideas were required in employment generation, skills upgrading, and many other areas, to support developing countries. He urged the Office to approach national finance ministries to fund concrete pilot schemes and self-help activities to attain the MDG poverty reduction targets.
40. The representative of the Government of Bulgaria stressed that gender was a major dimension of poverty, particularly because of the vulnerability of female-headed households. This required a comprehensive approach, focusing on economic, social, cultural and political dimensions. She mentioned various initiatives by her country in this regard. She supported ILO initiatives for job creation and decent work through infrastructure programmes and projects as outlined in paragraphs 25-30. She solicited more information on poverty reduction strategies especially adapted to countries in transition.
41. The representative of the Government of Mexico would have liked a more active role for the ILO in the PRSP process, namely influencing IMF and World Bank policies to address their impact on employment. More flexible macroeconomic alternatives should be discussed with finance and labour ministries, donor agencies and social partners. With respect to global alliances, it was now important to move towards developing and applying practical instruments and employment programmes for poverty reduction. She suggested exploring collaboration with the OECD and the Inter-American Conference of Labour Ministers on the GEA.
42. The representative of the Government of South Africa agreed that employment was fundamental to achieving the Millennium Development Goal of halving poverty by 2015, and that the employment challenge in an integrated world economy could not be fully addressed at the national level alone. He welcomed the ILO's work on upgrading the informal economy, employment-focused reconstruction and poverty reduction in crisis-affected countries. Together with many other developing countries, South Africa supported the ILO's involvement in PRSPs and other national development strategies. Finally, he recommended that the ILO build a knowledge base allowing member States to share experiences and best practice.
43. The representative of the Government of the United States welcomed the paper, particularly its emphasis on productivity improvements as key for long-term reduction of poverty; the explicit identification of surplus labour, low wages and weak local industrial capacity as necessary conditions for labour-based infrastructure approaches; and the desire to link Office work in this area better to PRSP processes. Unfortunately the paper contained no indication as to what constituted barriers to participation in the PRSP process, which made it difficult for the Committee to give guidance. Finally, he felt that the Office could do a better job of acknowledging the work of external actors in its own work.
44. The representative of the Government of Venezuela underlined the need to bring national efforts in line with those of international institutions, especially the Bretton Woods institutions and the United Nations system. In this context he referred to the Meeting of the Group of 15 in Caracas in February 2004, where the UNCTAD Secretary-General had pleaded for revitalizing tariff preferences between developing countries, to reduce trade barriers and achieve a better treatment of the poorest. Neo-liberal policies had led to even lower growth rates than those experienced during the period of import substitution policies. He concurred with the views expressed in paragraphs 32 and 33 on the importance of education and training in development, and the need to respect labour law, collective bargaining and decent work. In conclusion, he reiterated his country's commitment to poverty reduction.

45. The representative of the Government of Pakistan pointed out that growth alone was not sufficient for poverty reduction. He endorsed the emphasis in the paper on increasing productivity of agriculture and rural non-farm activities, as the most effective means of increasing the working poor's earnings in most developing countries. He would have welcomed an analysis of the impact of open trade regimes and removal of subsidies on inputs and outputs of this sector as the process of globalization accelerated. He acknowledged the relevance of labour-intensive technology, especially in infrastructure development, and felt that the challenge of poverty reduction was compounded by crises such as economic turmoil, armed conflict and natural disasters.
46. In his reply to the question on the criterion behind the poverty figures presented, Mr. Islam mentioned that they were based on the US\$1-a-day poverty line used by the World Bank. On the MDG of poverty reduction, he explained that while the target could be attained globally, the prospects were not bright for some regions like sub-Saharan Africa and a number of countries in South Asia. Regarding the figures on cost per job created in labour-based infrastructure works, these were "estimates" based on figures from specific projects. Referring to the limitations of a growth-oriented approach, he said that the paper pointed them out and brought in other necessary elements. He referred to the importance of integrating employment concerns into PRSPs. On the informal economy, he referred to the information in paragraph 24 of the paper, and indicated that further information was available from the Policy Integration Department. Mr. Islam noted the general support to the overall approach to poverty reduction suggested in the paper and appreciated the rich debate on it, which had led to suggestions for expanding the framework by bringing in other important issues like workers' rights and collective bargaining, resource flows to poor countries, governance, trade, terms of trade, etc. He had taken note of the suggestion that the ILO increase its capacity to offer advisory services on the employment implications of macroeconomic policies and acknowledged that ILO work on rural poverty had declined over time. He agreed on the need to undertake demonstration projects in areas of relevance for poverty reduction, but added that the ILO had been doing so for many years. Such interventions needed to be intensified. Concerning future work, Mr. Islam noted the Committee's general support for the idea of global alliances and an integrated approach. On the question of advisory work vis-à-vis demonstration work he thought that, while ILO's comparative advantage lay in the former (including building up and sharing a knowledge base on experiences), it also demonstrated ideas in practice through pilot projects.
47. The Chairperson emphasized the need for the Office to tackle the various issues mentioned in the debate, in particular the follow-up to the discussion at the Conference on the informal economy.
48. The Worker Vice-Chairperson highlighted a number of points which also deserved attention, such as developing a knowledge of what worked and what did not work, taking into account the issue of HIV/AIDS which compounded the problem of poverty. The PRSP issue should be revisited in the discussion of the next paper. The Workers felt it would be useful to allocate more resources to crisis response and to strengthen proactive work and collaboration with the social partners and humanitarian agencies in crisis contexts. In addition, efforts should be made in future to analyse why developed countries grew faster than developing countries, and what could be done to achieve more even development.
49. The Employer Vice-Chairperson sought clarification on various references that had been made both in the paper and the Office response to the Policy Integration Department. The role of this department was not clear, and he wondered whether this reflected an efficient use of scarce resources. He further stated that transition economies often required new legal systems to deal with the new kind of economy being established. In response to the

comment made by the previous speaker, he noted that good governance might be an important factor in economic growth.

50. The representative of the Government of the Islamic Republic of Iran recalled that high growth did not necessarily reduce poverty, and suggested focusing more on income distribution and the allocation and channelling of public resources.
51. The Chairperson added that perhaps high rates of population growth also played a role in the persistence of poverty.
52. In response to the debate, a representative of the Director-General (Ms. Trebilcock, Deputy Director of the Policy Integration Department) specified that following the adoption of tripartite conclusions on decent work and the informal economy at the International Labour Conference in 2002, the Senior Management Team requested INTEGRATION to promote policy coherence in follow-up work across the Office, but not to take charge of all ILO work on this issue. It was decided not to set up a new unit, but rather to have informal economy issues addressed throughout the Office in an integrated and coherent manner. A conceptual framework based on the Conference conclusions had been drawn up with the involvement of all units and the field. The 2004-05 Programme and Budget foresaw work under each of the strategic objectives. As noted under the shared policy objective on an integrated approach to decent work, extra-budgetary resources would be needed to carry out much of this work. Some had already been forthcoming from the United Kingdom and the Netherlands for work on country-specific interventions in four regions and knowledge sharing. The cash surplus also included work on strengthening representation of workers and employers in the informal economy. She added that the Office shared the impatience expressed by several speakers and was re-examining the approach taken.
53. The Worker Vice-Chairperson agreed with the Employer Vice-Chairperson about the importance of good governance, which he acknowledged to be of serious concern in Africa, for instance. However, he also noted the importance of resources flows to developing countries' debt relief and fair rules for global trade, and finance policies as critical issues to prompt economic development.
54. The Committee took note of the report.

III. An update of the implementation of the Global Employment Agenda and related aspects of policy integration (Third item on the agenda)

55. A representative of the Director-General (Mr. Amjad, Director, Policy Planning, Employment Sector) introduced the Office paper.³ He emphasized that the Global Employment Agenda (GEA) was the employment pillar of the decent work strategic framework. He briefed the Committee about work being carried out in Ghana under the umbrella of the Presidential Employment Summit, which provided the employment component of the decent work country programme. In Ethiopia, support for the employment component of the PRSP was given under the framework of active labour market policies, one of the core elements of the GEA. Referring in particular to Egypt, he gave examples on how the ILO supported decent work through national employment

³ GB.289/ESP/3.

agendas. With regard to the promotion of gender equality, he cited the ILO's work on encouraging market access for women entrepreneurs in selected countries including Ethiopia, Kenya, the United Republic of Tanzania and Zambia. He stressed the importance of youth employment within the GEA, as youth was particularly vulnerable in the labour market. He recalled that the ILO closely cooperated with the World Bank and the United Nations within the Youth Employment Network (YEN). In this regard, he mentioned the initiative on social dialogue for youth employment, supported by the social partners, the comprehensive resolution on youth employment at the Tenth African Regional Meeting, as well as practical programmes in Brazil, Egypt and Indonesia, for which the ILO provided technical support. Global and regional developments, which had a major impact on employment, were an important part of the work under the GEA. The recently published *Global employment trends* provided further information in this regard. A major focus of the "Jobs for Africa" programme was being directed to provide inputs to the Extraordinary Summit of Heads of State and Government of the African Union on Employment and Poverty Alleviation to be held in Burkina Faso. On regional alliances, he referred to the "Bucharest process" of cooperation in employment among countries in south-east Europe.

- 56.** The aspects relating to the Decent Work Pilot Programmes (DW/PPs) and the Poverty Reduction Strategy Papers (PRSPs) were introduced by Mr. Rodgers, Director of the Policy Integration Department. He recalled that full reports had been before the Committee in November 2002 on the PRSPs and in November 2003 on the DW/PPs. Notable progress had been made since November 2003 in the DW/PPs in Ghana and Morocco, where agreements between national constituents and their partners had been reached on policy directions and plans to implement these. In Bangladesh, preparations for a high-level policy discussion in April 2004 were well advanced. Implementation of the other programmes was also continuing. All DW/PPs were based on extensive tripartite consultations around national development priorities and related capacity building to ensure ownership and sustainability. By the end of the biennium the experiences of the pilot programmes would be documented and translated into tools and instruments to inform country programming across the ILO. ILO involvement in PRSPs had been broadened and deepened as requested by the Committee. Ethiopia and Indonesia were highlighted as practical examples for policy impact and effective capacity building for ILO constituents. Experience with incorporating decent work into PRSPs was mostly positive. It showed that approaches needed to be country-specific. Impact and approaches deserved to be analysed more closely. Dialogue with the Bretton Woods institutions was improving. Clear progress was being made with pooling relevant expertise and resources from ILO technical units and the field structure under a coherent approach. These experiences would be used in the current biennium to step up ILO capacity to engage in PRSPs.
- 57.** The Employer Vice-Chairperson found the document useful but expressed surprise at the amount of information given that was not directly related to the GEA. He appreciated the emphasis on tripartism and looked forward to a more comprehensive evaluation of country-level programmes. He welcomed the emphasis on youth employment and noted with interest the interaction with the financial institutions on social issues. He expressed his hope that the learning process between the ILO and the international financial institutions went both ways.
- 58.** The Worker Vice-Chairperson thanked the Office for the interesting paper. It was important to monitor progress at the country level. He sought clarification on the efficiency of having different ILO management structures for similar sets of field activities carried out under the PRSPs, DW/PPs, YEN and the GEA, as well as on the policy content, tripartite character and sustainability of these programmes. The trade union movement believed that the PRSP approach had failed to deliver on its promises. A fundamental flaw in the PRSP was the notion that poverty could be reduced without any adjustment to the restrictive macroeconomic policy imposed by international financial institutions. The ILO

should be more critical and outspoken in this regard in discussions on the macroeconomic framework in any PRSP. He expressed concern that PRSPs continued to promote failed policies of structural adjustment programmes. He asked for further details on the implementation process and wondered whether the country-level activities were truly tripartite. He asked for ILO technical assistance to build up capacity among the constituents to fully engage in debates on economic reforms. The ILO should strongly stress the social and labour issues and not adopt the IMF and World Bank language. Finally, he sought clarification on the extent to which the Office could devote more time and resources to implement the policy recommendations from the various activities instead of just giving policy advice.

- 59.** The representative of the Government of India, speaking on behalf of the Asia-Pacific group, welcomed the paper. He highlighted the importance of promoting youth employment through deregulation of the business environment and support for micro- and small enterprises, and the need to provide formal and non-formal skills upgrading. It was important to target the informal economy, given that this was where so many poor people worked. Measures included streamlining regulation, skills training, the promotion of small and micro-enterprises and cooperatives, social protection, and the eradication of child labour. Developing countries needed more financial assistance to address these issues.
- 60.** The representative of the Government of France, speaking on behalf of IMEC, welcomed the progress that had been made in integrating the various activities of the Office and in the increasing involvement and impact of the Office in the PRSP process. However, integration had to be accelerated in view of the needs of countries. The document contained little information on the DW/PPs, which should be a major tool for integration, or on a greater pooling of resources. He supported the involvement of a wider range of ministries and the social partners in the PRSP process and sought information as to how the Office intended to further strengthen its involvement and to disseminate good practices resulting from this.
- 61.** The representative of the Government of Belgium felt that the document was interesting but not detailed enough. The large number of programmes and concepts made it difficult to identify who was doing what, what the sources of funding were, and which programme had priority. He called for a more results-based presentation of the implementation of GEA in future documents. His country had always supported the GEA but was somewhat concerned about the appropriate working methods. He noted an integrated approach was evident in the DW/PPs and the PRSP programme and that there were different methods for promoting this (e.g. targeting specific sectors or broader approaches as reflected in the various examples given in paragraphs 13, 19 and 42). He welcomed that the ILO had been entrusted with assessing and strengthening employment policies in the Balkan countries through the GEA framework, taking into account regional priorities and employment strategies applied in the European Union. This was an excellent example of cooperation with other regional institutions. Finally, he emphasized that there could be no “one size fits all” approach, and underlined the importance of ownership by constituents of country programmes.
- 62.** The representative of the Government of Japan appreciated the ILO initiatives in the framework of the GEA. He stressed the importance of youth employment and described his country’s initiatives in this regard, which included a dual training system and one-stop service centres.
- 63.** The representative of the Government of Pakistan congratulated the Office on the regular updates on implementation of the GEA. However, he would have liked to see a more comprehensive analysis of some of the global developments that have an impact on employment. He endorsed the main conclusions contained in paragraph 46.

64. The representative of the Government of Nigeria commended the Office on the extensive work done under the GEA. She was pleased to note that the “Jobs for Africa” programme was still a priority and expressed her appreciation for the ILO’s collaboration in preparing the Presidential Employment Summit in Ghana. A job summit was also under preparation in her country.
65. In his reply, Mr. Amjad stressed that the implementation of the GEA was a very recent learning-by-doing process, which would benefit from the suggestions made. Discussions on the core elements of the GEA would enrich understanding and help to operationalize specific aspects of the GEA. He agreed that future updates should describe in more concrete terms the results of country-level work and focus on some of the key lessons learned. Concrete action with regard to youth employment was gathering momentum, as shown in the national programmes currently developed. A critical area was the transition from school to work, as confirmed in a study on Indonesia. With regard to global issues, he stressed the important contribution of the *Global employment trends*, which analysed recent global economic developments and their impact on the labour market. The forthcoming and subsequent *World Employment Reports* would deal with critical issues identified in the trends report. Referring to the conclusions of the 2003 Conference discussion on the informal economy, he stressed that the ILO was now moving from analytical follow-up to developing practical programmes in the field.
66. Mr. Rodgers noted that PRSPs often were the most relevant national policy framework. The ability to influence them hinged on the capacity building of constituents as well as on country-specific inputs and approaches. Capacity building focused on technical questions, but also took account of the fact that PRSPs were the outcome of national negotiations and lobbying, involving a broad range of actors. Extending discussions beyond the ILO constituents often provided them with access to decision makers they would not normally have. The examples presented demonstrated that through this approach all dimensions, including the macroeconomic frameworks, could be influenced. A full analysis of the outcomes and lessons learned could be presented to the November session. Concerning the management of programmes that involved a number of ILO frameworks – like the GEA, the YEN, the informal economy, and the promotion of social dialogue – it should be borne in mind that the respective country and the responsible ILO office were initiating and coordinating the programmes. Technical inputs were delivered by the competent units, with the Policy Integration Department acting as a facilitator. The approach was still being tested, but results had so far been encouraging. This strategy to operationalize integrated approaches would provide support for decent work policy design and delivery through decent work country programmes, which were designed to form the basis of ILO action at the country level, including for resource mobilization.
67. The Worker Vice-Chairperson looked forward to a comprehensive review of the impact of the programmes, including practical examples.
68. The Committee took note of the Office paper.

IV. Status of preparations for the 2004 ILC discussion on migrant workers (Fourth item on the agenda)

69. A representative of the Director-General (Mr. Abella, Chief, International Migration Programme) introduced the Office paper⁴ and summarized the status of preparations.
70. The Worker Vice-Chairperson drew attention to the potential importance of the General Discussion in putting the ILO at the very centre of the debate on international migration policy by establishing a “new rights-based platform” for dialogue at national and multilateral levels. He expressed the Workers’ appreciation for the efforts of the Office to secure broad consultations ahead of the Conference.
71. The Employer Vice-Chairperson felt it was inappropriate to discuss this paper as it was for information only. At any rate, any discussion at the present stage would not affect the process of preparations for the ILC discussions.
72. The representative of the Government of Canada sought clarification as to when the report would be available. She emphasized that, in view of the complexity of the issue, it was important that the report be published as soon as possible to allow for sufficient consultation prior to the Conference.
73. Speaking on behalf of GRULAC, the representative of the Government of Ecuador reiterated the importance of promoting more orderly labour migration in the region. He stressed the value of taking into account the work of other international organizations like IOM, the WTO on the movement of natural persons (Mode 4), the new Global Commission on International Migration, and that of the recently established Committee to monitor the implementation of the 1990 United Nations Convention on the Protection of Migrant Workers and Members of Their Families. He welcomed the Office’s plans to organize a tripartite seminar on labour migration in Central America in April 2004.
74. The representative of the Government of Indonesia said the ILO was uniquely placed to take the lead in addressing the problems raised by growing migration in a changing global environment. She suggested that if migration was to be successfully managed, greater attention must be given to the root causes, like unemployment. Protection deserved priority, and in this regard the plight of low-skilled migrants should be of particular concern at the June Conference.
75. The representative of the Government of the Islamic Republic of Iran underscored the importance of the general discussion in identifying key issues like brain drain and problems of protection. There was a need to identify viable policies for more orderly migration, the desired outcome.
76. The representative of the Government of Mexico drew attention to the need for the general discussion to lead to international consensus on the labour rights of migrants, for a recognition of their contributions, and for identifying good practices in managing migration. Citing the conclusions of the United Nations Committee on Social Development in a recent meeting in New York, she identified three priority concerns for migrants: access to work, secure legal status and access to social services.

⁴ GB.289/ESP/4.

77. In his reply, Mr. Abella indicated that the report would be put on the ILO web site before Easter and the printed copies were scheduled for release towards the end of April.
78. The Committee took note of the report.

V. Global Campaign on Social Security and Coverage for All: A progress report (Fifth item on the agenda)

79. A representative of the Director-General (Mr. Reynaud, Chief of the Social Security Policy and Development Branch) introduced the report.⁵ The Global Campaign had been launched during the ILC 2003 and was being launched at the national level in various countries. In addition to explaining the strategy and modes of operation, he cited two concrete examples: the extension of coverage through social dialogue in Mali, Honduras and Sri Lanka and the development of new schemes in the informal economy. The ILO/STEP programme was a key tool in this context and was mostly supported, besides the ILO regular budget, by Belgium, France, Norway, Portugal, United States, and the UNDP. He stressed that the main strategy of the Campaign was based on partnership with government, social partners and international players. One initiative for partnership was under way with PAHO and a similar initiative was being prepared for Africa. ACTRAV and ACT/EMP were closely involved in the Campaign.
80. The Employer Vice-Chairperson expressed appreciation for the interesting paper but questioned whether social security boosted productivity and queried the link between social security programmes and job creation. He referred to what he considered a serious breach of procedures in the allocation of funds under the TC-RAM mechanism. Although the projects were carried out successfully in Honduras, Mali and Sri Lanka, the proposals for a second phase of the projects in Asia and Africa had been refused despite the full support of ACTRAV and ACT/EMP. According to the TC-RAM guidelines, project proposals should come from the field. However, a questionable project on socio-economic indicators designed at headquarters had been accepted while a successful programme would be stopped. This was a serious issue that needed to be addressed by the Office.
81. The Worker Vice-Chairperson thanked the Office for the paper. He affirmed that his group strongly supported the campaign and agreed that extension of social security was largely dependent on political will and awareness. In support of a rights-based approach, further urgent research was necessary on the application of Convention No. 102 to the informal economy. He underlined the large scope and flexibility of Convention No. 102, which had been ratified by more than 40 countries, although there had not been a specific promotional campaign. Alongside promotion of the instrument, the Campaign should be linked to other tools, such as technical assistance and information materials. Despite the success of the projects in Honduras, Mali and Sri Lanka, referred to in paragraph 7, involving the social partners, the Office had not approved an extension to six other countries in Africa in the TC-RAM process but instead had selected other proposals. In response to the comment of the Employer Vice-Chairperson regarding the relation between social security and productivity, he felt that this was a small contribution to make in order to improve the lives of the poor. Everyone had a collective obligation in that respect. One had to provide for the “have-nots” – not out of self-pity but enlightened self-interest. If the rich failed to provide for the poor, peace and social stability would be endangered.

⁵ GB.289/ESP/5.

82. The representative of the Government of Sudan, speaking on behalf of the Africa group, recalled that social protection was an essential need and should be given priority. In Africa, coverage was extremely low and did not reach the informal economy. Therefore, the Campaign was an essential instrument for the reduction of poverty. He thanked the Office for supporting the African countries in setting up national strategies involving the social partners on an equal footing. He assured the Office that the initiative could rely on the full support of the African constituents.
83. The representative of the Government of Cameroon, referring to paragraph 17 of the document, suggested that a list be made of the countries supported by the STEP programme and that the Office develop a strategy for a geographical extension of the programme. She stressed the need for awareness campaigns at the state level, especially in countries where people were not familiar with a culture of long-term saving. Cameroon would like to propose awareness-raising activities for the population reluctant to contribute to pension schemes due to a lack of knowledge.
84. The representative of the Government of Nigeria welcomed the Campaign and the special initiative for Africa, and expressed her appreciation for the work of the STEP programme in Africa. More information on the activities and strategies in the 40 countries referred to in paragraph 6 of the document would have been useful. She thanked the Office for the assistance provided to her country in the past and hoped that this collaboration could be continued in view of Nigeria's current initiative to extend the scope of social security.
85. The representative of the Government of India underlined the importance of social security for the development process. In addition, he stressed the necessity of public measures for the informal economy. In this context, he mentioned a pilot project recently implemented in his country. It was important to develop country-specific social security schemes that took into account the pace of globalization and liberalization.
86. The representative of the Government of France expressed his appreciation for the very clear information. These efforts should be intensified, since not everyone was sufficiently informed on the Campaign and the New Consensus. As for future activities, he stressed the necessity to implement social security schemes at reasonable costs and based on national traditions. His Government fully supported the excellent STEP programme, which took into account the traditions of the countries and was one of the rare ILO programmes operational in the informal economy. He welcomed the special initiative for Africa. Referring to paragraph 16, he noted that, although research was not the most important aspect of the Campaign, it would be worthwhile to develop knowledge on the economic impact of social transfers on productivity and on the counter-cyclical impact of social security in crisis situations.
87. In his reply to the discussion, Mr. Reynaud stated that a web site of the Campaign existed already in four languages. In addition, a special effort would be needed to raise awareness. Regardless of political opinions, it was important to build models adapted to the needs of countries. Social dialogue in this area was very important, be it at the national, occupational or enterprise level. Employers were very much aware of the need to set up social protection schemes, and often did so themselves. He emphasized that Convention No. 102 and the conclusions of the 2001 ILC were indeed the basis for the ILO's work in this area, and that countries were called upon to define their own strategies in line with these instruments. Finally, he stressed that the goal of the Campaign was to obtain concrete achievements in terms of coverage, taking into account national traditions as well as the particular challenge posed by the informal economy.
88. The Committee took note of the report.

89. The Worker Vice-Chairperson expressed his appreciation for the excellent work of the Chair.
90. The Chairperson thanked the Committee for its deliberations. He was concerned about the time constraints affecting the Committee and suggested that this be discussed at the forthcoming meeting of the Officers.

Geneva, 22 March 2004.

(Signed) Ambassador Umer,
Chairperson of the Committee.