



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, Mr. M. Mdladlana,
Government delegate of South Africa**

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I. United Nations Economic and Social Council (ECOSOC) Ministerial Declaration on generating full and productive employment and decent work for all and High-level Panel on UN System-wide Coherence¹

1. I opened the discussions saying that the political context had evolved since the last meeting of the Working Party. Support for decent work as a global goal had gained a considerable momentum, both in the multilateral system and at national levels. The Ministerial Declaration of the United Nations Economic and Social Council (ECOSOC) High-level Segment meeting of last July gave great support to the promotion of decent work and also asked the agencies of the multilateral system, including the Bretton Woods institutions, the regional banks and economic commissions, to take explicit account of the impact of their activities on decent work and productive employment. Discussion of United Nations reform also posed the question of how the multilateral system could forge greater operational coherence in its policies at the national level. There were substantial areas of common ground in the contributions of delegates from all three groups. Given the overlap in the debate on the two papers, the discussion was summarized in the same section.
2. The Director-General highlighted that the ECOSOC Ministerial Declaration represented a remarkable endorsement of the ILO's Decent Work Agenda, and would greatly assist the ILO in developing a coherent system-wide effort to promote the global goal of decent work for all. It stated that a decent productive job was the best and most sustainable route out of poverty and called for the mainstreaming of the ILO's Decent Work Agenda in multilateral policies, for the achievement of the Millennium Development Goals (MDGs) and the wider internationally agreed development goals. The Ministerial Declaration was the outcome of extensive efforts by both the Office and constituents, including several members of the Governing Body. Not only had many labour ministers participated in the ECOSOC meeting, but also ministers of foreign affairs, development, planning and finance. This mix of different national government perspectives gave the result special significance, not only as a diplomatic process, but also as the agreed view of ministries with very different remits. The Workers' and Employers' groups had also been extremely active in the preparatory phase and at the High-level Segment itself. A number of civil society organizations with observer status in ECOSOC had also lent strong support, both in Geneva and New York, and the ILO's mission and tripartite methods were now much better appreciated by them.
3. Despite its strong mandate for coherence, coordination and policy formulation, ECOSOC had, for various reasons, been constrained in the past from realizing its full potential. Now fresh impetus had been given to ECOSOC by the recommendations of the United Nations High-level Panel on System-wide Coherence. The Ministerial Declaration offered a very practical tool for all constituents and the Office, and it would be necessary in the next programme and budget to take full account of its implications for the ILO's policy leadership role on decent work within the United Nations system. Coherence was now the principal focus of attention in the United Nations system. The World Commission on the Social Dimension of Globalization had stressed the importance of making the responsibilities and mandates of different institutions more coherent. The ILO's ongoing Policy Coherence Initiative, involving several agencies, was also examining this issue and was undertaking a proposal initially made by the President of the World Bank in a meeting

¹ GB.297/WP/SDG/1 and GB.297/WP/SDG/2.

with the Director-General regarding a number of case studies on the advice of international agencies at a country level. Building on paragraph 47 of the 2005 World Summit Outcome document, the Ministerial Declaration proposed various ways in which the system as a whole could contribute to its implementation. The Ministerial Declaration gave support to discussions being led by the ILO on a toolkit to promote decent work system-wide in the forum of the United Nations Chief Executives Board for Coordination (CEB) and its High-level Committee on Programmes.

4. The report of the High-level Panel had only been released the previous week and a first reading confirmed the view that it represented a tremendous opportunity for the ILO. It was, however, too early for the Governing Body to discuss or evaluate its implications for the ILO. He therefore suggested that a more detailed discussion of the report be held in March 2007. Its title, *Delivering as one*, expressed its main message. The ILO's goals could only be fully achieved within an effective and better integrated United Nations system, especially in the context of globalization. A more coherent United Nations, especially one that so strongly recognized the central importance of the ILO's mandate and of decent work for all, could only work in the ILO's favour. The ILO's tripartite structures had a major opportunity to lead the drive for greater coherence in the global system because the ILO's goal – decent work for all – was central to effective mechanisms for the governance of globalization. The ILO could support the United Nations reform process with a modest sense of self-assurance. Its tripartite governance structure was not in question. On the contrary, it was seen by increasing numbers as an asset, enabling United Nations organizations to connect with society at large. The window of opportunity now available to the ILO would, however, not stay open for long. In 2015, all contributions to the MDGs and other internationally agreed goals would be closely examined. By then it should be possible to demonstrate the value of social dialogue and the ILO's efforts, together with those of other actors.
5. The Employer Vice-Chairperson expressed satisfaction at the outcome of the High-level Segment. The Ministerial Declaration offered a key opportunity to derive full benefit from the ILO's tripartite vision in addressing the problems of poverty, which could only be resolved through the creation of enterprises and jobs. The International Organisation of Employers (IOE) and the International Chamber of Commerce (ICC) had presented their views in a paper they contributed to a round table held during the High-level Segment. The importance of the private sector for job creation could not be overestimated, and the Employers' group therefore welcomed the reference to this in the Ministerial Declaration. The emphasis on enterprise development in both rural and urban areas was welcome, as were references to micro-, small and medium enterprises, the participation of women, the informal sector, microfinance, social security and new technology. Legislation and regulations to protect property rights and enforce contracts, ensure respect for fundamental principles and rights at work and enable "flexicurity" were important. Paragraph 25 drew attention to the need to create an attractive environment for investment in developing and transition countries. This would only occur in a climate of transparency, stability and sustainability. Youth employment, addressed in paragraph 11, was also a key concern, in which regard attention was needed to training institutions. He had also been pleased to note the reference to the problems of HIV/AIDS, malaria and tuberculosis in paragraph 14 of the Ministerial Declaration.
6. Attention was drawn to the fact that the paper GB.297/WP/SDG/1 proposed a point for decision, which marked a departure from past practice. The Working Party on the Social Dimension of Globalization had been conceived as a forum for open discussion, not decision-taking. While he welcomed the Ministerial Declaration, the recommendation to endorse proposals for ILO action in paragraph 22(b) did not give sufficient detail of what was foreseen. Instead, a further paper should be requested for the Working Party's next meeting, describing what specifically was foreseen in operational terms. He acknowledged the obvious need to address the resource implications for the programme and budget, but

again further details were needed regarding paragraph 22(c), and this issue should in any case be debated in the Programme, Financial and Administrative Committee. In addition, further information was needed on the proposed decent work toolkit and on ideas for the time-bound action programmes. He also pointed out that the translations of the Ministerial Declaration required some attention.

7. The Worker Vice-Chairperson, supported by other Worker members, said that the Workers' group had for some time expressed dissatisfaction with the international system which had not been functioning satisfactorily from the point of view of the Workers. The group therefore supported efforts to make the system more effective and welcomed the ECOSOC Ministerial Declaration. He therefore did not share the Employers' concern about deciding to recommend the proposals in paragraph 22 of the Office paper. The trade unions at the ECOSOC meeting had played a major role in persuading governments to acknowledge the value of decent work but the document had not mentioned the statements they had made. The international trade union movement had gained in strength in the past month through the formation of the new International Trade Union Confederation, which intended to be very active within the United Nations system, the Bretton Woods institutions, the World Trade Organization (WTO) and other international institutions. It had launched various ideas on the reform of the multilateral system, but remained practical in its approach. This was despite the publication by the World Bank of a document called *Doing Business*, in which workers' organizations were regarded as obstacles. Naturally, for the Workers the most important international institution was the ILO. It needed a higher profile in the multilateral system, which should pay more attention to its views and to the potential of tripartism. The Working Party had played a very important role in raising the ILO's stature in the multilateral system, developing policy and discussing many of the issues now on the international agenda. The United Nations needed the ILO more than ever before, and decision-makers outside the field of labour were now beginning to appreciate what it had to offer. The unequivocal backing for the ILO Declaration on Fundamental Principles and Rights at Work and other ILO instruments was particularly welcome. Paragraph 17 recognized that "appropriate institutions and regulation, including frameworks for social dialogue, are important elements for the effective and fair functioning of labour markets. This includes the adoption and implementation of labour laws that protect workers' rights". This would help improve understanding of the fact that social dialogue and appropriate labour legislation were part of the solution to today's problems. The Declaration's proposals on decent jobs for women and young workers and the consequent need for ILO follow-up, particularly regarding poor working women in the informal and rural economies, were welcome, as were the references to HIV/AIDS, malaria and tuberculosis and other major infectious diseases.
8. More information would be welcome on mainstreaming the Decent Work Agenda in the United Nations system, especially in the field, and linking ILO programmes to the MDGs. Further dialogue with the international financial institutions (IFIs) and the WTO in the Working Party would be valuable on the follow-up to paragraph 38. Pursuing time-bound action plans for decent work as a component of development strategies would require attention to the need for space for national economic policy, referenced in paragraph 23, and the public sector as an employer, mentioned in paragraph 31. The ILO's work on the implementation of the Global Employment Agenda (GEA) was useful for the envisaged toolkit on decent work. The outgoing Secretary-General had suggested that full and productive employment and decent work for all, including women and young persons, would be the subject of a new target under the first MDG on poverty reduction. This was welcome and the Office should keep the Governing Body informed of what this meant in practice; presumably a regular ILO report on how the Decent Work Agenda and especially the decent work country programmes (DWCPs) were contributing to halving poverty by 2015. The Programme, Financial and Administrative Committee would need to take account of the fact that the Ministerial Declaration placed a major responsibility on the ILO, which would need resources to honour it. The Office had worked well with the

ECOSOC secretariat to prepare the way for the Ministerial Declaration and a valuable lesson could be drawn from this exercise: coherence was possible, if not easy. It was an ongoing task, and the ILO's constitutional and institutional interests were served by coherence, as were the interests of working men and women all over the world.

9. A number of Government delegates, several representing regional groupings, spoke in the debate welcoming the ECOSOC Ministerial Declaration. Several remarked that it confirmed decent work as a central development goal and gave clear guidance on how to implement it. It was now essential to harmonize national and international policy in the fields of finance, trade, migration, social security and the labour market, and ECOSOC should act as the forum for such coherence in development policy. A number of speakers pointed to the central role ECOSOC would have in follow-up activity to assess progress, reviewing the implementation of the MDGs and other international development goals and promoting greater coherence between development activities. In addition, the United Nations Commission for Social Development would, in 2007, discuss promoting full employment and decent work for all, and hence offered a further opportunity to develop cooperation and policy coherence.
10. A number of speakers expressed support for the role assigned to the ILO in the multilateral system and the request for it to develop time-bound action plans with other actors. The action plans should be prepared through tripartite consultations, including Governments. The focus of ILO action was shifting to the implementation and delivery of decent work, particularly at the country level through DWCPs. The latter should be incorporated into United Nations Development Assistance Frameworks (UNDAFs) and aligned with national poverty reduction and growth strategies and development cooperation policies. In addition to working with United Nations partners on the attainment of the MDGs and other internationally agreed development goals, the ILO would need to pay attention to relations with other organizations, especially the Bretton Woods institutions. Dialogue with the latter should cover the time-bound action plans and should result in comprehensive and viable poverty reduction strategies. Collaboration and coordination with other organizations was now paramount. Regular reports should be made to the Working Party on progress in this respect. It was pointed out that the issues before the Working Party also fell within the remit of other committees or warranted discussion in the Governing Body, thus raising the question of whether there was still a need for a separate working party on globalization. Others, however, felt that the Working Party had an important role in strengthening further the ILO's work on the social dimension of globalization.
11. Regarding ILO follow-up to the Ministerial Declaration, Government delegates recognized that it could have implications for the Programme and Budget for 2008-09, and that this should be examined in detail in March. Some delegates expressed the view that such action should not affect support for the DWCPs, decrease RBTC allocations, or entail any increase in the budget. Further information was requested on the recent meeting on the Policy Coherence Initiative mentioned by the Director-General and on the state of progress regarding the Forum on Decent Work for a Fair Globalization planned for 2007.
12. Several Government delegates described national programmes on employment and drew attention to forthcoming events that would assist in following up the ECOSOC Ministerial Declaration. These included a European Union/European Commission conference in Brussels on 4-5 December on promoting decent work in European Union internal and external policies. It would involve a range of stakeholders and offered an opportunity to discuss decent work aspects of globalization, corporate social responsibility and the new challenges of economic competition for the European Union. The European Commission Communication of May 2006, *Promoting decent work for all*, was now being discussed in the framework of the Council of Ministers, the European Parliament and the European Economic and Social Committee. France would hold a conference on social protection in Paris in March 2007 in the framework of the G8.

13. Regarding the report of the High-level Panel on UN System-wide Coherence, a number of Government delegates noted that it dealt in some depth with field-level coordination. The concept of system-wide coherence should be applied at the national level, especially to strengthen linkages between the Decent Work Agenda and productive employment for all as a foundation for sustainable development, and the need for more policy coherence between bilateral and multilateral programmes. Some speakers noted a link between the conclusions of the High-level Panel and those of the report of the World Commission on the Social Dimension of Globalization. The Panel recommendations merited serious attention, and the ILO, as a tripartite organization, should be responsive to the need for reforms. A full discussion of the report in the March session of the Governing Body would be very fruitful.
14. The Employer Vice-Chairperson noted that the endeavour to reform the United Nations system was significant, especially for the elimination of duplication and making economies. This would have managerial and organizational repercussions, but it would be important to preserve tripartism, both at the level of the Organization and at the local level. He expressed some concern about the possible implications of the report's proposals for the administration of resources and extra-budgetary programmes. He asked the Office to keep the Governing Body informed on developments between now and its March session, when the Employers' group looked forward to analysing a document from the Office on the implications for the ILO of the Panel report. The Worker Vice-Chairperson confirmed his group's interest in a more coherent and effective United Nations system. However, the United Nations did not have a culture of engagement with the social partners. Therefore the reasons that had led to the foundation of the ILO as a tripartite organization in 1919 remained valid for the problems in the world of work now. Every effort must be made to maintain the ILO's special structure, which opened up avenues for human development and creating peace that it had not been possible to achieve in other ways. He agreed to the proposal to come back to the question in March to discuss it more fully, thus contributing to more effective global governance.
15. Reviewing the discussion, the Director-General emphasized that mainstreaming full and productive employment and decent work for all in the United Nations and multilateral system created a great responsibility for the social partners. Without the social partners working together, the DWCPs could not work. He recognized that at the ECOSOC meeting there had been an implicit recognition of ILO methods; however, the United Nations system did not have a similar role for workers' and employers' organizations. At the same time, he emphasized that this presented an extraordinary opportunity not to be missed. He suggested that employers' and workers' organizations should meet the United Nations Resident Coordinators at the national level – either independently or together – to help them understand the role of social dialogue. The role of the Resident Coordinators was likely to change, making them separate from the UNDP, which in turn would step back from undertaking programmes within the mandate of the specialized agencies. He also explained that a joint training exercise between UNDP Resident Coordinators and ILO staff had been agreed. The Panel report covered issues that could be addressed through inter-agency cooperation and issues for intergovernmental action. In pursuing issues of inter-agency cooperation, the governance structure of the ILO would be fully respected.
16. In conclusion, the Chairperson noted that a number of members of the Working Party had suggested looking in greater detail into ILO follow-up action on the ECOSOC Ministerial Declaration, as well as fuller examination of the United Nations Panel report. He therefore proposed the following:

Taking into account that the Working Party has been convened for the purpose of holding an exchange of views, its members took the view that the Governing Body should:

- (a) welcome the adoption by the United Nations Economic and Social Council of the Ministerial Declaration on creating an environment at the national and international

levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development;

- (b) examine further, in March 2007, and as appropriate through the Governing Body's committees, the operational implications for ILO activities concerning the implementation of the ECOSOC Ministerial Declaration, including the time-bound action programmes and work with other agencies on a toolkit to promote decent work;
- (c) address the need for follow-up on the implementation of the Ministerial Declaration in the Programme and Budget proposals for 2008-09;
- (d) instruct the Office to prepare a further paper on the report of the High-level Panel on United Nations System-wide Coherence for submission to the Governing Body in March 2007.

II. Follow-up to the International Labour Conference discussion on changing patterns in the world of work ²

17. The Director-General expressed satisfaction with the reception of the report, *Changing patterns in the world of work*, at this year's session of the International Labour Conference, but suggested that the Working Party offered an opportunity for a more interactive and strategic reflection. He recalled that the original remit of the Working Party had been the social dimension of trade liberalization. Later on it had embraced a wider range of social and employment issues associated with international opening of markets and the revolution in information and communication technologies and had changed its name to the Working Party on the Social Dimension of Globalization. It had become a unique forum in the international system to discuss, with the participation of a wide variety of actors, the connections between different policy domains and engage different institutions in constructive dialogue. The Working Party had also established the World Commission and influenced policy debates nationally and internationally which, until the publication of the Commission's report, had been highly polarized between "pro-" and "anti-globalizers". The report's call for a fair globalization had received strong support from the United Nations General Assembly. The discussion on globalization had since moved forward and was now deep in the detail of what constituted a more coherent set of policies and national and international institutions for a fair globalization. The agenda of the Working Party needed to reflect this reality.

18. He suggested using the *Changing patterns* report to select some of the main issues to put on the agenda of the Working Party over the next years and not shying away from the difficult questions. Those issues could include:

- The blockage of the multilateral trade negotiations, at least in part because of an accumulation of national political concerns about the pace and scale of the impacts of liberalization.
- A pattern of growth in many countries which seems to favour the top end of the income and wealth distribution much more than the middle and the bottom.
- The investment and employment implications of global warming – less than a generation away.
- The interaction between what is happening in workplaces and in labour markets at the national level and the component elements of globalization leading to delocalization, outsourcing and similar issues.

² GB.297/WP/SDG/3.

- The need to view the underlying currents of change, notably the movement out of agriculture and rural areas, and global demographics of continued population growth in a global rather than purely national context.
 - The fact that women and men feel that the influences on their local livelihoods are further and further away from the place where they live.
19. The Director-General cautioned against the presumption, in looking ahead, that the institutions for the governance of globalization would develop in a positive way. That could be a questionable assumption. He did not forecast a retreat into isolationism and protection, but suggested it could happen, especially if the world as a whole did not generate enough decent jobs to cut poverty by half.
20. The Worker Vice-Chairperson agreed that the ILO had received international recognition through the report of the World Commission on the Social Dimension of Globalization in 2004, paragraph 47 of the 2005 World Summit Outcome document and finally through the ECOSOC Ministerial Declaration in 2006. There was now widespread agreement that the ILO did relevant and specific work that was taking its rightful place in the United Nations system under the reform process. The significance of tripartism as a mechanism to attain policy coherence and decent work had recently been developed in a report by the European Economic and Social Committee. With regard to the document, and specifically paragraph 2, the Workers would prefer a rephrasing of two of the suggestions to read “Strengthening the governance of the world of work” and “Relationships between growth, investment and decent work in South Asia”. The *Changing patterns* report had rich insights and offered a global perspective on what was happening in labour markets around the world. He supported the view that the relationship between growth and employment was changing with globalization. The Workers’ group would welcome a paper on this topic, and expected the Office to ensure the necessary coordination with the work of the Committee on Employment and Social Policy. Another issue of interest would be a policy dialogue with other agencies on the implications for employment of policies to mitigate climate change.
21. He expressed concern over the stalemate in the Doha Round of trade negotiations and stated that the Workers’ group was not against multilateral trade agreements. Unblocking the Round depended on sound employment and social policies to accompany further liberalization. This would require greater national policy space to plan ahead. The WTO needed a strong ILO, and the Working Party could discuss what a global employment adjustment package to accompany a new trade agreement would look like. Referring to joint research being undertaken by the ILO and the WTO, he expressed interest in the resulting report, and wished to discuss the emerging issues in the next sessions of the Working Party. The possibility of a paper on globalization and informality was also very important for the Workers’ group, as well as a strategic discussion on the interaction between technological change, liberalization of trade and investment, and employment. The group was ready to discuss further with the Chairperson, the Employer Vice-Chairperson and the Director-General to plan out the agendas and papers for the next few meetings of the Working Party. Topics for consideration could be: global strategies for decent work and further trade opening; globalization, reducing informality and institution building; employment strategies to accompany policies to slow or even to reverse climate change; and the relationship between growth and jobs in a globalized world, including capital market volatility and its impact on decent work, with a view to looking at long-term employment.
22. The Employer Vice-Chairperson also expressed the group’s willingness to discuss possible substantive agenda items for the next sessions of the Working Party. He requested the Office to report on the progress made in the Policy Coherence Initiative at the March session of the Working Party. With regard to paragraph 8 of the document under discussion, the need to first analyse alternative proposals before making a decision was

emphasized. Some issues appeared to be relevant for discussion in the Governing Body proper rather than the Working Party. Now that the significance of productive employment and decent work had been internationally recognized, it was time to think about concrete delivery mechanisms. What were the means and instruments for attaining these objectives and how this could be done most effectively? The Director-General's Report to the International Labour Conference, *Changing patterns in the world of work*, offered a thorough analysis of the issues, ranging from micro to macro levels, and it was now time to put ideas into practice. It was impossible to break free from poverty, marginalization and exclusion without sustainable development. Several issues highlighted in the *Changing patterns* report warranted further discussion, including: informality; the role of private enterprise, especially micro and small enterprises; youth employment; democracy; demographic questions; education and skills development in the face of rapid technological change; migration and brain drain; productivity and competitiveness; and the response of labour legislation or collective bargaining to changes in the world of work. In reflecting on these issues it was nevertheless important to remain focused on reinforcing the credibility of the ILO through an alignment of its objectives with the MDGs through DWCPs.

23. Several Government delegates observed that the starting point for decent work was extending employment opportunities to all. This implied a better quality of employment, including employment security, skills content, work organization, job satisfaction, and health and safety at work, hand in hand with higher productivity. Paying attention to these issues could help create a climate of continuous improvement that favoured creativity and innovation at all levels, which in turn raised productivity and economic growth. Enterprises' as well as workers' commitment were key to encouraging such a context. One of the critical challenges was combining the twin pressures for flexibility and security through labour law, collective agreements and active labour market policies, as well as adequate social security arrangements. Governments therefore looked to the ILO to build its knowledge base on the interaction of different policy measures, so that the right mix of policy instruments could be found, such as employment protection legislation, active labour market policy measures, unemployment benefit systems, minimum wages, tax wedges and collective bargaining. Other important issues raised by Government delegates included: ageing; development of SMEs; employment of young people and the fight against child labour; international migration in conjunction with informality; integrating the ILO's Decent Work Agenda with strategies for poverty reduction and inclusive globalization; global shifts in the structure of employment; growth employment and sustainability; the threat of the HIV/AIDS pandemic in some developing economies; and the high risk of exclusion posed by the increasing technological gap between countries.
24. Speakers from all three groups agreed that the selection of agenda items for the Working Party needed to be focused, avoiding duplicating work of committees and adding value to the debate on the social dimension of globalization. The Working Party needed to contribute in a meaningful and constructive way to cross-cutting, interlinked and emerging issues of clear relevance to the ILO agenda on the social dimension of globalization, thus improving policy coherence. I therefore closed the meeting indicating that I would work out the Working Party's next agendas with the Vice-Chairpersons and the Director-General, based on the proposals made at the Working Party, bearing in mind the work of the other committees.

Geneva, 15 November 2006.