



SIXTEENTH ITEM ON THE AGENDA

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

**Oral report by the Chairperson of the
Working Party, HE Mr D. Jayatilleka,
Ambassador and Permanent Representative
of Sri Lanka to the United Nations in Geneva**

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1. The Working Party on the Social Dimension of Globalization met on 17 March 2008. HE Mr Jayatileka (Government, Sri Lanka) chaired the meeting. Mr Funes de Rioja (Employer) and Sir Roy Trotman (Worker) were the Vice-Chairpersons.

I. **Current prospects and policies for decent work: The challenge of multilateral cooperation and policy coherence for a fair globalization**

2. The Working Party had before it a paper¹ and the Chairperson welcomed the guest speaker on that agenda item, Mr Robert Zoellick, President of the World Bank. He emphasized the current degree of congruency and compatibility between the ideas and work of the ILO and the World Bank. One of the reasons for that compatibility was the personality of President Zoellick. He had brought to the World Bank the respect of his peers globally; he was an outstanding professional, a brilliant man, a realist and a fair-minded person.
3. The Director-General, Juan Somavia, joined the Chairperson in welcoming the President of the World Bank to the Working Party and introduced the paper before it. He had met Mr Zoellick shortly after his appointment in 2007, and complimented him on his successful start and the strong support received for the replenishment of the International Development Association (IDA). He noted that tripartism made the ILO different to all other international organizations, and said that the collective knowledge of the constituents and the Office was an important resource for the whole international system. That knowledge could be used by the World Bank to help attune its lending to the Decent Work Agenda. A strong working relationship between the ILO and the World Bank could have a major positive impact; indeed it was already having an impact in those areas where that relationship had been formalized. The Director-General recalled that the Office had developed a Policy Coherence Initiative that was aimed at improving the mutual understanding between different international organizations. Also, in collaboration with the United Nations System Chief Executives Board for Coordination, a common toolkit for pursuing employment and decent work outcomes had been agreed and was in the process of being tested at the national level.
4. The Director-General noted that the World Bank and the ILO had their disagreements. However, the relationship between the two organizations was strong enough to allow vigorous debates, as could be seen through the inclusion of an Employing Workers Index in the World Bank's *Doing Business* rankings. He recalled a detailed technical exchange that had taken place in Washington recently, and said the two organizations would continue their discussions and that the Office would report to the Governing Body on them. At the same time, a long and varied list of collaborative projects were under way in particular countries and on certain issues. Addressing the best ways to promote sustainable enterprises and balanced labour market policies could be a very promising area for future cooperation.
5. Mr Zoellick, President of the World Bank, recalled that he had – in his former capacity as United States Trade Representative – collaborated with the ILO on issues such as trade and labour standards. Today, both the ILO and the World Bank were faced with the challenges and the opportunities of globalization. In his first months as President of the World Bank he had set out the vision of an “inclusive and sustainable globalization – to overcome

¹ GB.301/WP/SDG/1.

poverty, enhance growth with care for the environment, and create individual opportunity and hope”. Those ideas had grown out of discussions with the Director-General and others. For him, the words “inclusive” and “sustainable” had dual meanings: “inclusive” referred firstly to spreading the benefits of growth and globalization throughout societies and, secondly, it meant that it had a benefit beyond the individual country – low-income, middle-income and developed countries alike. “Sustainable” also had two meanings: it was associated with environmental purposes, such as the work the World Bank was doing in the area of climate change. It also had a systemic meaning: for globalization and its benefits to persist, one had to have a system that was resilient, that had the strength to adapt, and that linked into the logic of an inclusive globalization. In effect, the World Bank was trying to achieve something very similar to the ILO. It was trying to build a new multilateralism for changed circumstances.

6. The World Bank had started to connect its vision of inclusive and sustainable globalization to six strategic directions. First, assisting the poorest countries, especially in sub-Saharan Africa, to develop and grow. He stressed the need for growth and for private-sector development. In his visits to Africa, he had frequently heard calls for energy development, infrastructure, regional integration, open markets, and increasingly for investment in skills for the labour force. The second strategic area was to better address the needs of post-conflict States and States facing collapse. He recalled the World Bank’s role in the reconstruction of Europe and Japan after the Second World War, and that reconstruction now meant providing help to countries going through difficult transition processes. The third strategic theme was the successful integration of China, India and other middle-income countries into the international economic system. Though they were rising economic powers, they still faced huge development challenges in areas such as employment, skill development and social protection. Fourth, the Bank was trying to help address the global public goods agenda, including global climate change and the environment, transnational health issues, aid for trade, and the development and stability of financial systems. The fifth theme was to foster development and opportunity in the Arab world where countries faced demographic problems, often had a need for jobs and social development, and confronted special challenges in assisting women in the labour force. The sixth strategic theme was the World Bank’s knowledge and learning agenda. When the World Bank Group operated effectively, it drew together three different elements: it applied lessons of knowledge and learning from across the world; it extended its work beyond individual projects to support markets and institutions; and it used its financial resources to expand knowledge and experience in building markets and institutions.
7. The ILO had a full agenda across those topics as well, and the ILO’s Director-General had helped to sharpen the focus on the human dimension, and especially on more and better jobs. Even without the challenge of increasing economic uncertainty with larger downside risks, the international community faced a striking agenda: more than four out of ten workers were still poor, despite having jobs. Globalization offered opportunities but also led to competition and people could not be left behind. To that end, President Zoellick shared four policy guidelines. First, one needed to pursue policies to help all workers, and that meant focusing on helping workers rather than on protecting jobs. In particular, one had to pay attention to vulnerable groups. Second, workers should be supported through building their skills. That helped both the individual and the overall economy, as a lack of skill development was an increasing constraint both to productive business and to work. Third, one had to help workers adapt to change. Drawing on his experience as United States Trade Representative, he said that the challenge for successful trade promotion was to help people adapt to the inevitable changes brought by competition. That entailed the reinforcement of social insurance. Fourth, a focus on the special challenges of girls and women was needed. Despite gains in education and social development, the world was still a long way from the economic empowerment of women.

8. The World Bank was now exploring how best to pursue those four ideas, and welcomed the ILO's experience and insight. The World Bank had been very pleased to try to build a closer working relationship with the ILO across an agenda that also involved other UN agencies. In addition to the areas of cooperation mentioned by the Director-General, the speaker highlighted five more. First, the "Better Work" initiative between the ILO and the International Finance Corporation (IFC), the World Bank's private sector arm, which had helped to improve labour practices and competitiveness in the global supply chain. He cited the example of Cambodia, and drew attention to the programme's expansion to Viet Nam, Lesotho and Jordan. A second very important area was the Youth Employment Network, which was a good example of the World Bank working not only with the ILO, but also with others in the UN system. Third, the World Bank was involved in a project with the ILO and the United Nations Children's Fund (UNICEF) on addressing child labour issues, one of the core labour standards. Fourth, joint analytical work had begun on two pilot countries, namely Nepal and Zambia. Fifth, the ILO had begun working with the World Bank on microfinance, an area critical to the creation of jobs, enterprises and opportunities.
9. The President of the World Bank also addressed points of difference, namely the *Doing Business* report. He was very pleased that senior representatives of the Office had met with the World Bank's project leaders early that month and had been able to agree on some follow-up work. Deeper discussions were to follow, particularly concerning labour markets and the benefits and costs of labour market regulation. The World Bank also needed to consider better how to assess country compliance with ILO core labour standards and made it clear that in discussing labour market reforms with governments, it would advise that any undertakings involved consultations with key stakeholders, including workers' representatives and employers' organizations.
10. President Zoellick closed by recapitulating that his vision of an inclusive and sustainable globalization was an attempt to improve the lot of people across the globe, and that that required quality jobs, better social conditions and opportunities for individual development in achieving aspirations. He looked forward to the discussion and further building the relationship between the World Bank and the ILO.
11. The Employer Vice-Chairperson stated that employers highly valued collaboration with the World Bank and, in particular, tools such as the *Doing Business* report. He expressed concern over calls for more protectionist policies as an answer to the current financial turmoil. He referred to the survey entitled *Trends in the workplace*² that had been launched by the International Organisation of Employers, and touched on some of the main findings. The publication stressed that globalization could be beneficial if governments created a regulatory framework conducive to growth, equipped workers with the right skills and created a culture of innovation and entrepreneurship. The survey had also shown the need to enable businesses to adapt to change. He argued that in order to meet those challenges, policy-makers needed to promote transparent democracy and governance; adopt a regulatory framework that stimulated innovation and competition while respecting property rights; remove barriers to trade and investment; put in place stable macroeconomic policies; and invest in physical and social infrastructure. In addition, education and skills development, labour market policies, employability and sustainable social protection and social dialogue could also help address the challenges.
12. He also emphasized the role of sustainable enterprises and the policy framework developed by the International Labour Conference in June 2007. He recalled that Kofi Annan, during

² International Organisation of Employers: *Trends in the workplace 2008: Enterprises in a globalizing world* (Geneva, 2008).

his tenure as Secretary-General of the United Nations, had endorsed the role of business in reducing poverty by saying that “it is the absence of broad-based business activity, not its presence, that condemns much of humanity to suffering”. He emphasized that the multilateral system could also help address the challenges by providing information and tools to facilitate national policy debates. In that respect, the World Bank’s *Doing Business* reports were very useful as governments still made it too hard for enterprises to do business. He welcomed closer collaboration between the ILO and the World Bank and presented elements for collaboration at the international level, namely that the unique mandates and consequent comparative strengths of each organization needed to be recognized; policy coherence should aim to bring together those different elements in a complementary manner; different organizations had different views, approaches and constituencies to answer to, and those needed to be respected; policy coherence, from the Employers’ point of view, should facilitate collaboration, not competition; collaboration implied that it should be in areas where it could have a superior impact to individual agency efforts; and policy coherence did not necessarily mean policy convergence, and should thus not be about forcing any given agency’s agenda onto others. The Employer Vice-Chairperson concluded his remarks by emphasizing the importance of the need to adapt to change.

13. The Worker Vice-Chairperson stressed that economies must meet society’s needs, and not the other way round. In his view, the four policy guidelines suggested by the President of the World Bank needed to be predicated by workers’ rights, especially respect for freedom of association. Access to training, broader social security coverage and gender equality were no substitute for fundamental rights. He stated that although the consequences of the financial turmoil were not yet fully appreciated, some of them were known, including the slowdown of global growth, the credit squeeze, job losses and more modest progress on the Millennium Development Goals. The financial turmoil had two causes: firstly, global imbalances and, secondly, financial innovation and the failure of regulatory bodies to keep pace with those innovations. He illustrated the need for financial regulation by recalling past financial crises and the incapacity of the market to resolve those crises, adding that countries should be allowed to use capital controls to address the present turmoil. According to him, financial regulation must promote decent work outcomes and prevent risks taken by financial institutions being carried by taxpayers. Speaking of global financial gains, he added that taxation of very high incomes should contribute to sustain national economies. He also suggested implementing a coordinated fiscal stimulus, as called for by the IMF Managing Director, which should target the working poor and reduce wage inequality, as well as minimum wage policies for low-paid workers.
14. He called for tripartite dialogue at the national level to review the employment impact of the financial turmoil. He fully supported paragraphs 42–48 of the document. In order to build a fairer globalization, he recommended enhanced policy coherence between the World Bank and other international organizations, but also within the World Bank. Firstly, the World Bank’s programme must fully integrate the four dimensions of decent work, namely, fundamental principles and rights at work, employment, social protection and social dialogue. Secondly, the World Bank should undertake a major rethink of the *Doing Business* report, in particular the Employing Workers Index and drop the labour component from the report. That had been used as a condition for assistance and promoted a race to the bottom. Thirdly, the World Bank should further reduce conditionalities and refrain from intervening in labour law reforms. Finally, the World Bank had to address the challenge of poverty reduction through a stronger involvement of workers’ and employers’ organizations, putting decent work at the heart of poverty reduction strategies.

15. The representative of the Government of Slovenia, speaking on behalf of the European Union (EU),³ welcomed the intervention by World Bank President Mr Zoellick and highlighted the importance of continued high-level multilateral cooperation between international organizations. The current global economic and financial imbalances represented a real risk to a highly globalized world and could result in economic and social costs. To meet the challenges and opportunities arising from globalization, it was essential to pursue integrated employment, social, macroeconomic and microeconomic policies and to gear them towards economic stability and social cohesion. In that context, the EU welcomed the outcome of the 46th Session of the United Nations Commission for Social Development, held in February 2008, on promoting full employment and decent work for all. The speaker also recalled that the Ministerial Meeting of the United Nations Economic and Social Council (ECOSOC) had highlighted the importance of cooperation between the ILO and other international organizations, including the World Bank.
16. She said that it was particularly important to develop social protection systems and to extend their coverage to workers in the informal economy. A basic social security floor, which had been implicitly taken into account in paragraphs 42, 43 and 44 of the document before the Working Party, was an investment in a country's future and a cost-effective way of fighting poverty. She called for strengthened international and multilateral cooperation, particularly with the ILO, to support countries to develop such systems. She also supported national reviews of economic prospects and their implications for decent work, emphasizing the importance of social partners and other stakeholders in the preparation and implementation of coherent policies. Good labour market performance was one of the key issues contributing to sustainable development and economic growth. The EU followed an approach of combining flexibility and security, known as flexicurity. She also drew attention to the EU's Lisbon Strategy for growth and jobs, which aimed to promote mutually reinforcing economic, employment, social and environmental policy objectives. Combining economic competitiveness and social justice were at the heart of the European model of sustainable development. Finally, she noted that the report before the Working Party lacked an important aspect of globalization, namely migration.
17. The representative of the Government of Peru, speaking on behalf of the Group of Latin American and Caribbean States (GRULAC), expressed his appreciation of the document. He stated that the current slowdown in industrialized countries could jeopardize the economic and social progress recently achieved in his region, including the reduction of poverty. He suggested that the introduction of appropriate regulation of financial markets and coordination of macroeconomic policies at the international level could address the consequences of the turmoil on decent work.
18. The representative of the Government of Nigeria also expressed concerns over the ripple effects of a slowdown in industrialized countries and called for collaboration of the ILO with other international organizations. He quoted Nigeria's Decent Work Country Programme (DWCP) as an example of collaboration between his country and the ILO and added that the Decent Work Agenda featured highly in the priorities of his Government. Youth unemployment and migration from rural to urban areas were big challenges in Nigeria which could be addressed with ILO assistance and social dialogue.

³ The candidate countries Turkey, Croatia and The former Yugoslav Republic of Macedonia (Croatia and The former Yugoslav Republic of Macedonia continue to be part of the Stabilization and Association Process), the countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, Serbia, and the European Free Trade Association (EFTA) countries Iceland and Norway, Members of the European Economic Area, as well as Ukraine, the Republic of Moldova and Armenia, aligned themselves with the statement.

19. The representative of the Government of the Islamic Republic of Iran stated that globalization had not delivered all its promises. That was due to the lack of regulation of the global economy and the lack of policy coherence at the multilateral level. He stressed that policies promoted by the World Bank and the World Trade Organization could endanger the equitable public provision of services. However, there were indications at the World Bank, the International Monetary Fund and the Organisation for Economic Co-operation and Development (OECD) of a shift in those policies.
20. The representative of the Government of the United States thanked President Zoellick for his presentation. In particular, she applauded his special mention of the need to focus on the challenges of girls and women. Commenting on the paper before the Working Party, the speaker called for caution in assessing the scope and ramifications of the housing and mortgage challenge. It was worth recalling that the United States had faced several very strong economic challenges over the past three decades, and in all cases the highly flexible nature of its economy had allowed for very quick readjustment and recovery. She believed it was more useful for the ILO to focus on the possible solutions. The ILO played an important role in addressing the issue of employment, and the speaker suggested six areas of activity for the ILO: help in encouraging the creation of good economic environments while supporting the creation of good transition programmes for displaced workers; encouragement for microfinance and entrepreneurship; focus on developing research capacities to provide high-quality employment impact analysis; focus on building the capabilities of labour ministries; and finally, ensure that core worker rights were honoured so that workers were not abused in transitional economic periods.
21. The representative of the Government of India welcomed the timely initiative taken by the Director-General to bring together various international organizations. She reported that the United States sub-prime crisis had had consequences on the Indian economy through the fall in the value of the US dollar and its adverse impact on exports, putting the number of job losses at 200,000. However, the expected rate of growth remained strong and the Government was endeavouring to make it more inclusive through the implementation of various schemes. These included a health insurance scheme for unorganized-sector workers using the “smart card”, as well as a scheme for insurance against death and disability and one for the aged poor.
22. The representative of the Government of South Africa observed that there was a need to make globalization more inclusive. He recalled the negative impact of structural adjustment programmes and added that the governance of the Bretton Woods institutions must be changed to ensure that countries in crisis received much needed help. Their governance would greatly benefit from the inclusion of the ministers of labour and social affairs, he said, although he recognized the difficulties associated with that shift.
23. The representative of the European Commission (EC) agreed that the risk of propagation of the turmoil should be addressed. He suggested reducing global imbalances in financial markets through multilateral cooperation. He also quoted a number of collaboration initiatives of the EC built in partnership with others. He welcomed paragraph 47 on strengthening partnership between the ILO and other international organizations and endorsed paragraph 49(5), concerning tripartite meetings at the national level to review economic prospects and their implications for decent work.
24. The representative of the Government of Argentina referred to the *Doing Business* report and recalled the deep crisis of her country in 2002. Thanks to the new policies adopted in the aftermath of the crisis, the economic and social situation of the country had much improved, including the development of social dialogue. She stressed that the implementation of labour laws did not prevent the development of small and medium-sized

enterprises and concluded that there was no unique development path. She added that decent work policies had the capacity to contribute to sustainable social development.

25. In response, Mr Zoellick offered some additional observations. Firstly, regarding the issues of governance and anti-corruption raised by the Employer Vice-Chairperson and other speakers, he said that corruption not only stole from the poor but also eroded trust in governments, in businesses, in unions and in international organizations. He recognized the relevance of the governance issues raised by the representative of the Government of South Africa. He drew attention to his appointment of former ministers from Africa to senior positions at the World Bank, which demonstrated that much could be done within an organization, while some of the governance issues ultimately were the responsibility of member States.
26. Secondly, referring to the intervention of the Worker Vice-Chairperson, Mr Zoellick said that the Bank regarded development in a comprehensive way and therefore included issues of worker and social protection. He thought that such issues could not be “outsourced” and recognized that they were at the very heart of the ILO. The best approach was to look to the ILO concept of partnership through dialogue; he did not think that it was possible to have monopoly organizations in the current environment. Thirdly, he shared some data on the Bank’s use of conditionality, a topic raised by several speakers. While there used to be more than 30 conditionalities on average, that number had now come down to ten or 12. Furthermore, 50 per cent of them now concerned governance issues, such as the requirement for governments to consult with civil society and workers’ organizations, and another 20 per cent concerned social sectors.
27. Fourthly, he shared the view that core labour standards and workers’ rights were important. He had earlier tried to emphasize that fact by saying that long before he had assumed his current position, he had tried to integrate labour issues into the trade agenda. They were a critical aspect of inclusive and sustainable globalization, and he had suggested that it might be good to include them in the *Doing Business* report. The Bank had recently looked at the ILO’s 188 Conventions and concluded that a country could achieve the highest score in the *Doing Business* report while complying with all ILO Conventions. Fifthly, he recognized that the issue of flexibility in labour markets was a sensitive subject of discussion. The focus should be on workers, not on jobs. Trying to preserve jobs was not necessarily the best development strategy, and might leave out some workers if they were part of the informal economy – an issue that had been raised by the representative of the Government of India. On the issue of financial turmoil, he drew attention to the striking fact that, at least so far, some developing countries continued to be important poles of growth. However, he did not believe in decoupling, and thought that the problems of developed countries would have an effect on the global economy.
28. With regard to financial supervision and regulation, he said that important lessons had to be learned from the financial turmoil, but warned against condemning all financial innovation, which could be of tremendous help, not just to investment banks or big commercial banks, but to those who are less advantaged in the world. He cited several examples of ways in which the World Bank had used new financial tools to help poor countries. He concluded by referring to the intervention by the representative of the Government of India, which had highlighted the increased opportunities for South-South knowledge and learning development. On his visit to India, he had seen some of the village programmes, programmes dealing with orphans, and the “smart card” innovation. There was much that the World Bank could learn from the ILO and its member States.
29. During the afternoon session, a Worker member said that the paper before the Working Party gave a fair and balanced assessment of the financial market turbulence and global economic imbalances, and of the challenges that posed to the Decent Work Agenda. He

referred to the Global Employment Agenda and the interlinkages between the Decent Work Agenda and monetary, fiscal and exchange rate policies. It had emerged from the paper that country-level competitiveness and employment performance were affected by dramatic shifts in currency exchange rates and capital market volatility. Liberalization of financial markets carried costs which had not been fully accounted for, and the cost of failure in the financial markets was often paid by society. Simply dealing with the crisis through conjunctural tools such as monetary or fiscal policy was not sufficient to address imbalances and inequalities, and collective bargaining was the biggest deficit in many fast-growing economies and the area of biggest potential impact that the ILO could make to bring together the nexus of growth, wage distribution and increased domestic demand.

- 30.** With reference to the presentation by the World Bank President, he drew attention to some additional points. First, while the Bank's approach was based on the assumption that workers needed to adjust to the realities and rules of globalization, his group believed it was essential that those rules and realities be changed to serve people better. Second, it was not correct that countries could fully comply with ILO standards and score well in the *Doing Business* report. Violators, in fact, scored better than those who complied fully. Third, the ILO had the primary mandate for standard setting on workers' rights and the supervision of those standards, and the Bank had to defer to the ILO in those areas. Fourth, the points that had to date emerged from the dialogue between the Bank and the Office on the *Doing Business* report did not constitute a sufficient basis for consensus.
- 31.** Regarding questions 1–4 in paragraph 49 of the paper before the Working Party, the speaker said that a number of countries were vulnerable to employment losses, growing levels of unprotected work and rising poverty, if the current crisis deteriorated further. At the international level, greater policy coherence between trade, aid and financial policies was required to address the global imbalances sketched out in the paper. Three areas of the Decent Work Agenda were particularly relevant: better coordination of macroeconomic policy to achieve full employment; a mix of social, tax and education policies to reverse increasing wage and income inequalities; and measures to raise aggregate domestic demand in highly export-oriented countries, especially China, including through freedom of association and collective bargaining. With regard to question 5, he supported the idea of country-level tripartite discussions, noting that they had to be based on freedom of association. He proposed discussing the outcomes of such discussions in the November 2008 session of the Governing Body. The Office should also produce a regular report on economic and social forecasts and their likely impact on the Decent Work Agenda.
- 32.** The Employer Vice-Chairperson observed that the ILO, in view of its mandate, should consider the financial turmoil and elaborate strategies to deal with its consequences; in doing so, it could contribute significant added value. The issues with regard to the organization of enterprises were important, and included the difficulties associated with starting an enterprise in developing countries and the risk of corruption. It was therefore useful to adopt a regulatory framework which gave incentives to firms to operate in the formal sector. His group therefore supported the *Doing Business* report.
- 33.** The Employer Vice-Chairperson said that his group had found the morning session extremely useful. He drew particular attention to three points. First, the Employers were convinced that the ILO had an important mandate which it should exercise in the field. That meant that the ILO should address the consequences of economic and financial change, just as it should also address the consequences of climate change. A dynamic process was under way and the outcome was as yet unclear but would have consequences to which the ILO would have to respond in the light of its mandate. More emphasis should be placed on defining the effects of the crisis rather than its causes. Those effects concerned not only work but also enterprises. Second, he emphasized that businesses in many countries faced many barriers – fiscal, bureaucratic and organizational. Where they

faced most barriers the informal sector was most extensive. That had consequences for workers. The objective had to be the establishment of systems to enable enterprises to operate in the formal, rather than the informal, sector. There were differences of view on how to achieve that, but they could be resolved by dialogue. The Employers supported the *Doing Business* report while recognizing that it could be improved. Third, the group did not agree with the diagnosis given in the paper or with the policy responses it suggested. There was a need to focus on the consequences of the crisis which could take very diverse forms in different countries. There was a need to stress the creation of enterprises and employment because decent work was possible where enterprises were sustainable. The paper was too vague in its use of terms like labour market policies and regulation of employment. Social and labour protections, which were essential during periods of risk, had to be viable in the real world of competition. Adaptation to new market realities was an important issue for the Office to address. There was also a need to go deeper into the issues of the informal economy, which were different in different regions. A linked issue was migration. The President of the World Bank had made a number of suggestions for effective collaboration with the ILO. The group believed there was no single policy response to the evolving situation. Different policies were needed for different countries. The ILO should also work with other agencies of the UN system, including the UNDP and the regional banks, as well as the World Bank. Regarding the idea of constituent meetings to discuss economic trends, he emphasized the importance of taking a broad view that encompassed governance issues.

34. *Now reflecting back on the exchange with President Zoellick and the discussion of the Office paper, I found a broad consensus on the value of deepening our collaboration with the World Bank. Mr Zoellick, the Director-General, as well members of the Working Party made a number of valuable suggestions on how to organize and prioritize what I termed a “partnership through dialogue”. We should invite the Director-General to continue his discussions with President Zoellick and report back to us at a suitable time. Regarding the current economic situation and its consequences for the Decent Work Agenda, I found a shared concern about the spread of the slowdown and its possible consequences around the world. There were some differences of view over responses which perhaps reflect the differing circumstances of member States. I think there was a general agreement that we are entering a challenging period and tripartism and social dialogue could be an important means for countries to find the right policy responses. I suggest that where countries do take up the suggestion of holding tripartite meetings on the crisis that they inform the ILO of the content and outcome of those discussions. I am sure the Office will continue to monitor the evolution of the crisis and in the usual consultations with the Officers of the Governing Body decide whether and if so when a further report and discussion might be held. Overall, agenda item 1 provoked an extremely interesting and rich debate which I am sure we will draw on in the future.*

II. Report of the ILO Forum on Decent Work for a Fair Globalization⁴

35. Introducing the second item of the agenda, “Report of the ILO Forum on Decent Work for a Fair Globalization”, the Chairperson drew attention to the revised version of the Office paper. He thanked the Government of Portugal for its active role in the organization of the Forum, which had been characterized by a special atmosphere – the “Lisbon spirit” – which he thought the ILO should maintain as it moved into the future.

⁴ GB.301/WP/SDG/2(Rev.).

- 36.** The Director-General noted that the discussions in Lisbon had been very stimulating and it was now up to the Governing Body to decide how to move forward. The preparation of the Strategic Policy Framework for 2010–15 was the appropriate instrument for that purpose.
- 37.** Mr Vieira da Silva, Minister of Labour and Social Solidarity of Portugal, said that decent work was one of the most innovative concepts on the international agenda, and one to which his Government was particularly committed. The Forum was part of the programme of the Portuguese Presidency of the EU and a strong sign of EU political support for the Decent Work Agenda. The Forum was a clear success, in terms of the level and quality of the interventions, the diversity of issues covered and their implications for current global debates. He commended the report of the Office and recalled some of its main messages. Key challenges were to promote greater coherence in key policy areas, improve the quality of data and indicators to evaluate implementation, strengthen global and regional networks for the sharing of knowledge, and stimulate social partners and civil society to strive to establish the social and political conditions needed to achieve the decent work goals. In that respect, the decision of the international trade union movement and civil society organizations to launch the Call to Action for Decent Work at the Forum was noteworthy. The speaker summed up the “Lisbon spirit” in one question: “How to make Decent Work work?” His suggestion to organize another ILO forum in the future reflected the need for prompt action on specific issues within the Decent Work Agenda for a fair globalization, and to evaluate progress in different fields and different regions. He recalled other stepping stones in the consolidation and promotion of the Decent Work Agenda that had taken place in recent months. As to the question whether the Forum had been of value, he believed it had been for two reasons. First, notwithstanding the growing support for the Decent Work Agenda, it faced some important adverse trends and the risk of unfair globalization. Second, it was also important to consolidate the approach and lever future developments. He had referred in Lisbon to the “ethical density” of the decent work concept which could shape tools and produce results, which is what would count in the end.
- 38.** The Worker Vice-Chairperson said that the Workers’ group endorsed many elements of the analysis presented in the report. He noted in particular the broad convergence of views around the need for a fair globalization that had emerged at the Forum, and the recognition that decent work was essential to achieving that goal. He also noted that policy coherence between economic and social policies was needed at all levels, and agreed that tripartism and social dialogue were key elements in delivering decent work at the national level, especially through collective bargaining. The Workers’ group also subscribed to many of the conclusions of the Forum’s thematic discussions. Their overall evaluation was that the Forum had reaffirmed the value of the ILO’s tripartite structure in tackling critical matters of global concern. It had also shown the benefits to the Organization of getting its key messages out beyond its own walls. The challenge was now to move from words to action and deliver results in at least two strategic areas: first, to achieve greater coherence in international policy-making; and second, to create more and better jobs in conditions in which rights were fully respected. He recalled that the Forum had provided an opportunity for the International Trade Union Confederation (ITUC), together with other like-minded civil society organizations, to launch a Call to Action for Decent Work. Within the framework of that launch, the ITUC had declared 7 October 2008 “World Day for Decent Work”. He called on the ILO to engage in the activities that would be organized on that occasion around three main themes: solidarity, ending poverty and inequality, and rights at work, calling in particular for the universal ratification and application of Convention No. 87, which would celebrate its 60th anniversary in 2008, as well Convention No. 98, which would have its 60th anniversary in 2009.
- 39.** The Employer Vice-Chairperson said that the main purpose of the Forum had been to foster dialogue and exchange views with actors outside the tripartite networks. That objective had been fully achieved. He underscored the active participation of the

representatives of the Employers' group in the discussion at the Forum. He noted that only the Governing Body had the authority to take any decision concerning the follow-up to be given to the Forum. He recalled some important messages that had come out of the Forum: the importance of accessible, relevant and flexible systems of education, skills development and employability; the need for intelligent regulations to foster the upgrading of informal economic activities; the role of policy frameworks to better manage workers' migration; the challenges of reconciling fiscal responsibility with the extension of social protection; and the commitment to greater dialogue among international organizations. He especially emphasized the challenge of generating decent work opportunities for young women and men. The information it had generated had to be digested within the Organization, in accordance with its mandate, before any discussion could be opened on whether to hold another forum.

40. The representative of the Government of Peru, speaking on behalf of GRULAC, expressed appreciation for the holding of the Forum. He valued the outcomes of the thematic sessions, which had helped identify specific issues to contribute to stronger decent work policies and programmes. He recalled many recent instances where GRULAC countries had shown their unambiguous commitment to promoting the Decent Work Agenda, including the Summit of the Americas at Mar del Plata.
41. The representative of the Government of Slovenia, speaking on behalf of the EU,⁵ expressed appreciation for the interesting agenda of the Forum, which had coincided with EU discussions on shaping globalization, including the adoption of a Declaration on Globalization at the December 2007 meeting of the European Council. The EU welcomed a coherent approach to ILO outreach work and considered it useful for the ILO to bear in mind the various opinions expressed during the six thematic panel debates at the Forum. Were the ILO to hold another forum, the EU believed that it should endeavour to attract more representatives from the multilateral system, concentrate on fewer items, and focus mainly on policy coherence and effectiveness in the implementation of decent work policies at the national, regional and global levels. Policy coherence with other international actors was essential and could be promoted through the Policy Coherence Initiative. The Working Party should receive a regular report from the Office on developments in that regard, including a follow-up on the World Commission report.
42. The representative of the Government of Kenya said that it was the responsibility of the ILO to translate the main achievements of the Forum into actions that would strengthen the quest for decent work and a fair globalization. It was imperative to promote greater collaboration between the ILO and the other UN agencies and to tap multilateral financial resources that would ensure the implementation of decent work policies and programmes, especially in areas such as youth employment and the informal economy. He commended the Inter-Parliamentary Union on its commitment to the promotion of employment and decent work, and urged it to give priority to the setting up of an international parliamentary advisory group to promote policy coherence at both national and international levels.
43. The representative of the Government of Argentina recalled the active role her Government had played at the Forum, in particular in chairing the debate on social protection policies for social cohesion and economic development. In the current turbulent economic environment, that topic deserved special attention, since it could provide relief to workers facing difficult adjustments in their working lives. At the same time, it could be an

⁵ The candidate countries Turkey, Croatia and The former Yugoslav Republic of Macedonia, the countries of the Stabilization Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, Serbia, and the EFTA countries Iceland and Norway, Members of the European Economic Area and Switzerland, as well as Ukraine, Republic of Moldova, Armenia and Georgia, aligned themselves with the statement.

instrument for fostering social inclusion, alleviating poverty and strengthening political democracy. She agreed with the preliminary assessment contained in the report, and looked forward to a further debate that would take into account the special circumstances of each region.

44. The representative of the Government of India echoed the sentiments expressed regarding the spirit of Lisbon. The “Lisbon spirit” should give way to the “Lisbon strategy”, a concerted effort to seek solutions and strategies which could unleash the productive capacity of people across nations. The ILO should develop an overall strategy to promote decent work and a fair globalization, and the entire UN system should adopt it. She concluded by recalling the many initiatives her Government had taken to move forward with the four pillars of the Decent Work Agenda.
45. The representative of the Government of France added to the statement by the representative of the Government of Slovenia on behalf of the EU. He summarized his assessment of the Forum in four points. First, it was possible to organize a meeting like the one in Lisbon. Second, it was useful to organize it, as the outcomes of the discussion had been enriched and regenerated by the exchange between the tripartite partners and other players. Third, there was room for improvement, but the standard set in Lisbon had been very high. Fourth, such an event was desirable. His Government favoured holding another similar event for two reasons. The first was political, as already emphasized by Minister Vieira da Silva. The second related to the ILO itself. The ILO should not limit itself to arranging talks between constituents; there was a need to project the values of the Organization and reach out to other stakeholders.
46. The representative of the Government of Sri Lanka strongly supported the dialogue initiated by the ILO in promoting decent work and fair globalization and the need for greater policy coherence. He noted that his Government had set up an inter-ministerial committee to ensure policy coherence in the implementation of national policies for decent work. He agreed with others that the Forum in Lisbon had been a success, and welcomed the suggestion to look into the opportunity to organize a similar event focusing on the implementation of decent work policies and programmes. He also believed that, as proposed in the report, it was time for the Office to develop a clear outreach strategy to ensure proper follow-up and tangible outcomes.
47. The representative of the Government of the United States commended Minister Vieira da Silva for his informative report and for his leadership efforts on the Lisbon Forum. She said that while the Office paper asked for guidance, the Working Party could not make commitments. She also noted that the Forum had taken the form of panel discussions, with no mechanisms for reaching consensus. It was not clear to her, moreover, that any new ideas of substance had been identified or which concrete “next steps” had been widely embraced. Issues had first to be discussed and agreed upon by the Governing Body before they could be integrated into the programme and budget. As for holding a similar forum at some point in the future, she noted that the ILO had three standing meetings a year and if the issues were sufficiently important they should be accommodated within the regularly scheduled meetings. She agreed on the need to develop an overall ILO strategy to consolidate and focus existing outreach and advocacy activities, but wondered about the meaning of the idea of “calibrating the ILO message for different audiences” and said she would appreciate clarification by the Office.
48. The representative of the Government of Norway attached importance to focusing on policy coherence and effective implementation of DWCPs, in particular through the active involvement of leading representatives of other multilateral organizations. That had been underscored by the statement made on behalf of the EU which his Government had endorsed. Norway would like to contribute to efforts to achieve better and more coherent

global governance for the promotion of decent work, and Norway would be hosting an international conference on decent work in Oslo on Friday, 5 September 2008. That event would bring together prominent participants from the ILO, the World Trade Organization, governments, the social partners and parliamentarians.

49. The representative of the European Commission welcomed the report of the ILO Forum and the possibility of holding a similar forum in the future. He noted that the EC had supported the ILO Forum, and the European Commissioner for Employment, Social Affairs and Equal Opportunities, Vladimer Spidla, had made a keynote plenary speech. Several of the issues addressed in the Forum had been addressed at the annual high-level meeting between the Office and the EC in November 2007 and the conference on decent work organized by the EC in cooperation with the EU Presidency in January 2008. The ILO could not achieve its strategic objectives at the global, regional and national levels in isolation. It needed to continue to engage in dialogue and cooperation with other agencies and organizations, regional institutions and other actors. There was also value in developing an overall ILO strategy to consolidate and focus existing outreach and advocacy activities.
50. The President of the ITUC, Ms Burrow, pointed out that the Call to Action for Decent Work was very important to the trade union movement. It was critical to drive the decent work commitment down to the level of countries and workplaces. In the context of the turmoil in financial markets, employers and workers could both benefit from a universal commitment to decent work, in particular freedom of association and the right to organize and bargain collectively. She noted that Australia's recent election had been fought and won largely on a campaign for rights at work. That was also the basis for renewed confidence in the economy and a factor behind the joint commitment of Australian enterprises to growth, productivity and sustainability.
51. A Workers' delegate noted that in a number of countries, "super-rich" individuals, including top executives of major financial companies, were in large measure escaping taxation. Effective taxation systems to fund public services and to support coherent policies were crucial to a social globalization, but had not been discussed at the Forum.
52. Mr Vieira da Silva thanked the participants for their kind words about the Lisbon spirit. He stressed that the concept of decent work was a strong one for many reasons: for its ethical density, but also because it linked the discussion on labour markets and labour issues with many other issues that were relevant in different geographical, economic and political contexts. Global ground rules in finance and trade had a major influence, but the first step towards achieving decent work had to be taken by employers, workers and governments. He also stressed that it was essential to add the political dimension to the debate on decent work and not to let it become a bureaucratic programme in the ILO, in any other UN agency, in the EU or anywhere else. A second forum, with the same Lisbon spirit but in another place, was needed in order to give political strength to the discussion.
53. In his closing statement, the Employer Vice-Chairperson pointed out that while his group considered the Forum to have been useful, it was now for the Governing Body to carry out a tripartite analysis of the outcomes and discuss possible future steps. At the moment he did not see the need to organize another similar event.
54. The Worker Vice-Chairperson recalled that the idea of the Forum had arisen out of what the Governing Body thought was a need that had been expressed but there was no expectation of automatic follow-up. The Governing Body should keep an open mind regarding the holding of another forum, especially in view of the continuing challenges the Decent Work Agenda faced in achieving its ambitions.

55. The Director-General, closing the debate, noted the support most speakers had given to the Forum. The question was now how to process the ideas and the opinions that had emerged from it. He recalled the representative of the Government of India saying that the “Lisbon spirit” had to become the “Lisbon strategy”, and agreed with the Employer Vice-Chairperson and the representative of the Government of the United States that the Governing Body was the instance where a tripartite decision on that issue had to be taken. The Strategic Policy Framework for 2010–15, to be submitted for approval in November 2008, provided the appropriate institutional process to take into account the inputs arising out of Lisbon, as well as the discussion on how useful those inputs were. Certain specific issues covered by the Strategic Policy Framework were of particular relevance: the need to develop a vision of a stronger ILO in a changing world; the setting of priorities under each strategic objective; the development of policy tools and options to make the DWCPs operational; the strengthening of the capabilities of constituents and Office staff; and improved management. The process leading to the preparation of the Strategic Policy Framework provided an opportunity for constituents and staff to make their own contribution. As to the issue of resources, he recalled the establishment of the Regular Budget Supplementary Account and thanked countries that had already committed themselves to it.

Geneva, 19 March 2008.