



## **Governing Body**

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### FOURTEENTH ITEM ON THE AGENDA

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

1. The Committee on Employment and Social Policy (ESP Committee) met on 8 and 9 November 2010. Mr Shahmir (Government, Islamic Republic of Iran) chaired the meeting. Ms Goldberg (Employer, United States) and Ms Kelly (Worker, New Zealand) were the Vice-Chairpersons.

### **I. Follow-up to the Global Jobs Pact (First item on the agenda)**

#### **Update on progress made: Interactive discussion with special assignment coordinators**

2. A representative of the Director-General (Mr Torres, Director, International Institute for Labour Studies) introduced the agenda item with respect to special assignment (iii), crisis-related research. He started by outlining some key findings from ILO research; these included the fact that the Global Jobs Pact had brought a double dividend in helping to smooth the impact of the economic and financial crisis and in softening the employment and social impacts of falling gross domestic product (GDP). He provided examples of some of the Global Jobs Pact-type policies that had had beneficial effects in supporting job retention and demand stimulus, and also pointed out that the Pact had helped to discount policies such as wage deflation that might have been counterproductive. He emphasized that the global crisis was not over and that there was still a need for the Global Jobs Pact to counter the possible development of structural problems in labour markets – impacting the long-term unemployed, for example – and to advocate for a job-centred policy response to complement and ease the severity of fiscal austerity. He stressed that continuing labour market measures would not be expensive to the public purse and would lead to lower deficits in the longer term. The ILO research agenda would continue to investigate integrated approaches to promote recovery, boost employment and job quality, income-led growth and further efforts in defining the relationship between globalization and labour.
3. The representative of the Director-General (Mr Salazar-Xirinachs, Executive Director, Employment Sector) made a presentation on ways in which the Office was supporting constituents to give effect to the Global Jobs Pact at the national level. He noted that work had focused on matters such as mainstreaming the Pact as part of Decent Work Country Programmes and supporting countries committed to an integrated application. The former

had mostly related to making linkages with outcome-based workplans, while the latter had been carried out in nine countries (Argentina, Bulgaria, El Salvador, Indonesia, Jordan, Mali, Mongolia, Nigeria and South Africa). He reported that the main components of the implementation approach had involved working in multidisciplinary teams, conducting policy reviews through the preparation of scan documents, and providing capacity building and technical support. He explained that using the scan methodology provided an opportunity to conduct an integrated analysis vis-à-vis the crisis as it covered impact assessment, recovery policies and sustainable globalization. He noted that the work on capacity building had been directed towards increasing understanding on policy issues. With regards to the technical support provided, he gave the example of South Africa, where an integrated approach had focused on exploring policies on issues such as universal income generation, social dialogue, inclusive job-rich growth and capacity building.

4. A representative of the Director-General (Ms Yamamoto, Director, ILO Regional Office for Asia and the Pacific) spoke about the experience of implementing the Global Jobs Pact from a regional perspective. She mentioned that the Asia–Pacific experience was focused on mainstreaming the Pact into Decent Work Country Programmes and national policy frameworks in areas such as wage policy (China), employment services (Cambodia), labour market data collection (Pacific Island countries), and social protection (Viet Nam). She made particular reference to the case of Indonesia as a constituent-driven example, where tripartite involvement had already produced a draft Global Jobs Pact. She explained that the Office had provided support in training, capacity building and in engaging international support. The Office’s technical support had concentrated on assessing the employment impact of crisis-response measures and skills and employment policy. Overall, she noted that the benefits of the Pact could be seen in terms of strengthening the Office’s capacity to deliver integrated technical assistance; design and implement integrated research; enhance tripartism; promote policy coherence; improve analytical tools; and foster policy dialogue.
5. A representative of the Director-General (Mr Lamotte, Employment Sector) identified some lessons, challenges and opportunities from the Global Jobs Pact implementation experience. Primarily, he focused on the importance of the policy dialogues that had been instrumental in the promotion of the Global Jobs Pact at both national and regional levels. He added that the dialogues had been enriched by the country scans and through the active roles played by the Bureau for Workers’ Activities (ACTRAV) and the Bureau for Employers’ Activities (ACT/EMP). Regarding country policy implementation, he cited the wide range of support areas, such as: pension reform in Bulgaria; the application of the Social Accounting Matrix to the design of the stimulus package in Indonesia; and the restructuring of labour inspection in South Africa. He highlighted the numerous challenges involved in providing the technical depth of expertise expected from ILO assistance; finding sufficient human and financial resources; aligning with political cycles and maintaining the active engagement of development partners at the national level; and ensuring the timely delivery of services when coordinating across multidisciplinary teams.
6. A representative of the Director-General (Ms van Leur, Director, Department of Partnerships and Development Cooperation) provided an update on special assignment (iv), resource mobilization. She outlined the climate of increasing uncertainty in both the levels and predictability of official development assistance in the face of current fiscal constraints among countries. She added that the reliance of United Nations organizations on a small number of core donors made them particularly vulnerable; the ILO, for instance, had seen its approvals trailing behind, obliging the Office to learn to live with unpredictability. At the same time, she shared some good news concerning recent generous contributions from national donors, including Australia, Belgium, Canada, Norway, the Netherlands, and the United States, which should allow the ILO to meet its strategic objectives of this biennium. With respect to the resource mobilization strategy of

the Global Jobs Pact, she emphasized the mainstreaming of the Pact's objectives and resource mobilization in the outcome-based workplans; the expanded exploration of alternative funding sources such as public-private partnerships; "triangular cooperation"; cooperation with other United Nations agencies to tap into the multi-donor trust funds; and the growing importance of domestic resource mobilization for promoting decent work and job-driven recovery measures. She stressed that the Office continued to have success in leveraging support for the Global Jobs Pact, and that widespread acknowledgment of ILO initiatives through recent venues/arenas, such as the G20, the United Nations Development Programme (UNDP), the United Nations Economic and Social Council (ECOSOC), the Social Protection Floor (SPF) initiative and the high-level Millennium Development Goals (MDGs) plenary outcome document, bode well for future efforts in resource mobilization.

7. The Worker Vice-Chairperson mentioned that while the experience of implementing the Global Jobs Pact had been positive, there were a number of concerns that needed to be raised. There was, first of all, the risk that implementing the Pact at a national level could become a process of striving for the lowest common denominator and she stressed the need to ensure a more holistic and integrated approach. She noted that some issues were hard but required action. Other concerns related to the fact that the recovery was not producing sufficient jobs, and that the limited jobs being created were not necessarily jobs of quality. She reminded the meeting that the goals of the G20 were clear – putting jobs at the heart of the recovery. It was the Global Jobs Pact that had assured the ILO a place in the G20 discussions, because it included microeconomic considerations. She also pointed out that the process of preparing country scan documents was not applied in the same way in all countries. A further concern was that the tripartite role of social dialogue and consultations was not followed consistently throughout the member States. In addition, the participation of all relevant government departments was also required if a holistic approach was to be taken. Government commitment varied – including across departments. She further pointed out that a key challenge was to look at the implementation of the Global Jobs Pact from a more holistic and broader perspective, which should be capable of addressing comprehensively the needs of countries. She expressed concern that precarious work was growing in the wake of the crisis, and ended by stressing that implementing the Global Jobs Pact needed to include an emphasis on standards.
8. The Employer Vice-Chairperson expressed her group's disappointment with the late and/or no submission of documents for the sessions. With regard to the implementation of the Global Jobs Pact, it was necessary, at this time, to go back and reflect upon the original idea that gave rise to the Pact. It had been created at the height of the crisis, was inherently of limited purpose and intention, and had never been intended to be institutionalized or made permanent. She noted that the implementation process had been positive, and this was one of the strengths of the Office, but that the priority now was to move on to the next stage and draw lessons from it as the economic cycle underwent a transition. The country scan process should include a factual audit of the voluntary options taken on by the country concerned. She expressed the expectation that the scans would be objective, i.e. run independently of the national government, social partners and the ILO. The selection of any new countries should be an open process and based on countries' needs and requests rather than on a selection of countries by the Office. Concerning the integrated approach of the Global Jobs Pact, she argued that this should not imply conditionality as there should be no requirement for countries to take particular measures or pursue all the measures; instead, countries should be able to define targeted approaches that accompanied their specific priority areas. With respect to the language of crisis, she emphasized that there had been a change in the relevance of the terminology as time had passed; only some countries remained in recession, although the impact of the recession still lingered in many countries and affected many people. She added that it was not useful to continue using the language relevant at the peak of the crisis and called for a shift of focus to the challenges after the crisis. She summed up by stating that the potential legacy of the Global Jobs Pact would be

to learn from its implementation and to adapt the scan methodology, with suitable changes, for application as a useful framework for addressing priorities of longer-term Decent Work Country Programmes.

9. The representative of the Government of France, speaking on behalf of the group of industrialized market economy countries (IMEC group), stated his concern regarding the late – or non-existent – availability of background documents for the current Committee. He added that the Office had not adequately replied to his question of why certain documents were so late in delivery and why one – the paper on social security – had not been made available at all. Speaking on behalf of the Government of France, he asked Mr Torres two specific questions on the research agenda: first, he wondered how the Office could influence structural circumstances to better strengthen country capacity. Second, he expressed appreciation for the important ILO warning against the possible negative employment consequences of budgetary constraints, but wondered how the Office planned to promote the message implicit in the warning to appropriate audiences within the multinational system.
10. The representative of the Government of Singapore, speaking on behalf of the ten member States of the Association of Southeast Asian Nations (ASEAN), expressed her thanks to the panellists and particularly to Ms Yamamoto for the Office's good work in assisting countries in the recovery process in the region. She reiterated the support of the countries for a flexible application of the Global Jobs Pact that reflected national priorities. She posed two questions to Ms Yamamoto: first, she asked for clarification on how the Office prioritized the increasing demands for timely assistance at the country level. Second, she asked how the newly designed Decent Work Technical Support Teams were intended to integrate the requests for technical assistance in implementing the Global Jobs Pact.
11. The representative of the Government of Germany stressed that the crisis had not passed for millions of people; consequently, the Global Jobs Pact, based on the Decent Work Agenda, continued to have relevancy in determining the policy choices of the recovery. The Government of Germany had pushed for the inclusion of the ILO and the Global Jobs Pact in the framework of the G20 process and strongly encouraged the Office to continue its role in order to prevent the principles enshrined in the Pact from being dissipated. She urged the ILO to give more publicity to the way in which it was going to put the Global Jobs Pact into practice and to further develop it as a means for preventing future crises.
12. The Chairperson offered clarification on the Office paper on social security (agenda item 2), which previous speakers had regretted was missing. He pointed out that a background document had been prepared by the Office to hand out in the room, but that the agenda item had been approved as an oral presentation with no written report.
13. The representative of the Government of Brazil thanked the Office for its background documents. She reminded the group of the fragility of the recovery which was not yet reflected in the jobs market. There was therefore a continuing need for the integrated strategies set out in the Global Jobs Pact as a means of protecting the rights of the vulnerable against economic and social risks. She agreed with the Office regarding the dangers of withdrawing fiscal stimulus too soon, given the continuing lack of dynamism in private demand and the destabilizing impact that austerity could have. She hoped for better use of fiscal space to stimulate demand in the short term. She asked how the ILO could better promote such structural measures and also how it could work to avoid the premature withdrawal of such stimulus packages. She added that Brazil was ready to do its part in promoting the Global Jobs Pact. The country's remarkable annual growth rates (7 per cent) and its strong record of job creation provided evidence that a country could sustain aggregate demand, promote employment and income protection simultaneously. Finally, she noted a degree of inequity in the coverage of the ILO's four strategic areas in

the implementation of the Global Jobs Pact; specifically, she regretted that less priority seemed to be given to social dialogue and standards.

14. Mr Torres, replying to questions relating to the research agenda, said that the current situation did not reflect an end to the crisis; it was necessary to ask instead where we stood and to define the particular conditions that individual countries were facing. Concerning the quality of jobs that were being created, the number and quality of jobs were issues that went hand-in-hand. As regards the need to identify new sources of growth, he agreed with the importance of this topic and noted that the post-crisis growth process would most probably not be the same and would take place in sectors and under conditions that differed from those in the past. He mentioned the dialogue that had been established with the IMF, for example, on issues such as the risks involved in adopting austerity measures under current circumstances.
15. Mr Salazar-Xirinachs, replying to questions that had been raised, said that the Office would do better in preparing and delivering papers on time for delivery to Committee members. With respect to monitoring the Global Jobs Pact scan methodology in a consistent way, he noted that it had not been easy as there were many teams involved and different country contexts. He also noted the divergent views that had been expressed on this matter, ranging from adopting holistic/complete approaches to limiting interventions only to a few explicitly requested issues. The distinctions did not have to be contentious, since it could be argued that advocating for certain issues was within the Global Jobs Pact's mandate and that the scan also provided an opportunity to examine policy coherence issues. At the same time, the policies adopted at the national level were always based on, selected and implemented through tripartite dialogue. As regards to what would come next in the Global Jobs Pact, he said that, with suitable adjustments, the Global Jobs Pact scan methodology could turn into a Decent Work Scan as a first diagnostic step in elaborating Decent Work Country Programmes. He also noted that the Director-General had renewed the Special Office arrangements to support ILO constituents to give effect to the Global Jobs Pact for one year.
16. Ms Yamamoto replied to the question as to how the Office prioritized its limited resources in the face of increasing demand for support of the Global Jobs Pact. She clarified that the Pact had been mainstreamed in the regular budget funds allocated in the programme and budget and in the Decent Work Country Programmes, and that the country priorities were set in the outcome-based workplan exercise based on national needs. Additional incoming funds would help to meet the demand of new requests as well as certain less-traditional funding sources such as local resource mobilization, public-private partnerships, and South-South cooperation. She also replied to a question regarding the capacity of the decent work technical teams to serve the national application of the Global Jobs Pact. The decent work technical teams were programmed in accordance with the outcome-based workplan, and whenever the teams were unable to fulfil all requests for assistance, gaps would have to be filled by external experts and through cooperation with other organizations and agencies.
17. The Employer Vice-Chairperson picked up on certain comments made by Mr Salazar-Xirinachs in her closing remarks, acknowledging that he had accurately characterized differences between the Employers' and Workers' groups in the approaches brought to the implementation of the Global Jobs Pact in the current environment, but considered disingenuous his claim that the ILO did not embrace a policy message in its interpretation and promotion of the Global Jobs Pact. She added that policy messages were espoused throughout the application of the Global Jobs Pact and that this posed a problem because the Employers did not agree with all of them, for example, the messages put forth in the next paper (GB.309/ESP/1/2). She described such policy prescriptions as one-sided and poorly evidenced with regards to the impact on employment creation.

18. The Worker Vice-Chairperson acknowledged and fully backed the views that the crisis was not over, as stated by the representatives of the Governments of Brazil and Germany. She expressed disquiet over the statement of the Employer Vice-Chairperson and considered that the deeming of the crisis as being over was disrespectful and insensitive to those who were still suffering. She acknowledged that the Workers saw the crisis through a “jobs lens”, believing that it would not be over until economic growth was accompanied by sufficient job growth. She reiterated that the Global Jobs Pact was as relevant as ever, especially given recent pessimistic economic news, and that it certainly did call for a need to address the macroeconomic environment. She disagreed with the Employers that the framework for action set out in the Global Jobs Pact was intended as a list of suggested policies to be selected from; rather the Global Jobs Pact was designed to promote an integrated approach to encompass a full array of policies to promote a recovery that would lead to job growth and create a balance between economic and employment growth, while also removing some of the fundamental causes of the crisis. She called for a consistent approach to the Global Jobs Pact framework and policies and cautioned that the expansion of the Global Jobs Pact scan methodology to other areas should not be done until the methodology was further tested.
19. The Committee took note of the discussion.

### **Recovery patterns, growth and employment potential, with specific reference to Global Jobs Pact integrated approach countries**

20. The Committee had before it a paper<sup>1</sup> entitled *Recovery patterns, growth and employment potential, with specific reference to Global Jobs Pact integrated approach countries*. A representative of the Director-General (Mr Mahmood, Director, Economic and Labour Market Analysis Department) presented the first part of the paper. He highlighted the two broad policy options policy-makers were facing (fiscal consolidation and maintaining the recovery through stimulus, respectively) and explained that these had to be informed by the recovery patterns so far, as well as the potential for growth and employment. Subsequently, global recovery patterns in output and employment and key macroeconomic policy issues to improve the post-crisis growth potential were analysed using five indicators.
21. A second representative of the Director-General (Mr Islam, Senior Economist, Employment Policy Department) presented the analysis of recovery patterns with reference to six of the countries that had requested ILO support for an integrated application of the Global Jobs Pact. The analysis highlighted elements of a pro-employment macroeconomic framework to strengthen job-rich recovery.
22. The Employer Vice-Chairperson expressed doubts as to whether the document should guide the work of the ILO or the Committee, as it seemed to advocate a particular approach. The document appeared to be ideological in nature and did not contain sufficient analysis of the risks of stimulus. She stressed that the current situation had too many unknowns to support the conclusions that the paper purported to reach. She questioned the argument raised in the paper for changing the parameters for monetary policy, in particular changing inflation targets to make them higher or more flexible, or introducing a broader range of economic targets to include job creation. She noted that the paper did not make the case for existing approaches of central banks in setting transparent inflation targets, and it failed to analyse the performance of economies and labour markets under the existing

<sup>1</sup> GB.309/ESP/1/2.

monetary policy regime. She argued that more analysis was also needed of the impact of monetary policy changes on jobs and living standards, and in particular on the devastating impact of inflation on working people, employers and communities, especially in developing economies.

23. She also questioned the analysis of fiscal consolidation in the paper, which again lacked an analysis of existing policies and the impact of debt on labour markets. She outlined the dominant global economic policy thinking, which linked government debt to taxes and the costs of capital, in turn discouraging investment and job creation. Government debt also eliminated fiscal and monetary policy space to respond to future crises. She stressed that it was up to governments and voters to decide on fiscal policies and consolidation, and noted that the discussion on withdrawal of stimulus measures was outdated in many countries, and that the focus of policies had shifted to longer-term concerns.
24. The Employer Vice-Chairperson also observed that many countries had emerged from recession without stimulus and that the paper did not analyse the utility of further stimulus for the future; neither did it examine the economic impact of continued high government spending. She stressed that it was not sustainable for governments to “purchase” jobs, and an employment strategy should aim to stimulate investment and private sector job creation in line with the observations made in the conclusions of the cyclical review during the 2010 session of the International Labour Conference (ILC). She argued that the measures canvassed in the paper would exacerbate capital scarcity in the medium-term, thus hampering investment and therefore job creation. Furthermore, access to finance through microfinance should be distinguished from capital scarcity that prevented job creation in small and medium-sized enterprises. She emphasized that increasing the cost of employment through “income-led growth” ignored productivity issues and risked destroying jobs instead of creating them, and employers did not agree to such thinking.
25. She further stressed that it was the role of the ILO to rigorously examine employment outcomes resulting from macroeconomic policies, without taking a particular position, and for governments to make economic decisions informed by the work of the ILO as they saw fit. She highlighted that an accelerated jobs recovery required a conducive environment for doing business that encouraged investment in sustainable enterprises; genuinely pro-growth economic and labour market policies; making people more employable through lifelong learning and skills development; and embracing employment flexibility. Businesses would create jobs if conditions were right, which meant that there was confidence to invest and confidence to employ.
26. The Worker Vice-Chairperson thanked the Office for the paper and the presentation. She was pleased to see that the Office had strengthened the capacity to analyse and advise on macroeconomic policies in relation to employment, and noted a number of valid points raised in the paper such as the less dogmatic view about inflation targeting; the large number of countries experiencing a jobless recovery; and the risk that premature withdrawal of stimulus could be self-defeating. She observed that the paper rightly emphasized the high risks and undesirable market volatility caused by uncontrolled capital mobility and free floating exchange rates; the need for industrial policies that allowed for the creation of efficient domestic industries; the need for a reversal of a declining wage share trend, which – in response to the Employers’ comments – was not the same as artificially raising wages; and the need for reinvigorated minimum wage policies. A key theme of the recurrent discussion on employment this year had been the need for the Office to strengthen its capacity to advise on microeconomic policy in relation to employment. She pointed out that the paper required a sound analysis of why removing the stimulus and the current austerity measures were bad for job growth. The ILO should be more definite on this. She warned that fiscal consolidation was being enforced, regardless of country

circumstances. The European social model was at risk due to austerity measures, and European countries should take note of the analysis of these measures.

27. Regarding the second part of the paper, the Worker Vice-Chairperson asked why countries such as Nigeria, Mali and Argentina, which were also part of the group of countries requesting support for an integrated application of the Global Jobs Pact, had not been included in the analysis. The analysis showed that deep structural problems had been present before the crisis in all countries, and the macroeconomic framework did not allow them to place decent work at the centre of economic and social policies. However, the paper failed to put forward a comprehensive macroeconomic and social policy framework which should include all elements of the Decent Work Agenda; neither did it address the root causes of the crisis or emphasize the role of public services in job growth. The ILO should examine similar work that others were doing in this area, for example, the European Union.
28. She emphasized that the role of microfinance had been crucial for access to finance, but in a macroeconomic context the issue was lack of demand. The Workers did not therefore support the emphasis put on microfinance in this paper. The paper referred to general supply-side measures, but restructuring economies necessitated demand-side measures and incentives, including better tax, trade and investment policies. Labour standards had an important role in structural transformation, but were not discussed in the paper.
29. She concluded that the Workers were encouraged by the paper, which covered an important priority area for the ILO. At the same time she stressed the need to examine economic and social policies in an integrated way. The ILO should look at monetary, fiscal, social, employment, industrial, infrastructure, income and tax policies in an integrated manner, taking all the elements of the Decent Work Agenda into account. The overall framework must be driven by strong labour market, social dialogue and collective bargaining institutions, underpinned by workers' rights and labour market protection in line with the ILO Declaration on Social Justice for a Fair Globalization. In order to strengthen capacity and to ensure a cross-sectoral approach, there should be a strong macroeconomic team within the International Institute for Labour Studies.
30. The representative of the Government of Australia, speaking on behalf of the Asia and Pacific group (ASPAG), thanked the Office for the paper and congratulated the ILO for its contributions to the international response to the global economic and jobs crisis, including the assistance it was giving to member States. He encouraged the ILO to continue its collaboration with the G20 and other relevant organizations such as the International Monetary Fund (IMF). He noted that the focus of the paper was in line with the conclusions of the resolution concerning the recurrent discussion on employment, adopted by the Conference in 2010. However it was also important that the ILO should maintain its efforts in pursuit of the Global Jobs Pact and Decent Work Agenda, focusing on employment recovery and employment issues. He further urged the ILO to support less developed countries, which often had economic and social challenges predating the crisis, as well as countries struck by natural disaster. He particularly highlighted the importance of social protection policies.
31. The representative of the Government of the United Republic of Tanzania, speaking on behalf of the Africa group, commended the Office on the paper and stressed the importance of the Global Jobs Pact in overcoming the global jobs crisis. He reported that two decent work symposia had been convened in Africa. The first had been held in Ouagadougou, Burkina Faso, which had adopted a roadmap for implementation of the Global Jobs Pact in Africa. The second symposium had been held in Yaoundé, Cameroon, resulting in a New Vision for inclusive job-rich growth in Africa as well as the Tripartite Declaration on the implementation of the Social Protection Floor. He concluded that the

two symposia reflected Africa's commitment to implement the Global Jobs Pact, but he appealed to the ILO for support to overcome technical and financial constraints.

- 32.** The representative of the Government of Kenya noted the comprehensive and holistic paper that reviewed the global recovery patterns in the aftermath of the financial crisis and economic recession. He stressed that the promotion of pro-employment macroeconomic frameworks was critical for countries in distress as it was linked to the interventions of the Global Jobs Pact and promoted sustainable and balanced growth that was job-rich. He reported that Kenya was developing an integrated employment policy underpinned by the Kenya Vision 2030, which was integrated in national development policies. Important elements in this policy included the promotion of microfinance institutions and social protection. He also called on the ILO to ensure that additional countries be included in the implementation of the Global Jobs Pact.
- 33.** The representative of the Government of France, speaking on behalf of the IMEC group, welcomed the paper and analysis provided by the Office, as well as the collaboration between the ILO and other international agencies including the IMF. In the light of the analysis, he stressed the importance of maintaining well-targeted employment programmes. He also emphasized the need to take country circumstances into consideration when discussing fiscal policies and growth, and the crucial role of social dialogue. He expressed strong interest in country experiences regarding the implementation of policy recommendations.
- 34.** The representative of the Government of Argentina, speaking on behalf of the group of Latin American and Caribbean countries (GRULAC), noted the late arrival of the document in Spanish, which had hampered adequate discussion and preparation. He urged the Office to make translated documents available in a timely manner. Speaking on behalf of Argentina, he noted that MERCOSUR welcomed the Global Jobs Pact approach and policies and measures were being implemented accordingly. He highlighted Argentina's experience in the development of employment-focused development policies. He concluded that it was important to develop an integrated approach on economic, financial and labour policies.
- 35.** The representative of the Government of Mexico informed the Committee on recent labour market developments, which included job creation at a rate unprecedented in recent years. The Government of Mexico agreed with the need to discuss fiscal sustainability in the context of promoting strong, sustainable and balanced growth, and the importance of social dialogue in achieving economic and social objectives.
- 36.** The representative of the Government of South Africa expressed his support for the intervention of the Government of the United Republic of Tanzania. He stressed that South Africa continued a countercyclical fiscal and monetary policy stance, including major investment in infrastructure development. As the economy recovered, there was broad agreement that employment should be central to the new growth path of South Africa. He also noted that policy debate on the new growth path extended well beyond macroeconomic and financial issues. South Africa remained committed to social partnerships and welcomed the support from the ILO in the context of the Global Jobs Pact.
- 37.** The representative of the Government of Australia stressed his Government's support for the Global Jobs Pact since its inception, but noted that it was important that consensus should be maintained. The analysis should show the impact of the Global Jobs Pact in the countries with integrated application.

- 38.** The representative of the Government of India recalled that the Decent Work Agenda and the ILO Declaration on Social Justice for a Fair Globalization were the guiding principles of the Global Jobs Pact, which in turn proposed a range of policy measures that could be adapted to country-specific needs and situations. He asserted that India had been following a range of such policies with sincerity of purpose, noting India's sensitivity to the challenge of creating decent employment opportunities through specific measures to combat widening social and economic inequalities, even prior to the crisis. He highlighted two specific measures, namely the National Rural Employment Guarantee Act (2005) and the Unorganised Workers' Social Security Act (2008), both based on the rights and entitlements of the working poor. From a development policy perspective, these two policies could be regarded as distributive employment strategy, heralding a new deal for the poor and providing a basis for inclusive development. The continuing commitment of the Government of India to these two policies, as well as to ensuring credit flows to small and medium-sized enterprises (SMEs), would serve as a major catalyst in the recovery process. International cooperation was critical to tackling the global slowdown, and the ILO had a strong role to play in ensuring equitable growth across and within countries through the decent work approach.
- 39.** The representative of the Government of the Russian Federation reflected on the Global Jobs Pact and the country scan process, pointing to the importance of lessons to be learned from other groups of countries. He highlighted that the Russian Federation already employed procedures similar to the Global Jobs Pact scans and would pursue this activity in 2011, in view of the prevailing labour market situation. While the crisis had bottomed out in the Russian Federation, continued recovery would be uncertain if Global Jobs Pact measures were to be withdrawn. He believed that an informed selection of the most appropriate Global Jobs Pact principles and measures would be very practical, as there was no "one-size-fits-all" solution. A focus on vulnerable groups, including women, children and the elderly, would need to be retained in 2011. The Global Jobs Pact could be seen as a bridge to help implement the ILO Declaration on Social Justice for a Fair Globalization in the future.
- 40.** The representative of the Government of China appreciated the Office paper and the efforts of the ILO to tackle the global crisis. He stated that China had adopted numerous measures to expand aggregate demand and to boost skills training, and had been working closely with the ILO in implementing the Global Jobs Pact. These efforts had been paying off, as witnessed by substantial urban employment creation in 2010. The Government of China would continue to pursue these policies. Employment growth needed to accompany economic growth, and there was a clear role for tripartite involvement in the growth process. He called for the establishment of a long-term mechanism to ensure labour market stability and requested the Office to provide additional technical support to developing countries in particular.
- 41.** Mr Salazar-Xirinachs expressed his appreciation for the positive assessment given by the IMEC group and others of the Office paper. The crisis had created space for different views on macroeconomic policy and the paper had been intended to highlight the debates and draw attention to some of the key issues, rather than to offer a stocktaking of all the arguments. He presented three specific responses. First, he clarified that the Office paper was grounded in a substantial amount of literature and empirical research and that the ILO was engaged in the mutual assessment process of the G20, along with the IMF. External imbalances were rooted in domestic imbalances (such as wage inequalities, or the failure of investment in driving growth and employment). These were very much real world issues – and agreement on policies to tackle such internal imbalances was central to gaining a better understanding of external imbalances. Second, the Office had a clear mandate to explore and promote mechanisms to place employment and social protection at the centre of growth and development strategies. While in this regard the supply side remained

important, this crisis was one of aggregate demand and, as such, the debate about employment needed to reflect that. Therefore, the focus needed to be on the levers of aggregate demand, bringing to the fore issues such as the appropriate timing of fiscal consolidation, the role of government spending, wages and the level of investment. Third, exploration of the growth potential of economies required an understanding of the debates around inflation targeting and fiscal space. Achieving higher growth was the first order of business, and a policy balance was necessary to attain this. Fiscal sustainability remained an important objective, and high inflation was indeed a threat to poverty reduction; however, there was potential for fiscal space to be opened in a manner that would not generate excess inflation and instability. Finally, he requested future guidance on the expected content of discussion papers, and recognized the importance of ensuring that official translations of papers were made available to constituents in good time, as requested by the representative of GRULAC.

42. Mr Mahmood reiterated the basic logic of the Office paper. He asserted that the issue of fiscal consolidation was the most important starting point, as this was what determined bond yields. Nonetheless, the timing and sequencing of such consolidation was crucial, requiring more critical analysis. He recalled that while a global recovery in GDP was being witnessed, a jobs recovery was lagging. Moreover, fiscal stimulus appeared to have worked, although perhaps more analysis was required as to the precise nature of its success. Investment was a critical factor, and in the post-crisis period public balances had become negative while private balances had moved into surplus. He concluded that governments needed to walk a fine tightrope between fiscal stimulus and consolidation, and the sequencing of measures was central to economic recovery.
43. Mr Islam called into question the prevailing notion of a need to attribute precise numbers to the scale of fiscal adjustment required. To ascertain such figures, robust estimates of debt-to-GDP ratios were needed, but such robust indicators did not generally exist. He stressed that a distinction should be made between principles and numbers. While the principle of fiscal sustainability was accepted, caution should be exercised in identifying specific targets. Moreover, the relationship between growth and inflation was a non-linear one, and the IMF accepted that inflation targets averaging around 3 per cent might often be too low. He recalled the spirit of the IMF's Article IV consultations, positing that countries should aim for reasonable price stability, and mindful of the fact that growth needed to be their primary concern. He also acknowledged the remarks of the representative of the Government of South Africa with regard to the discussion paper's use of older data, and clarified that this had been done to highlight a historical anomaly.
44. The Worker Vice-Chairperson welcomed the support of governments for the continued implementation of the Global Jobs Pact, as well as their recognition that the crisis was not over. She asserted that a clear mandate existed for the Office paper, and this mandate had been fulfilled. There was a strong call for rethinking macroeconomic policy, which was recognized by the IMF, and the ILO needed to stay engaged in this debate. While prudence should not be abandoned, there was space to balance values. She called for the Office to continue informing policies in this regard.
45. The Employer Vice-Chairperson clarified, in response to comments made by the Worker Vice-Chairperson and the representative of the Government of Kenya, that the Employers supported microfinance as a route out of poverty, and one that empowered women in particular. However, microfinance was not a substitute for more general access to credit, which was central to the growth of SMEs. She considered the responses of the representatives of the Director-General to be balanced and nuanced, but stressed that the issues under discussion were matters of robust debate amongst economists and there was no right or wrong answer. More discussion was needed on the medium-term and long-term

implications of the crisis on taxation, debts and their relation to investment, business confidence and job creation.

46. The Committee took note of the Office paper and the discussion.

## **II. Recurrent item on social security (ILC, 2011): Update (Second item on the agenda)**

47. A representative of the Director-General (Mr Diop, Executive Director, Social Protection Sector) presented a brief update on the state of preparation of the recurrent discussion report on the strategic objective of social protection (social security) to be discussed at the Conference in 2011. He indicated that an initial draft, established by the Office based on the guidance received during the discussions on the contents and structure of the report in March 2010, had been circulated “in house”. Since then, two important steps had been taken. First, the information base had been completed and updated through the *World Social Security Report 2010–11: Providing coverage in times of crisis and beyond*. Second, the Office had concluded the consultations process with constituents by the Yaoundé tripartite meeting in October 2010, which adopted the Tripartite Declaration of Yaoundé, explicitly endorsing the two-dimensional strategy for the extension of social security and the relevance of the Social Protection Floor for Africa. He underlined that the outcome of all the consultations undertaken would be reflected in the final report.

48. A representative of the Director-General (Mr Cichon, Director, Social Security Department)<sup>2</sup> gave an oral update on the production of the recurrent discussion report and introduced the room document that had been made available for the meeting. The Office had kept the basic structure of the recurrent discussion report as presented and endorsed by the Committee at its March 2010 session. It included an introduction, followed by four chapters providing the factual base on: the right to social security; the global state of social security and its challenges; the present policy responses; and the main issues for the future such as ensuring policy coherence, establishing affordability and ensuring effective design and governance of social security. Future policy orientation for the Organization followed and led to the chapter on guidance for future work for the Organization in social security. As requested, a substantial annex on ILO responses to the need for social security would also be included. As regards the factual base, he noted that governance information on the adequacy of the Office’s response was provided through the independent review of the ILO’s strategy to extend social security, to be presented to the Programme, Financial and Administrative Committee. Elements thereof would be included in an annex. The factual base for the recurrent discussion report was provided by the *World Social Security Report 2010–11*, which would make it possible to suppress the statistical annex from the recurrent discussion report; and a compendium on innovative national extension strategies: *Extending social security to all: A guide through challenges and options*. The policy base resulted from the various regional meetings, notably the Second Decent Work Symposium in Yaoundé, Cameroon, in October 2010, and the Tripartite Meeting of Experts on Strategies for the Extension of Social Security Coverage (Geneva, September 2009). The latter had developed the two-dimensional extension strategy. He concluded by providing the report production timetable, noting that it would be informally circulated for external comments from the Governing Body consultative group of regional coordinators.

<sup>2</sup> *Room document on the recurrent item report on social security (ILC, 2011): Update*, 309th Session of the Governing Body of the International Labour Office (November 2010), Geneva.

49. The Employer Vice-Chairperson noted that the format of the Conference discussions in 2011 should be informed by – and draw lessons from – the Conference discussions in 2010. The Employers were entering the process of recurrent discussions with a set of five questions for the Office: “What were you asked to do? What have you done? What has worked and not worked? What gaps are there? What needs to change to do better?” The report of the Office should enable the Conference to answer those questions. The interaction between the cyclical review and the programme and budget needed to be improved. The discussion should include policies concerning the funding and affordability of new social security systems, reforms needed to sustain existing schemes and the evaluation of ILO social security standards. While the cyclical review was not a normative discussion, it should address the role of ILO social security standards but not rewrite/create a new standard; however, the conclusions could indicate the way forward on the issue. The Employers had always supported the extension of social security coverage but would not support a call for international funding. The discussion should cover all models of social security, including private and employer-provided pension schemes, in an open manner. Interference in matters that fell outside of the ILO’s mandate, such as fiscal policy, should be avoided. Social security should not be isolated from policies such as prevention, working conditions, health and safety and other factors that limited the risks covered by social security. A number of key questions needed to be taken into account in the report, including: costs of creating, expanding or maintaining social security coverage; affordability and fiscal space; impact of social security schemes on employability, labour market participation, productivity and efficiency; and demographic challenges. The Office needed to work at country level within the framework of the Decent Work Country Programmes, and more activities for employers’ organizations should be developed so as to: increase business awareness of social security; identify the role employers’ organizations could play; and build capacity building of employer members of social security management/oversight bodies. The Worker Vice-Chairperson emphasized that, as agreed, this was an update of the current state of preparation of the report. Referring to the Employers’ intervention, she noted that it might be tempting to start the debate, but substantive debate should be deferred to next year’s Conference. She further noted that the Employers’ presentation raised concerns and that they appeared to be walking away from a previous consensus around certain issues; she hoped that by June 2011 these could be resolved.
50. The representative of the Government of France reiterated his earlier intervention made on behalf of the IMEC group concerning the administration of the session and the documents. The group regretted that the conditions under which the discussion was taking place, and the documents made available, did not allow it to make a real contribution to the basic ideas being discussed. Speaking on behalf of his Government, he noted that social security was a high priority issue. He did not want to open a substantive discussion, but would have wanted more information on the form and contents of the 2011 discussions, and about the direction to be taken, so as to provide the Office with views. Information was also needed on the lessons learned from the 2010 discussions, as the recurrent discussion report on social security was not only a discussion on that subject matter but also the second of these reports. Two points did not seem reassuring: the size of the document, which raised questions as to what would be discussed in the Committee and what would be the deliverables of the Conference in 2011; and the timetable, especially the short ten-day deadline for external comments on the draft report in November 2010. If governments were to be more involved, the deadline would have to be extended or their involvement would be limited.
51. The Chairperson reiterated his understanding that, in the present session, the discussion would not be extensive but merely a brief review.

52. The representative of the Government of Germany thanked the Office for the excellent room document, which was concise and clear. The structure of the recurrent discussion report corresponded to what had been agreed upon and was focused. She welcomed the inclusion of broad statistical information in the annexes. The ageing of the population was an important issue, and she hoped that the report would also deal with its cost issue. She was reassured the report was in good hands – considering the expertise of the Office.
53. The representative of the Government of Argentina, speaking on behalf of GRULAC, regretted that the room document had reached them late and had not given the governments time to discuss it. He stressed that they needed enough time to discuss and consider matters of importance to them. On his Government's behalf, he endorsed the comment made by the Government representative of France on the tight deadline for comments on the draft recurrent discussion report in November 2010, especially as the document was not in Spanish, and on the outcomes and objectives of the Conference discussion.
54. Mr Diop (Executive Director, Social Protection Sector) indicated that the Office was aware of the difficulties it faced and drew on the experience and lessons learned from the recurrent discussion on employment. He noted the issues raised by the Employer Vice-Chairperson and others, as well as that of the deadline for receiving external comments, and gave his assurance that every possible consideration would be given to those important points.
55. Mr Cichon (Director, Social Security Department) assured Ms Goldberg that the substantial issues she raised would be dealt with in the report. He also reiterated that following the Committee discussions in March 2010 and the endorsement of the structure of the report, the Office had produced a draft. He stressed that the external circulation was for the purpose of checking the facts in the report and not to solicit an endorsement of policy issues. The latter would be discussed in the Conference in 2011. In order to assist constituents to prepare for the discussions, the Office had made available the factual base and had been briefing the regional groups on the progress of the report. The internal process involved the editing and translation of the report, and the tight deadline for comments on the draft was necessary if the recurrent discussion report were to be made available on the website in March 2011. He noted that the Office would also be available for consultations between then and June 2011.
56. In view of the interrelation between the ILO's work in social security and that of other international organizations, the Employer Vice-Chairperson asked the Office how it envisaged bringing in their expertise in the Conference discussions in 2011.
57. The Worker Vice-Chairperson reiterated that the discussion should not be on the contents.
58. In response, a representative of the Director-General (Mr Diop, Executive Director, Social Protection Sector) specified that the recurrent discussion report was meant to be a report of the Office; however, he underlined the strength of the relations between the ILO and other organizations, such as the World Health Organization, which shared with the ILO the role of joint leader of the United Nations Social Protection Floor Initiative.

### III. Labour inspection and administration: Challenges and perspectives (Third item on the agenda)

59. The Committee had before it a paper<sup>3</sup> entitled *Labour administration and inspection: Challenges and perspectives*.
60. A representative of the Director-General (Mr Dragnich, Executive Director, Social Dialogue Sector) highlighted the important function of labour ministries, particularly in times of economic crisis, and the challenges they faced in such difficult circumstances. He welcomed the interest expressed by constituents, particularly employers and workers, in discussing labour administration and inspection at the 2011 session of the ILC. He also acknowledged their commitment to working to support strong, effective and fair national labour administration systems. He acknowledged that constituents expected the Office to do more to assist countries in those matters. In so doing, he recalled the creation in April 2009 of the ILO Labour Administration and Inspection Programme (LAB/ADMIN), which was working to meet those expectations.
61. A representative of the Director-General (Mr Casale, Director, LAB/ADMIN) introduced the document, which had benefited from a series of informal consultations with the Government, Employers' and Workers' groups. He noted that the document synthesized the various priorities and concerns expressed by constituents from countries at different stages of development. He stressed the shared concern that reinforcing national labour administration institutions and labour inspectorates was a priority in order to promote good governance. He highlighted the fact that the role of labour ministries was primarily to coordinate the development and implementation of national labour policies, but that many ministries were working to fulfil that role against a backdrop of limited human and financial resources. He introduced the vital link between labour administration and labour inspection, particularly the latter's responsibility for promoting and enforcing compliance with labour legislation. He emphasized the key role of the social partners in supporting effective labour inspection systems and the need to build alliances between government institutions and labour inspectorates in order to strengthen their means of action. Labour inspectorates faced a number of traditional challenges in carrying out their mandate, in addition to new and emerging challenges resulting from changes in the world of work. He referred to the need to introduce a culture of prevention, as well as applying sanctions, and the importance of adopting regular planning, programming, reporting and evaluation systems. There was a continued need to update the qualifications of inspectors, and the Office was working to assist countries, particularly in the field of training, to build sustainable inspection institutions and practices. There was also a strong need to create a technical cooperation portfolio to strengthen labour administration and inspection.
62. The Worker Vice-Chairperson agreed that labour administration and inspection systems were vital to the proper functioning of labour markets and labour law enforcement. She supported the Office's work to promote the ratification and effective implementation of ILO governance Conventions, namely the Labour Inspection Convention, 1947 (No. 81) and the Labour Inspection (Agriculture) Convention, 1969 (No. 129), and suggested that efforts in this regard could be developed to also include the Employment Service Convention, 1948 (No. 88), the Private Employment Agencies Convention, 1997 (No. 181), and the Protocol of 1995 to the Labour Inspection Convention, 1947. She regretted the labour ministries' loss of influence and urged governments, together with the social partners, to strengthen national labour administration systems, which were more important than ever, and for the ILO to champion that cause. She noted that reinforcing

<sup>3</sup> GB.309/ESP/3.

labour administration capacity required both more funding and better use of existing resources. She also called on governments to ensure that labour ministries played a role in policy-making, in order to place employment at the heart of macroeconomic policies. She stressed the importance of social dialogue and the active involvement of the social partners in reinforcing the work of labour ministries and inspectorates, which should be a core feature of the document and the discussion to be held in 2011. The fact that certain ILO Conventions required formal tripartite bodies to be established could be taken into account in the discussion. She outlined the Workers' group's goals with regard to the general discussion at the ILC. They included assessing the ability of labour administration and inspection services to meet current challenges relating to precarious work, the informal economy and the right to collective bargaining and freedom of association. Such action would really be an "added value" part of the debate. She also highlighted the core role that labour inspectors played with regard to wage levels and basic rights. A further goal should be to consider what the ILO could do to assist countries to enhance their capacity to meet such challenges, including the use of its standard-setting mechanisms. The report submitted to the Conference should be aligned with the ILO's priorities as stipulated in the Decent Work Agenda, the ILO Declaration on Social Justice for a Fair Globalization and the Global Jobs Pact. She rejected suggestions in the document concerning the role of the private sector in labour administration or inspection, recalling that they were core public responsibilities. She gave examples of incidents of abuse by private sector employment agencies with regard to job placements, and the fact that initiatives in the private sector, such as corporate social responsibility, excluded trade unions. She also rejected the notion that individual performance indicators were necessarily a solution for weak labour administration and inspection institutions. She expected the report to discuss challenges in the field of labour inspection, especially with respect to gender equality, precarious work, supply chains and new forms of employment, including the Employment Relationship Recommendation, 2006 (No. 198). She noted that the paper could place greater emphasis on labour inspection sanctions and that new technologies did not necessarily provide the answer to improving the situation of vulnerable workers. The paper could also examine the core functions of labour administration under the Labour Administration Convention, 1978 (No. 150), the experiences of the ILO's Better Work Programme and the lessons learned from the ILO labour administration and inspection audits, as well as future research considerations. She supported the call for collaboration between social security agencies and tax agencies whereby tax inspectors enforced penalties relating to labour violations. However, the enforcement of immigration legislation was not the primary aim of labour inspectors.

- 63.** The Employer Vice-Chairperson stated that it was in both the employers' and the workers' interests to ensure that labour inspection functions and services were fair, efficient and effective. The emphasis of the general discussion should be on labour inspection. In particular, she suggested focusing on identifying labour inspection challenges that affect enterprises and the world of work. It was also necessary to consider what employers, workers, governments and the ILO could do to take advantage of positive developments and overcome negative ones. She proposed that the paper might consider identifying best practices for developing flexible approaches to compliance. The paper should also look at the use of new technologies to promote efficiency and innovation, in order to assist the social partners in delivering improved business performance with regard to labour standards. She suggested that thought should be given to how the social partners could work with business and civil society to reach enterprises in the informal economy. She highlighted the value of carrying out cost-benefit analyses and prioritizing resources. She proposed the creation of a tripartite working party to support and guide the Office in preparing the report. She noted that the general discussion on labour administration and inspection should be separate from the work on the economic crisis and should complement rather than duplicate discussions on social security and employment. She noted that the discussion should not extend the scope of labour administration or the

powers of inspectors beyond existing ILO instruments, and that the Office should instead consider why few countries had ratified Convention No. 150). The discussion at the ILC should not focus on differences between national labour administration systems, but should acknowledge that, ultimately, governance arrangements should deliver effective services to constituents. She requested that the report should contain a detailed update of the work, budget, resources and outcomes of the new ILO Labour Administration and Inspection Programme. It was important for the report to provide insights for countries at different stages of development and with different resources. She noted that improving inspection capacities should go hand-in-hand with working with business, but that labour inspection should not be left or the cost shifted to employers, particularly not multinational enterprises.

- 64.** The representative of the Government of France, speaking on behalf of the IMEC group, noted that the operating environment for labour administrations and inspectorates had fundamentally changed in recent years and that the current economic crisis had introduced new challenges and increased the profile of those institutions as key mechanisms for crisis response. The different social, economic and legal circumstances of ILO member States should be taken into account in the report, providing solutions tailored to specific national needs. Changes in the institutional structures of labour administrations did not mean that social issues had diminished in importance. He therefore urged the Office to provide a more precise picture of institutional developments related to specific policy areas. It would be useful for the report to include good practices as benchmarks in specific areas of labour administration and inspection, as well as tools that had delivered efficient results for workers and employers.
- 65.** The representative of the Government of Belgium, speaking on behalf of the European Union, welcomed the discussion as a further opportunity to assess the capacity of labour administrations to promote, monitor and implement the ILO's Decent Work Agenda. She added that the challenges of the economic crisis revealed both the weaknesses and the adaptability of labour administration institutions. She emphasized that labour inspection was a key part of any national labour administration system and encouraged all member States to ratify the Labour Inspection Convention, 1947 (No. 81), in addition to Convention No. 150. She recalled the important role of labour administration and inspection, as laid down in the Declaration on Social Justice for a Fair Globalization and the Global Jobs Pact, and suggested that the report could include more detail on the use of information technology, the importance of data collection and information sharing, as well as improved inter-institutional collaboration. She encouraged a discussion on improving labour inspection efficiency through risk-based assessments. She outlined a number of items to be discussed at the ILC. They included the specific challenges faced by developing countries, the balance between enforcement and compliance, information sharing between inspection agencies to address the problem of undeclared work, skills development for inspectors, employment services and the adaptability of inspectorates in times of crisis. The ILO's collaboration with international networks of labour inspectorates should be strengthened. The European Union supported the idea of creating synergies among donors to support the recommendations of the ILC.
- 66.** The representative of the Government of Argentina, speaking on behalf of GRULAC, noted that labour administration and inspection had rarely been discussed as a cross-cutting government issue. Labour inspection was an issue with important policy implications for constituents. The ministries of labour were actors in the tripartite dialogue process and the paper should address their role in greater detail. He suggested that, overall, the paper should contain more detail. New technologies were useful but, ultimately, improved economic conditions at national level were the pillars which supported sustainable capacity development. The paper should look at subregional communities and their experiences of

dealing with labour administration and inspection. Informal consultations involving regional coordinators, which aimed to highlight thematic priorities, should continue.

- 67.** The representative of the Government of Australia, speaking on behalf of ASPAG, agreed that labour administration and inspection were a critical part of the national response to the economic crisis. While governments had adopted changing and divergent approaches to labour administration, one could not assume that those changes had diminished the role and influence of labour administration systems. Labour administration and inspection activities were not always structurally aligned by national governments, but were increasingly integrated into broader socio-economic policies and programmes. The fact that Convention No. 81 had been ratified by more countries than Convention No. 150, suggested that the Office's intervention was more relevant in the field of labour inspection than labour administration. He encouraged the social partners to contribute to creating workplaces with a greater level of information and degree of compliance, including in the informal economy. It was important for the report to take a quantitative and analytical approach, which included best practices and future technical cooperation needs in the field of labour inspection. He requested clarification on how the Office gathered data on labour administration and supported the Employer proposal for group consultations on further developing the report.
- 68.** The representative of the Government of the United Republic of Tanzania, on behalf of the Africa group, confirmed that labour administration and inspection were fundamental to increased productivity and harmonious industrial relations, as well as development and social progress. She acknowledged that labour inspection was a key part of the labour administration system and was vital to promoting decent work and implementing international labour standards. She urged the Office to carry out further research to help member States improve their labour administration and inspection systems. She thanked the Office for the technical assistance it had recently provided to the United Republic of Tanzania, and hoped that such assistance would be extended to other member States in Africa.
- 69.** The representative of the Government of South Africa stated that inspection and enforcement should constitute core labour administration services and benefit from adequate resources. There was a high rate of ratification of Convention No. 81 and ILO technical assistance in that area was important and should be highlighted more in the paper. The role of the social partners in that field should be institutionalized. Links between the inspection and judicial authorities were important, especially in relation to sanctions and enforcement. The lack of clarity with regard to the distribution of responsibility in the area of enforcement posed a major challenge. He concluded that labour inspection and labour administration systems should have at their disposal effective and reliable labour market data and information in order to develop targeted and effective activities.
- 70.** The representative of the Government of Singapore, on behalf of ASEAN, observed that many labour inspectorates had limited manpower and financial resources and needed to strike a balance between promoting compliance and enforcement. Occupational safety and health was an area in which there was active cooperation among ASEAN member States. At the regional level, there was a need to strengthen labour inspection capacity, on the basis of successful case studies.
- 71.** The representative of the Government of the Russian Federation stated that the document should include examples of good and bad practices and that the discussion should take a comparative approach at international level. He recommended developing a package of guidelines or recommendations which countries could use to improve their own labour

administration and inspection systems. More information should be provided on technical cooperation.

72. The representative of the Government of Brazil outlined a number of features of the Brazilian inspection system. He recommended strengthening South–South cooperation as well as developing strategies with regard to migrant workers. There was a need to explore new areas in which labour inspection could be useful, such as sustainable development and to take steps to strengthen regional and international mechanisms for labour administration and inspection activities.
73. The representative of the Government of Mexico stated that while government services to promote employment did exist, enforcement capacity was weak. There was a need to reassess certain aspects of labour inspection systems, especially inspectors' salaries. He emphasized the importance of improving inspection services and making them more efficient through technical cooperation programmes. He recommended that steps should be taken to promote self-assessment and non-traditional compliance mechanisms.
74. The representative of the Government of Spain noted that countries were developing cross-border inspection activities. Inspectors faced difficult logistical problems when coordinating actions between different countries in the field of compliance. It was also vital to focus on labour administration and inspection challenges related to independent and undeclared workers. She emphasized the need to establish strategies, practices and procedures that responded to the specific features of different kinds of employment. Labour administration must also address the issue of labour migration to ensure adequate and orderly migrant flows and the effective application of labour legislation. It was important to improve the visibility and public awareness of labour inspection services. There was a need to strengthen inspection methods to include proactive rather than merely reactive approaches. Technical assistance relating to sanctions and remedies should also be provided to workers and employers. Labour inspection and labour administration systems required quantitative data to demonstrate the effectiveness of policies. Labour institutions needed to adapt to complex economic and labour market realities and tripartism was a powerful instrument to achieve that end.
75. The representative of the Government of India stated that the fundamental role of labour inspection was to ensure compliance with labour legislation and that traditional methods should be combined with new technologies, in collaboration with social partners and other bodies. That approach was particularly important in situations where human and financial resources were limited. Innovative solutions were needed to meet the challenges created by new employment patterns. He recalled the challenges facing labour inspection activities in the informal economy. A sound labour inspection and labour administration system should be based on regular needs assessments, in consultation with the social partners. The use of social reporting and private monitoring systems in an unregulated manner should not be encouraged.
76. The representative of the Government of Japan recommended that the discussion on labour administration should also cover employment services dealt with in Convention No. 88.
77. The representative of the Government of Egypt noted that international labour standards confirmed the importance of maintaining a good labour administration and inspection system. In the wake of the global economic crisis, the Office should provide more technical assistance to member States. The Office should coordinate the exchange of good practices between countries.
78. The representative of the Government of France noted that the discussion at the Conference should not be confined to labour inspection, but should also address the issue

of labour administration as a whole. He emphasized the need to discuss policies implemented by labour administration systems that also touched on economic issues. He highlighted the need to modernize labour inspection systems in order to increase monitoring capacity and suggested that the discussion should revolve around practical questions, addressing global coordination mechanisms in specific policy areas, such as occupational safety and health.

- 79.** The representative of the Government of Kenya noted that the mandate and capacity of the labour inspectorate in Kenya had been eroded. He agreed that compliance with labour legislation was important in order to establish a fair business environment, and that benchmarking with regard to labour standards made good business sense. Labour inspectorates had not kept pace with developments and faced a wide range of challenges, ranging from HIV and AIDS to child labour and new working methods and processes. There was a need for a greater level of cooperation, on the basis of social dialogue, on those issues and public–private partnerships should also be taken into account. He concluded that national legislative frameworks should be reviewed with a view to ensuring policy coherence and good governance, and that the necessary tools should be developed to help member States in that regard.
- 80.** The representative of the Government of China acknowledged that labour inspection was an important function of labour administration and law enforcement. He noted that many countries faced constraints on their institutional effectiveness, particularly in the area of enforcement. In order to deal with those constraints, a country’s situation should be taken into account, and efforts should be based on tripartite cooperation. He highlighted the ILO’s role in promoting international cooperation in that field and suggested that the discussion at the ILC should include sharing innovative good practices.
- 81.** Mr Casale (Director, LAB/ADMIN), summarized the Office’s approach and future collaboration with constituents. He acknowledged the discussion had focused on labour inspection, which was an integral part of a functioning labour administration system. The two main entry points into the field of labour administration (public employment services and labour inspection) could be supported, in the report to be submitted to the ILC, with information from the regions concerning specific experiences. He stressed the labour administration’s role as the main driving force behind social dialogue and the need to develop effective practices. The report would take into account good examples of private initiatives within the context of public policy as a whole. Lastly, labour administration and inspection were important tools for good governance at the national, subregional and regional levels.
- 82.** Mr Dragnich (Executive Director, Social Dialogue Sector) thanked the Committee members for their constructive contributions and reiterated some of the main suggestions made, including the incorporation of a range of public–private initiatives, such as the Better Work Programme, into the overall context of public labour administration and inspection.
- 83.** The Employer Vice-Chairperson agreed with most of the comments and suggestions made during the Committee session.
- 84.** The Worker Vice-Chairperson added that, in spite of the emphasis placed on labour inspection during the Committee session, labour administration remained a key topic for general discussion at the ILC and underpinned action in the field of labour inspection.
- 85.** The Committee took note of the Office paper and the discussion.

Geneva, 12 November 2010