



Governing Body

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High-Level Section

HL

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PROVISIONAL REPORT

High-Level Section

Strategic Policy Segment

1. The Strategic Policy Segment of the High-Level Section was held on Monday, 14 November. It was chaired by the Chairperson of the Governing Body. Mr Rønnest and Mr Coortebeeck were the Employer and Worker spokespersons.

First item on the agenda

Policy coherence in the multilateral system

2. The Governing Body had before it a paper ¹ setting out a framework for the ILO to contribute to enhancing the policy dialogue, coordination and coherence required within the multilateral system in order to improve opportunities for decent work in a diverse but interdependent world economy. The Director-General introduced the paper. He recalled the widely felt sentiment at the 100th Session (2011) of the International Labour Conference (ILC) that the topic of policy coherence deserved a thorough discussion in the Governing Body. He underlined that the paper focused only on international coherence and highlighted five points.
3. First, the need for better coherence of multilateral policies had become stronger because of globalization. Financial deregulation and trade liberalization had been the two key drivers behind the process of globalization, to the detriment of social and environmental issues. The multilateral system had developed a high degree of coherence around the so-called Washington Consensus, but that model of coherence no longer worked. Forging a new model was the main challenge currently facing the multilateral system.

¹ GB.312/HL/1.

4. Second, there was growing consensus within the multilateral system that a stronger model of coherence should place emphasis on sustainable development, with a better balance between the economic, social and environmental dimensions, including between finance and the real economy. Each international institution could make a distinct contribution. The ILO's contribution stemmed from its tripartism, its standard-setting mandate, and its globally accepted policy tools developed over the past years. He noted that the Decent Work Agenda had been a very strong instrument for policy coherence within the ILO.
5. Third, with reference to the different levels of decision-making, he referred to the ILO's tripartite process as a method to develop policy coherence at the national level, noting however that sectoral decision-making at the national level had an impact on international coherence. At the regional level, he stressed that there was a strong drive towards greater coherence in many areas, from trade agreements to monetary and social issues, and that achieving such coherence was of importance to the ILO. At the international level, it was important to make a distinction between the standard-setting organizations in the economic and social areas, such as the United Nations (UN), the ILO and the World Trade Organization (WTO); the "discipline-setting" institutions, such as the International Monetary Fund (IMF); and the lending institutions, such as the World Bank and the United Nations Development Programme (UNDP). There were explicit policy areas where the mandates of different institutions interacted, for example between the ILO and the WTO and with the IMF.
6. Fourth, he recalled some principles that could provide a framework for fruitful interaction: to do no harm to policy areas of another institution that had equal international recognition; to support others' policies when they were relevant; to work together at policy development as done by the ILO with the WTO and the IMF; and to work together at the country level as shown by the inclusion of the Decent Work Agenda within the United Nations Development Assistance Framework (UNDAF). He mentioned that the ILO was already applying those principles in four practical ways – inter-secretarial collaboration, partnership agreements, country-level coordination and country support.
7. Finally, he underlined that, because of its close links with the economic and social evolution of countries, the ILO had a special responsibility in defining the criteria for the success of policies and helping the multilateral system deliver a coherent agenda.
8. The Employer spokesperson emphasized his group's continuous support for ILO efforts to promote policy coherence with other international organizations, based on shared values, mutual respect for mandate and common goals. He recognized the need for policy coherence to address global challenges, and stressed that social, economic, environmental and financial policies had an impact on each other. That interaction needed to be factored into policy-making for successful outcomes such as job creation, development of sustainable enterprises and, in the current crisis, the urgent restoration of investor and consumer confidence. He noted that there were different interpretations and applications of policy coherence. The Employers' group disagreed with paragraph 6 of the paper. He stressed that real policy coherence could be achieved only through the creation of solid partnerships, which could be effective and sustainable only if there were synergies to be harnessed in pursuit of common goals and respect for each partner's distinctive mandate.
9. The Employers' group considered that the pursuit of policy coherence should not lead to uniformity of policy or to the dilution of the ILO's core values. Existing and potential partners should understand and make a commitment to work with the ILO as an organization characterized by tripartism, accepting the implications that tripartism had. Partnerships should not compromise or hinder the core activities of the social partners at the national level nor divert the attention and limited resources of the Office from prioritizing and supporting the needs of its own constituents. Maintaining partnerships also

required good listening skills, and the ILO had to listen, as well as talk, to other organizations.

10. He called on the ILO to consider the wider implications of pursuing multilateral policy coherence and to clarify how multiple partnerships with other agencies were being managed, resourced and evaluated. He suggested that the Institutional Section of the Governing Body was a more appropriate forum for detailed reporting than the Strategic Policy Segment of the High-Level Section. He also indicated that the group would like further clarifications on the financial and human resources implications of the research envisaged under paragraph 19 of the paper.
11. He noted several recent good examples of partnerships that the social partners supported and were fully involved in, including the Global Jobs Pact, the Green Economy initiative, the Social Protection Floor (SPF) initiative, the ILO–World Bank cooperation, the United Nations High-level Task Force on the Global Food Security Crisis and the engagement with the G20. The Employers were committed to further engagement and new collaborative partnerships, provided that the scope, value and objectives of those partnerships, and the financial and human resource implications, were first discussed. They also expected that ILO policy pronouncements relating to areas of core importance for all constituents would be made only where tripartite consensus had been established beforehand. Finally, while the Employers agreed in principle with the point for decision contained in paragraph 20 of the paper, they found it insufficiently ambitious and lacking the clarity and specificity needed to improve the ILO policy for coherence. Further clarification on resourcing, on the reflection of the tripartite perspective and on comprehensive reporting, evaluation and follow-up was required before taking a decision on paragraph 20.
12. The Worker spokesperson asserted that current trends showed a staggering lack of coherence at all levels, with unemployment and inequality increasing while bankers continued to receive unsurpassed bonuses. The financial sector had drawn governments into a new wave of austerity measures, with the real economy paying the price.
13. The Workers' group found that standards were inadequately addressed in the paper and stressed that economic, financial and trade policies must be subordinate to international labour standards. Recalling the outcome of the G20 Summit in Cannes and the mandates it gave to the ILO, including participation in the new Task Force on Employment, he urged the ILO to take the lead in producing the joint report to the G20 Finance Ministers on the world employment outlook.
14. He welcomed the four steps of policy coherence identified in paragraph 17; however, greater attention should be given to addressing how cooperation at the international level linked to implementation at the country level. Many national policies to exit the crisis were incompatible with the recommendations of the Global Jobs Pact and the Declaration on Social Justice for a Fair Globalization. Romania, for example, had, with the support of the IMF, the European Commission and the European Central Bank, made changes to labour laws that denied sections of the labour force their right to union representation. The ILO had to be more effective in its interactions with the IMF, the European institutions and other organizations to prevent infringements of workers' rights and worsened working conditions. Interventions by international organizations that undermined collective bargaining and wage setting were totally unacceptable. The undermining of enabling rights was a reason for which the Workers' group had supported the proposed resolution on policy coherence submitted by France and Switzerland at the 100th Session (2011) of the ILC.

15. The Workers' group supported the five channels for the promotion of enhanced policy coherence, although they would like more emphasis to be placed on providing assistance to constituents, developing a clearer strategy on putting decent work and employment at the centre of policy-making in UNDAF countries, and enhancing the engagement of members of tripartite Decent Work Country Programme (DWCP) steering committees in the work of UN country teams. Finally, the ILO's cooperation with other organizations should not be limited to social adjustment to the economic policies determined by other organizations. In trade policy, for example, the ILO should engage in discussions that resulted in policies revised on an assessment of their impact on employment.
16. The group of the Americas (GRUA) agreed that there was a need to promote dialogue and participation with other international organizations, including as observers. The spokesperson for the group (a Government representative of Brazil), noted that the Office had developed important initiatives with other UN agencies in that regard. GRUA would like to receive additional information, indicating in which forums the ILO was acting as an observer and identifying the existing policy coherence frameworks. GRUA was of the view that the policy coherence framework proposed in the document should be aligned with existing UN frameworks, in particular Resolutions 62/277 and 64/289 of the UN General Assembly. With regard to paragraphs 18 and 19, GRUA requested clarification on what areas and frameworks had been taken into consideration and to what extent they were aligned with other multilateral efforts to promote policy coherence, including the UN General Assembly's focus on being "united in action". It was not clear to GRUA why a document on international coherence did not make reference to other UN system-wide efforts, with the exception of a brief reference to UNDAFs. GRUA supported the actions proposed in paragraphs 18 and 19 and the point for decision in paragraph 20, on the understanding that the most important contribution that the ILO could make was to maintain the efforts made by the Director-General to increase the Organization's participation even further in multilateral initiatives and to promote decent work as a central reference for the whole UN system.
17. The Asia and Pacific group (ASPAG) recognized the need for international cooperation and coherent and comprehensive policies in reducing poverty, promoting employment and social justice and achieving a fair globalization. The spokesperson for the group (a Government representative of Pakistan) stressed that the effort by the ILO to create synergies with other international organizations should be based on a well-defined, result-oriented and time-bound strategy, compatible with ILO capacity and financial resources. The implementation and supervision of international labour standards should rest with the ILO and labour standards should not be used for protectionist trade purposes. ASPAG would appreciate further information and clarification in relation to the proposal made in paragraph 19(c) concerning the establishment of reciprocal observer status with the WTO. ASPAG would also appreciate more evaluation of the integration of DWCPs into the UNDAFs.
18. The European Union (EU) and its Member States, with the support of Norway, agreed with the analysis of the Office paper and the point for decision in paragraph 20. In the statement, delivered by the spokesperson for the EU (a Government representative of Denmark), the Governing Body and the Office of the Director-General were asked to:
 - (i) continue promoting ratification and implementation of the eight ILO fundamental Conventions;
 - (ii) strengthen the activities referred to in the Global Jobs Pact and engage in the G20 Task Force on Employment;
 - (iii) continue to evaluate the employment effects of trade and financial policies and to enhance dialogue and cooperation with international organizations as encouraged by G20 Leaders;
 - (iv) strengthen concrete partnerships and take steps to establish cooperation agreements and mutual observer status with all relevant international organizations;
 - (v) encourage closer policy coordination between and within member States;
 - (vi) coordinate and work concretely at the country level with other

organizations involved in the SPF and other common projects, including follow-up to the joint ILO–IMF conference in Oslo; and (vi) enable the Office to contribute, in accordance with its role, in labour reform policies put forward by other international institutions, upon the invitation of a country.

19. A Government representative of Viet Nam, speaking on behalf of the Association of Southeast Asian Nations (ASEAN), urged the Office to give equal attention to promoting policy coherence both at the national and the global levels. With respect to the framework set out in the paper, he stressed the importance of mutual problem solving and called on the Office to strengthen its cooperation with other multilateral institutions to avoid unilateral actions that could hinder progress towards shared objectives.
20. A Government representative of Egypt suggested that several points should be taken into consideration before adopting initiatives and undertaking institutional partnerships. First, the different mandates and prerogatives of other UN organizations should be understood and the mechanisms to strengthen cooperation and coordination should be identified. The dialogue that had been initiated by the UN High-level Committee on Programmes and the standing or ad hoc committees and commissions should be strengthened and continued. Second, points of agreement and disagreement should be identified and considered. Despite their differences, organizations shared a commitment to strengthen economic growth and social stability. Third, regional imbalances in decision-making bodies should be addressed. African countries, for example, were often under-represented. Furthermore, while countries had a collective responsibility to deal with issues on the international level, not all countries had the social and economic resources to enable them to participate.
21. The Africa group commended the ILO on its response to the international financial crisis, in particular the participation of the Director-General in multilateral forums. The spokesperson for the group (a Government representative of Algeria) called for greater complementarity in economic and social systems in order to deliver the goals of the Decent Work Agenda. Partnerships with Africa should be promoted through the New Partnership for Africa's Development (NEPAD). Policy coherence could be achieved in the multilateral system if developed countries took the needs of developing countries, particularly those in Africa, into consideration when developing crisis responses, and if policy coherence ensured that those elements were applied in a concrete manner. The speaker concluded by saying that the framework recommended in the document corresponded to the desired goal.
22. A Government representative of Panama noted that despite a looming recession in the developed countries, her country had done well in overcoming the effects of the economic crisis and had made important advances by using social dialogue to formulate policy responses and by improving democratic participation.
23. A Government representative of Ghana supported the statement of the Africa group. Ghana shared the view that the four steps of policy coherence should guide the ILO in its efforts to promote full productive employment and that they should be underpinned by mutual recognition of other international organizations. He stressed that, if effectively implemented, the proposed framework would enable the ILO to contribute further to enhancing the necessary policy dialogue, coordination and coherence within the multilateral system. Therefore, the delegation of Ghana supported the decision point contained in paragraph 20 of the document.
24. A Government representative of Colombia recognized the contributions made by the ILO to promote policy coherence and expressed his agreement with the paper. Those multilateral developments should reverberate at the national level. He noted the recent efforts made by his Government to develop legislation that promoted the goals outlined in

the paper and asked the Office to establish a programme office in the country that could provide technical assistance on the plan of action developed within the framework of the free trade agreements.

- 25.** A Government representative of India commented on the complexity of the concept of policy coherence, at both the international and national levels. In India, the complex cultural matrix and historical institutions complicated the achievement of policy coherence. There was no “one size fits all” solution. He felt that greater clarification of the components, structure and modalities of coherence, as well as of the financial and human resources, was required. He requested more information on the modalities of working with non-tripartite organizations and on how negative externalities on developing countries’ growth would be dealt with. He asked for clarification concerning the implications of paragraph 19 of the paper and said that coherence should not be used to link trade with labour standards for protectionist purposes. From a development perspective, it was important to address global challenges such as market access, international migration and improving access to education and skills.
- 26.** A Government representative of Switzerland acknowledged that paragraphs 17–19 of the paper incorporated some of the fundamental considerations contained in the proposed resolution on policy coherence submitted by France and Switzerland to the 100th Session of the ILC in June 2011. Regarding the “collaboration” referred to in paragraph 18, he recommended that the Governing Body should be consulted concerning the ILO’s work with the G20. Furthermore, other international organizations should participate in the development of reports for the ILC and in debates on the social impact of financial, economic and trade policies, particularly the recurrent item discussions. The Director-General was requested to provide the 313th Session of the Governing Body in March 2012 with concrete proposals in several areas: the strengthening of partnerships between the ILO and other organizations; better policy coordination among and within member States; and the increased recognition of fundamental principles and rights at work as the rules of the game for the social dimension of globalization. The delegation also requested proposals to commence dialogue on observer status for the ILO at the WTO.
- 27.** A Government representative of France expressed support for the principles set out in the paper, but criticized the lack of concreteness in paragraphs 18 and 19. He regretted that the ILO’s own policy formulation process was not coherent enough and emphasized the need for the ILO to engage in concrete actions. For example, although coordination work on the SPF had been completed, building policy coherence among organizations remained difficult. Policy coherence was not a final goal, but a means to render the multilateral system more effective in its actions and more efficient in its resource allocation. Other organizations should be associated with the ILC recurrent item discussions, hence widening their scope. The speaker also highlighted the opportunity for the ILO provided by the G20 Summit in Cannes in the form of the leaders’ request that the ILO, the IMF, the World Bank and the Organisation for Economic Co-operation and Development (OECD) should jointly report on employment perspectives and economic reforms aimed at creating jobs. He also noted the G20/Business 20 (B20)/Labour 20 (L20) request for member States to evaluate the effectiveness of certain policies and to work on pilot projects focusing on topics that emerged from the crisis through inter-agency task force groups, staff exchanges, and other means.
- 28.** A Government representative of Romania explained the reasons that had led his Government to undertake the austerity measures described by the Worker spokesperson. He added that since the introduction of the new Labour Code in March 2011, the number of individual labour contracts had increased by 1 million, which represented an increase of 25 per cent compared to previous available data. Moreover, real average wages in the private sector had not decreased. He reiterated his Government’s commitment to cooperate

with the social partners, especially with trade unions, in monitoring the results of the application of the new legislation regarding collective bargaining agreements. In addition, Romania was ready to cooperate at the international level with international institutions to ensure the coherency of policies, in compliance with labour standards and European legislation.

29. A Government representative of Sudan expressed support for the statement of the Africa group. He stressed that unilateral and multilateral policy coherence was particularly important with regard to social, economic and environmental policies. Policy coherence and coordination could bolster technical assistance and projects, which could lead to economic growth, employment creation and the improvement of working conditions. That could give rise to improved development conditions and the establishment of social equality. He emphasized the importance of green jobs in that regard.
30. A Government representative of China stated that policy coherence should be reflected in the national macroeconomic policy framework. The participation of the ILO at the G20 Summit had enhanced policy coherence in the multilateral system. However, policy coherence was a tool and not an objective. Labour standards should not be used for protectionist purposes and therefore international trade and financial organizations should not engage in the ratification and implementation of ILO Conventions. Labour standards should not be linked with trade, investment and assistance. His Government was not in favour of establishing observer status for the ILO at the WTO.
31. A Government representative of Australia emphasized the ILO's critical work in enhancing policy coherence across multilateral forums. His Government strongly supported the framework for ILO action proposed in the paper and urged the Organization to consider the inclusion of sustainability as a cross-cutting theme. The speaker stressed the importance of promoting policy coherence within government agencies at the national level. Priority for new dialogue on coherence should be given to those organizations where it would have the biggest impact, such as the IMF, as well as to organizations linked by subject areas such as the SPF initiative. When developing and implementing the policy coherence framework, the ILO should also integrate internal coherence, linking technical capacities and resources.
32. A Government representative of Congo described the measures taken by his country to reduce poverty and streamline its budget within a medium-term framework designed to improve the allocation of resources and expenditure. The speaker noted that, within the priority action plan, the Ministry of Labour and Social Security worked closely with other departments to promote sustainable development, support rural development and integrate work on HIV/AIDS at the workplace. Referring to concrete examples of policy coherence in action, he mentioned the forthcoming DWCP and reiterated his country's appeal for support from the ILO and other international agencies in establishing national programmes on policy coherence, social protection and labour administration.
33. A Government representative of Qatar expressed full support for paragraph 17 of the document. He drew attention to the G20 Summit held in Toronto in June 2010, which had highlighted the role of open markets in supporting growth and the creation of work. The leaders of the G20 had asked the leaders of the international organizations to present reports on the liberalization of trade and its benefits with regard to employment and growth. The speaker agreed with the findings of the report and asked the ILO to build on the study and to cooperate with other organizations in order to make the most of any employment opportunities that might come out of the Doha Round.

34. A Worker member from Romania said that the IMF and the EU used a double language, which did not present a picture of policy coherence. The speaker recalled the Romanian case, where austerity measures imposed by the IMF had not only led to a reduction in wages and a loss of 180,000 jobs in the public sector, but also to legislative changes in the Labour Code, altering collective bargaining and freedom of association rights. Those measures had also given rise to an increase in temporary employment and the migration of workers, now estimated at 2.5 million persons. An agreement between organizations within the multilateral system could not function unless the ILO Conventions and Recommendations were respected.
35. A representative of the Director-General (Director, Policy Integration Department (INTEGRATION)) summarized the discussion. First, there had been numerous requests for more information regarding the overall framework for policy coherence, in particular with regard to the UN. Second, many speakers had recognized the urgent need for policy coherence, while stressing that the issues were complex and long term. Priorities would need to be identified when pursuing partnerships, and ILO tripartism would play an important role. There had been a mixed reaction to the idea of possible observer status for the ILO at the WTO. Third, country-level coordination had been a common theme and many speakers had pointed to the importance of the continued integration of DWCPs in UNDAFs. Fourth, there was a need to focus on policy issues, such as the role of standards in work on growth, poverty eradication and social inclusion. In that regard the potential role of the ILO in the G20 Task Force on Employment had been highlighted by many. Finally, the framework for the ILO's work outlined in the paper seemed to be acceptable but required further development in future meetings.
36. Responding to the points raised, the Director-General provided several examples of concrete action that had resulted from recent ILO policy coherence efforts, including: the removal of labour issues from the indices in the World Bank's *Doing Business Report*; the inclusion of the Global Jobs Pact as an institutional objective of the UNDP and the further integration of decent work into UNDAFs; the joint coordination with the World Health Organization of the 17 agencies involved in the SPF initiative; and the incorporation of decent work in the EU development coordination policy. Citing the work with the IMF, he noted that, while part of the Fund was aligned with the ILO's views concerning the need for better coordination in terms of macroeconomic employment and social issues, another part, which dealt mainly with fiscal consolidation in countries, was not yet aligned in that regard.
37. The Chairperson presented a revised version of paragraph 20 for decision, which reflected the request of the Employers' group for more consideration to be given in the paper to the need for broad consensus and to the need to provide the Office with guidance.

Governing Body decision:

38. ***The Governing Body requested the Director-General to take appropriate action, including preparing a further discussion on policy coherence in the multilateral system in the Governing Body in 2012 with a revised paper based on the content of discussions at its 312th Session.***

(GB.312/HL/1, paragraph 20, as amended.)

Geneva, 18 November 2011