

**Twenty-second (special) sitting**

Friday, 15 June 2007, 1.40 p.m.

*President: Mr. Sulka***ILO DECENT WORK RESEARCH PRIZE**

---

**The PRESIDENT**

---

As you are aware, this sitting is devoted to a very special event, the ceremony at which the first ILO Decent Work Research Prize is to be awarded. The arrangements for this prize are in the hands of the ILO's International Institute for Labour Studies. I therefore invite the Institute's Director, Mr. Rodgers, to take the floor.

---

Mr. RODGERS (*Director, International Institute for Labour Studies*)

---

Mr. President, distinguished delegates, I am proud to introduce this ceremony for the first ILO Decent Work Research Prize. The award of this prize was decided by the Board of the International Institute for Labour Studies in November 2005 and approved by the Governing Body at its 294th Session. The prize, which draws on the endowment from the Nobel Peace Prize awarded to the ILO in 1969 is to reward outstanding contributions to the advancement of policy relevance knowledge on the ILO's central goal of decent work for all. Candidates for the prize must have the support of at least one member of the ILO's tripartite constituency, and one leading scholar from different regions of the world. A high-level jury was formed in consultation with the ILO's constituents to decide the attribution of the prize. The members are as follows: Ms. Gemma Adaba, the representative to the United Nations of the ITUC, Professor Bina Agarai, Professor of Economics at the University of Delhi, India, Professor Emeritus Eduard Gaugler, from the University of Mannheim in Germany, Dr. Anna Tibaijuka, Undersecretary General and Executive Director of UN HABITAT and Dr. Carlos Tomada here present, Minister of Work, Employment and Social Security of the Republic of Argentina and Chairperson of the ILO Governing Body in 2005–06. Because of the outstanding nominations received, the Jury concluded that on this first occasion there should be a dual prize. The first prize reflects the major scholarly contributions of the prize winner to the analysis of socio-economic relationships and policy instruments for realizing decent work. The second exceptional prize recognizes an extraordinary lifetime contribution to knowledge and action, which has inspired research and policy on decent work and social justice throughout the world. The prize itself takes the form of a replica of the three keys representing tripartism which we used to unlock the gates to the ILO's first building. In our

ceremony the next speaker will be Minister Carlos Tomada representing the Jury who will also present the first prize. The second prize will be presented by the Secretary-General of the ILO Conference, Mr. Somavia.

---

*Original Spanish: Mr. TOMADA (Minister of Labour, Employment and Social Security, Argentina; representative of the Jury of the ILO)*

---

It is a great honour for me to be able to take part in this ceremony to award the ILO Decent Work Research Prize, representing my colleagues Anna Tibaijuka and Eduard Gaugler.

The Jury made a decision that required consensus building, which is something that we are used to in this house. It was a very difficult task, though, because of the quality of the candidates – a fact confirmed by the International Institute for Labour Studies, which as you know, has become recognized as a forum that brings together the academic world, the world of thought and the world of work, thereby strengthening the dissemination of the ILO's values.

I think we have had an excellent outcome. I will leave it to the Director-General to announce the winner whose name, when proposed, caused the Jury to award a double prize this year.

However, mine is the great pleasure to award the ILO Decent Work Research Prize to Dr. Carmelo Mesa-Lago.

Allow me to say a little bit about the reasons behind this selection.

The concerns that drive this distinguished Professor, when they are heard, become policies that open the door to well-being, health and dignity for all people in our societies, because the overwhelming achievements of Carmelo Mesa-Lago are made flesh in every citizen who is covered by social protection – especially the marginalized – because this economist shows us through his lifelong dedication that decent work can be reached through economics as well.

I am happy that we are all here to witness the award of the inaugural ILO Decent Work Research Prize. We certainly hope there will be many more to come.

I hereby award the prize to Dr. Mesa-Lago and look forward to hearing his speech. Sincerest congratulations!

*(Applause.)*

I would like to begin by expressing my gratitude in Spanish, my mother tongue, spoken today by 450 million people in Latin America, Spain and the United States, where it is the second language.

I have dedicated 50 years to study, teaching and technical assistance in the field of social security, and the ILO Decent Work Research Prize is the most important prize I have ever received in my life, so I am profoundly grateful and I would like to dedicate it to all those in the world who have no social security coverage. Thank you to my former students, who nominated me, to the four governments who supported my nomination and to Dr. Carlos Tomada for his very kind words.

My wife, Elena, is here in this hall. She has been my companion for more than 40 years and without her I would not be here today. She deserves this prize just as much as I do. Our older daughter, Elena, is here today as well, together with my sister, Lourdes, and I would like to thank them for sharing this wonderful moment with me.

My presentation on the urgent need to maintain and extend social security coverage in Latin America and other developing countries will be in English. An article of mine on this subject has just been published in the *International Social Security Review* and is available in the three official languages of the Conference on the Internet.

*(The speaker continues in English.)*

My stomach is rumbling and I suspect that you would rather go for a late lunch, or shall we say "dinner", than listen to my remarks, but we have to go on with the programme.

Several Latin American countries were pioneers in the introduction of social insurance in the Western hemisphere – Argentina, Brazil, Chile, Cuba and Uruguay. Costa Rica espoused its programmes later but rapidly developed them. Currently, all 20 countries have pension and health programmes, although with divergent degrees of population coverage. Social security has maintained income and provided health services to millions of people in the region.

In the last 25 years, however, coverage has been harmed by a contraction of the formal sector in the economy and expansion of the informal sector, self-employment, numbers of family workers, micro-enterprise, etc., as well as by labour market flexibilization, through subcontracting, part-time employment and jobs without contract, which usually lack social insurance protection.

The informal sector averages 47 per cent of the regional urban labour force, and one-third is self-employed, either excluded or with little effective voluntary coverage, in 16 countries. Only in four is it mandatory, with higher effective coverage. Although most countries of the region are now predominantly urban, in the least developed a substantial proportion of the labour force and the population are still rural and four countries exclude rural workers from coverage. Indigenous peoples are largely excluded too because they are in the informal sector and live in rural areas. Only seven countries provide social assistance pensions for the uninsured elderly who lack resources – the pioneers and Bolivia. Because of the low and declining coverage of the labour force, combined with lack of non-contributory pensions, protection of the elderly is

projected to decrease. The labour market transformation is not the only cause of low and declining coverage.

With some laudable exceptions, social security institutions in the region have not adapted to such transformations. For instance, the self-employed are charged the same percentage contributions paid by salaried workers and employers, a formidable barrier to their affiliation. Structural reforms have substituted public social insurance pension programmes in ten countries with defined-contribution privately managed schemes, resulting in declining coverage in all of them. The reason is that such schemes were essentially designed for former urban workers with stable jobs and high-density contributions and virtually left out the informal sector, including the self-employed. The reforms also aggravated gender inequalities as they eliminated the solidarity mechanisms that transfer resources from men to women.

In the last two years, however, reforms in three countries were annulled, declared unconstitutional or delayed in their full implementation. Chile, the first to introduce structural reforms, now has a legal draft to modify the expansion system, strengthening its solidarity and aiming for coverage extension. Segmentation in the health-care system on the basis of social insurance in the public and private sectors results in overlapping and makes it more difficult to extend coverage. Health-care reforms extended legal coverage in five Latin American countries, although actual coverage was declined or denied.

Relying on statistics and surveys on 20 countries, I have calculated that either 34 per cent or 60 per cent of the regional labour force lacks pension insurance. The first estimate is based on data provided by affiliates and the second estimate on more reliable, active, contributors.

Concerning health-care insurance, 60 per cent of the total population lacks it. When adding access to public services, 38 per cent of the population is unprotected.

Coverage of the elderly ranges from 60–80 per cent in the pioneer countries to 5–20 per cent in the least developed, with one exception: coverage of women is substantially lower than coverage of men.

The most developed countries are also the pioneers, have the smallest informal and rural sectors, provide social insurance pensions and exhibit the highest coverage. Conversely, the least developed are those that introduced their programmes the latest, have the largest informal and rural sectors, lack social assistance pensions and endure the lowest coverage.

There are significant geographic differences in health coverage. The best covered areas are developed and urbanized, whereas the worst covered are the least developed and rural.

The ILO and the International Social Security Association (ISSA) have given priority to the extension of coverage and some international financial organizations have recently joined that orientation. For instance, a recent study by World Bank experts concludes that Latin American structural reforms in the last ten years have placed too much emphasis on the mandatory savings pillar and capitalization and have neglected the poverty prevention pillar.

Hence, they recommend a reversal of previous priorities in favour of poverty, pay-as-you-go and no contributory pensions, targeted at the poor. Despite such consensus, however, there is not a common front of all international organizations to con-

front the grave and worsening problem of coverage in developing countries, because of their divergent views on how to tackle it. I have identified areas in pension and health programmes where international organizations share common approaches and policies. Hopefully, it bodes well for fruitful cooperation in the future. But the main effort must be made by the countries themselves, based on successful policy experiences, to extend coverage in the region and to increase the sustainability of the work available.

I had 12 concrete recommendations on how to improve coverage in developing countries, but due to the late hour I will save you from those. They will be available on the web page.

Let me finish by saying that my first social security book, published 30 years ago, was dedicated to "the millions of workers and peasants in Latin America who suffer from lack of coverage or poor protection against social risks". My latest book, currently in press, repeats this same dedication. It is my hope that coverage is substantially expanded in the next decade, through a combined effort by the ILO, the ISSA, other international organizations and all countries represented in this Conference.

*(Applause.)*

---

Mr. SOMAVIA (*Director-General, International Labour Office*)

Before introducing the next winner, I would like to thank Professor Carmelo Mesa-Lago for what he has just said, for his research, for his prize and for a life dedicated to these issues.

*(The speaker continues in Spanish.)*

I would also like to thank the Chairperson of the Jury and the Institute for all the work they have done.

*(The speaker resumes in English.)*

I have the honour to announce the decision of the jury of the ILO Decent Work Research Prize to award an exceptional prize to an exceptional leader. It is in recognition of his outstanding lifetime contribution to knowledge, understanding and advocacy of the central values of the ILO.

Dear friends, the award goes to South Africa's gift to the world, President Nelson Mandela.

In a moment we will be honoured with a special personal message from President Mandela himself. He is represented today by the Chief Executive Office of the Nelson Mandela Foundation, Mr. Achmat Dangor. Thank you for being here, Sir.

Dear friends, if any one person embodies the values of decent work, it is President Mandela. As a lawyer, an activist, a prisoner, a politician, a statesman, President Mandela has lived the ideals of this Organization. Through his lifelong pursuit of rights for his people, dialogue, fairness, social justice and, above all, dignity, he has practised them.

We will be forever proud that in his first visit to a UN organization, Nelson Mandela came here, to the ILO, and addressed this tripartite International Labour Conference. It was in 1990. He had just been released from prison, and South Africa had not yet been liberated from apartheid. From this podium, he thanked us for our commitment through dark and difficult years, and said that he drew inspiration from our support. Thank you again, President Mandela, for those words.

But of course it is Nelson Mandela who has inspired us and so many millions in every corner of the world and, yes, also research in seeking empirical evidence of how best to transform the values of decent work into the reality of people's lives. President Mandela ends his autobiography, *Long walk to freedom*, by reminding us that the truth is that we are not yet free; we have merely achieved the freedom to be free, the right not to be oppressed. We have not taken the final step of our journey, but the first step on a longer and even more difficult road. He says to us, "for to be free is not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others".

Dear friends, we continue to be inspired by him and we will always be inspired by his wisdom and grace, the humility and truth, the words and the deeds of President Nelson Mandela. In recognition of his contribution to the world, it is my rare privilege and personal pleasure to award this exceptional Decent Work Research Prize to Nelson Mandela, in the hands of Mr. Achmat Dangor.

---

Mr. DANGOR (*Chief Executive of Nelson Mandela Foundation, South Africa*)

As you have heard Nelson Mandela has based his life on the principle of dialogue, and that is the art of listening and speaking to others, and the art of getting others to listen and speak to each other.

This award therefore is a very appropriate affirmation of that. But let us let Nelson Mandela speak to you directly.

*(A video recording of President Mandela's message is played.)*

---

Mr. MANDELA (*former President of the Republic of South Africa*)

Distinguished guests, I regret not being able to join you in person today to share this moment of celebration. I have asked my Chief Executive, Achmat Dangor, to be with you on my behalf. You will recall that, just a few months after I was released from prison in February 1990, I visited the ILO and spoke at your Conference. At that time, I said that, despite the thickness of the prison walls, all of us on Robben Island and in other jails could hear your voices demanding our release. We drew inspiration from this. We thank you in the ILO for your support and for refusing to forget us.

Today, the ILO continues to promote the values we share, the rights we all must respect and the ideal that progress is only possible through genuine dialogue. You have established these principles under the banner of what you call decent work and today we can say that the principles of decent work exemplify our common values, our shared respect for dialogue and our concerns about the plight of our impoverished fellow citizens.

Decent work is based on personal dignity, on democracies that deliver for people, and economic growth that expands opportunities for productive jobs and enterprise development. Decent work also underpins the principle that the purpose of creating work is to eradicate poverty.

We are slowly but surely achieving the reconstruction and development of our country so that our democracy works for all. Our constitution entrenches the rights of workers with laws, most of them new and unprecedented in our country's history. We cite such gains because they form the

backdrop to our acknowledgement that we need still more effective social dialogue and consultation in all areas of policy. Decent work is about the right not only to survive but to prosper and to have a dignified and fulfilling quality of life. This right must be available to all human beings.

We rely on the ILO to continue its struggle to make decent work a global reality. I would also like to salute the ILO for having created the ILO Decent Work Research Prize. Knowledge and understanding of socio-economic relationships are essential for progress. If decent work goals are to be achieved, we need better knowledge, more research, better education. It is an honour for us to express once again our support for the ILO, its goals and its values. I thank you.

---

The PRESIDENT

Mr. Dangor, I am sure that I speak in the name of everyone here in the room, when I say how much we all have appreciated President Mandela's inspiring message to us and how much we value his support of the ILO and the Decent Work Agenda. We would be most grateful if you could transmit our greetings and gratitude to him for what he has done and for what he stands for.

I shall now give the floor to the Director of the International Institute for Labour Studies to close the ceremony.

---

Mr. RODGERS (*Director, International Institute for Labour Studies*)

It remains to me to thank the Worker, Employer and Government constituents of the ILO, who have made this prize possible, as well as the jury, for their considerable input of time, effort and reflection, and last, but certainly not least, the secretariat of the prize at the International Institute for Labour Studies, Christiane Kuptsch and Sophie Lièvre, who have managed this process with great dedication over the last year.

It is now time to turn to the 2008 prize. The call for nominations for next year's prize will be circulating among the ILO's constituents shortly and we look to all constituents, to all of you, for your continued support and participation.

---

The PRESIDENT

This closes the award ceremony for the 2007 ILO Decent Work Research Prize and the 22nd (special) sitting of this session of the Conference.

*(The Conference adjourned at 2.15 p.m.)*

## CONTENTS

*Page*

*Twenty-second (special) sitting*

ILO Decent Work Research Prize .....	1
--------------------------------------	---

*Speakers:* The President, Mr. Rodgers, Mr. Tomada, Mr. Mesa-Lago, Mr. Somavia,  
Mr. Dangor, Mr. Mandela