



THIRTEENTH ITEM ON THE AGENDA

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

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1. The Committee on Employment and Social Policy (ESP Committee) met on 10, 11 and 14 March 2008. Mr Amir Shahmir, representative of the Government of the Islamic Republic of Iran, chaired the meeting. Ms Goldberg (Employer) and Mr Patel (Worker) were the Vice-Chairpersons. During the sitting on 10 March, Mr Trotman (Worker) replaced Mr Patel.

A. Implementation of the Global Employment Agenda: Country presentation Viet Nam (First item on the agenda)

2. The Committee had before it a paper¹ on the Implementation of the Global Employment Agenda: Country presentation Viet Nam.
3. The Chairperson welcomed Her Excellency Nguyễn Thị Kim Ngân, Minister, Ministry of Labour, Invalids and Social Affairs, as well as Mr Ho Min Chin, the Director of Labour, Cultural and Social Affairs, Ministry of Planning and Investment, from the Socialist Republic of Viet Nam. The Minister's presentation entitled "National Report on Viet Nam Employment Strategies" highlighted the importance that the Government placed on employment and decent work. She pointed out that Viet Nam had developed a Socio-Economic Development Strategy (SEDS) for the 2001–10 period and provided an overview of the employment targets and goals in the SEDS, as well as of the policies to achieve those employment goals and promote decent work in Viet Nam. Among the policies that had been developed and implemented, she drew particular attention to those concerning macroeconomic, business investment climate and sectoral issues, enterprise and cooperative development, human resource development, employment creation and labour market development. With regard to the latter, she highlighted the National Target Programme on Employment comprising important projects providing credits for employment creation from the National Employment Fund. She also highlighted the importance to the Government of promoting youth employment and gender equality. The implementation of the National Strategy on Employment over the period 2001–07 had resulted in the creation of about 11 million jobs with an increasing share of employment in industry and services, and a declining share in agriculture. Referring to the participation of the social partners in employment policy development, she highlighted the important role they played in formulating and implementing legal instruments and labour market policies and programmes. The Minister also gave an overview of the ILO's support to Viet Nam, making special mention of the first Viet Nam Employment Forum organized in December 2007, as well as of its support in developing and implementing labour laws and policies and programmes. The presentation concluded with an overview of the areas where further work and ILO assistance were needed and which were stated in the Memorandum of Understanding (MoU) signed by the Government of Viet Nam with the ILO on 18 December 2007. They included activities in support of making employment a central goal of the 2011–20 Socio-Economic Development Plan (SEDP), the impact of World Trade Organization (WTO) accession on employment and labour markets, the improvement of labour market mechanisms, policies and institutions for labour market governance, and the integration of labour and employment policies, strategies and programmes into the "One United Nations" initiative in Viet Nam.
4. The Chairperson thanked Her Excellency for the comprehensive presentation and congratulated the Government on the important successes achieved, in particular with regard to the creation of 11 million jobs within a period of six years.

¹ GB.301/ESP/1.

5. The Employer Vice-Chairperson echoed the praise for the presentation and introduced Mr Hoang Van Dung, First Executive Vice-President from the Viet Nam Chamber of Commerce and Industry (VCCI).
6. In his presentation, Mr Dung provided an overview of the VCCI and highlighted its important expansion since its creation in 1963. Among the major achievements of his organization were the key inputs provided in the drafting process and implementation of several enterprise and employment laws and regulations. He also noted the substantial and positive cooperation with the ILO, mentioning in particular the Start and Improve Your Business programme, the Poverty Reduction through Integrated Small Enterprise Development project and the Factory Improvement Programme. Further ILO assistance was needed in the areas of the prevention and resolution of strikes, private sector development and human resources development.
7. The Worker Vice-Chairperson congratulated the Government of Viet Nam on its progress and introduced Mr Mai Duc Chinh, Vice-President of the Viet Nam General Confederation of Labour (VGCL). Mr Chinh provided an overview of his organization and highlighted its key areas of intervention. He stressed its active participation in the formulation and implementation of the national target programme on employment as well as in contributing to reflecting workers' interests in the development and implementation of policies and laws. Mr Chinh noted the commitment of his organization to promoting sound industrial relations and expressed his appreciation of ILO assistance, particularly in the area of the capacity building of trade union officers in order to improve their negotiation skills. In view of the large number of new enterprises that were being created, future help on improving industrial relations might be needed.
8. The Employer Vice-Chairperson referred to the recently released draft document from the Organisation for Economic Co-operation and Development (OECD) entitled "Policy Framework for Investment: Assessment for Viet Nam". She highlighted the relevance of that document and quoted two passages that referred to its key findings. The draft document highlighted the important entrepreneurial energy that was unleashed in Viet Nam and which resulted in the creation of large numbers of small and medium-sized enterprises (SMEs). According to the Employer Vice-Chairperson, assistance to SMEs was an area where the ILO could play an important role. Viet Nam was demographically a young country, and youth employment was another area where ILO assistance would be relevant. Finally, she noted that the frequency of strikes seemed to be a problem in Viet Nam; ILO expertise in the area of industrial relations would be important to ensure that strikes were used only as a last resort in industrial relations.
9. The Worker Vice-Chairperson complimented the delegation on their presentations. He noted that the country presentation provided an excellent opportunity for the ESP Committee to learn more about certain employment and labour market issues which may be helpful in guiding other countries and regions in the world, in particular countries that were mirroring the experience of Viet Nam. He expressed his conviction that the social partners of Viet Nam, in seeing themselves as responsible for protecting and promoting the labour force in their country and in the region as a whole, wanted to be assessed on their performance with straight, forthright, meaningful and helpful comments. Strikes are not necessarily unhealthy but could serve as a message, and could be used to review how benefits were distributed more equally as the economy moved forward. He complimented the Government on its frank acknowledgement of weaknesses, for instance in relation to child labour, and on its willingness to ask the ILO for assistance in dealing with such issues. He emphasized the importance of increasing the level of social dialogue in order to achieve stability and noted that if strikes were out of proportion, it was because the current social dialogue framework was not satisfactory to the social partners. Referring to the ILO core Conventions, he invited Viet Nam to ratify core Conventions Nos 87 and 98,

underlining the importance of translating freedom of association into something meaningful by giving the worker a voice in the workplace. He noted that social dialogue was important in addressing the future challenge of creating a more equitable distribution of wealth between different groups. He complimented the Government on the positive write-up in the OECD draft document entitled “Policy Framework for Investment: Assessment for Viet Nam” as mentioned by the Employer Vice-Chairperson. The Worker Vice-Chairperson further stressed the need for better trained trade union leaders and suggested that the ILO provide further assistance to the Vietnamese trade unions. With reference to migrant workers, he encouraged the Government to consider putting in place a compulsory savings programme, in collaboration with the host country governments, in order to ensure some level of remuneration for returning migrants. Finally, he reiterated that strikes, rather than being a sign of chaos, might be an indication that people were expressing their legitimate frustrations and were willing to have them resolved.

10. The Minister thanked participants for their constructive interventions. She endorsed the comments by the Employer Vice-Chairperson regarding the OECD draft report and pointed out the important contribution of the private sector to gross domestic product (GDP) growth and youth employment. She stressed that the Government of Viet Nam would continue the reform of its legal framework. The number of strikes was not a pressing issue for the country. The Government and the social partners would continue to cooperate closely in order to settle labour disputes. She highlighted the importance of promoting social dialogue as well as the Government’s commitment to poverty reduction. She noted the positive impact of returning migrants, in particular with regard to setting up SMEs and creating employment, as well as the importance of human resources development policies for Viet Nam. Finally, she expressed her hope that the ILO would continue supporting the Government of Viet Nam in the development of policies and programmes for the creation of productive employment and decent work.
11. Mr Chinh emphasized the efforts of the VGCL to reduce the number of strikes. He explained that strikes mainly occurred in the textile and garment sectors where working conditions were sometimes less than adequate.
12. Mr Dung noted that despite all the progress made, Viet Nam was still a poor country and GDP per capita was low. He highlighted the need to develop and implement sound employment policies in order to promote business development and thanked the ILO for creating such a useful platform for the sharing of experiences.
13. The representative of the Government of the Philippines congratulated the Government of Viet Nam for the presentation and noted that the achievements of Viet Nam were remarkable. She suggested exploring the possibility of organizing study visits in different countries in order to promote the cross fertilization of ideas and to share experiences.
14. The representative of the Government of Mexico noted the employment strategy presented by Viet Nam and congratulated the Government, in particular, on its remarkable achievements in cooperative and enterprise development and job creation, as well as on issues related to youth, women and vulnerable groups. He highlighted the important participation of the social partners in the implementation of employment and labour market policies and programmes. He further expressed his appreciation of the substantial technical support provided by the ILO in the implementation of the Global Employment Agenda, and suggested that future country presentations should include a discussion on which of the core elements of the Global Employment Agenda had been applied in the country concerned.
15. The representative of the Government of France congratulated and thanked the delegation for the clear and convincing reporting of the developments taking place in their country.

He stressed the need to be clear about the interests of the country presentations for the ESP Committee, noting that the perfect illustration provided by Viet Nam had proven to be extremely clarifying in terms of the ways in which action was being implemented in the field, and the ways in which the ILO could be called upon to provide technical assistance. He looked forward to similar and more country presentations in the future.

16. The Chairperson associated himself with the views of the previous speaker and expressed his gratitude to the delegation from Viet Nam.

B. The Decent Work Agenda in Poverty Reduction Strategy Papers (PRSPs): Recent developments
(Second item on the agenda)

17. The Committee had before it a paper ² on The Decent Work Agenda in Poverty Reduction Strategy Papers (PRSPs): Recent developments.
18. A representative of the Director-General (Ms Berar Awad, Director of the Employment Policy Department), recalled the presentation made at the previous session of the ESP Committee in November 2007. Referring to the country table, the appendix to the paper, she informed the Committee that since the preparation of the paper, additional Decent Work Country Programmes had been finalized, and in a number of countries new rounds of United Nations Development Assistance Frameworks (UNDAFs) had come into force. However, regarding the lessons learned and the follow-up action proposed for Committee guidance, the overall picture remained as introduced in the last session.
19. The Worker Vice-Chairperson recalled the questions he had asked at the previous November session and looked forward to hearing the Office response to the questions. His group would also be sharing country experiences with the Committee during the course of its deliberations.
20. The Employer Vice-Chairperson indicated she only wanted to make concluding remarks later on.
21. The representative of the Government of France, speaking on behalf of the Members of the European Union (EU) that are members of the Committee, thanked the Office for the paper. The ILO's Decent Work Agenda remained high in the EU priorities. He stressed the EU's wish to play a pivotal role in promoting decent work as a means of achieving international development goals. He highlighted the ILO Forum on Decent Work for a Fair Globalization hosted by the EU Presidency and supported by the European Commission that had taken place in Lisbon at the end of 2007. He wished to focus on four key areas presented in the paper. First, the new generation of PRSPs were more employment friendly and the ILO could claim its share in that positive outcome. Stronger partnerships should now be built and the ILO should further engage in United Nations reform and UNDAFs. Second, the capacity building of the social partners had proven an important element, determining the quality and content of the poverty reduction strategy (PRS) process. Third, the development of Regional Poverty Reduction Strategies in Africa was gaining ground in other regions too. Finally, the ILO had played a major role in facilitating the integration of the Decent Work Agenda into PRSPs, and it was vital that that work was properly funded, evaluated and reported on.

² GB.301/ESP/2.

22. He stressed four points where improvements should be achieved over time in the PRS context. First, further efforts should be made to incorporate core labour standards into PRSPs. Second, the employment and poverty linkage should be further reinforced, including within macroeconomic, trade, financial and investment policies. Third, PRSPs should develop a long-term strategy for attaining the goal of social protection for all. Fourth, the access to timely information by the social partners and their participation needed to be further improved. Finally, he underlined the importance of policy coherence for the Decent Work Agenda and of PRSPs for a fair globalization.
23. The representative of the Government of Mexico referred to paragraph 9 of the paper, stressing that ministries of labour should remain the privileged government counterpart. He called for country-specific assessments as mentioned in paragraph 14, with the involvement of the tripartite partners. Paragraph 19 cited country-specific examples of ILO involvement but did not inform on the real impact regarding employment situations, social protection coverage, child labour, etc. The ILO should help countries address the challenges outlined in paragraph 15. An evaluation must determine the needs and serve as a baseline. The Office should seek mixed-funding solutions where governments, social partners, donors and the ILO contribute. A call was made for the ILO to also support strategies in middle-income countries.
24. The representative of the Government of India welcomed the paper and stated that India strongly supported the ILO in promoting decent work for poverty reduction. The goal of India's 11th Five-Year Plan was to ensure that economic growth was faster but also more inclusive. To that end, he mentioned a few flagship schemes of the Government, mainly concerning infrastructure and basic services in rural areas, like the National Rural Employment Scheme, as well as the provision of free and compulsory education (6–14 years). Furthermore, a bill on social security, including health insurance for the unorganized sector, had been developed. To reduce poverty, India was also promoting SMEs and labour-intensive sectors. The ILO's efforts to empower the constituents for their role in the PRS process were welcome.
25. The representative of the Government of China complimented the Office on the paper and recognized that the Decent Work Agenda was now better reflected in PRSPs, especially in Africa, where remarkable progress had been made. He agreed with the Office strategy and the proposals made. He encouraged national partnerships and continued dialogue at regional and global levels.
26. Mr Silaban (Worker member) stressed that in his country trade unions were not involved at the beginning of the PRSP process. They had to complain in order to be included in the process. He acknowledged the role of the ILO Jakarta Office in strengthening constituents' capacity to influence the elaboration of the PRS document. Despite these efforts, the participation of trade unions throughout the process remained very weak and their priorities were not fully reflected in the final document. He added that the document was not used as a reference in ongoing reforms at the national level.
27. Mr Ahmed (Worker member) thanked the Employment Sector led by Mr Salazar-Xirinachs for its work and the presentation of the PRSP paper. Pakistan had formulated its second PRSP with ILO support. However, he pointed out that workers' organizations' priorities were not fully taken into account in the PRSP document, including respect for the fundamental rights of workers, social protection and social dialogue issues. He exhorted the ILO to keep up the pressure so that principles of social justice could be integrated into PRSPs. He concluded by saying that the decent work approach should be embedded in the wider United Nations reform.

28. The representative of the Government of the Islamic Republic of Iran stated that the lack of reliable statistics could hamper clear knowledge of the real poverty situation in some countries. Inaccurate analysis could in turn mislead decision-makers. He underlined that statistical development therefore played a vital role in PRS development and poverty monitoring.
29. The Employer Vice-Chairperson recalled that to date the Employers had been largely supportive of the ILO's engagement in the PRS process. PRSPs were based on two main pillars, which were country self-help and support from the international community. PRSPs differed from previous approaches in three key ways: country ownership, increased participation and greater prominence of poverty reduction. The employers' organizations' main contribution to that process was to highlight the role of wealth creation and more and better jobs in the private sector for poverty reduction. Referring to the ILO's engagement in Liberia, she acknowledged the particular difficulties resulting from operating in a post-conflict situation. However, she queried the proposed policy sequencing focusing on employment generation through public spending in the short term and placing greater reliance on the private sector in the medium term only. She noted that private enterprise creation was not a luxury to be enjoyed only in the long term. Those policies should be applied concomitantly. She appreciated the ILO's efforts to engage in the PRS process and supported its continuation. Her group considered the capacity building of the constituents to be the ILO's main response. She called for a well-designed capacity-building training course that could facilitate the engagement of the social partners in that complex process. The International Training Centre of the ILO, the Bureau for Workers' Activities (ACTRAV) and the Bureau for Employers' Activities (ACT/EMP) should be central partners in that exercise, and the World Bank, as the main driver of the PRS process, should be involved. A precursor to the development of that programme should be an in-depth "stock-taking exercise" of PRS countries in which the ILO was involved.
30. Ms Berar Awad thanked the members of the Committee for their pertinent comments and suggestions made at the previous and current sessions. She responded to the questions grouped under the following headings: impact at the country level, the underlying philosophy of the PRSP approach, capacity building, and resources available to the Office.
31. Speaking on the first point, she recalled that PRSPs were a national process of priority setting for development planning, the dynamics of which determined the outcomes. Whilst in some 35 countries the Decent Work Agenda had been integrated, the depth and breadth of country engagement had varied. Considering that the baseline in 2002 was zero, considerable progress had been made. The impact was most evident with respect to the employment agenda, which was incorporated in the policy matrix either as a cross-cutting theme or as a specific sector. The engagement of constituents at the national level had increased and clearly brought added value to the national agenda around a series of labour market issues, such as productivity and minimum wages, which otherwise would not be there. She emphasized that there was a much wider awareness by ministries of labour, employers and workers of the importance of participating in the PRS process. She recognized that the PRS process was a never-ending cycle which was repetitive, burdensome and which required continuous lobbying, advocacy and influencing to claim and maintain policy space. This should not, however, discourage participation, and much could be won by seizing opportunities when they arose. She went on to mention the United Republic of Tanzania as a good example of where the policy space had been enlarged over time through consistency and coherence of policy agendas. In Mali, the inclusion of youth employment in the PRS had allowed for HIPC funding, with the ILO having a technical component supported by donors. She assured the representative of the Government of Mexico that ministries of labour remained the main government channel. However, the ministries driving the PRS process must be equally sensitized and linkages built. The interfaces between ministries were an important outcome as such. She explained that in

Liberia and Afghanistan the policy sequencing was very much linked to the government priorities, which were discussed with the national partners. The fuller Liberia employment policy and strategy also included the fostering of private entrepreneurship.

- 32.** Addressing the second group of questions, she said she did not intend to respond on behalf of the Bretton Woods institutions. However, she believed that the Poverty Reduction and Growth Facility of the International Monetary Fund and the World Bank's Poverty Reduction Support Credit, frameworks that were used in conjunction with the PRS process, were not up for public debate and scrutiny in the same way as the PRSPs. Although the former accepted higher spending on social sectors than before, and the latter should be aligned to the PRSP, not all programmes identified and prioritized in a national PRSP received the same level of funding. Conditionalities for concessional lending subsisted and labour law reforms could form part of those. In Burkina Faso, a tripartite discussion on labour law reform and social protection had been organized with the World Bank and their views clearly differed from those proposed by the ILO. She further recognized that the rights-based agenda to poverty reduction was not very strongly reflected in PRSPs, which related more specifically to social spending on education and health. However, progress was to be noted with respect to child labour, forced labour, persons living with disabilities, and indigenous and tribal peoples. In order to succeed with the inclusion of international labour standards, a strong tripartite platform was basically a prerequisite. There were examples from Eastern Europe where the inclusion of better enforcement of labour laws and increased labour inspection as a strategy for formalization had been integrated into the PRS priorities.
- 33.** Regarding the third theme of capacity building for constituents, that had been the main element of the ILO strategy from the start. The needs related to the facilitation of participation, the articulation of the demands, the gathering of background information and the development of policy briefs to influence the process. The work was most effective when the capacity building was backed by intensive support for policy formulation in the field of employment and social protection. The approach had been to develop training manuals and guidebooks as well as specific tailor-made series of workshops. A review of materials and training content would be undertaken with the International Training Centre of the ILO. Another example was the direct collaboration between countries such as Mali and Burkina Faso. A new round of capacity building for ILO staff was also envisaged.
- 34.** The last group of questions related to the resource levels deployed. The first phase of engagement (2002–05) had been rather intense, involving five Professional (P) staff, with two being funded through technical cooperation and two being provided through secondment from the United Kingdom Department for International Development (DFID). The combined technical cooperation funds amounted to around US\$5 million. As poverty reduction was now a mainstream strategy in the ILO, both headquarters and field staff were supposed to devote time to the issue. However, there were currently no dedicated full-time staff funded through the regular budget. The technical cooperation funds for PRS support had decreased to around US\$1 million for the current biennium (contributions from Denmark and France). At the same time, demands from all three partners were increasing, including in the context of Decent Work Country Programmes. It was therefore difficult to accommodate all the demands. Guidance by the Committee was very important in order to prioritize.
- 35.** The Worker Vice-Chairperson appreciated the statement made by the representative of the Government of France and noted that it was consistent with the Workers' point of view on the PRS process, especially the point noting the absence of social dialogue and workers' rights in PRS documents. He also endorsed the EU's call for employment and poverty reduction to be more systematically integrated in PRSPs. He noted that the EU declaration was a useful contribution. Referring to Ms Goldberg's statement regarding the principle of

country self-help, he underlined that in many cases countries had priorities imposed on them and that ownership was often undermined. Furthermore, Office support should not be confined to assisting constituents in their capacity building but to also reflecting the common values of the Decent Work Agenda. He supported the Employers' suggestion to work on well-designed capacity-building training, but questioned the relevance of the World Bank's participation in it. He also noted that from the perspective of the workers of Mali and the United Republic of Tanzania, their participation in the PRS process was not satisfactory. He suggested that a technical meeting be organized with the tripartite constituents from PRS countries in order to assess their experiences and their training and technical support needs. He noted that the Office comments on the PRS experience were revealing and a transcript of the reply would be appreciated. In particular, his group wished to note that the PRS process of consultation excluded the macroeconomic parameters and concessional lending, that labour market conditionalities that affected the rights of workers on hiring and firing were at times imposed by the international financial institutions and that rights were often excluded from the PRSPs. It was saddening to hear that freedom of association, despite being a common global value, was often not integrated into PRSPs. Finally, he acknowledged the financial challenge faced by the ILO regarding PRSPs, but encouraged the Office to pursue its work and called for dedicated personnel in that growing area of ILO work.

36. The Employer Vice-Chairperson concluded that there was no single PRSP model, and that every country was different and faced different opportunities and challenges. There was therefore no single solution or panacea. She emphasized that the Employers saw the primary role of the ILO as one of assisting constituents in their engagement, in terms of their priorities.
37. The representative of the Government of Spain asked that Governments should be given an opportunity to give concluding statements, in the same way as Workers and Employers.
38. The Chairperson explained that as Governments represented so many diverse interests and that they had no spokesperson, that was not possible. He ended by thanking the members for their very interesting and useful contribution to the PRS debate.
39. The Committee took note of the Office paper and the views expressed thereon.

C. Progress evaluation of the Global Social Trust pilot project (Third item on the agenda)

40. The Committee had before it a paper³ on the Progress evaluation of the Global Social Trust pilot project.
41. A representative of the Director-General (Mr Diop, Executive Director, Social Protection Sector) introduced the paper. Whilst the pilot project had been identified in 2004, the Office had decided to take the process forward slowly and carefully, and important positive steps had been achieved. He briefly highlighted the pertinence of the project and recalled ILO support for the Millennium Development Goals (MDGs) related to the reduction of maternal and infant mortality. Adequate access to health care depended on: geographical accessibility, infrastructure and health-care staff; it also depended on financial accessibility, which the majority of people in developing countries did not have. The pilot project aimed to overcome the latter factor as a tool to support the Global

³ GB.301/ESP/3.

Campaign on Social Security and Coverage for All launched by the Director-General. The Office had a strategic role to play in the extension of social security to all and was counting on the support of the Committee to promote international partnerships to achieve that.

42. A representative of the Director-General (Mr Cichon, Director, Social Security Department) introduced the Office paper. He evoked key elements of the global social challenge. He briefly described the basic concept of the Global Social Trust (GST) and the chronology of events that had led to the establishment of the pilot project in Ghana, then highlighted the salient points of the pilot project, including both the positive and the not so positive lessons learned. He requested the Committee to provide guidance and to take a decision on the further course of action noted in paragraph 28 of the report. In concluding, he thanked the social partners of Luxembourg, the Governments of the Netherlands, Sweden and the United Kingdom, and the Tripartite Advisory Board for their support and advice to the project.
43. The Employer Vice-Chairperson emphasized that the debate was not about the extension of social security or about the specific project in Ghana. It was about the evaluation of the concept of the pilot project and the concept of the GST. Agreeing with the point for decision that final judgement on the GST was not appropriate at present, she nevertheless wished to voice a few concerns. Firstly, whether contributions from individuals in developing countries were an adequate and sustainable source of funding; secondly, whether a pilot could test the viability of upscaling and replicating such projects; and, thirdly, whether the ILO was the appropriate body to take the lead in organizing and implementing the GST projects. Currently there was insufficient experience with respect to the first concern, and evidence with respect to the last two concerns cast doubts on the potential for the future of the GST. She recalled the point raised five years previously⁴ concerning three questions that needed to be addressed in relation to the willingness of individuals to donate and the self-sustainability of the supported social welfare systems. That was important as she felt that the project assumed that philanthropy would solve the problem of poverty. The GST could not achieve its aims by making social progress conditional on philanthropy and government good will. Income transfers should not be the core of the system. With respect to the second concern, she felt that the GST had evolved such that it could be considered ad hoc. A robust analysis of the Ghanaian project would be needed. Had there been an analysis of the reasons why the Government of Namibia chose not to proceed? How was that experience used to shape the Ghanaian pilot? What steps were taken to ensure that the Ghanaian project would be self-financing? She also inquired about the current state of funds from Luxembourg, the resources spent by the Office, and the envisaged timeframe for the project and the report. The Employers would reserve their final views for when the report was presented.
44. The Worker Vice-Chairperson noted that the report provided a succinct background of the pilot project. Solidarity was important in the reality of today's global markets and solidarity on a people-to-people basis could complement state aid. He called on the Committee to provide the project with the maximum opportunity for success and supported the point for decision in paragraph 28.
45. The representative of the Government of France, speaking on behalf of the group of 38 industrialized market economy countries (IMEC), expressed appreciation for the honest and thorough assessment provided. He encouraged the Office to continue work on the initiative and recognized the recent positive progress in implementing the pilot project in Ghana. Finally, he welcomed the interest in the pilot project expressed by various non-governmental organizations and international financial institutions.

⁴ GB.288/12, para. 89.

46. The representative of the Government of Morocco, speaking on behalf of the Africa group, welcomed the report. Noting the importance of international technical cooperation in social security, she highlighted the role of the GST in achieving the MDGs on poverty reduction. Her group supported the point for decision in paragraph 28.
47. The representative of the Government of Mexico supported the first two bullet points of the point for decision, since the objective of the GST to create a new financing mechanism to support the development of social security systems was justified. The timeframe for the collection of contributions should not exceed the duration suggested in paragraph 25. Referring to the organization of negotiated agreements between donor and recipient countries, he suggested the Office set up a mechanism to provide information to the Committee on progress achieved. In their first phase, projects should concentrate on health protection, and in their second phase, could provide economic services.
48. The representative of the Government of Germany thanked the Office for the clear and self-critical report. By promoting international bilateral solidarity, the GST was providing a sustainable base for the extension of social protection to all. She raised questions with respect to the role of the ILO, the flexibility of the project to adjust to problems, and how to further encourage donors.
49. The representative of the Government of the United States endorsed the IMEC statement. Supporting the point for decision in paragraph 28, she suggested that the Office could have an advisory role in future twinning projects.
50. The representative of the Government of the United Kingdom indicated that his Government had provided support by funding a seminar and seconding an official. He welcomed the efforts of the Office and looked forward to the results.
51. The representative of the Government of Nigeria endorsed the statement of the Africa group. He informed the Committee that Nigeria had established a National Health Insurance Scheme and the Nigeria Social Insurance Trust Fund, and that it would therefore benefit from the outcome of the pilot project.
52. The representative of the Government of South Africa endorsed the Africa group's statement and the point for decision. His country knew the benefits of solidarity and therefore would support the GST.
53. The representative of the Government of Senegal endorsed the Africa group's position. The GST was an innovative approach in a world with a need for solidarity. Furthermore, it went hand in hand with the Decent Work Agenda. He commended the Office for the courageous analytical evaluation in the report. He stressed the importance of the GST in a resource-limited environment and indicated that Senegal was providing free health care to the elderly. He supported the point for decision.
54. Mr Diop thanked the Committee for its support. The Office was conscious of the difficulties and welcomed the questions raised. Nevertheless, considering the number of women dying due to lack of health care, he wondered whether the Office could afford to do nothing. He questioned whether external financing could be sustainable. He cited the example of poliomyelitis, now almost fully eradicated thanks to international mobilization which, at the outset, had been entirely responsible for financing national vaccination campaigns; those had subsequently been integrated into national health policies and as a result had become sustainable. The inference was that in order to fight maternal and infant mortality, international solidarity was a necessary starting point.

55. Mr Cichon recalled that regular reports on the pilot project had been provided to the Committee and to the Tripartite Advisory Board. He observed that the Committee had given unanimous support for the point for decision, and thanked members for their comments. The issue raised by the representative of the Government of the United States had been considered in the report. Referring to the statement of the representative of the Government of Mexico, he said that the choice of benefit depended on the country situation, and it was necessary at times to link cash and health benefits. He welcomed the support from the Workers' group. In reply to the Employer Vice-Chairperson, he considered that the discussion in the Committee was about the project in Ghana. He agreed that philanthropy could not sustain a system, but it could jumpstart it. By sponsoring concrete benefits on a transitory basis, the project aimed at convincing governments that they were possible to support and sustain. He read a communication from the Luxembourg partners indicating that they expected to collect approximately 100,000 euros for 2008. Resources for work on the GST came from projects funded by the Governments of the United Kingdom, the Netherlands and Sweden, which the Office had backstopped. The timeframe of the next report was for the Committee to decide. Referring to the statement made by the representative of the Government of Germany, he said that the pilot project's flexibility had made it possible to adjust the benefit during negotiations. As experience had shown that negotiating contracts between partners was a complex undertaking, the role of the Office would be to share lessons learned and provide technical assistance at country level. He would have wished to have a broader base for the pilot project from the outset, but looked forward to continuing the pilot.
56. The Worker Vice-Chairperson concluded by reiterating the support of his group for the points for decision.
57. The Employer Vice-Chairperson, whilst agreeing that the Office could not afford to do nothing, stressed that the concern of her group was how best the Office could assist with its resources and expertise.
58. The Chairperson praised the Committee for its spirit of collaboration and consensus. The point for decision was adopted.
59. ***The Committee on Employment and Social Policy recommends to the Governing Body that it request the Office to continue its work on the Global Social Trust initiative along the following lines:***
- ***complete the pilot project and document and share the relevant experience with all institutions that show interest in entering into similar twinning partnerships between industrialized and developing countries;***
 - ***continue to inform the Tripartite Advisory Board of the GST pilot project on a regular basis on the progress of the pilot;***
 - ***provide a follow-up report on the results of the contribution collection mechanism to the Committee and the Governing Body at a later date (to be decided by the Officers of the Committee), which can then be used to decide on the future of the GST initiative.***

D. ILO strategy on promoting women's entrepreneurship development (Fourth item on the agenda)

- 60.** The Committee had before it a paper⁵ on the ILO strategy on promoting women's entrepreneurship development.
- 61.** The representative of the Director-General, Mr Henriques (Director, Job Creation and Enterprise Development Department), introduced the item by showing a video clip that illustrated some successful examples of activities undertaken through the ILO programme on women's entrepreneurship development (WED). He drew attention to the important relationship between the WED activities and the Decent Work Country Programmes, the Global Employment Agenda and other activities with a major gender dimension, such as microfinance, HIV/AIDS, people living with disabilities, and work in the informal economy. He briefly outlined the Office paper, highlighting the extensive demand for women's entrepreneurship in Decent Work Country Programmes, especially in Africa.
- 62.** The Worker Vice-Chairperson noted the importance of entrepreneurship in all its forms, including social entrepreneurship, and the positive economic and social benefits which it could yield. However, he cautioned against seeing entrepreneurship as a panacea and noted that it could lead to inequitable or unlawful outcomes, for example if workers' rights or working conditions were compromised. This reaffirmed the need to ground the ILO's work on women's entrepreneurship in its mandate to promote social justice in the world of work. He raised two specific concerns relating to the Office's WED work as reported in the paper: possibly over-optimistic claims about impact (particularly relating to the activities in China) and an apparent narrow focus on employment creation (as opposed to broader decent work outcomes). Rather, the Office should focus on where its real value-added and comparative advantage lay, namely in addressing not just the needs of women entrepreneurs, but also the quality of work and the conditions experienced by workers in those enterprises. He called for those factors to be built into the strategy together with appropriate measures of impact. He noted an error in the reference to a South African Decent Work Country Programme. The Office's WED strategy should address both the causes and the symptoms of the particular challenges and constraints faced by women entrepreneurs. Paragraph 32 should be amended to refer to "... only removing the symptoms". A detailed section on cooperatives should be added to the strategy and resources should be available for trade union cooperatives. The first bullet in paragraph 35 should include "... which generates quality jobs". Paragraph 37 should not be limited to women entrepreneurs but also to workers employed in those enterprises, particularly in respect of building capacity to form and join trade unions and employers' organizations. Paragraph 40 should include ACTRAV and ACT/EMP in the proposed manual development. The strategy should not be confined to women in micro- and small enterprises but also include advocacy work in large enterprises, high-end activities and green jobs. The decent work and standards dimensions should be included more explicitly. The question of regular budget resources would require more reflection and could not be immediately agreed. The strategy should be placed within the framework for sustainable enterprise development agreed at the International Labour Conference in 2007.
- 63.** The Employer Vice-Chairperson emphasized the importance of both rights-based and economic arguments for gender equality. She stressed that the economic empowerment of women yielded significant multiplier effects impacting both social and economic factors, enhancing national growth and reducing the incidence of poverty. However, too often the economic potential of women, and specifically women's entrepreneurship, constituted an

⁵ GB.301/ESP/4.

important untapped source of economic growth and empowerment. She noted that the concerns and needs of women entrepreneurs, such as barriers to entry, property rights, start-up finance, access to “non-traditional” skills and access to larger markets, were often distinct from those of men, were context-specific and would need to be addressed separately. The Employer Vice-Chairperson stressed that employers’ organizations could assist women entrepreneurs by creating networks, sharing the successful experience of other women (role models) and establishing Women Entrepreneurs’ Associations (WEAs). The Office had an opportunity to develop into a “brand leader” in the WED field by helping constituents to advocate for a favourable political and legal environment for the growth and development of women-owned enterprises; by ensuring that support mechanisms were designed and implemented to enable women entrepreneurs to establish and expand their own enterprises; by facilitating the financing of enterprises owned by women; by carrying out more gender analysis; by sharing good case studies and collecting relevant gender disaggregated data; by supporting media and promotional activities and high profile events on women’s entrepreneurship; by providing more entrepreneurial training; by developing tools and products to assist women’s entrepreneurial networks; and by ensuring that governments target women in their SME policies. Whilst endorsing the intention of the proposed WED strategy, the Employer Vice-Chairperson expressed her concerns that the paper was weak on details and needed further clarity in terms of, for example, resource mobilization for the proposed expansion of activities and how the strategy would be implemented in the field.

64. The representative of the Government of Peru, speaking on behalf of the Group of Latin American and Caribbean States (GRULAC), underscored the importance of addressing WED as part of a broader approach towards promoting gender equality and development in line with the MDGs. He highlighted the need to address the particular challenges faced by women entrepreneurs, including empowering women by giving them better voice and representation. He endorsed the point for decision in paragraph 45 and called for the initiative to be extended to cover countries in Latin America and the Caribbean.
65. The representative of the Government of France, speaking on behalf of the IMEC group, welcomed the increased attention on women’s entrepreneurship. He drew the Office’s attention to the special issues women entrepreneurs faced in trying to balance work with family life, adding that the existence of policies in that field were at the core of creating an enabling environment for WED.
66. The representative of the Government of Morocco, speaking on behalf of the Africa group, supported the point for decision. She emphasized that the ILO, in line with its fundamental principle of non-discrimination, made a significant contribution to the promotion of equality between men and women and, in particular, to the promotion of women’s entrepreneurship within the broader decent work framework. She noted that, despite the existing barriers, women were generally moving away from working only in the household and were playing an increasing role in contributing to economic development.
67. The representative of the Government of India endorsed the WED strategy. He stressed that whereas entrepreneurship was the driving force for achieving excellence in production, market innovation, human resources and skills development, social mobility and attitudinal change, the development of women’s entrepreneurship offered excellent opportunities for the overall socio-economic progress of the country as well as promoting gender equality. He expressed his hope that women’s entrepreneurship could bolster the economic autonomy of women, promote gender balance and ultimately could lead to the participation of women in broader decision-making processes. He informed the Committee of the various policies and programmes that the Government of India was using to promote women’s empowerment and entrepreneurship.

68. The representative of the Government of Mexico endorsed the GRULAC statement and reiterated the call to extend WED activities to that region, indicating a number of relevant gender-related initiatives supported by the Mexican Government. He thanked the Office for an interesting and informative report and encouraged the active mobilization of resources to support the proposed strategy; he supported the point for decision.
69. The representative of the Government of Italy stated her support for the fifth core element of the Global Employment Agenda on the promotion of decent employment through entrepreneurship development. Women's entrepreneurship development was fundamental for employment creation. She shared the experience of Italy in the area of creating an enabling environment for women's entrepreneurship. She concluded by expressing the support of the Government of Italy for the proposed WED strategy.
70. The representative of the Government of Greece aligned herself with the IMEC statement and expressed support for the point for decision. She called for initiatives to empower the entrepreneurial spirit of women, especially younger women, but noted that it should be combined with measures to enhance the reconciliation of family and professional life.
71. The representative of the Government of the Republic of Korea thanked the Office for the paper and expressed her support for the Office's WED activities. She pointed out that in the Republic of Korea, women's entrepreneurship was promoted by putting into place relevant laws, by launching training and guidance projects and by supporting the establishment of the Korean Women Entrepreneurs' Association. Policy measures to support vulnerable women would be effective in preventing them from entering the informal economy.
72. The representative of the Government of Cuba expressed her support for the initiative. She highlighted the importance of gender equality, of activities to promote change at all levels of society to ensure women's empowerment both in the home and at work, and of including their active participation in socio-economic decision-making institutions. She called for further research and ongoing assessment of the impact of the Office's work on WED to ensure that it was achieving the outcomes expected.
73. The representative of the Government of Nigeria endorsed the position of the Africa group and expressed his appreciation of the Office's work on WED, which was fundamental to the achievement of the Global Employment Agenda and the Decent Work Agenda. He outlined initiatives undertaken by his Government to support women's entrepreneurship, and expressed support for the point for decision.
74. The representative of the Government of the United States noted that women entrepreneurs could make a tremendous positive difference to their families, communities and countries. Her country was therefore a strong supporter of women's rights and economic empowerment, both at home and throughout the world. However, since in many places around the world women faced legal and practical barriers that limited their access to property, markets, technology and services, there was a need for targeted programmes in women's empowerment and entrepreneurship to help overcome those barriers so that women could become successful entrepreneurs. Whilst acknowledging the growing demand for WED services from the ILO constituents, she expressed a concern that the Office's paper did not effectively communicate the WED strategy with a clear plan of action for achieving the goals highlighted in the paper. She called for more details about the operational performance of the current WED programme and on evaluation and impact assessment.
75. The representative of the Government of Pakistan agreed that the proposed WED strategy provided a good basis worthy of support. However, he also agreed with the Worker

Vice-Chairperson that entrepreneurship was a positive thing only if it was not based on the exploitation of workers. He shared a number of success stories from Pakistan, which was among the countries that currently included and sought to expand WED activities in its Decent Work Country Programme. He concluded by asking the Office to be more specific on the WED action plan.

76. The Chairperson noted the strong government support for the Office's work on WED and broad endorsement of the point for decision, whilst noting the concerns from the social partners.
77. Mr Henriques thanked the Committee for its strong support. In addressing the comments of the Worker Vice-Chairperson, he reiterated that the WED strategy was indeed grounded in the ILO's Decent Work Agenda, including the promotion of rights and decent conditions at work, and that the strategy was framed in light of the conclusions of the general discussion on the promotion of sustainable enterprises at the International Labour Conference in 2007. He noted that a tripartite steering committee existed in each country where there was a WED programme, and that the WED strategy recognized the importance of promoting entrepreneurship through cooperatives, as was the case of the nascent ILO Cooperatives Facility for Africa. He pointed out that the impact-assessment data relating to China were based on an independent evaluation, but that it was correct to state that the ILO's training and capacity-building work had indeed helped, though it was not the sole determining factor, to create a very large number of jobs. Noting the importance of women's entrepreneurship across all sizes and types of economic undertaking, he stressed that the proposed WED strategy would emphasize, on the one hand, micro- and small enterprises, because that was where the majority of women's economic activity took place, and, on the other hand, growth-oriented enterprises, because that was where the potential for creating decent jobs was the largest. Finally, he agreed on the importance of close collaboration with ACT/EMP and ACTRAV in developing and implementing the WED strategy, including through the incorporation of findings from ongoing research with respect to better representation of workers in micro- and small enterprises.
78. In response to the Employer Vice-Chairperson, Mr Henriques emphasized that the idea behind the Office's paper was not to put together a detailed plan of action, but a broader framework that was based on, and would continue to be informed by, an ongoing assessment and evaluation of WED activities. Subject to endorsement of the overall WED strategy by the Governing Body, there would be a need to develop more detailed plans of action, budgets and resource mobilization strategies. Finally, he took note of the Employer Vice-Chairperson's concerns about the clarity of Appendix II and explained that the figures were designed to illustrate the analytical framework in order to provide a better understanding of the constraints and information on policy for the promotion of growth-oriented women's enterprises.
79. The Employer Vice-Chairperson stressed that she was struck by the strong consensus concerning the importance of gender equality and women's entrepreneurship, and that women typically faced specific challenges (and sometimes opportunities) in business. She agreed that the ILO had an important role to play in WED, that the Office should scale up its activities and not lose momentum in taking the strategy forward. Given the Office's intention to supplement the paper with more detailed action plans, she stated that the Employers could endorse the point for decision in paragraph 45.
80. The Worker Vice-Chairperson stated his appreciation of the Office's response to his comments and underscored the need to include more explicit reference in the proposed WED strategy to rights at work, including the rights to freedom of association and collective bargaining, to conditions of work and to cooperative forms of enterprises. He expressed satisfaction that workplace rights and working conditions were included in

existing WED training manuals and asked that that be reflected in the strategy; he welcomed the agreement to involve the workers' and employers' bureaux in the WED strategy and that workers, employers and governments would continue to be represented on Programme Advisory Committees in all countries where the programme was active. He cautioned against an exclusive focus on women's micro-enterprises as that might lead to a "ghettoization" of women at the lower end of the economy. Finally, and subject to the aforementioned points, he agreed that the Workers' group could support a broad strategy in line with the point for decision in paragraph 45, but on the basis that the WED strategy incorporated the discussion in the Committee and the concerns of the Workers.

81. The Chairperson welcomed the consensus reached and thanked the Committee for a constructive discussion. He noted that the point for decision in paragraph 45 was adopted, on the understanding that the Office would amend the WED strategy to incorporate the concerns expressed in particular by the Workers.

82. *The Committee on Employment and Social Policy recommends to the Governing Body that it:*

- *endorse the WED strategy; and*
- *invite donors to provide financial support for the programme.*

E. Report of the InFocus Initiative on export processing zones (EPZs): Latest trends and policy developments in EPZs
(Fifth item on the agenda)

83. The Committee had before it a paper⁶ on the report of the InFocus Initiative on export processing zones (EPZs): Latest trends and policy developments in EPZs.

84. A representative of the Director-General (Ms Walgrave, Officer-in-Charge, Social Dialogue Sector), introduced the paper, which updated the previous discussion held in 2003. She noted that EPZs were a dynamic and multifaceted phenomenon, which highlighted the social dimensions of globalization and were thus relevant to the ILO. Many EPZ workers were young and female. EPZs were controversial since, whilst they fostered employment and market access, they did not always lead to sustainable economic and social development. One finding was that EPZs could not be disconnected from the national context and that improvements in EPZs should pave the way for improvements outside them. Dialogue was necessary to identify the most relevant policies and practices and that explained the Social Dialogue Sector's lead role in the Office's work.

85. The report had been prepared by the 2006–07 InFocus Initiative on export processing zones (EPZs), led by a task force within the Social Dialogue Sector. Consensus had not been easily reached, but work had focused on improving the ILO's knowledge base and better understanding the role of EPZs in countries compared to domestic enterprises, based on country studies, tripartite round tables and development of web sites and a database. In relation to the allocation of US\$200,000 to the Social Dialogue Sector in 2008–09, work was envisaged, in cooperation with other international institutions, to strengthen the knowledge base, develop advisory services for constituents and identify the most relevant policy package to foster both employment and production quality in EPZs. Suggestions

⁶ GB.310/ESP/5.

and orientations for future work were therefore invited, based on proposals contained in paragraphs 49 and 50, to improve the situation in EPZs, as well as concrete actions to be implemented by the Office within the context of Decent Work Country Programmes. Specific countries had not yet been selected, although it might be logical to provide support to countries that had been the object of country studies since expectations had been raised, or to envisage a regional approach.

- 86.** A representative of the Director-General, Mr Salazar-Xirinachs (Executive Director, Employment Sector) presented a correction to paragraph 43 of the document. The reference to a tripling in volume of domestic business links with Costa Rican EPZs from US\$1 to US\$3 million between 2001 and 2005 corresponded to a small government programme only, whereas the figure for total local purchases in 2005 was US\$368 million.
- 87.** The Employer Vice-Chairperson noted that EPZs were a concept that had existed often successfully for many years in diverse countries and sectors. It was thus difficult to generalize a single model. She noted that they were not a static phenomenon and were affected by the changing economic context in which they operated. EPZs generated employment and were frequently a source of better working conditions than those existing in the national domestic economy. Although the paper focused on the lack of freedom of association as a major problem in EPZs, there was no evidence that that situation was unique or endemic to EPZs as compared to the domestic economy. A central issue to examining the topic was comparison between the situation in EPZs and that in the domestic economy. Another central question was the positive impact of EPZs on the national domestic market. Little research had been done on that aspect and all too often it was in the form of case studies rather than broad surveys. The creation of EPZs was a second-best solution compared to broad reform of the national economy. However, they could serve as an entry point in the upgrading of reforms from a smaller to a larger geographic scale. EPZs generated jobs and therefore contributed to the alleviation of poverty. They also generated jobs for unskilled workers in the domestic economy, for instance within support services provided to EPZs. Regarding the application of labour law, she asked whether labour inspection was less effective in EPZs, and whether migrant workers were more discriminated against in EPZs than in the local economy. Indications in a 2004 International Confederation of Free Trade Unions (ICFTU) report on Bangladesh were that jobs in EPZs were often better than those in the national economy due to payment of bonuses and overtime, higher pay scales, application of best practice codes by foreign firms and higher minimum wages. Further country examples highlighted better training opportunities for staff and better conditions of work and working life in general. In relation to future work, she urged a review of data, and requested that “the right to collective bargaining” in paragraphs 12 and 50 be replaced by “the effective recognition of the right to collective bargaining”. Furthermore, there should not be over-reliance on company codes, but instead emphasis on regulatory frameworks backed by strong labour inspectorates. The role of framework agreements should also not be overestimated. Future work should identify whether there were problems specific to EPZs that required ILO intervention. Research should attempt to draw general themes and conclusions across countries and regions, comparing EPZs with the wider economy. Priority should be the promotion of social dialogue in EPZs and building the capacity of labour administration systems as a key support to a stable business climate attracting national and foreign direct investment.
- 88.** The Worker Vice-Chairperson recalled that EPZs had been characterized by some as the “ugly face of globalization” because of prominence in such zones of low wages, poor working conditions and denial of trade union rights. He also underlined the cost for governments and society resulting from benefits given to EPZs in countries attempting to attract foreign direct investment. He questioned whether the advantages generated by EPZs exceeded those costs and how ordinary local enterprises could compete against such

subsidized enterprises. Following the conclusions of the 1998 Tripartite Meeting on EPZs⁷ and the March 2003⁸ discussion in the ESP Committee, which had identified problems and follow-up activities to be implemented by the Office, work had been sporadic and unsystematic and he called for it to be substantially increased. He requested information on the number of EPZs that had benefited from the Office's work to strengthen labour inspection. Referring to paragraph 15 of the 1998 *Note on the Proceedings*, he asked the Office to provide the Committee with information on the percentage of EPZs where tripartite consultations had taken place as a means of developing sound labour relations policies and practices and where freedom of association had been successfully promoted. With reference to paragraphs 17 and 22–23 of the same text, he asked the Office to clarify what percentage of EPZs had structures of collective bargaining and tripartite mechanisms for wage fixing. He asked the Office to specify where it had provided assistance to member States in that regard and in particular concerning the five countries with the largest number of EPZs. With reference to paragraph 32, he asked if the Office had done research on industrial relations and practices of multinational enterprises in EPZs.

89. With respect to the document presented by the Office, he asked why the study on China, which had the largest number of EPZs, was confined to a literature review instead of a country study. Regarding paragraph 33, he requested the Office to provide details of where labour inspectors were discouraged from entering EPZs. He also asked the Office to give a clear definition of the term EPZ because his group found that the term lacked consistency in the Office paper. He also insisted on the need for the Office to improve its database and pointed to a number of errors and inconsistencies in the data. His group was concerned at the weak implementation by the Office of the 1998 conclusions.
90. Regarding future work, he proposed that there be focus on countries with the largest concentrations of workers and EPZs, that the recommendations of the Committee on Freedom of Association provide a platform for future work, and that ACTRAV be given resources to strengthen workers' organizations in EPZs. He supported the Employer Vice-Chairperson's call for stronger labour administrations. The proposals made in paragraph 50 were a minimum basis for the ILO's work. The first bullet point should read "application of fundamental principles and rights at work and international labour standards". However, there should not be comparison between EPZs and the informal economy in relation to the application of fundamental labour standards. He proposed that one dedicated Professional staff member coordinate work on EPZs. The ILO should provide a global response to EPZs in policy coherence frameworks in the WTO and the United Nations Conference on Trade and Development (UNCTAD). The Office should report back to the Committee on a regular basis, in November 2009 and March 2011. Such reporting should include a list of countries with EPZs, with some typology indicating: employment levels; sectoral breakdown; use of migrant labour; status of freedom of association and collective bargaining in laws and practices, including Committee on Freedom of Association cases; levels of integration of EPZs into the national economy; Decent Work Country Programmes; and the impact of ILO labour standard work on EPZs. Finally, he raised the case of EPZs for ILO standard setting and referral to a future session of the International Labour Conference.
91. The representative of the Government of India thanked the Office for the comprehensive report. As policy tools for development and export-oriented growth, EPZs could play an important role in countries, provided that they were integrated into the overall national

⁷ ILO, *Note on the proceedings*, Tripartite Meeting of Export Processing Zones – Operating Countries (Geneva, 28 September–2 October 1998), TMEPZ/1998/5.

⁸ GB.286/15, pp. 18–28.

strategy and complemented by other policies. Whilst positive impacts of EPZs were well recognized, concerns had been expressed regarding sustainability. The major criticism concerned the widespread violation of rights at work and labour standards. The experience of India showed that the zones could positively impact on investment, infrastructural development and employment creation. The 2005 Special Economic Zones Act aimed at attracting investments, promoting exports and generating employment opportunities. The Act did not preclude the applicability of labour laws in the zones. National laws and policies in India ensured labour rights at work, including freedom of association, collective bargaining and proper working conditions. Social dialogue played an essential role in that regard. He emphasized the need to ensure backward and forward linkages of EPZs to the domestic economy in order to achieve sustainable development. Finally, he endorsed the ILO action plan for continuing work on EPZs.

92. The representative of the Government of Mexico considered that the report covered the mandate given to the InFocus Initiative by the ILO Programme and Budget for 2006–07. He emphasized the need for further research on how to better integrate EPZs into development strategies that included the promotion of labour standards. In relation to paragraph 50 of the report, he asked the Office to provide information on the budget allocated to activities on EPZs for the biennium 2008–09.
93. The representative of the Government of Sri Lanka noted that the study carried out in Sri Lanka had provided valuable and independent findings for its policy development. There could not be one-size-fits-all solutions to ensure decent work in EPZs. There were now ten EPZs located in Sri Lanka as a result of government policy. EPZs had generated direct and indirect employment in the formal economy. Conditions of employment inside EPZs, including wages, were generally better than outside. The rate of compliance with social protection standards was also relatively high. Audits were conducted regularly by buyers, and enterprises were inspected by the national labour inspectorate. There was a need to strengthen social dialogue, and a special division had been established within the Department of Labour for that purpose. The rate of unionization was still low in EPZs compared to the national average as a consequence of cultural and social factors tending to discourage female workers from unionizing. The ILO Committee on Freedom of Association had said that employees' councils could coexist with trade unions, but that there should not be any discrimination against union members. The ILO had noted the weakness of the employees' council mechanism and the lack of collective agreements. As a result, the Board of Investments had revised its labour manual in March 2004 allowing union access to EPZs. Future ILO programmes should focus on promoting social dialogue, ensuring labour rights, strengthening capacities of social partners, and providing assistance and guidance to modernize labour administration.
94. The representative of the Government of France recalled the heterogeneous nature of EPZs and that they operated in different contexts and frameworks. The issue of fundamental rights was complex, especially as regarded its interpretation. There were certainly problems of access to information as well. Another important issue was the comparability of data. It was therefore important to proceed on a case-by-case basis. At the same time he insisted on the need to define a strategy to develop more global, systematic and sound research with a view to improving knowledge about the phenomenon. A global research strategy should therefore be developed. The issues of fundamental principles and rights at work, labour administration and investment strategies in EPZs would be of particular interest.
95. The representative of the Government of China thanked the Office for the informative document. However, he noted that the Office's conclusion that EPZ workers did not have access to fundamental rights was too general and unconvincing. EPZs constituted an economic model in the context of globalization that had played a major role in the creation

of productive employment and the promotion of decent work. China supported ILO research on the issue and appreciated the work of the international community to promote fundamental principles and rights in EPZs. China had created EPZs in order to adopt preferential measures, such as customs exemptions, modern technology and management know-how, and to manufacture products corresponding to international standards. He further noted that labour legislation in China applied to all enterprises, including EPZs, and protected all workers on an equal footing. He recognized that certain problems still existed and that national governments and social partners needed to cooperate so that effective measures were in place to ensure decent work. Within the context of Decent Work Country Programmes, the Office should adopt an inter-sectoral approach and strengthen its research on EPZs in different countries in order to provide more targeted services to its tripartite constituents.

- 96.** Ms Walgrave concluded that definition was a major issue since EPZs existed in a variety of guises in different sectors and countries. They were a transitional phenomenon, against a backdrop of global and regional trade agreements, which provided countries with the opportunity to develop their industrial policy. The ultimate aim should be for EPZs to be absorbed into the regular domestic economy. EPZs had costs as well as benefits. In some countries, special labour laws or exemptions to those were applicable in EPZs. In others, labour law applied in principle to zones, but in practice was not always implemented, especially as far as freedom of association was concerned. She noted the general agreement on that and other areas of future work outlined in paragraphs 49 and 50 of the document. Specific questions would be responded to in writing. The need for further work on EPZ statistics was recognized and she appealed to governments to provide better data. Research would focus on countries with a high level of EPZs as well as on global themes. She emphasized the need for strong global social dialogue policy, labour administration and labour inspection since EPZs could not be expected to have better policies than those in place in the domestic economy. On labour inspection, the Social Dialogue Sector would work with the Social Protection Sector on the joint immediate outcome to address that question in EPZs. Further work would take place in collaboration with the social partners and governments and would involve all ILO departments.
- 97.** The Worker Vice-Chairperson reiterated his request to the Office to provide the Committee with detailed information on follow-up to the conclusions of the Tripartite Meeting on EPZs in 1998. In concluding, he expressed his concern and disappointment that the Office could not provide the Committee with information on follow-up activities since 1998 nor answer any of the questions posed by his group. He insisted on the governance role of the Committee. He urged the Office to provide the Committee with more information which should be organized in a systematic way with specific examples. He welcomed the reference made by governments during the discussion to the importance of freedom of association and workers' rights to be applied universally in EPZs. That constituted a mandate for the Office. However, quantitative information was lacking. He asked the Office to devote sufficient resources to activities on EPZs and, if necessary, to return to the Programme, Financial and Administrative Committee on that matter.
- 98.** The Employer Vice-Chairperson agreed with the Worker Vice-Chairperson regarding the governance role of the Committee. She also agreed that there was evidence of serious problems in specific cases and stressed the importance for the ILO to identify specific fields of intervention, according to the particular problems identified. However, she stressed that the paper provided no evidence of widespread or systematic abuse in EPZs. On the contrary, the preponderance of the data provided argued the opposite. EPZs were a second-best option, which should not substitute the need to reform the entire national economy through the provision of a general regulatory scheme appropriate to attract investments. Whilst they could be a transitional phenomenon, in some cases the transition had been lengthy. The Employers did not fully endorse the conclusions contained in the

report (paragraphs 49 and 50), especially regarding the question of codes of conduct for companies in EPZs.

99. The Chairperson thanked the Committee for the fruitful discussion. He emphasized the importance of translating debates such as that one into reality in the field. Concerns raised by the Committee would be taken into account and issues seriously addressed.
100. The Committee took note of the Office paper and the views expressed thereon.

F. Implementation of the Global Employment

Agenda: An update

(Sixth item on the agenda)

101. The Committee had before it a paper⁹ on the Implementation of the Global Employment Agenda: An update.
102. The Office paper was introduced by a representative of the Director-General, Mr Salazar-Xirinachs (Executive Director, Employment Sector). He pointed out that the present update continued to follow the same format as previous ones, reporting on the four priority areas endorsed by the Committee. He indicated that, whilst an update could highlight only a few developments, the Office was working on a wide range of technical cooperation, advisory work and research to promote all the core elements of the Global Employment Agenda. He drew specific attention to the Global Employment Trends 2008; the Multi Forum's commemoration of the 30th anniversary of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration); and the creation of a Micro Insurance Innovation Facility, involving a grant of US\$34 million from the Bill & Melinda Gates Foundation. He also highlighted major achievements at the country level, such as the Viet Nam Employment Forum of December 2007, and the progress of policy advice and capacity building in Pakistan, Nepal and Afghanistan. He further mentioned two significant reports for the 2008 session of the International Labour Conference, the major tripartite Interregional Symposium on the Informal Economy held in November 2007, the Office's role in the area of youth employment and the Office's contribution to the Millennium Development Goal Achievement Fund (MDG-F) Thematic Window for Youth, Employment and Migration.
103. The Worker Vice-Chairperson thanked the Office for providing regular updates on the implementation of the Global Employment Agenda. He noted that 3 million additional people were unemployed compared to a year previously. With reference to the Global Employment Trends report, he queried the definition of "employment", since he was advised that the study regarded as employed anyone who had worked for one hour in the preceding week and, if true, that might not capture the true picture of unemployment. He also asked the Office to reflect on, and make a careful assessment of, the impact of current economic turbulence on the world of work, and how that could be treated in the framework of the Global Employment Agenda. He welcomed the programme on cooperatives in Africa and hoped that trade unions could become more involved in it. He urged the Office to link its various activities under the Decent Work Agenda to the basic needs development programmes in the region and asked for more information in that regard to be submitted to the Committee.
104. He also sought information regarding the youth employment programme under the MDG-F, asked whether tripartite involvement was envisaged in that initiative, and called

⁹ GB.301/ESP/6.

for work on youth cooperatives and public-sector youth employment programmes. He suggested that since 2009 was the 60th anniversary of Convention No. 98, the Office could elaborate in the next Global Employment Agenda update paper on how collective bargaining had affected the areas addressed by the various core elements of the Global Employment Agenda. He noted that the second pillar of the Global Employment Agenda, the pro-employment macroeconomic framework, had gained significance in the wake of recent financial turbulences and should be prioritized in ILO work. He underscored the importance of employment-inducing macroeconomic frameworks to stem the current decline in labour demand.

- 105.** The Employer Vice-Chairperson appreciated that the Office shared information on the implementation of the Global Employment Agenda at the country level and took into consideration employer concerns. There was, however, room for further refinement of the country presentations, not only in providing guidance, but also in utilizing the gathered information more iteratively. She urged the Committee members to reflect further on how lessons could be better learned from comparative country experiences. Moreover, she proposed, by way of example, that a country presentation could be made corresponding to specific Global Employment Agenda elements.
- 106.** The paper was well organized and presented, but the criteria for selecting events and activities reported in the Global Employment Agenda update were not clear; in that regard she questioned the relevance of the section on the MNE Declaration. It would be helpful to put information on the implementation of the Global Employment Agenda on the web site, so as to have a continuous rolling update on relevant meetings/activities, as she had suggested on an earlier occasion.
- 107.** Referring to the Viet Nam Employment Forum, she was curious to know more about the employment challenges that the country faced, the objectives of the reform of the labour code, and its impact on the investment climate. Web links to the documents from meetings would be helpful. She also noted that there was no recognition of how the issues of employment creation and labour standards in Nepal were being addressed in light of the political tensions. She stressed that employers' organizations in Nepal were under strong pressure, and would need support and advice from the ILO.
- 108.** In conclusion, she noted that employment-intensive growth was not necessarily the only way to achieve sustained growth. Growth could be enhanced by a variety of pro-growth macroeconomic and stabilization policies. Standard growth-enhancing policies should be at the centre of effective poverty strategies. In her opinion, employment-intensive investment programmes were more of a band-aid than a long-term solution. The poor should be helped by creating and enhancing their capacity for productive employment/entrepreneurship rather than by subsidizing jobs.
- 109.** The representative of the Government of Cameroon welcomed the timely implementation of the Employment Promotion and Poverty Reduction Project (APERP), as the country was currently revising the PRSP with decent work as a key element. The project corresponded to the needs of the country in terms of employment and skill development. Moreover, he found that the project contributed significantly to the development of strategic instruments for employment promotion.
- 110.** The representative of the Government of France underlined the usefulness of including the section on the MNE Declaration in the paper. He welcomed activities in Cameroon and the related ILO support. France supported the follow-up to the 2004 Ouagadougou Summit and provided financial support to the Office for the multidimensional project in French-speaking African countries.

111. In response to the interventions made by the Committee members, Mr Salazar-Xirinachs affirmed that the Office would give special attention to the employment impact of the current financial turmoil. The topic was on the agenda of the Working Party on the Social Dimension of Globalization, but also remained an important element of future reflection within the Global Employment Agenda.
112. He took note of the Workers' comments on the Cooperative Programme for Africa. The Office had been cooperating with the African Union on a number of issues in the region, and would deepen that cooperation, including the specific basic needs development programme. He also pledged to report more in the future on activities related to youth employment. He agreed with the suggestions made by the Employer Vice-Chairperson for improving the Global Employment Agenda update paper in the future, especially with regard to the web site and the comparison of lessons learned from country experiences. He asserted that the section on the MNE Declaration was included because of its relevance to the entrepreneurship development aspect of the Global Employment Agenda.
113. The Worker Vice-Chairperson, replying to the Employer Vice-Chairperson's comment on growth, stated that orthodox growth theories had not worked in the 1990s or recently as seen by the huge unemployment levels and poor working conditions, and that the Global Employment Agenda had the beginnings of a different framework. In that context, he cited selected core elements of the Global Employment Agenda, which emphasized the need to enhance the employment content of growth. Referring to employment-intensive investment, he pointed out that labour-based production was part of the core elements of the Global Employment Agenda, and therefore there was no need to put into question something on which consensus already existed.
114. The Committee took note of the Office paper and the views expressed thereon.
115. The Chairperson thanked the members of the Committee for their interventions and their cooperation, as well as for the confidence they had placed in him as Chairperson. He also expressed his gratitude to the secretariat, in particular the interpreters.

Geneva, 18 March 2008.

(Signed) Mr A. Shahmir
Chairperson

Points for decision: Paragraph 59;
Paragraph 82.