



TWELFTH 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 9 and 10 November 2009. Mr Amir Shahmir, representative of the Government of the Islamic Republic of Iran, chaired the meeting. Ms Goldberg (Employer) and Ms Burrow (Worker) were the Vice-Chairpersons.

A. Global economic and jobs crisis (First item on the agenda)

2. The Committee had before it a paper entitled *Global economic and jobs crisis*.¹
3. The Chairperson opened the meeting and welcomed back Ms Goldberg, the Employer Vice-Chairperson. He also welcomed and introduced Ms Burrow, the new Worker Vice-Chairperson.
4. A representative of the Director-General (Mr Salazar-Xirinachs, Executive Director, Employment Sector) introduced the documents related to the global economic and jobs crisis, and in particular the *Strategy to give effect to the Global Jobs Pact*.² He explained that the key elements of the Office strategy to support constituents to utilize the Pact were: technical support to countries and regions across the four pillars of the Decent Work Agenda; research and analysis, knowledge sharing and capacity building; and international policy dialogue. He highlighted the fact that the crisis had produced a common vision of social justice, which was illustrated by the integration of the Global Jobs Pact into the G20 framework for strong, sustainable and balanced growth, as agreed at the G20 meeting in Pittsburgh in November 2009. He stressed that the new engagement was both an opportunity and challenge for the ILO. Finally, he introduced the ILO Director-General's recent special Office arrangements to support ILO constituents to give effect to the Global Jobs Pact. Work under those arrangements was being integrated into the outcome-based workplans that were being prepared to achieve the targets set in the Programme and Budget for 2010–11.
5. The Employer Vice-Chairperson noted that businesses had experienced the painful consequences of the financial crisis and that the private sector was still struggling in spite of signs of a return to fragile economic growth. She added that it was necessary to focus on reinvigorating the private sector as the engine for sustainable job growth. She emphasized that the ILO needed to concentrate on achievable, short-term objectives, while reflecting national circumstances and promoting sustainable enterprises that would produce job growth in the long term. The speaker regretted that the crisis was on the agenda of four separate discussions during the Governing Body session and stressed that the ESP Committee should focus on the operational side of the Global Jobs Pact. She noted the special Office arrangements and highlighted the importance of interaction between the six officials with special assignments, as well as between the Office and the ILO constituents. Moreover, she expressed the hope that the Pact's impact would extend beyond meetings and result in tangible outcomes. She also added that public communication should be part of the Action Plan.
6. She outlined the following Employers' priorities for the Office's work on the Pact:
(a) providing assistance to national partners in applying the Pact to deliver national

¹ GB.306/ESP/1.

² GB.306/3/1.

recovery and make Decent Work Country Programmes more effective in that respect; (b) an immediate focus on short-term impacts, on the basis of a policy framework that looked beyond recovery; (c) promoting the sustainable enterprise framework as a key tool in recovery strategies. With respect to the latter, the spokesperson specified that, amongst other measures, that included: special support measures for small and medium-sized enterprises (SMEs) and micro-enterprises; support for entrepreneurship programmes; special programmes for youth and women; promoting a regulatory environment conducive to enterprise creation; strengthening labour market institutions and information; investing in skills; support for social dialogue at the national level with respect to recovery efforts, as well as promoting the ILO Declaration on Fundamental Principles and Rights at Work; (d) continuing to provide fact-based reports from the ILO and other sources, as a benchmark for the ILO; and (e) providing the Governing Body with updates on implementation and Decent Work Country Programmes.

7. She concluded by stressing the importance of a training strategy, as requested by the G20, starting with an analysis of what was ongoing, as one of the critical deliverables.
8. The Worker Vice-Chairperson noted that the Governing Body paper on the Pact strategy (GB.306/3/1) would provide the basis for her remarks. She stated that all the decisions of the different committees of the Governing Body needed to be brought together in the final Governing Body meeting. The Workers recognized the Office's work to promote the Pact and the significant contribution of the Director-General. She noted that the global economic situation was more serious than current news reports suggested. The number of jobs was still falling in most countries and the ILO needed to state the case for employment growth which kept pace with the economic recovery.
9. The Global Jobs Pact called for a fundamental reform of the financial system and needs to pursue that argument. The international financial system needed to change in order to better accommodate the needs of developing countries. Issues such as inequality, labour standards, social security, collective bargaining and avoiding wage deflation, need to be addressed. Recent reports of a recovery had been threatened by new speculative behaviour and a fairer and more sustainable model was needed, in line with the Declaration on Social Justice for a Fair Globalization, the Declaration on Fundamental Principles and Rights at Work and the Global Jobs Pact. With regard to the Director-General's new, special management measures to deliver integrated assistance to constituents, the Workers shared the positive view of the Employers and called for an interactive session during the following session of the Governing Body (March 2010).
10. She commented on Mr Salazar-Xirinachs' presentation, noting that the Workers were not interested in low-wage jobs. The focus needed to be on growth and, at the same time, on income-led strategies. A coordinated, international response was needed, as national responses alone were not successful. That approach included strategies to sustain domestic demand. She also said that it was necessary to rethink how globalization had operated in the past. She noted that labour market interventions had to be complemented by other policies, in order to be effective. She observed that fair, reasonable and progressive taxation was needed if targets concerning jobs, justice, equity and other values were to be met.
11. She noted that the Pact indicated the direction for change and that there was a need to go beyond free market discourse and call for a fundamental change that addressed the relationship between growth path and social justice. The right balance was needed. She observed that the ILO had been at the forefront of policy development in that field, and that it needed to advocate those policies more forcefully. There was a need to establish the implementation and policy strategies. She noted that those points had not been sufficiently stressed in the report.

- 12.** She outlined the Workers' priority areas: (1) ensuring that the ILO regained policy space at national and international level, in order to implement an alternative approach; (2) an alternative vision of globalization as espoused by the Global Jobs Pact; (3) a comprehensive concept of wage-led strategy as a realistic solution; (4) the role of social dialogue and tripartism at all levels as the core of the Global Jobs Pact; (5) the active promotion of labour standards was crucial for recovery – currently collective bargaining and social dialogue did not feature highly at the national level; (6) capacity building for social partners for crisis response, through Regular Budget Supplementary Account and partnership agreements; and (7) coherent wage, employment and social security policies were necessary for a fair and sustainable development path.
- 13.** She noted that there was a need to follow up on the G20 and other areas. The ILO needed to complement the assistance it provided to constituents by supporting a fair model of globalization. The Pact, the ILO Declaration on Fundamental Principles and Rights at Work and the Declaration on Social Justice would provide a good basis for that and ILO support for country/regional work should be conditional on the existence of a tripartite advisory structure.
- 14.** The representative of the Government of France, speaking on behalf of the group of 38 industrialized market economy countries (IMEC), acknowledged the Office's efforts to carry out a substantive analysis and its high-quality policy guidance on the impact of the crisis. The new Office arrangements, implemented by the Director-General to ensure a more effective provision of services in the different areas of the work of the ILO, were appreciated. The analytical work and new knowledge would contribute to the support provided by the Office to the 2010 meeting of G20 Labour Ministers and benefit all ILO members in terms of their response to the crisis. He hoped the first draft of the report to the G20 Labour Ministers' meeting could be discussed at the next session of the Governing Body. The IMEC countries encouraged the ILO to continue its efforts, with a short-term focus on assessing the follow-up and impact of stimulus measures, and ensuring that gains were not lost through an early withdrawal. The mid-term Office strategy should aim to stimulate sustainable and balanced economic growth that was more employment-intensive and reduced income inequalities. He concluded by emphasizing the need for action that had a measurable impact on constituents. The position of the ILO within the multilateral system implied a responsibility to plan and implement constructive solutions. He expressed confidence in the Office's ability to effectively support response strategies, through assistance, research and training, involving the ITC in Turin.
- 15.** The representative of the Government of the Bolivarian Republic of Venezuela, on behalf of the Group of Latin American and Caribbean Countries (GRULAC), presented various indices to show that the crisis was having a negative impact on the GRULAC countries, although the situation was not as severe as in preceding decades, thanks to more adequate public policy responses, which were oriented towards employment growth. He noted that the constructive participation of the ILO in the G20 had represented a vital opportunity, thanks to its tripartite nature. It had made a significant contribution to the advancement of the Global Jobs Pact. In the future, the focus should be on: (i) contributing to global economic governance that rewards production and not speculation; (ii) assessing the impact of economic measures on employment; and (iii) focusing on the practical implementation of the Pact, in particular through seeking a commitment on the part of international financial institutions to dedicate more resources to employment recovery policies. He noted that the main responsibility for implementing the Pact rested with national governments and the social partners. However, the Office should strengthen the response capacity of the ILO constituents, including through collaboration with ITC Turin. The focus should be on countries shouldering the burden of the crisis and on achieving gains in the real economy and where they are most needed.

- 16.** The representative of the Government of the United Republic of Tanzania, speaking on behalf of the Africa group, expressed her appreciation for the Global Jobs Pact and the efforts of the Office to give it effect, within the overall framework of the Decent Work Agenda. She stressed the need for a follow-up mechanism to strengthen the constituents' capacity to meet the challenges of implementing the Decent Work Agenda. She noted that the African region had committed itself to the Global Jobs Pact by adopting a Declaration on the Pact at the meeting of Labour Ministers in Addis Ababa. She added that the African countries were looking forward to the Second Social Partners Forum on "Mobilizing Social Dialogue for the Implementation of the Global Jobs Pact in Africa" and the First Decent Work Symposium on "Recovering from the crisis", but recommended that those forums be held simultaneously and focus on the implementation of the Pact. The speaker stressed that the effective implementation of the Pact required special interventions in Africa in the areas of: strengthening employment and social protection responses, promoting social dialogue at all levels and strengthening constituents' capacity in terms of collecting, analysing and disseminating disaggregated labour market data to ensure the proper utilization of human resources.
- 17.** The representative of the Government of Australia, speaking on behalf of the Asia-Pacific group (ASPAG), congratulated the Office on bringing the Global Jobs Pact to the attention of the multilateral system. ASPAG intended to raise five key issues during the course of the Governing Body, namely: (1) the need to ensure a coordination mechanism to shape the Office's strategy and actions; (2) the section on ILO action should form the overarching framework; (3) the need to rethink and reshape, rather than simply repackage, the actions of the ILO; (4) the paper needed to outline how the ILO would implement strategic changes to ensure that it perform its critical role effectively. In that regard, he wondered to what extent the Office had communicated and integrated the details of the Pact into the work of staff responsible for policy and programme planning and implementation, both at headquarters and in the field. As a final point (5), the speaker stressed the importance of monitoring and evaluating the situation, as well as implementing innovative and practical solutions.
- 18.** The representative of the Government of Nigeria acknowledged the Office's contribution to the Employment Summit on "Meeting the Employment Challenges of the Global Economic Financial Crisis in Nigeria", which took place in Abuja, in April 2009. The Abuja Declaration placed decent employment opportunities at the centre of socio-economic policy in Nigeria, and stated that all investment projects implemented in the public and private sectors should undergo an employment impact assessment. She explained that the Declaration was followed by a national action plan, which outlined policies, programmes and projects for employment creation in all the key sectors of the Nigerian economy, as well as an enabling policy and regulatory environment. The implementation of the action plan was expected to create 4-5 million new jobs annually, and she called for support from development partners and the ILO in order to set up a national employment fund and a rural employment guarantee scheme. She noted that Decent Work Country Programmes provided the means to implement the Pact. In order to ensure that the Pact took both the employers' and the workers' interests into account, the speaker advised that the national minimum wage negotiations should involve productivity bargaining, while the national minimum wage should take into account the real cost of living.
- 19.** The representative of the Government of the United States thanked the Office for the reports on the Pact. She noted that governments continued to recognize the severity of the crisis. There were some signs of improvement, but unemployment would continue to rise. Macroeconomic and fiscal incentive policies were still needed. Although lessons could only be drawn once the crisis was over, the US Government had been making efforts with regard to transparency and accountability, by means of the Recovery Act. The web site

www.recovery.gov provided both transparency and accountability. It reported the 624,329 jobs which had been created or saved. She stressed that only one third of recovery spending was covered by those data. For example, tax cuts were not included. The Council of Economic Advisers estimated that 1 million more jobs would have been lost without the recovery measures. The Council estimated that, by 2010, 3.5 million jobs would be saved. She noted that the United States' real GDP had increased by 3.5 per cent in the third quarter of 2009, for the first time since the start of the crisis. However, the job crisis had not been resolved. By way of an example, she referred to the Great Depression of the 1930s and noted that the government at the time allowed fiscal policy to become restrictive at the first signs of economic recovery and, once again, unemployment increased immediately. Future fiscal and other policies should take that into account.

- 20.** The representative of the Government of India acknowledged that the Pact had been widely endorsed by the G20 and others as a crisis response tool and an instrument for social justice. The Pact had helped countries to design policy measures, but the situation on the labour market remained a cause for concern. Active labour market measures were needed, in order to avoid a jobless recovery. Although India had not felt the economic backlash to the same extent as other countries, the Government had nevertheless taken action to address aggregate demand in the country and provide stimulus packages. It was still too early to assess the final impact of such measures. The Government had also taken steps to protect the poor, by supporting social protection and housing schemes. Labour-intensive strategies had also been used. Skills development and technical and vocational education and training were focus areas. The national policy for skills development, launched in February 2009, improved intra-governmental coordination, the development of workers' skills and other areas. It was currently benefiting employed workers and retraining others to find alternative employment. Social dialogue also played an important role, and he stated that the Government of India appreciated the role played by the social partners.
- 21.** The representative of the Government of Singapore stated that her country endorsed the Pact, especially in three main areas: maintaining and increasing employment, social protection and social dialogue. Singapore's economy was recovering, and an increase in employment was predicted. Growth then needed to have an impact on employment outcomes. She noted that tripartite partners had been involved in discussions with the Government regarding the measures taken with respect to workers and to ensure that retrenchment was the last resort of companies. Such measures helped companies and employees. Employers were sending superfluous workers to training and receiving subsidies to finance the training and for absentee payroll. Singapore had also introduced a jobs credit scheme that provided cash grants to employers for keeping workers in employment. That scheme was being phased out and more targeted measures were being put in place. She noted that Singapore's unique tripartite system had enabled it to respond swiftly to the crisis and the Government hoped that it would help them handle future challenges.
- 22.** The representative of the Government of China expressed his appreciation for the Office's efforts to raise the profile of the ILO and promote the Global Jobs Pact. The Government of China had actively promoted the Pact in China, and among the G20 members. He called for further efforts to ensure an employment-rich recovery and investigate which measures had worked and which had failed. In China itself, successful measures had been taken to stimulate labour demand, ensure the survival of enterprises and deliver training programmes. As a result, GDP growth rates had risen and a large number of new jobs had been created. The measures included providing support to vulnerable groups, such as returning migrants and the long-term unemployed. He mentioned that health insurance and pension schemes had been made available to more people, including in rural areas. He recommended that the Office undertake further impact assessments and organize regional

seminars to share lessons learned. He stated that China would be pleased to contribute to that exercise and to assist the Office in preparing the report for the forthcoming meeting of the G20 Ministers of Labour. Finally, he called for more technical cooperation, to support developing countries in implementing the Global Jobs Pact.

23. The representative of the Government of Pakistan, while seconding the statement of the ASPAG group, stressed the alignment of the Global Jobs Pact with the Decent Work Agenda and the 2008 Declaration on Social Justice. In his view, traditional recovery policies were not adapted to the specific context of each country. Pakistan had undertaken efforts to counteract the impact of the crisis by addressing both the need for national promotion of employment and the protection of migrant labour.
24. The representative of the Government of Greece asked whether the Office was undertaking its own labour market assessments or whether it relied entirely on Government reports. He wondered how that related to the body of evidence and analysis mentioned in the recent Office circular (point 6).
25. The representative of the Government of Canada welcomed the Office's efforts to facilitate an exchange of experiences and lessons learned. She encouraged the Office to further assist constituents in assessing the impact of policy responses and to provide support for the implementation of the Global Jobs Pact at the national level. She outlined how Canada had introduced policies that aimed to restore confidence, while implementing active labour market policies combined with adequate social safety nets. The Canadian Skills and Transition Strategy combined training with extending the scope and coverage of various employment insurance schemes, including to the self-employed. Incomes of wage workers affected by bankruptcy also enjoyed enhanced protection. The Government's policies focused on young people in particular, and included internships and the creation of new jobs in the non-profit sector and relating to environmental projects. Other policy measures had led to the rapid proliferation of work-sharing agreements. Together, those policies had led to marked improvements, despite an unemployment rate which continued to rise. There was a clear need for continued stimulus measures, with a strong focus on creating more jobs and providing greater social protection for affected workers and their families.
26. The representative of the Government of Bangladesh highlighted measures undertaken by his Government to tackle the adverse effects of the crisis. In 2008, the Central Bank had withdrawn about 90 per cent of its total investment from international banks which were perceived to be at risk. The Central Bank also facilitated the unhindered flow of private sector credit to productive sectors, with agriculture, SMEs and the rural economy as the main beneficiaries. In April 2009, the Government announced the first stimulus package, worth US\$495.22 million. He described policy support measures to aid the export industry, such as cash incentives, reduced rates for export credit and rationing support for garment workers. In June 2009, a stimulus package of \$724 million included a skills development fund and an allocation to recapitalize agricultural and employment banks which support self-employment in rural areas. The Government had also increased allocations for a social safety net and created a target of providing employment opportunities for 0.7 million persons, with attention specific focus on poor female workers in rural areas. The Government's strategies included keeping any negative impact on remittance flows to a minimum, for instance by setting up training programmes for returnee expatriate workers, initiating diplomatic efforts to prevent the retrenchment of workers and building a critical mass of skilled workers to meet the requirements of international labour markets.
27. The representative of the Director-General (Mr Salazar-Xirinachs, Executive Director, Employment Sector) noted the variety of recent government measures and stimulus packages, thanked the speakers for their recognition of the Office's work and appreciation

for the progress which had been made in the first phase of implementing the Global Jobs Pact.

28. He took note of the widely held view that the ESP Committee should focus on the operational implementation of the Global Jobs Pact, which included evaluating policies and identifying effective measures, as well as national recovery packages. Those efforts should also continue to involve the global instruments, visions and work to achieve policy coherence. The Office should engage with the Officers of the Committee to translate that consensus into a specific agenda and the work of the Committee in the future.
29. There were certain views which were widely shared by the speakers: (a) the work had to be based on national priorities, as defined in the Decent Work Country Programmes; (b) there was a need to focus on the short-term impact, but taking a longer term view; and (c) many speakers had welcomed what had been perceived as a shift towards a more evidence-based series of documents and assessments. Further steps would be taken in that direction.
30. Many speakers also described the present situation as fragile and stated that there was no room for complacency. On the contrary, it was currently more critical than ever to make extraordinary efforts in the fields of employment, social protection, social dialogue and labour standards. Those efforts needed to be as extraordinary as the efforts to stabilize the financial sector.
31. As regards the G20 and international policy coherence, it was commonly recognized that the International Labour Organization's place at the G20 table was very valuable and provided a great opportunity to advance the ILO's socio-economic vision, build greater momentum for the major policy shifts that needed to take place. The world was asking for change and the involvement of the ILO in the G20, equipped with the Decent Work Agenda and the Global Jobs Pact, both visionary documents, could help to promote that change. In order to make a positive contribution, it was essential to continue to produce high quality, empirically-based documents, like the one presented in Pittsburgh. The new requests by the G20 were welcomed, and it was recommended that the Office mobilized all possible resources for that task.
32. Conceptually speaking, it was pointed out that the framework for strong, sustainable and balanced growth, and the apparent new international shift towards more balanced and sustainable policies, validated long-held ILO values and policy approaches, and also provided an opportunity to place those values and approaches more firmly on the international agenda, including issues such as the need for more job-rich growth, fair globalization, a basic social protection floor, sustainable enterprises, skills development and suitable macroeconomic and financial frameworks.
33. Lastly, he noted that the message to be gleaned from the discussion was that "business as usual" was no longer an option for the Office and that the new special arrangements announced by the Director-General provided a clear managerial approach for moving forward.
34. The Worker Vice-Chairperson commented on the various contributions made by the governments and noted that they had been helpful. She pointed out that the outcomes of the G20 Labour Ministers Meeting needed to apply to all countries and that the ILO needed to be involved in the implementation process. She stressed that the least developed countries had to be the Office's first priority. She stressed that it was essential to ensure that funding was available to implement these measures at two levels, namely to provide support for the work of the ILO and to ensure the co-financing of the multilateral system by governments, in order to promote social protection and the other measures stipulated in

the Pact. She noted that more could be done than merely raising funds to meet the needs of the ILO.

35. She stressed that implementation would only be successful if a global approach was adopted. The elements of the Pact need to be implemented in the national economies, but taking the regional and global context into account. She noted that more detailed information was needed on the implementation and the policy recommendations based on the Pact.
36. The Employer Vice-Chairperson thanked the representative of the Director-General for pointing out the key elements of the discussion. She urged the Office to maintain its credibility in the eyes of the multilateral institutions, by focusing on the mandate and experience of the ILO. She reiterated that the action plan of the Pact provided the basis for practical implementation strategies and she looked forward to discussing those strategies in the future.

B. Update of the first *Global Wage Report* with a focus on minimum wage policy development (Second item on the agenda)

37. The Committee had before it a paper entitled *Update of the first Global Wage Report with a focus on minimum wage policy development*.³
38. A representative of the Director-General (Mr Diop, Executive Director, Social Protection Sector) introduced the item. He noted the importance of the work of the ILO on wages in the context of the Declaration on Social Justice, the Global Jobs Pact and the G20 Summit in Pittsburgh in September 2009. He stressed that the update of the *Global Wage Report* formed part of the Office's efforts to give effect to the provisions of both the Declaration on Social Justice and the Global Jobs Pact. He recalled that the Committee had originally been scheduled to discuss an update of minimum wage developments in March 2009, but that the discussion had been postponed because of the lengthy debate at that time on the crisis. He noted that the economic context had changed dramatically over the past two years and that since then there had been a downward trend in average wages. At the same time, a large number of countries had responded to the crisis by increasing their minimum wages by more than the rate of inflation in 2008. He also stressed that wages were a sensitive subject and explained the continuing efforts of the Office to strengthen its database.
39. A representative of the Director-General (Mr Lee, Senior Economist, Conditions of Work and Employment Programme, Social Protection Sector) presented the update of the *Global Wage Report*. He explained that the report had two parts: the first covered trends in average wages and the distribution of wages, and the second discussed minimum wage policies. He mentioned that, in a sample of 53 countries for which data were available, growth in average wages had declined in 2008 and was likely to decline further in 2009. With regard to minimum wages, he explained that 43 out of 86 countries for which data were available had increased their minimum wages by more than inflation figures. He also provided some information on good practice in minimum wage setting and a list of countries to which the ILO had recently provided assistance in that regard.

³ GB.306/ESP/2.

40. The Worker Vice-Chairperson started by emphasizing that the comprehensive nature of the report was particularly appreciated considering the complexity of the issue. She underlined that a regular ILO report on wages was enhancing the visibility of the ILO in relation to wage policy, which was critical for economic recovery. Considering the fact that wage inequalities represented one of the causes of the current economic crisis, she emphasized the need for a wage policy response to the crisis and an income-led strategy. She gave examples of workers in some countries who had to work for pay that left them below the poverty line and highlighted the risks of a race to the bottom on wages. She also emphasized that wage subsidies should be complemented by minimum wages during the crisis. She supported the report's emphasis on minimum wages and called not for a universal minimum wage, but for a universal commitment to minimum wages. At the same time, a policy mix should be promoted, incorporating fiscal policy, collective bargaining, minimum wage and basic social protection.
41. She emphasized that the ILO had had an excellent start in collecting data on wages and requested the extension of the database to include more countries and additional variables, such as unit labour costs, income after tax, and wages by occupation. She identified areas that should have been further developed in the report, such as wage arrears, and wage discrimination against migrant workers and against women. She also emphasized the need for the ILO to provide its constituents with concrete guidance on wage policy, supported by significant technical assistance.
42. The Employer Vice-Chairperson emphasized that constituents needed objective facts and data as a basis for their policy discussions. She was concerned about possible mistakes in the methodology that called into question the credibility of the entire paper. Moreover, recent Office work, including the paper under discussion, strayed into policy analysis, which was often very contentious. A clear line should be drawn between analysis and policy advocacy. She asked how the paper had been peer reviewed and emphasized that the next *Global Wage Report*, which would be published in 2010, must take into account the discussion and previous responses to recent ILO work on wages, and stick to facts and avoid contentious analysis and commentary.
43. Regarding the key points for employers, she considered that the best thing for wages growth and income maintenance was keeping people in work and that excessive growth in minimum or average wages during the crisis would not help achieve that goal. Minimum wages could have positive and negative impacts: if the minimum wage was set too high it could have a negative impact on the employment of some vulnerable groups, especially young persons. She considered therefore that the ILO could not promote minimum wages as a universally positive policy response and that minimum wages that increased the danger of job losses were significantly worse than a temporary decline or pause in real wage growth. She stressed that when prices rose less rapidly during a recession, wage growth could also legitimately slow. In conclusion, she considered that the Office needed to listen to the input of employers, workers and governments regarding its work on wages.
44. The representative of the Government of the United Republic of Tanzania spoke on behalf of the Africa group and commended the ILO on its report on minimum wages. He confirmed that many African countries had experienced a drop in wages that had resulted in the deterioration of workers' living standards. He also noted that some countries, including the United Republic of Tanzania, had taken steps to look into their wage structures to improve the wage systems or wage levels currently in place.
45. The representative of the Government of France, speaking on behalf of the IMEC group, thanked the Office for the update and stressed that the analysis of wage trends, particularly during the recovery process from the current crisis, was an area of great importance and one in which accurate information was needed to inform the discussion. He further stressed

that the ILO database should constitute a relevant and useful tool in the context of the Global Jobs Pact. He noted that some members of the group had expressed concerns about the data in the update and their interpretation and encouraged the Office to collaborate more closely with governments in that connection. He highlighted that the report was an innovative contribution to the debate on the role of minimum wages. He concluded by encouraging the Office to contribute actively to analyses being undertaken by the G20 in cooperation with other international organizations in the field of economics and emphasized the critical importance of improving the knowledge capacities of the ILO regarding employment, wages and social policies.

46. The representative of the Government of Portugal expressed support for the statement made on behalf of IMEC and emphasized the importance of the *Global Wage Report* in the discussions of the Governing Body. She reported on Portugal's efforts to increase the minimum wage, which had helped to better protect most vulnerable workers against the social effects of the crisis. She noted that the *Global Wage Report* was an important analytical tool in the light of the current crisis and should be followed up in the future.
47. The representative of the Government of India emphasized the importance of minimum wages as a tool to ensure a faster recovery and as a social safety net for society's most vulnerable workers. He highlighted discussions in India on both a national wage floor and the National Rural Employment Guarantee Act, which had had a positive impact on wage levels across all sectors. He also highlighted collective bargaining as a tool to reduce poverty wages.
48. The representative of the Government of Brazil expressed the country's willingness to share its experience of using policies to protect workers with other nations, particularly given the context of the current global crisis. She noted that it was possible to implement wage policies in times of crisis, as had been demonstrated by the 4.1 per cent reduction in inequality from January to June 2009 and a general decline in poverty figures. She also emphasized that, in addition to the wage policy, many activities had shifted from the informal sector to the formal sector.
49. The representative of the Government of the United States supported the statement made on behalf of IMEC. She considered that in a number of cases there had been an incorrect assessment of the United States data in the paper. She gave an example related to paragraph 12 of GB.306/ESP/2 and paragraph 13 of the update in which she observed that the data selection method was flawed and questioned the methodology used. She noted that these problems could have been avoided if the authors of the study had consulted with US statistical authorities before publication. She also pointed to the need for the Office to have in place mechanisms to double-check the accuracy of its work. There should be no further reports until the Office had given more thought to its methodology, identified a peer review mechanism, demonstrated that it had a thorough understanding of national data sources it intended to use, and vetted this and received the approval of the Committee. She proposed that a paper on this issue be provided at least two months before the session of the Governing Body so that governments and the social partners had time to consult with national experts. She further proposed some concrete steps that should be taken to ensure sound and transparent work and allow the Committee to have confidence in the analysis and results presented in any future reports.
50. The representative of the Government of France emphasized that the update of the *Global Wage Report* represented a first analysis of the international evolution of wages and he strongly encouraged the ILO to continue its work in that regard. He also made reference to the situation of wages in France where nominal wages had generally not been affected. Real wages continued to increase, but at a more moderate pace. The reduced growth in real wages was primarily a consequence of a reduction in overtime and bonuses.

51. The representative of the Government of the Bolivarian Republic of Venezuela stressed the importance of the *Global Wage Report* and invited the ILO to continue its work in that area. He emphasized the increases made to the minimum wage that year (20 per cent in 2009). He also made note of the fact that, despite that increase, the Bolivarian Republic of Venezuela had one of the lowest unemployment rates that year. He also mentioned the importance of the technical assistance provided by the ILO with respect to setting minimum wage rates.
52. The representative of the Government of the Republic of Korea reiterated her support for the statement made by IMEC and mentioned that the *Global Wage Report* should be used as a tool to assess the implementation of the Global Jobs Pact. She also emphasized the importance of interpreting data and that national developments had an impact on indicators, especially with respect to the wage share.
53. The representative of the Government of South Africa welcomed the timely publication of the *Global Wage Report* update and highlighted its relevance to policy discussions on minimum wages. He also mentioned that the employers' cautious approach to increases in the minimum wage should equally apply to executive pay packages. He also expressed his concerns with regard to the gender pay gap.
54. The representative of the Government of Nigeria supported the view that effective policy responses required strong social dialogue and close monitoring of the impact of the crisis on the most vulnerable workers. She also described the creation of a national tripartite committee to review current minimum wage policies, in order to effectively cope with the realities of life and the cost of living in Nigeria.
55. The representative of the Government of Argentina stressed that it was important for governments to consider taking action related to minimum wages. He emphasized the measures used in Argentina to protect workers and made specific mention of increases to the minimum wage between 2003 and 2009.
56. The representative of the Government of Egypt thanked the Office for the publication of the *Global Wage Report* update. He commented on Egypt's efforts to improve the situation regarding wages. He said that wages in specific sectors, such as teaching, had been increased, as had social security benefits.
57. The representative of the Government of Germany expressed support for the statement made on behalf of IMEC and noted the importance of the *Global Wage Report* in assessing whether one of the goals of the Global Jobs Pact, namely avoiding a deflationary wage spiral, was being met. She also emphasized the importance of working towards the goal of making the ILO the international authority responsible for wage data.
58. A representative of the Director-General (Mr Lee, Senior Economist, Conditions of Work and Employment Programme, Social Protection Sector), responding to questions that had been raised, said that, regarding statistics, the full data set and the methodological note were available on the ILO web site, and emphasized the increasing cooperation with national statistics offices around the world. He clarified the data sources and methodology used to obtain the information in paragraph 12, and the purpose of the paragraph. The sample of industries selected referred to in the paragraph was intended to highlight disparities between industries, not average developments across all industries. He concluded that the issue should not be used to discredit the whole report.
59. A representative of the Director-General (Mr Diop, Executive Director, Social Protection Sector) thanked the members of the Committee for their pertinent comments and suggestions. He stressed that the *Global Wage Report* had been drafted on the basis of a

solid global wage database that had been developed at the ILO, which used wage statistics made available by national statistics offices and which was, to date, the most complete of its kind. He emphasized that the database was a work in progress and that the ILO would further strengthen collaboration with sources of national statistics. He considered that the ILO should be the global centre of knowledge on wages.

- 60.** The Employer Vice-Chairperson, referring to the comments made by the representative of the Government of the United States, stressed the importance of the reliability and accuracy of the data used in reports on wages. The credibility of the ILO rested on that. She also emphasized the importance of the transparency of calculations and methodologies. She strongly encouraged enhanced cooperative efforts between national statistics offices and the ILO.
- 61.** She said that minimum wage levels that were too high adversely affected vulnerable groups, such as women. She continued by stating that having any job was better than having no job at all. In accordance with the Minimum Wage Fixing Convention, 1970 (No. 131), the adjustment process for minimum wage levels was country specific and was influenced not only by the cultural, political and social factors at play, but also by the economic ones, a fact neglected in the paper. In the context of the global economic crisis, she emphasized that changes to minimum wages would vary and that there was no single, correct policy response.
- 62.** The Worker Vice-Chairperson highlighted the extent to which countries' experiences, as presented by Government delegates, confirmed the important role of the minimum wage. Developing countries had been experiencing similar increases in real minimum wages as developed countries. Both Argentina and Portugal had increased the minimum wage, and in Brazil the combined increase in minimum wage, social allowances and collective bargaining had had a positive effect, both socially and economically.
- 63.** She supported calls for closer cooperation between the ILO and national statistics offices to help the Office improve its database. She emphasized that Employer representatives should not use the lack of wage data as an excuse to question the need for the ILO to continue its work in that connection. She added that the Government of the United States should not use that lack of data as an excuse to dismiss the increase in wage inequality in the United States.
- 64.** She concluded by saying that there was a clear agreement between the three sides on the recommendation in the Global Jobs Pact that wages should not be allowed to decrease in the current crisis if sustainable enterprises were to be promoted and that that agreement should not be called into question by the Employers. She emphasized that the Global Jobs Pact also called on all ILO constituents to promote minimum wages and collective bargaining, and to address the issue of executives' bonuses. It was particularly necessary for governments to be more active in promoting instruments to ensure decent living standards and sustainable development.
- 65.** The representative of the Government of the United States requested the floor after the Office and the Vice-Chairpersons responded to her comments, but was not permitted to speak since the Chairperson had closed the list of speakers.

C. Combining flexibility and security for decent work

(Third item on the agenda)

66. The Committee had before it a paper⁴ entitled *Combining flexibility and security for decent work*.
67. A representative of the Director-General (Ms Sandrine Cazes, Chief, Employment Analysis and Research Unit) presented the document, which had four purposes: first, to describe the policy challenge; second, to outline the lessons learned from the Office's work on combining flexibility and security; third, to examine the relevance and feasibility of promoting the approach outside Europe, in particular in developing countries; and, fourth, to suggest further work by the Office on the topic.
68. The Employer Vice-Chairperson noted that the key issues to consider were: first, how flexicurity could inform the Office's work; second, how the relevance of the concept could be extended to countries outside Europe; and, third, how to identify practical areas of support. She welcomed the document and thanked the Office for the well-drafted and thoughtful paper. She underscored that the best foundation for increased job security was labour demand: real security could be provided only through a stable labour market where jobs were created, which necessitated improvements in productivity. In that respect, the goal of policies should be employment security, not necessarily job security. For workers, the best way to achieve that goal was through skills development, work experience and labour force engagement. In developing countries, the priorities were job creation and the development of education and training.
69. She stressed that flexicurity was not a panacea or a blueprint to be applied in all countries: the concept of flexicurity needed to be adapted to specific circumstances and applied flexibly. Moreover, the speaker noted that flexicurity should not be seen as a trade-off, but as a balanced approach. In that regard, employment protection legislation could be too strict, costing jobs, or too flexible, as witnessed in the informal economy. Flexicurity was relevant to many countries, but would only be useful if the Office presented it as an option for employment policy development and as an information resource for governments, workers and employers.
70. She outlined the points that should be avoided in a discussion on flexicurity. First, flexicurity should not be seen as a requirement for flexibility. Second, the discussion should not be restricted to permanent jobs on the assumption that there was no place for temporary employment. Third, the approach should not be viewed as a crude paradigm that did not reflect the realities in different countries. With respect to flexicurity indicators, she emphasized that the focus should be on using existing data, drawing on input from governments, workers and employers, rather than using resources to collect new information. Those data could be supplemented by case studies.
71. In conclusion, she stressed that flexibility and security should be considered jointly. The Office should work on the issue to present the different options and their relevance beyond Europe. She emphasized the need to consider skills development and employability, and ultimately to focus on employment security, not just job security. She proposed that future activities for the Office could include regional workshops. Finally, she thanked the Office for the document and supported the Office working further on the topic.

⁴ GB.306/ESP/3/1.

- 72.** The Worker Vice-Chairperson noted that flexicurity had not been discussed previously and was not an agreed concept within the ILO. For that reason, she requested that the Office and member States should not continue to work on the issue, particularly in the light of the commitments made under the Global Jobs Pact. She emphasized that the flexicurity agenda might easily be used to push for further labour market flexibility through precarious employment. She also underscored that flexicurity was an expensive policy, as evident from the case of Denmark, which assigned considerable resources to generous unemployment benefits and active labour market policies. Moreover, a strong social security base had already been in place in Denmark when the flexicurity approach had been developed.
- 73.** The speaker noted that paragraph 11 of the document highlighted the trend towards weaker employment protection in new European Union member States. She indicated that weaker protection would be the focus of a flexicurity agenda. She noted that in Central and Eastern Europe and the Commonwealth of Independent States labour market deregulation had not led to job creation, but to low wages, an increase in precarious employment and the neglect of training and skills development. She pointed out that the paper recognized the situation in developing countries, which included a lack of fiscal space, inadequate institutional capacity, weak social dialogue, the failure to enforce labour legislation, and a large informal economy.
- 74.** She stressed that the Workers' group could not concur with the statement made in paragraph 25 of the paper that the current crisis illustrated the importance of flexicurity principles at different stages of the business cycle. In particular, she emphasized that it was inaccurate to conclude that through active and passive labour market policies, governments had attempted to reach some sort of balance. Moreover, if no minimum social protection floor existed, it was not possible to apply the flexicurity approach. With respect to paragraph 27, she noted that, although the paper acknowledged that the crisis might lead to hiring and firing flexibility, it was not clear why workers would accept such an outcome. She pointed out that she also disagreed with statements in paragraph 27 on the role of flexibility and security policies for vulnerable workers and in paragraph 28 on the relevance of a policy mix of flexibility and security in developing countries. She emphasized that the problem was precarious employment without the relevant forms of security.
- 75.** On the basis of those reservations, she indicated that the Workers' group could not accept the proposal outlined in paragraph 30 on a future ILO research agenda on flexicurity. Moreover, given the commitments made as part of the Global Jobs Pact, she expressed concern about some of the specific research proposals, such as bullet point 6 of paragraph 30 referring to wage flexibility. Concerning bullet point 5 of the same paragraph, she mentioned that the Global Jobs Pact already encompassed the appropriate range of policies and institutions. Finally, she proposed that the Office should instead concentrate on taking action to strengthen public employment services; introduce a basic social protection floor; strengthen social dialogue; implement the right set of macroeconomic policies to promote an income-led recovery; implement the Employment Relationship Recommendation, 2006 (No. 198); strengthen labour inspection to improve the enforcement of labour legislation; and formalize the informal economy by gradually extending labour legislation to the informal economy. The Worker Vice-Chairperson said that workers were not opposed to flexibility negotiated through dialogue, but flexicurity should be kept off the ILO agenda for the time being.
- 76.** The representative of the Government of the United Republic of Tanzania, speaking on behalf of the Africa group, expressed appreciation to the Office for preparing the paper. He stressed that the group agreed with the observations made in the document on the challenges for developing countries in implementing the concept of flexicurity. In

particular, much remained to be done in terms of social dialogue and collective bargaining, skills development and training, active labour market policies, and awareness raising and knowledge sharing. He stressed that before implementing the flexicurity approach, African countries needed to establish or strengthen their social protection schemes. In that respect, he urged the Office to provide technical assistance to support member States embarking on flexibility and security concepts for decent work. He concluded that it would be premature to introduce the flexicurity agenda in African countries, but that it might be relevant in the future.

77. The representative of the Government of the Bolivarian Republic of Venezuela, speaking on behalf of GRULAC, thanked the Office for the document, which identified broad issues and different perspectives on the topic of flexicurity. He pointed out that two fundamental instruments were already in place: the Declaration on Social Justice and the Global Jobs Pact. With regard to paragraph 2 of the paper, he stressed that, in accordance with the Global Jobs Pact, the focus should be on responses to the crisis. With respect to paragraph 4, he emphasized that there was still no shared understanding or institutional definition of flexicurity. Although there was a need for further discussions on the issue, he underscored that GRULAC was very cautious about the flexicurity approach, particularly as it gave priority to flexibility. In GRULAC countries, introducing employment protection legislation had been a common approach to providing security, which needed to be further strengthened. He shared the view of the Office that achieving a fair distribution of the costs of the crisis was very challenging. Overall, decent work, not the weakening of rights, was the answer. He concluded that it was better to focus on the Global Jobs Pact rather than further explore the concept of flexicurity. It was not necessary to make labour rights more flexible in order to maintain employment with social protection.
78. The representative of the Government of Uruguay, speaking on behalf of the Common Market of the Southern Cone (MERCOSUR), thanked the Office for the document. He expressed his support for the statement made on behalf of GRULAC. He reminded the Committee that a discussion on flexibility involved a debate on employment protection legislation, which was a serious political issue. He emphasized that access to social security was a right. Moreover, given the broader rights of workers, labour could not be considered a commodity, as proclaimed in the Declaration of Philadelphia. He underscored the need to promote social justice and avoid contributing to precarious employment. He informed delegates that, at a recent MERCOSUR meeting, labour ministers had reaffirmed the need to promote social protection and employability. The Office should not forget the rights of workers.
79. The representative of the Government of Sweden, speaking on behalf of the European Union,⁵ commended the paper prepared by the Office, asserting that it portrayed a clear picture of the many aspects of flexibility and security, their potential combinations, and the challenge of finding an appropriate balance, which was of particular concern in times of economic crisis. Referring to the common principles of flexicurity, adopted by the European Council in 2007, he said that the aim, above all, was rapid reintegration into the labour market. In a crisis, it was vital for companies to be able to adapt to changing circumstances, while policies should focus on the employability of individuals. He welcomed the proposal that the work of the ILO should focus on policies to help groups vulnerable to exclusion from the labour market. He reflected on appropriate adjustment policies and measures for those who had lost or were at risk of losing their jobs,

⁵ The candidate countries (Croatia, The former Yugoslav Republic of Macedonia and Turkey), the countries of the Stabilization and Association Process and potential candidates (including Albania, Bosnia and Herzegovina, Montenegro and Serbia), Norway, which was a member of the European Free Trade Association (EFTA) and a member of the European Economic Area (EEA), as well as Armenia, the Republic of Moldova and Ukraine, also aligned themselves with his statement.

highlighting the crucial role of public employment services and investment in human capital. He proposed that the Office could undertake further research on the role of institutions under different conditions, taking into account relevant ILO Conventions. He supported the focus in the Office paper on policy coherence and sequencing, and filling data gaps as a matter of priority. He encouraged collaboration with the European Commission, the Organisation for Economic Co-operation and Development (OECD) and the World Bank. He called on the Office to carry out further work on the gender aspects of flexicurity, including measures to promote equal access to employment for women and men, as well as measures to reconcile work, family life and private life as part of the adjustment programmes, including access to affordable childcare.

- 80.** The representative of the Government of Pakistan agreed that security and flexibility were in the interests of both workers and employers. He stated that flexicurity measures would assist workers in transition between jobs, but they were only feasible in developed countries with effective social protection frameworks. Moreover, it would be difficult for developing countries, and least developed countries in particular, to put in place effective active labour market policies given the present economic crisis so, while the concept of flexicurity might be welcome, no one-size-fits-all solution could be considered.
- 81.** The representative of the Government of Brazil supported the GRULAC and MERCOSUR statements and highlighted the importance of collective bargaining in maintaining employment in the context of the crisis. He declared that while the Global Jobs Pact offered a set of policies for decent work that could be maintained even beyond the crisis, flexicurity would only be an obstacle to the implementation of the Pact, and it was therefore undesirable for the ILO to carry out further work in that connection.
- 82.** A representative of the Government of the Bolivarian Republic of Venezuela expressed support for the GRULAC statement. She highlighted the fact that there were gaps in the policies related to the implementation of flexicurity and a lack of data on its benefits. In her country and the region as a whole, social dialogue had been enhanced and countries were learning from their own specific experiences within the regional context. A reduction in poverty and inequality had been achieved in the Bolivarian Republic of Venezuela through nationalization, the active participation of workers, and the growth in micro, small and medium-sized enterprises. It was important to strengthen social protection systems and provide technical assistance to support micro, small and medium-sized enterprises.
- 83.** The representative of the Government of South Africa supported the statement made on behalf of the Africa group and recognized that there was a deficit with regard to the concept of flexicurity in Africa. He asserted that, at that time, flexicurity might not be appropriate for developing countries as millions of workers were in need of decent working conditions as opposed to an environment in which temporary jobs took precedence. He believed there was a danger of flexicurity leading to the commoditization of labour and, in the wake of the crisis, it should not be a priority for further research. His Government therefore did not support the proposals for further work in paragraphs 30 and 31 of the Office paper.
- 84.** The representative of the Government of Mexico fully identified with the GRULAC statement. He declared that the strengthening of active and passive labour market policies was of the utmost importance to the Government of Mexico, which had undertaken a range of initiatives in that regard. Those included investing 125 million pesos (\$9.5 million) in strengthening the capacities of the public employment services; the First Employment Programme (*Programa de Primer Empleo*), which subsidized employers' social security contributions to help create permanent jobs; the public works scheme, the Temporary Employment Programme (*Programa de Empleo Temporal*); and the Opportunities

(*Oportunidades*) programme for people living in extreme poverty, which had benefited 5 million families, representing 25 per cent of the Mexican population, since April 2009.

- 85.** The representative of the Government of Egypt agreed that developing countries faced many challenges with regard to flexicurity and providing social protection. He declared that Egypt was taking various measures and supported the statement made on behalf of the Africa group.
- 86.** The representative of the Government of Canada acknowledged the need for a mix of flexible labour market and social security policies, but asserted that the use of the term “flexicurity” to define that mix was problematic in view of vastly differing country circumstances: there could be no one-size-fits-all approach. She raised concerns with regard to the fiscal sustainability of the flexicurity system in times of economic crisis, as well as the feasibility of the system in the absence of well-developed and coherent formal labour markets. She urged the ILO to assist its constituents in developing national policies and programmes in line with the Global Jobs Pact.
- 87.** A representative of the Director-General (Mr Salazar-Xirinachs, Executive Director, Employment Sector) said that the Office had been requested to prepare the paper on flexicurity. While the concept of flexicurity had been officially adopted only by the European Union, it nonetheless comprised a selective subset of certain key components of the Decent Work Agenda. He summarized the main outcomes of the discussion to clarify the guidance that the Office had received: first, there was no consensus on the concept of flexicurity, including on its definition, on asking the Office to adopt a specific research agenda on the concept of flexicurity, or on promoting the concept in developing countries; second, Europe was the exception to the above, as the Office already had an ongoing research agenda on flexicurity there and the European Commission and European member States had supported the Office’s continuing engagement in that regard; and, third, many speakers had said that there was support for the Office to continue doing research, publishing policy advice and organizing capacity building on individual components of flexicurity as part of its research on labour market institutions, regulations and policies, social dialogue, skills and lifelong learning for employability, social protection, and active labour market policies, within the broader frameworks of the Decent Work Agenda, the Declaration on Social Justice and the Global Jobs Pact.
- 88.** The Worker Vice-Chairperson concluded that there was a consensus that the topic was not a clear priority at the present time. Nonetheless, European countries were entitled to ask the Office to continue its work on the topic, however, they should consider the implications of adapting the concept to the rest of the world. In particular, she asked them to consider how the high levels of social protection in countries where flexicurity was well established, such as Denmark, could be extended to developing countries. She reiterated that it was imperative for the ILO to work with the multilateral system to enhance the social protection floor at the country level.
- 89.** The Employer Vice-Chairperson expressed her disappointment that no consensus had been reached on further ILO engagement on the concept of flexicurity. She recalled the Business Europe–European Trade Union Confederation (ETUC) agreement on flexicurity as evidence of European workers’ endorsement of the concept. She also recalled the conclusions of the tripartite 2009 ILO European Regional Meeting, which had referred to flexicurity. While European models of flexicurity could not be superimposed on developing countries, there were relevant concepts that could be useful and further explored. She suggested considering alternative terminology and commended the way the representative of the Director-General had summarized the conclusions of the discussion.

D. ILO support for the role of public employment services in the labour market

(Third item on the agenda)

90. The Committee had before it a paper⁶ entitled *ILO support for the role of public employment services in the labour market*.
91. A representative of the Director-General, Ms Donna Koeltz, senior employment services specialist, introduced the paper. She mentioned that the Office had also made available in the room a list of examples of the responses of public employment services to the global economic crisis.
92. The Employer Vice-Chairperson thanked the Office for issuing the paper on public employment services. She noted that in most countries public employment services were operated through long-standing, traditional organizational frameworks. She stressed the fact that, given the economic crisis, now was the time to re-examine and modernize public employment services. Such services were not exclusive providers of employment services. Other social and private actors could also perform those functions efficiently and certain countries had privatized some of the work of their public employment services to improve outcomes. Public employment services must work with employer representatives to deliver services to employers, the key clients who would determine their success and relevance. She noted that the paper could have placed greater emphasis on the impact of information and communication technologies on the provision of services to employers and added that public employment services should concentrate on the supply side, working with jobseekers to improve their employability and skills. She suggested that the ILO adopt a more critical and contemporary role in its policy and services work regarding public employment services, including adapting to ongoing privatization and changes in the services mix and service delivery. The planned work of the ILO outlined in the paper was a reasonable start but she cautioned that emphasis must be placed on promoting change in public employment services. She hoped the ILO would prioritize work in the areas of identifying best practices and disseminating case studies. She concluded by mentioning that the Private Employment Agencies Convention, 1997 (No. 181), had a role to play in that regard because it recognized the role of the private sector in that area and its ratification would have positive effects in many countries.
93. The Worker Vice-Chairperson concurred with the paper's assertion that public employment services played a role in making labour markets function smoothly, an aim that was particularly relevant in the current economic crisis. She emphasized the many positive attributes of public employment services and the relevance of the Employment Service Convention, 1948 (No. 88), and she applauded the efforts of the ILO to encourage its ratification and implementation. She would like public employment services to strengthen their focus on active labour market policies in order to more effectively match the supply and demand of labour. She acknowledged the three good examples in the paper of countries that utilized innovative technologies to enhance public employment services (Cameroon, Croatia and Viet Nam) and hoped that such good practices could be extended elsewhere. She regretted the lack of operational specifics within the paper but was hopeful that the additional material supplied by the Office in support of the paper would provide more useful information to guide the operational development of public employment services. She expressed concern over the positive tone given to the role of private employment agencies in paragraphs 12 and 13 of the paper, cautioning that private

⁶ GB.306/ESP/3/2.

institutions could operate outside the framework of standards and that workers had been known to suffer as a result. She noted an oversight on the part of the Office in the lack of recognition of the role to be played by the social partners in promoting ILO principles and tools, and cited the example of a recent agreement in which the social partners had worked together to promote the ratification of Convention No. 181. She supported the paper's suggestion concerning enhanced cooperation among units within the Office in the area of public employment services, including broader cooperation in respect of social dialogue and not just on labour legislation as cited, and called for an increase in the capacity of ILO specialists in the field and at headquarters to use ILO tools relating to employment services. Finally, she noted that the crisis could not be solved by supply-side initiatives alone, such as those implemented by public employment services.

- 94.** The representative of the Government of the United Republic of Tanzania, speaking on behalf of the Africa group, acknowledged the efforts of the ILO to promote public employment services. He recognized that employment services were very important at the current time of crisis and also appreciated that several African countries had benefited from either technical assistance or cooperation from the ILO. He commended the approach suggested by the ILO to support member States' delivery on employment policy directives, as set out in the Strategic Policy Framework 2010–15. He emphasized the importance of the involvement of the tripartite partners in social dialogue in respect of employment services.
- 95.** The representative of the European Commission, thanked the ILO for the document. Public employment services deserved support, especially in times of crisis; their involvement consisted of a wide variety of functions and services that went beyond job matching. The actions of public employment services gained in effectiveness and efficiency if they reached out to other stakeholders in the labour market, such as local authorities, NGOs, the social partners and private employment services. Public employment services in the European Union were responsible for the delivery of core parts of the European Employment Strategy within the Lisbon Strategy for Growth and Jobs. Public employment service business models would have to adapt to the new realities of the crisis, because they were in the front line and were responsible for ensuring that resources were available to support workers, jobseekers and employers. The European Commission was fully aware of the needs and challenges of public employment services and was committed to supporting them. She described the various initiatives launched by the European Commission since the beginning of the crisis, emphasizing the creation of a forum for mutual learning to support unfolding structural challenges such as demographic changes and the transition to a low-carbon economy and green jobs. To conclude, she stated that the European Commission envisaged public employment services as the mobility agencies for dynamic labour markets, being anchor points for better delivery of the European Employment Strategy and European balanced mobility policies.
- 96.** The representative of the Government of Japan provided details about numerous employment services undertaken in Japan in recent times that related closely to the guidelines set out in paragraphs 32–36 to respond to the employment impact of the crisis. In terms of increasing the capacity for responsive action, he noted that the number of public employment services staff in Japan had increased by 7,000. He provided details about some innovative approaches, such as the development of comprehensive measures to promote the transition from non-regular work to regular work through job counselling. He noted that Japan actively supported the development of public employment services and social safety nets in ASEAN countries through technical cooperation projects.
- 97.** The representative of the Government of France welcomed the paper's support of the role of public employment services and said that such institutions served as the first operational institution in terms of crisis response. A major infrastructural reform in France relating to

the merger of job recovery and placement services had recently taken place and the capacity of such services in the face of the crisis had been strengthened in terms of both number of posts, length of service contracts and collaboration with other institutions, including private employment agencies. She noted that the public employment services met most of their objectives in France. On behalf of the chairperson of the World Association of Public Employment Services (WAPES), she praised the ILO's efforts to promote collaboration, the sharing of data and the development of joint strategies as valuable assets for the Association.

- 98.** The representative of the Government of Egypt noted the importance of public employment services and provided details on related projects in the country, including the recent establishment of a National Employment Association that aimed both to improve recruitment processes and raise the capacity of jobseekers, including women and persons with special needs, to gain employment. He mentioned other public employment initiatives, including encouraging the development of SMEs, running seminars targeting such areas as the challenges of youth and the promotion of migration opportunities, conducting studies on people with special needs, and publishing monthly employment bulletins with articles focusing on innovative ideas for both employers and jobseekers. He emphasized the need for continual support from the ILO.
- 99.** The representative of the Government of Mexico agreed with the Office's emphasis on the importance of public employment services and their relevance in times of crisis. With regard to box 3 in paragraph 32, he offered a correction to the text relating to Mexico, changing "national unemployment service" to "national employment service". He added that in Mexico such services had been greatly strengthened recently and now included a wide array of programmes. He hoped that the ILO would promote the WAPES strategies, particularly in the regions of the Middle East, Latin America and Africa.
- 100.** The representative of the Government of Portugal thanked the ILO for presenting very useful comments on public employment services. She described a full array of services provided in Portugal, where public employment services were centralized under the Ministry of Labour. In Portugal, public employment services had administrative autonomy and benefited from tripartite management. She emphasized the importance of partnership between public employment services and private employment agencies to give effective responses and implement long-term measures to ensure that workers were more employable. That practice was working well with enterprises. She expressed her support for the proposed initiatives to exchange best practices and information among member States in order to enhance public employment services.
- 101.** The representative of the Government of the United States thanked the Office for the paper and also for the useful additional documents. She suggested that the paper should be a model for similar documents in the future. She noted, however, that the document did not present any weaknesses or challenges identified in the assessment exercise, both of which were tremendously valuable for drawing lessons and setting future plans. She recognized the strategic partnerships with the WAPES and the International Confederation of Private Employment Agencies in terms of knowledge sharing and providing a vehicle for distributing ILO research and tools.
- 102.** The representative of the Government of India congratulated the ILO for taking up the relevant subject of the role of public employment services because they had a vital bearing on the efficient and smooth functioning of labour markets. He stressed the need to strengthen the ability of the public employment services to promote employment in order to keep pace with the rapid changes in labour markets. He recognized the efforts made by the ILO to promote employment services as necessary to effective crisis response. He described the evolution of the Indian public employment services, outlining the specific

services that were provided and the work that was being done to establish a national skills inventory and national database for skill deficiency mapping on a national web portal. He also spoke of the tripartite consultations that were being held by the national employment services. Noting the future priorities of the Office regarding the promotion of public employment services, he stressed the importance of making those services relevant to the large informal sectors in the developing countries.

- 103.** The representative of the Government of Nigeria expressed support for the statement of the representative of the Africa group. She welcomed the paper's recognition of the fact that high rates of illiteracy in certain countries represented unique challenges to the modernization of public employment services through technological developments. She added that Nigeria had established a national data labour exchange that utilized modern technologies but noted that such innovative approaches would need to be supplemented with manual registration of jobseekers due to high levels of illiteracy and poor technological infrastructure. She noted that it was a requirement for the country's approximately 250 private employment agencies to be registered so that they could be monitored and their activities regulated. She emphasized the urgent need to strengthen the capacity of public employment services, particularly in the area of skills forecasting, in order to respond to the current economic crisis and react to future needs.
- 104.** The representative of the Government of Argentina related details of initiatives associated with the recovery from the economic crisis of 2003. He mentioned the role that self-employment played in the expansion of production through micro-enterprises. He appreciated the discussion in the paper regarding the definition of public employment services in the narrower or broader sense (paragraphs 6 and 7). He supported the proposals in the paper relating to the crisis, emphasizing the need in the short run for productive activities that ensured the full integration of the more vulnerable sectors.
- 105.** A representative of the Director-General (Ms Donna Koeltz, senior employment services specialist) provided the ILO response to the ESP Committee. She acknowledged that the Office recognized the existence of other players in the labour market but noted that the paper had focused on public employment services as requested by the Committee. She also mentioned that the Employment Sector was responsible for both public employment services and private employment agencies. She pointed out that the ILO did seek to include the social partners in expanding employment services and also worked in close cooperation with the WAPES. In response to the question from the representative of the Government of the United States, she indicated that the internal assessment had identified weaknesses as well as strengths and cited as examples limited staff resources relative to the growing requests from member States regarding public employment services and private employment agencies, and the need for more collaboration with other units across the Office.
- 106.** A representative of the Director-General (Ms Christine Evans-Klock, Director, Skills and Employability Department) thanked participants for their interventions and expressed appreciation to Ms Ellen Hansen, retiring employment services specialist, for her long-standing role in strengthening the ILO's policy response in the area of employment services.
- 107.** In her concluding remarks, the Worker Vice-Chairperson expressed her appreciation for the descriptions of policies and programmes in the area of public employment services given by Government representatives. She congratulated the Government representatives and the ILO on their innovative responses in that area.
- 108.** In her concluding remarks, the Employer Vice-Chairperson noted the valuable examples provided by India and Nigeria and the efforts made to enhance public employment services

while recognizing the constraints on expanding delivery through information and communication technologies. She reiterated the strong support of Employers for public employment services and explained that her earlier comments about updating their services and delivery methods were intended as suggestions to strengthen their contemporary relevance. She responded to what she deemed a negative portrayal by the Worker Vice-Chairperson of the entire industry of private employment agencies. She acknowledged that abuses and fraud could exist within private employment agencies, as in all kinds of organizations, but that fact did not reflect on the vast majority of honest actors. Extending employment services by non-traditional providers could be a healthy practice.

Geneva, 16 November 2009.

(signed) Mr A. Shahmir
Chairperson