



## **Governing Body**

317th Session, Geneva, 6–28 March 2013

**GB.317/INS/11**

**Institutional Section**

**INS**

**Date:** 25 March 2013

**Original:** English

### **ELEVENTH ITEM ON THE AGENDA**

## **Report of the Working Party on the Social Dimension of Globalization**

### **Chairperson's summary**

#### **Introduction**

1. The Working Party on the Social Dimension of Globalization met on 22 March 2013. Mr de Robien (France) chaired the meeting. Mr Rønneest and Mr Yuma (Employers) and Mr Cortebeeck (Worker) spoke for their respective groups. It was pointed out that, should the discussions lead to a draft decision, it would be submitted for the consideration of the Institutional Section of the Governing Body when it examined the Chairperson's summary. In addition, a full report of the meeting would be prepared and posted on the ILO website for any corrections.

#### **The post-2015 sustainable development agenda**

2. The discussion on the post-2015 sustainable development agenda was opened by the Director-General, who welcomed three guest speakers, Mr Martin Schulz, President of the European Parliament, Professor Deepak Nayyar and Ms Tereza Campello, Minister of Social Development and Hunger Alleviation of Brazil.
3. Introducing the background paper (GB.317/WP/SDG/1), the Deputy Director-General for Field Operations and Partnerships (Mr Hounghbo) stressed the importance of the ILO continuing to work with countries and the UN partners to accelerate progress on the existing Millennium Development Goals (MDGs). Turning to the already lively debate on a post-2015 development agenda, he highlighted the scale of the global jobs challenge that the world would face in the period up to 2030. The Governing Body's call for full and productive employment and decent work to be included as a key and explicit component of the post-2015 development agenda, including reference to social protection floors, was receiving wide support. In the next phase of discussions, it was likely that ways of setting goals and targets and assessing progress towards them would need to be addressed. The

Office was working on that topic and on identifying indicators for global and, importantly, national progress. National follow-up of a global agenda would be critical and ILO constituents would be important actors.

4. Mr Schulz expressed grave concern about the challenge the economic crisis, social injustice and high youth unemployment posed to democracy in Europe. The ILO and the European Union (EU) shared the same concern for inclusive growth and decent work. The European Parliament was opposed to purely austerity-driven politics. It was arguing for investment in education, and research and development to strengthen recovery. It had recently refused the European Council's proposed multi-annual financing framework, which had proposed cuts in those areas and in social programmes. He referred to the Parliament's interest in seeing provisions in EU partnership agreements on respect for workers' rights and in favour of sustainable development. He looked forward to working with the ILO on the post-2015 development agenda which would be a high priority for the Parliament in the coming period.
5. Professor Nayyar opened his remarks <sup>1</sup> by highlighting the fact that reflection on a post-2015 agenda was beginning at a time of triple crisis: the economic crisis and its heavy impact on employment; the looming climate change crisis; and a continuing food crisis. He then drew several lessons from experience with the MDGs. The voices of the poor and of poor countries had not been prominent in the formulation of the MDGs, despite their noble intent. They had been weak on means to achieve goals and did not allow for sufficient national definition of strategies to fit the varying country circumstances. Regarding a future framework, he believed it could not be more of the same. National goals with a global point of reference should be the main mechanism. Reducing inequalities would have to be more prominent and some essential elements of the policy approaches to addressing goals would be needed. Aid would be a much less significant source of development finance in the future. A new framework would have to be based on much more equal partnerships between higher and lower income countries, in which unfair rules were rethought.
6. Ms Campello emphasized the fact that a major challenge facing the world was to combine the environmental and social agendas. Sustainable development with respect for the environment was impossible without defeating poverty. The financial crisis had heightened the urgency of meeting that challenge. Brazil and many other Latin American countries had rejected the model of budget austerity as a way out of the crisis and had started down a new road of inclusion for reasons of both social justice and economic development. The Minister made a presentation <sup>2</sup> of the results of her Government's policies which were yielding growth and reductions in Brazil's very high levels of inequality. Agreeing with Professor Nayyar, she said that it was important to examine the range of means of achieving reductions in poverty and inequality. She cited three key policy actions: a substantial increase in formal employment; increased minimum wages and pensions; and building a social protection floor which went much further than the initial well-known *Bolsa Familia* programme. Brazil was achieving the MDGs and the results were not just reduced poverty but also increased employment participation, which was strengthening economic performance. Looking ahead, Brazil, which now had universal primary education, was aiming to increase access to pre-primary, secondary and university education. Together with improved vocational training and employment services, that would help meet emerging skills gaps. She concluded by inviting Governing Body members to the Third Global Conference on Child Labour, to be held in Brasilia from 8 to 10 October 2013.

<sup>1</sup> Professor Nayyar's remarks will be available on the ILO website.

<sup>2</sup> The Minister's PowerPoint presentation will be available on the ILO website.

7. A wide-ranging discussion ensued, more complete coverage of which will be provided in the full report of the Working Party's deliberations. The following issues, many of which were also highlighted by the Director-General in his closing remarks, were raised by several speakers:

- The thought-provoking contributions of the guest panellists were welcomed by many speakers.
- Determination was confirmed to work for the adoption of full and productive employment and decent work as an explicit goal of the global development agenda beyond 2015, including a reference to the need for social protection floors.
- The importance of the ILO's contribution to accelerating progress towards achievement of the MDGs by 2015 was reiterated.
- The approach outlined in the Office report was broadly supported, including the issues for focus listed in paragraph 27. Strengthened labour administration, inspection and statistics would be vital. Demographic shifts and the growing significance of migration would need to be taken into account.
- Tripartite engagement in national discussions on the post-2015 agenda was essential, as would be the full involvement of social partners in implementation.
- The ILO would need to ensure that its Decent Work Country Programmes were strongly present in UN Development Assistance Frameworks. Increasing productive employment was vital. That entailed a strong private sector contribution to growth, enabled by investment in infrastructure.
- The Decent Work Agenda was relevant across a range of development challenges, including tackling inequalities and ensuring a foundation of human rights including fundamental rights at work.
- Poverty reduction was a priority not just in developing but also in developed countries. A genuinely global agenda should be sought.
- A new framework should take into account differing national priorities as well as promoting international action.
- The African continent would be a focus for increased international support for poverty reduction through the creation of productive employment and decent work, especially for its large and growing youth population.
- The selection of a limited number of goals and the quantity and the quality of indicators and targets would be crucial to measure progress effectively after 2015. They should include workable indicators relating to full and productive employment and decent work, including social protection floors. There would be a need for nationally specific targets as well as global goals. The Office was encouraged to continue its work in that regard.
- The importance of integrating the environmental, economic and social dimensions of the sustainable development agenda was fully recognized. There was considerable potential for the creation of decent jobs in measures to address environmental challenges.
- Consideration could be given to creating a focus for discussion of the contribution of the Decent Work Agenda to both achieving the current MDGs and also becoming

central to the post-2015 development agenda, for example in the form of a report or a high-level meeting.

- The Office was encouraged to provide further concept notes and information on the development of discussions on the post-2015 agenda.
- The ILO should continue to work closely with UN partners for a well-integrated framework.
- In the light of the final report of the UN High-level Panel and the UN General Assembly discussion in September, the Governing Body should consider progress in the ILO's efforts to influence the post-2015 agenda at its next meeting and direct the future actions of the Office as appropriate.

## **Tackling the global economic and employment crisis**

8. The Deputy Director-General for Policy (Ms Polaski) introduced the background paper (GB.317/WP/SDG/2). She pointed out that growth had continued to weaken since the discussion on the global economy at the November 2012 session of the Governing Body. The employment outlook was a serious concern in many European countries. In most developing countries, the challenge was to create jobs fast enough to stay ahead of a growing workforce. While the economic circumstances of each country varied, all countries faced major employment creation challenges. The paper presented a global outlook and then focused on the outlook for emerging countries in different regions, given that the November report had focused on advanced economies. She noted that there were substantial differences in the situation across the developing regions. In Africa, there had been relatively strong and steady growth, although at the morning session, speakers from several African countries had noted that growth was largely jobless in their countries. In the light of weakening export demand and domestic priorities, a number of developing countries, particularly in Asia and Latin America, were placing more emphasis on maintaining domestic demand, including through extensions of social protection and increases in minimum and other wages. In South Asia, there was an emphasis on the need for infrastructure to lay the foundation for faster and sustainable growth. The Arab States continued to feel the reverberations of the political changes, and employment growth continued to be a problem. The paper also reported on action taken by the Office since the call by the Governing Body Officers in November to intensify efforts to promote policy coherence between all relevant international and regional organizations in order to promote growth, decent and productive employment and social inclusion.
9. The background paper provoked a range of commentaries from Governing Body members. The view was expressed that the tone of the report was overly pessimistic. The resilience in particular of emerging countries showed that the global economy had the capacity to absorb a major shock. Investment, especially by the private sector, was the key to recovery and would generate resources for improved social protection and wages. Some delegates argued that current policies in a number of advanced countries were exacerbating unemployment. Weak wage developments had aggravated deficient demand. It was encouraging that a number of emerging countries were reversing these trends by extending social protection and minimum wage systems.
10. A number of speakers described government policy approaches to build recovery that utilized elements of the framework advocated by the ILO in the Global Jobs Pact. They included support to: vulnerable groups, especially young people; enhanced training; measures to stimulate smaller enterprises and their absorption into the formal economy;

infrastructure investment; extension of social protection; and development of minimum wage and collective bargaining systems.

- 11.** Speakers also supplemented the report with information on the outlook facing different regions. Many speakers referred to the need for strengthened international coordination of recovery efforts. The Office's work in that regard was welcomed, with several speakers calling for it to be further reinforced. The key importance of social dialogue, underpinned by respect for rights, was stressed by many speakers. The need for greater policy coherence was emphasized by several delegates, including between finance and labour ministries nationally, and between the ILO and the IMF and other international financial institutions. The intention of the Russian Presidency of the G20 to hold a joint meeting of finance and employment and labour ministers in July 2013 was much appreciated. Deeper ILO research and analysis in order to ground relevant and high-quality policy advice to countries was needed and the plans of the Office in that regard were welcomed.
- 12.** The Governing Body is invited to note the report.