



## Governing Body

312th Session, Geneva, November 2011

GB.312/HL/1

**High-Level Section**  
*Strategic Policy Segment*

**HL**

FIRST ITEM ON THE AGENDA

## Policy coherence in the multilateral system

### Overview

#### Summary

The document sets out a framework for the ILO to contribute to enhancing the policy dialogue, coordination and coherence required within the multilateral system to improve opportunities for decent work in a diverse but interdependent world economy, in which recovery from the global crisis is fragile and differentiated.

#### Policy implications

The paper suggests ways to enhance dialogue and partnership within the multilateral system.

#### Legal implications

Among the actions suggested is the extension of partnership arrangements with other international organizations.

#### Financial implications

Yes, within the provisions for policy coherence of the budget for 2012–13.

#### Decision required

Paragraph 20.

#### Follow-up action required

Yes, depending on the Governing Body decision.

#### Author unit

Policy Integration Department (INTEGRATION).

#### References to other Governing Body documents and ILO instruments

GB.309/17; GB.309/WP/SDG/1.

ILO Declaration on Social Justice for a Fair Globalization, 2008.

Global Jobs Pact, 2009.



## Introduction

1. Achieving the goal of decent work and full, productive employment, a goal set by the ILO and widely endorsed by the United Nations, international organizations and many conferences, calls for the coherent application of a range of economic, social and environmental policies nationally, regionally and globally.
2. This paper sets out a framework for the ILO to contribute to enhancing the policy dialogue, coordination and coherence required within the multilateral system to improve opportunities for decent work in a diverse but interdependent world economy in which recovery from the global crisis is fragile and differentiated.
3. In the closing sitting of the 100th Session of the International Labour Conference the following Declaration was made:

We, the Officers of the 100th Session of the International Labour Conference, note the wide degree of convergence among the constituents on the strategic importance of policy coherence, and the need for greater cooperation within the multilateral system and for the ILO to make a contribution to policy coherence debates on key elements within its mandate.

We suggest that the Governing Body of the ILO, at its June 2011 session, place on the agenda of the November 2011 session a substantive discussion on policy coherence in the multilateral system and the role of the International Labour Organization.

We note that a high degree of consensus has already been expressed by the Conference, namely through the 1998 ILO Declaration on Fundamental Principles and Rights at Work, the 2008 ILO Declaration on Social Justice for a Fair Globalization, the 2009 Global Jobs Pact and the conclusions concerning the recurrent discussion on employment adopted by the International Labour Conference in 2010.

We are convinced that a debate within the Governing Body would be a useful contribution to the ongoing discussions. It would give clear tripartite guidance to the Office on how it should address policy coherence, more generally, as a tool to further the mandate of the ILO, and could suggest and examine ways in which partnerships with the relevant organizations could be strengthened in order to promote decent work and full, productive employment.<sup>1</sup>

4. In November 2010 the Working Party on the Social Dimension of Globalization had an extensive discussion on “Policy coherence for strong, sustainable and balanced growth”.<sup>2</sup> The Chair’s summary on the debate noted that “a number of participants were of the opinion that further consideration should be given to ... a statement of the ILO’s overall objectives for policy coherence nationally and internationally and a strategy for pursuing them over the remaining period of the Strategic Policy Framework to 2015”.<sup>3</sup> The discussion paper took as its starting point the actions of the ILO and its constituents for vigorous and coherent policy responses to the global jobs crisis based on the Global Jobs Pact adopted by the International Labour Conference in 2009 and the ILO Declaration on Social Justice for a Fair Globalization adopted in 2008. It summarized the engagement of the ILO in a number of international initiatives to secure a jobs-rich recovery and a transition into a new, more sustainable, pattern of global development and growth and drew on this experience to suggest elements of a possible framework for promoting policy

<sup>1</sup> ILO: *Provisional Record* No. 32, International Labour Conference, 100th Session, Geneva, 2011, p. 17.

<sup>2</sup> GB.309/WP/SDG/1.

<sup>3</sup> GB.309/17, para. 17.

coherence as requested in paragraph 50 of the conclusions concerning the recurrent discussion on employment adopted by the International Labour Conference in 2010.

5. Since the preparation of the November 2010 paper, the ILO and its constituents have continued to engage with other multilateral agencies and processes. In April 2011, a new Memorandum of Understanding was signed with the Organisation for Economic Co-operation and Development (OECD) to develop and strengthen collaboration in order to benefit from complementarities while avoiding needless duplication and overlapping. The ILO has participated in several preparatory meetings within the G20 process, notably the High-Level Conference on “Enhancing coherence to improve the social dimension of globalisation” in Paris on 23 May. In July the UN Economic and Social Council (ECOSOC) adopted a resolution on *Recovering from the world financial and economic crisis: A Global Jobs Pact*, which “Encourages the High-level Committee on Programmes [HLCP] of the United Nations System Chief Executives Board for Coordination [CEB] to consider further measures to promote system-wide policy coherence in the area of decent work and sustained inclusive and equitable economic growth.”<sup>4</sup> In its follow-up to the Oslo Conference the ILO has continued to work with constituents and the International Monetary Fund to facilitate social dialogue in Bulgaria, the Dominican Republic, Romania and Zambia.

## The aim of policy coherence

6. For the ILO, the aim of policy coherence is to develop and strengthen mutually reinforcing economic and social policies that advance social justice through decent work, both within countries and globally. Globalization has tended to neglect the social dimension. Policy coherence is one means to strengthen the social dimension by ensuring that policies for economic growth also promote growth in productive employment, expand social protection and enhance social cohesion. Mechanisms for social dialogue and wage determination, based on fundamental principles and rights at work, are an established means to raise living standards and purchasing power for working families. Productivity growth in small enterprises is another. This is a national as well as a global agenda.
7. Achieving the goal of decent work and full, productive employment calls for the coherent application of a range of economic, social and environmental policies nationally, regionally and globally. The United Nations General Assembly outcome document of September 2010 recalled the importance of policy coherence.<sup>5</sup> The ILO-convened World Commission on the Social Dimension of Globalization stressed the importance of policy coherence across international organizations.<sup>6</sup>

<sup>4</sup> E/2011/L.21/Rev.1.

<sup>5</sup> “We call for increased efforts at all levels to enhance policy coherence for development. We affirm that achievement of the Millennium Development Goals requires mutually supportive and integrated policies across a wide range of economic, social and environmental issues for sustainable development” (UN General Assembly: *Keeping the promise: United to achieve the MDGs*, A/RES/65/1, 19 October 2010, para. 41).

<sup>6</sup> World Commission on the Social Dimension of Globalization: *A fair globalization: Creating opportunities for all* (Geneva, ILO, 2004).

## Coherent policies to counter the crisis and generate recovery

8. The crisis has illustrated that a focus of macroeconomic policy on low and stable inflation was insufficient to ensure strong and sustainable growth that addresses inequality and poverty. Consequently, a broader range of goals and instruments is required.
9. The strong call for greater convergence, synergy and coherence across policies stems from the recognition of the close interactions between policies in different fields and of the need to exploit these interactions to achieve interrelated policy goals. With the rise of globalization, rapid technological changes and closer interdependence of economies such concerns have grown at the national level but also at the regional and global levels.
10. Recognition of these policy interactions and determination to use them positively would considerably enhance the likelihood of achieving interrelated policy goals within and between countries, as well as within and between multilateral institutions supporting countries' efforts.
11. Policy domains interact with each other, as for instance with employment and economic growth; social protection expenditure, fiscal policy and labour force participation; trade policies and skills, labour market and social protection policies; inflation targets and wage bargaining mechanisms, and so forth. Taking these interactions into account in a more effective way can only strengthen the achievement of stated policy goals.
12. The policies of one country can affect the ability of another country to achieve its own policy goals, a fact recognized by the ILO long ago in the reaffirmation that "poverty anywhere constitutes a danger to prosperity everywhere".<sup>7</sup> This is particularly the case for large countries with a systemic importance in the world economy. The progress of globalization has vastly extended the policy interdependence of countries.
13. Similarly, the action of one multilateral institution has an effect on the actions of another, and their separate mandates can lead to overlapping advice and actions in countries. Enhancing synergy among the actions of multilateral institutions would strengthen their impact and benefits to countries. As the World Commission recognized, they should all apply their mandates in practice in ways that do not place their Members in contradiction with obligations which they have also undertaken in other international contexts.<sup>8</sup>
14. An important step in building a decent work policy coherence framework is to seek to broaden agreement about priorities. A good illustration is the development of the ILO's crisis response which involved considerable dialogue with other international bodies in the lead-up to the adoption of the Global Jobs Pact. As well as receiving the strong support of a number of heads of state and government at the 2009 Global Jobs Summit, the Pact was subsequently endorsed by a large and varied number of international meetings and organizations including ECOSOC and the G20 Pittsburgh Summit. The swift and broad-based support for the Pact was greatly facilitated by the similarly wide backing given earlier to the Decent Work Agenda and its role in shaping a fair globalization.
15. Another example is the promotion of internationally agreed principles concerning multinational enterprises, in particular the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The ILO and OECD are

<sup>7</sup> Declaration of Philadelphia, I(c).

<sup>8</sup> World Commission on the Social Dimension of Globalization: op.cit., para. 603.

cooperating to promote these principles which are also recognized in the OECD Guidelines for Multinational Enterprises.

16. The ILO's follow-up to the report of the World Commission on the Social Dimension of Globalization, the series of high-level policy dialogues undertaken by the Working Party on the Social Dimension of Globalization and the ILO's most recent experience in developing a strategic response to the jobs crisis offer a number of pointers to elements of a possible decent work policy coherence framework.

## **A framework for ILO action for greater policy coherence in the multilateral system**

17. The promotion of full, productive employment and decent work can be guided by four gradual steps of policy coherence:
- (i) *Mutual values compatibility*: there is congruence between the founding principles and aims of the main international organizations, and they share many of the same objectives to bring about a values-based globalization.<sup>9</sup> The policies and standards promoted by each multilateral institution should therefore not harm the policies and standards of other institutions. Example: the Decent Work Agenda recognizes the importance of macroeconomic balances for growth.
  - (ii) *Mutual recognition*: each multilateral institution, within its mandate, could recognize the value of the policies and standards of other institutions as a useful complement to its own policies and standards in moving towards the shared aim of a fair globalization. As the World Commission recalled, international law requires international organizations to interpret their mandates, as far as possible, in harmony with the mandates of others, and in line with the ultimate goals they have in common. Example: the ILO recognizes the importance of open economies and of international trade.
  - (iii) *Active promotion*: each multilateral institution, within its mandate, is engaged in the promotion of policies and standards of another institution, when they are relevant to its own action. In this way, partnerships between institutions with intersecting areas of action may be leveraged to help achieve a fair globalization. Example: the ILO is actively engaged in the promotion of a just transition to a green economy.
  - (iv) *Mutual problem-solving*: multilateral institutions working together can contribute to resolving common difficulties by coordinating their own policies and standards with each other; this avoids unilateral action that could hinder progress toward their shared objectives. Example: the ILO Declaration on Social Justice for a Fair Globalization states "that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes".<sup>10</sup>

<sup>9</sup> *ibid.*

<sup>10</sup> ILO Declaration on Social Justice for a Fair Globalization, 2008, Part I(A)(iv).

**18.** The ILO has five main channels for the promotion of enhanced policy coherence in the multilateral system:

- (a) collaboration between the Office and the secretariats/convenors of other international bodies and processes in the presentation of information and proposals for debate, decision and follow-up activities. This could be bilateral, as for example on joint research on trade and employment with the World Trade Organization (WTO) Secretariat, or multilateral, through for example the CEB and the HLCP on the Global Jobs Pact and a social protection floor. ILO support to the G20 is a recent important step forward in such engagement;
- (b) steps toward effective partnerships within the multilateral system, from the opportunities provided by reciprocal invitations to attend relevant meetings of partner international organizations to, where appropriate, extending this practice to institutional mechanisms for policy and programmatic convergence;
- (c) country-level coordination of support through Office participation in UN Country Teams with a view to integrating Decent Work Country Programmes in UN Development Assistance Frameworks;
- (d) efforts by Members to take action on the commitment made in the ILO Declaration on Social Justice for a Fair Globalization for “the taking of appropriate steps for an adequate coordination between positions taken on behalf of the member State concerned in relevant international forums and any steps they may take under the present Declaration”;<sup>11</sup> and
- (e) assistance, upon request, to Members who wish to promote strategic objectives jointly within the framework of bilateral or multilateral agreements, as may be compatible with ILO objectives.<sup>12</sup>

**19.** Using these channels for dialogue and partnership, the ILO could:

- (a) deepen the analysis of the ways in which the strategic pillars of the Decent Work Agenda interact with macroeconomic, financial, trade and environmental policies as a basis for dialogue with relevant international partner organizations and processes. Amongst the topics of current priority are elaboration and promotion of a social protection floor and examining the contribution that legal frameworks, based on international labour standards, for employment and social protection policies, collective bargaining and tripartite social dialogue can make to inclusive, strong, sustainable and balanced growth;
- (b) continue the practice of the Governing Body’s Working Party on the Social Dimension of Globalization in inviting high-level contributions from relevant international partner organizations to its debates; and
- (c) initiate dialogue with selected international partners on ways to enhance policy coherence based on the approach outlined in paragraph 17, for example, by developing the follow-up activities to the ILO/IMF Oslo Conference and investigating the scope for establishing reciprocal observer status with the WTO for relevant meetings.

<sup>11</sup> ILO Declaration on Social Justice, op. cit., Part II(B)(iv).

<sup>12</sup> ILO Declaration on Social Justice, op. cit., Part II(A)(iv).

*20. The Governing Body may wish to request the Director-General to take appropriate action, taking account of the guidance provided on the lines of action suggested in paragraphs 18 and 19, and to report periodically on significant developments at future meetings.*

Geneva, 29 September 2011

*Point for decision:* Paragraph 20