



FIFTEENTH 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) met on 5 and 6 November 2007. Mr Amir Shahmir, representative of the Government of the Islamic Republic of Iran, was appointed Chairperson upon nomination by the representative of the Government of India, speaking on behalf of the Asia-Pacific group of governments (ASPAG). The Employer and Worker Vice-Chairpersons were Ms Goldberg and Mr Patel, respectively.
2. The Chairperson explained the change in the order of the agenda items agreed earlier by the Officers, which was due to the overlap of two Governing Body committees.

## A. Overview of the Global Employment Agenda implementation (Second item on the agenda)

3. A representative of the Director-General, Mr Salazar-Xirinachs (Executive Director, Employment Sector) presented the overview of the Global Employment Agenda (GEA) implementation.<sup>1</sup> He underlined his continued interest in developing a strong, interactive and transparent relationship with the ESP Committee; his overview would be given in the same spirit. The overview gave an indication of where progress had been made and what gaps remained and needed to be overcome.
4. The overview had two objectives. First, to identify analytical and operational gaps in the implementation of the GEA and second, to provide directions and identify priorities for the future work of the Office on the GEA as the employment pillar of the Decent Work Agenda. The document was important for several reasons: (1) it took stock of where we were and where we should go; (2) it did this at a critical time as there were important changes in the coordination with the UN and other agencies in the context of “Delivering as One”; (3) there was an unprecedented level of political commitment by UN agencies to mainstream employment and decent work based on the *Toolkit for mainstreaming employment and decent work* recently adopted by the UN Chief Executives Board for Coordination (CEB); and (4) there was an ongoing discussion within the Office on how to make the Decent Work Agenda more effective.
5. The strengths of the GEA included its comprehensive approach to employment policies, including the demand side and the supply side, the macro and micro aspects, the qualitative and quantitative dimensions of employment, and the fact that it was the result of tripartite negotiations. However, there were also certain weaknesses. First, there was no clear implementation strategy. Second, it did not list priorities, particularly for countries at different levels of development, and finally, although it contained many important policy messages, these were too general to serve as a practical guide for policy. For these reasons, during 2004 and 2005 the ESP Committee discussed each one of the ten core elements to refine the policy approaches and messages, and the Office began using the GEA in country-level work. But a permanent and valid concern of the Committee had been the value added of the GEA at the country level and how to go about achieving concrete and measurable results.
6. Mr Salazar-Xirinachs explained how the “Vision” document presented in March 2006, tried to address these and related questions.<sup>2</sup> It presented a number of strategic orientations to make the GEA more operational and useful for country-level work, and to

<sup>1</sup> GB.300/ESP/2.

<sup>2</sup> GB.295/ESP/1/1.

make the work of the Office more effective in terms of policy advice, utilization of tools, research and capacity building.

7. He next gave an assessment of the influence of the GEA at the global and regional levels. He noted that many international development agencies and governments recognized that productive employment and decent work was the missing link between growth and poverty reduction, that more international organizations and governments were looking into the employment content of growth, and that many now recognized that sustainable poverty reduction required not just social policy transfers and investments but good labour market performance. This rethinking was due also to the success of the promotion of the Decent Work Agenda.
8. He explained that although these changes in development perspective could not be attributed to the GEA, there were some instances where the GEA had contributed in very specific ways. For example, for the ECOSOC Ministerial Declaration, the GEA policy framework was presented in the preparatory meeting, the Office prepared a number of background papers, and comments were made to the Declaration based on the GEA framework. Also, one of the implementation mechanisms explicitly envisaged in the GEA were alliances and partnerships, and the Office had been proactive in this regard. Third, policy coordination at the global level had improved, as demonstrated in the adoption of the Toolkit. Fourth, even though employment was not an explicit objective in the original formulation of the Millennium Development Goals (MDGs), there was an agreement to include four employment indicators in the MDGs. Finally, the Office's regular publications on global employment and labour market trends reflected consistency with the GEA, thus advancing its objectives.
9. For this reason, the paper concluded that important progress had been made. The GEA had benefited from the success of the Decent Work Agenda, but it also contributed to it. It provided an analytical framework, including principles, core elements, key policy areas and policy guidance agreed in a tripartite way on how to promote the employment dimension of the Decent Work Agenda.
10. Nevertheless, the GEA needed to be more systematically used by ILO constituents in global and regional partnerships and policy frameworks. The paper suggested that these gaps be closed via promotion, integration of the GEA in training activities, continued implementation of the Toolkit as a way of advancing the objectives and global impact of the GEA; by further developing and strengthening work programmes with employers and workers' organizations and finally, by developing employment policy guidelines based on the GEA for countries at different levels of development.
11. Mr Salazar-Xirinachs next addressed the issue of knowledge and knowledge gaps. Following the presentation of the "Vision" document, an effort had been initiated in the Employment Sector to review research priorities in the area of employment. First, a detailed mapping of the research was undertaken which was complemented by internal review and discussion. Also, a sector-wide research committee was established. The resulting "Employment Sector Research Mapping" was finalized in May 2007 and distributed to all field offices to inform them about the research agenda in headquarters in the context of the GEA and to invite further research-related coordination and collaboration between headquarters and the field. It was also discussed with the employment specialists of the Americas and would be discussed with the employment specialists in the Asia and Pacific region in early 2008.
12. The main conclusions that emerged from this exercise included an acknowledgement that the Office was not able to deliver equally across all core elements. Resource constraints required priority setting. Areas where the Office was seeking to strengthen research and

establish itself as a centre of excellence were: labour market policies and institutions (CE7); entrepreneurship and enterprise development (CE5); employability by improving knowledge and skills (CE6); economic growth, employment generation and poverty reduction, including the informal economy (CE10); social protection (CE8); and youth employment. However, the Office's efforts were constrained by a lack of resources as well as other weaknesses including weak peer review, insufficient links with academic and university circles, poor dissemination, and the need for more coordination and discussion on research activities between employment specialists in headquarters and in the field.

13. Mr Salazar-Xirinachs next addressed implementation at the national level. He reminded the Committee that implementation of the GEA also depended on the countries themselves, and more particularly, on the will of national governments to take on the challenge. The Office would continue to offer technical assistance to national constituents on the drafting of national employment plans.
14. He also reminded the Committee of the five main strategic orientations proposed in the "Vision" document to make the GEA more operational. After 18 months, important progress had been made, but much remained to be done. He pointed out the linkage to the Office-wide processes to better deliver on Decent Work Country Programmes (DWCPs), involving strategies on knowledge sharing, human resources, research, information technology and evaluation.
15. The first strategic orientation was supporting constituents to place employment issues at the centre of economic and social policies. This strategy maximized the visibility of employment issues, allowed for greater policy impact and provided focus for donor coordination in the context of "Delivering as One". The challenge, however, were the diverse realities that existed on the ground and the difficulties in having a comprehensive employment policy either because of a lack of will on the part of the governments or because entry points were limited. Coordination between ministries for implementation was another major challenge, as was the capacity of social partners to engage meaningfully. Referring to the ten countries listed in the annex of the Office paper where national employment policies had been formulated with the technical support of the Office, using the GEA in an integrated way, he underlined that in all cases several core elements had been incorporated as priority areas and those elements were an integral part of the DWCP.
16. He explained that progress was due to the new directions and managerial improvements the Office had put in place, including the Quality Assurance Framework for DWCPs, results-based management and a knowledge-sharing strategy. In addition, in the Employment Sector, a number of managerial improvements were put in place.
17. Yet the following three main implementation gaps remained: (1) addressing the diversity of national situations and making interventions more integrated and coordinated; (2) better coordination of policy and implementation between ministries of labour, planning, finance, industry, agriculture and trade as well as with the proactive participation of social partners; and (3) capacity constraints in the Office itself.
18. As regards the strategic orientation related to core competencies, there were four areas where it would be desirable to strengthen the capacity of the Office: (1) national employment policy; (2) the economics of labour markets; (3) employment services; and (4) skills, technology and employability. He noted that even within present resource constraints, increased effectiveness in core competency areas could be achieved via improvements in coordination, teamwork, knowledge management, networking, alliances and partnerships. However, a minimum critical mass was necessary in certain areas of expertise.

19. As the next key step to maximizing the impact of the GEA, Mr Salazar-Xirinachs emphasized the need to develop policy guidelines for countries at different levels of development. While employment policy guidelines existed for the Organisation for Economic Co-operation and Development (OECD) and the European Union (EU) Member States, there was no set of integrated employment policy guidelines for low- and middle-income countries. Having such guidelines would constitute an important next step to making the GEA, as the employment pillar of DWCPs, more effective. The guidelines could also be useful in providing better focus for policy formulation, as well as for more rigorous impact assessments and reviews of employment strategies. He asked the Committee for its support of the Office's efforts to continue developing guidelines that could be brought to the Committee for its consideration in November 2008.
20. Mr Salazar-Xirinachs concluded by presenting the scorecard given in the paper. This scorecard addressed three dimensions: implementation gaps at the national level; at the global and regional levels; and the knowledge gaps. For each one of these the table presented the main progress and achievements, the implementation gaps and the proposed actions to address these gaps, such as developing guidelines for employment policy for countries at different levels of development. He then invited the Committee to: (1) discuss this general overview of analytical and implementation gaps in the work by the Office and constituents on the GEA; (2) support the development of employment policy guidelines as suggested; and (3) consider ways of encouraging tripartite constituents to provide more active support in advocating and in engaging in the use of the GEA framework and in policy coordination at the national level.
21. The Chairperson thanked Mr Salazar-Xirinachs for his excellent presentation and the Office for all the work that made the outstanding success of the GEA possible. He emphasized the important role of social partners and social dialogue in this success.
22. The Employer Vice-Chairperson considered the GEA a useful living organizing concept. She also saw the GEA as helping the Office in its work, providing a useful tool for countries and a contribution to the PRSP and "One UN" reform. It would be important to know concretely what activities had taken place on the ground and what had been their impact. Measuring the impact of the GEA had to become a primary objective of the Office in order to be able to test, refine and adjust the ILO's policy messages.
23. She welcomed the paper's focus on the need to develop practical tools for constituents and stressed that this should engage constituents to ensure demand-driven development. Skills, technology and employability, enterprise development, and labour market institutions and policies were the main research priorities for the Employers and felt that these also reflected major areas of consensus in the GEA. She expressed concern that the sector had tried to do too much in too many places given resource constraints. According to her, the ILO should emerge as a brand leader and authority in a couple of key fields. Given that the ILO, as specifically stated in the GEA, should not take the lead in all aspects of collaboration, partnership and alliances between organizations was critical. She pointed out that the 2007 International Labour Conference (ILC) resolution on the promotion of sustainable enterprises provided a useful framework that reinforced the GEA. She wondered what follow-up had been taken to the ILC discussion.
24. Research should focus on areas where the Office had its competencies and where priorities had been identified. These areas should be: core element 5 (Promoting decent employment through entrepreneurship; core element 6 (employability by improving knowledge and skills), especially regarding labour market analysis with respect to skills; and core element 7 (active labour market policies for employment, security in change, equity and poverty reduction), including research on flexicurity for developing countries. In the area of social protection, priority areas should be: core element 8 (social protection as a productive

factor); core element 9 (occupational safety and health: synergies between security and productivity); and core element 10 (productive employment for poverty reduction and development), particularly focusing on the informal economy. In this regard, she reiterated the need to disaggregate the issue and debate the specific aspects of the informal economy.

25. The Employers' group was interested and open to the idea of employment policy guidelines for countries at different levels of development. However, the Employers would like to learn more. The Office should provide a paper or update for the March 2008 session that would address the following questions: How would the guidelines be used? What partnerships would be envisaged (e.g. with the OECD, the World Bank with their expertise on the demand side)? What modalities were foreseen to "test" the guidelines? What about resources? What had been done so far? What would be the linkage to DWCPs?
26. The Worker Vice-Chairperson thanked the Office for the detailed paper and presentation, which provided a useful basis for reflection on the impact of the GEA and future work on the Office, as well as for the Committee in carrying out its governance functions. He welcomed the frankness of the paper regarding gaps in development policy and implementation. He also congratulated the Office for the success of the campaign to make decent work an explicit commitment and cross-cutting objective of all multilateral agencies. He noted, however, that the GEA's value added to global and national policies had been more modest than envisaged when the Agenda was first adopted. In particular, GEA implementation had not lived up to its expectation to develop a significant global component to policy responses. Indeed, when measured in reference to outcomes as opposed to process, its contribution had been quite modest. This was due to limited capacity in the Office, a selective rather than comprehensive approach to the various core elements, a tendency to reclassify existing work and national policy outcomes as products of the GEA when links were tenuous, a lack of knowledge about the GEA among national constituents and a weakness in implementing the core labour standards as a critical component.
27. A selective implementation of the GEA core elements was counter to the recognized need to create synergies between the different complementary elements of the GEA. In particular, he was concerned that relatively less work had been carried out regarding core elements 1, 2, 3 and 4 which address the economic environment. He argued that through administrative decision, the GEA had been redefined and rewritten without consideration by the constituents. He noted, however, that national demand for assistance in core elements 1, 2, 3 and 4 was strong. Indeed, nine of the ten countries where the framework had been used, defined core element 4 on macroeconomic policy for growth and employment as a priority area. Half of the countries identified core element 1 on trade, investment and employment as a priority. He also emphasized the importance of the core labour standards on freedom of association and collective bargaining in achieving the goals of the GEA.
28. The Office should have a balanced capacity in each of the ten core elements and should be able to offer the full package of assistance to all member States and constituents. It should also give greater attention to the economic environment. He noted the absence of core element 4 on macroeconomic policy and employment from the future research agenda. He also felt that the Office needed to address the recognized gaps regarding the promotion of workers' rights and its impact on employment and poverty reduction as well as social dialogue.
29. He suggested that core competencies be built in a wider range of areas including collective bargaining, wage policies, inspection systems as well as issues relating to the economic environment and employment.

- 30.** He believed there was scope for a major publicity and marketing exercise to put the GEA forward as a framework that brought together standards, employment and economic and social policy towards the goal of full employment and decent work for all. His group supported efforts to improve the evaluation of the impact of the GEA.
- 31.** There was value in the proposal to develop employment policy guidelines. Such guidelines should embrace all the core elements of the GEA and the Office's work in this effort should not come at the expense of addressing the gaps identified in the paper. Moreover, employment policy guidelines should not replace the application of standards.
- 32.** Finally, he noted the timeliness of the paper as it could allow the GEA and the operational elements of the "Vision" paper to be refocused, taking into account the views of the Committee. The GEA should be enriched by the outcomes of the ILC, including in respect of the Recommendation on the employment relationship and the conclusions on the informal economy, sustainable enterprises and youth employment.
- 33.** The representative of the Government of France, speaking on behalf of the members of the EU that are members of the Committee, noted that this was the first time that the EU was taking the floor at this Committee. He thanked the Office for the paper and stressed its timeliness. EU institutions and EU Member States had an increasing role in development policy. This provided an opportunity to reinforce partnerships and intensify cooperation between the EU and the ILO in promoting employment and decent work. The EU supported the proposal to develop integrated employment policy guidelines for low- and middle-income countries and welcomed ILO coordination with the EU and the OECD in developing these guidelines. It was important to ensure better coordination among the GEA, the Decent Work Agenda and poverty reduction strategies to ensure synergy and policy coherence with a view to strengthening ILO capacity.
- 34.** The representative of the Government of Mexico stated that the GEA was an important pillar of the Decent Work Agenda and that productive employment could be a component of DWCPs. He inquired about the Toolkit mentioned in the Office paper. He agreed with the conclusions contained in paragraph 30(a) and (e) of the paper that certain elements of the GEA needed to be prioritized and research strengthened and supported further work on core elements 1, 2, 3, 6, 7, 9 and 10.
- 35.** The representative of the Government of the United States thanked the Office, particularly for the scorecard which she found helpful. For the implementation of the GEA to be successful, it needed to take into account the diversity of national situations. She found the idea of developing employment policy guidelines an interesting one and invited the Office to provide more information in March 2008. She appreciated that the Office was prioritizing areas of work in the GEA, but felt that the list was currently too long as seven of the ten core elements were represented. Finally, she noted that, although the Office recognized weaknesses, no proposal had been made on how these weaknesses could be addressed.
- 36.** The representative of the Government of India stressed that national priorities had to be focused on the GEA. He pointed out the need for development strategies to focus on employment growth, productivity growth and direct market interventions to combat poverty. In this regard, it would be specifically important to focus on the informal economy. For countries with high shares of the workforce in agriculture and the informal economy, realizing the Decent Work Agenda was much more difficult. A more inclusive growth process was needed to further reduce poverty and the importance of creating decent work in rural areas. Referring to the rural employment guarantee programme, he outlined various steps taken in his own country. He appreciated the ILO's efforts to recognize portability of skills in a global economy and hoped that effective training methods could be

developed to enhance portable skills. Finally, he supported the development of employment policy guidelines, but urged that they should leave enough room for autonomy and should not be too prescriptive.

37. The representative of the Government of China pointed out that the GEA and DWCPs were complementary. Priority research areas should be the linkage between poverty reduction and labour market policies, and changing employment trends to be able to assess policies and progress made. She gave examples of the impact of the GEA on Chinese policies (China Employment Forum; employment promotion law) and asked the Office to strengthen technical cooperation to further implement the GEA, including social and economic policies.
38. The representative of the Government of Pakistan found the paper important because it showed the work of the Office and reflected the tripartite dialogue on the GEA. He welcomed the GEA as an important contribution to improving the situation of workers worldwide. The Office needed to assess what the results of the GEA were and could be in the future. In Pakistan, unemployment rates had decreased over time and job creation had been satisfactory. However, many jobs were created in low productivity occupations in agriculture and services. In addition, the labour force participation rate of women was low. He appreciated the effort to develop guidelines in consultation with the Committee. In parallel, indicators should be developed to measure the success of policy measurements based on the GEA.
39. The representative of the Government of South Africa stated that mainstreaming employment and decent work in different countries was a challenging task and that remarkable achievements had been noted and could not have been possible without the efforts of all the relevant social partners. He welcomed the decent work Toolkit as a good policy coordination tool. In the Africa region, the GEA work contributed to measures for promoting the Decent Work Agenda in Africa, 2007–15. He also supported the idea of a set of integrated employment policy guidelines for low- and middle-income countries and stressed in this context the role of partnerships and alliances.
40. The representative of the Government of Morocco praised the quality of the paper and its multidisciplinary approach. He suggested putting more emphasis on the description of the roles of actors and institutions and macro as well as micro-level interventions. He pointed out the importance of private recruitment agencies for the implementation of the GEA. Most important in his view was to recognize the specific needs and particularities in Africa.
41. Mr Salazar-Xirinachs thanked the Committee for its constructive and positive comments. He agreed that the ILO needed to move forward regarding the quantitative assessment of the GEA and mentioned that linking policies with outcomes was one of the top priorities, even though this was a rather difficult task. He agreed to all research priorities and also to the need to further prioritize future work, despite the fact that the broad approach of the GEA as well as the Decent Work Agenda made this difficult. He added that the demands the Office often got from constituents made it difficult to set priorities.
42. Follow-up on the 2007 ILC discussion on sustainable enterprise development to date consisted of presentation and promotion of the conclusions on many occasions such as the Asian Regional Meeting; also, steps had been taken to adapt the structure of the Job Creation and Enterprise Development Department to the new framework developed at the ILC. He stressed the need to develop further tools in close cooperation with the social partners.



43. Regarding the guidelines, he appreciated the positive feedback from the Committee. Work on a first draft would soon start. He assured the Committee that it would be involved in this process and mentioned as one challenge the classification of low- and middle-income countries. The ILO had a strong empirical basis to do this type of work and the advantages of tripartite agreement on many employment and policy messages. He was confident that resource issues would not constitute a problem. There was indeed a need to profit from the experience of other organizations. The guidelines would help in linking policies with outcomes and would be linked to DWCPs. He suggested giving some information on progress made in March 2008 and a first draft of the outline in November 2008.
44. Regarding Ms Goldberg's question on what the social partners could do to further promote the GEA, Mr Salazar-Xirinachs replied that more work with the Turin Centre was needed to train social partners and others on the GEA. Political commitment at the national level was needed and could be re-enforced by the social partners.
45. Addressing the concerns of the Worker Vice-Chairperson, he explained that there were different ways of assessing the balance given to the different core elements of the GEA. The criteria that had been used for assessing implementation had been publications. There were more publications in some areas than others, but all core elements were represented. More resources should be devoted to skills because the ILO needed to be a centre of excellence in that area, but that did not imply that macroeconomics was not considered to be important. The Office was not attempting to redefine its work without the Committee's approval; however, some flexibility was desirable. He agreed that there were gaps regarding social dialogue and welcomed the suggestion for publicizing and marketing the GEA.
46. Mr Salazar-Xirinachs thanked the Government representatives for their interventions and for their support on the development of policy guidelines. Producing this paper had been a good exercise as it forced the Office to focus its efforts. He also acknowledged the good collaboration with the Social Protection Sector.
47. A representative of the Director-General (Mr Diop, Executive Director, Social Protection Sector) then addressed the Committee. He acknowledged the joint effort that had been made by the Employment Sector and the Social Protection Sector in its work and how this reflected the interconnectedness of employment and social protection issues. He mentioned that eight out of ten core elements of the GEA concerned social protection.
48. The Worker Vice-Chairperson expressed his opinion that the overview report was a helpful addition to the governance tools available to the Committee and reiterated his appreciation for the frankness of the report. He stated the willingness of the Workers' group to work with the Office in better linking policy to outcomes. He accepted the Office's reassurance that the GEA's balance would not be altered and that all core elements would be promoted, inter alia, in the publications schedule, development of tools and staff skills. He reiterated his support for the development of guidelines on the basis of full consultation and further discussion on its application and reporting dimensions and suggested that the ILC conclusions were a rich resource that the Office could draw from.
49. The Employer Vice-Chairperson stated that the strength of the Committee and the GEA was that it proceeded largely on the basis of consensus. But she felt that it was necessary to point out where consensus was lacking. Although she largely agreed with the comments of the Worker Vice-Chairperson, she noted that the GEA clearly stated that consensus had not been reached on the weights that would be assigned to different areas, particularly macroeconomic policy. It would therefore be unfortunate if a debate on weights detracted and took resources away from those core elements where there was consensus.

50. The Committee took note of the Office paper and of the views expressed thereon.

## **B. Implementation of the Global Employment**

### **Agenda: An update**

(Fourth item on the agenda)

51. In opening the sitting, the Chairperson reminded delegates that with less than two years until the ILO's 90th anniversary, effective social dialogue continued to be very relevant.
52. A representative of the Director-General (Mr Amjad, Director of Policy Planning, Employment Sector) presented the Office paper.<sup>3</sup> He drew the Committee's attention to the fact that, following the Governing Body's decision in November 2006, information on the progress made in giving effect to the general guidance of the Committee had been included in the annex to the paper before the Committee, rather than in a separate paper. It would be useful for the Office to hear the Committee's views on this format. He also pointed out that the paper followed the format identified in the "Vision" document of monitoring progress in four priority areas.
53. Regarding the first area, making employment central to economic and social policy-making, he outlined the results of the most recent edition of KILM (Key Indicators of Labour Markets) launched in September 2007. On the positive side, there was sustained productivity growth in all regions of the world and a substantial decline in the numbers of working poor in the Asia and Pacific region. However, in sub-Saharan Africa, absolute numbers of working poor had increased.
54. He noted that a large part of the Toolkit for mainstreaming decent work was based on the GEA implementation checklist.
55. At the regional level, many of the concrete programmes for promoting the Decent Work Agenda in Africa, 2007–15, drew upon the GEA. The African Regional Meeting had called upon the ILO to work with regional bodies to create a regional employment forum, now called the African Regional Employment Network which would be set up with the involvement of the social partners. This network would liaise closely with the Asian Decent Work Network. Both networks showed the increased desire of constituents to use the DWCPs and the GEA to show tangible measures and practical outcomes. The Country Reviews of Employment Policy (CREPs) under the Bucharest process could provide important lessons for the guidelines proposed in the overview paper presented under the first agenda item. The paper before the Committee also outlined the ongoing close collaboration between headquarters and the field offices.
56. He briefly described the successful efforts at the national level in China, Jordan, Mongolia and the United Republic of Tanzania to make employment central to economic and social policy. Concrete results were envisaged or had been reached: in the United Republic of Tanzania, the President had committed to creating 1 million jobs by 2010; in China 1.2 million jobs had been created through the "Start and Improve Your Business" methodology. In Mongolia, youth employment and upgrading the informal economy had become priority areas in employment policy. Demand for assistance in the area of skills development policies was also increasing.

<sup>3</sup> GB.300/ESP/4.

57. On the informal economy, he referred to ongoing and planned action such as the interregional symposium, the updating of statistics, the assessment and integration of ILO tools and the documentation of good practices.
58. On youth employment, he referred to the ILO's role in the recent conference on young people in East Europe and Central Asia, to the efforts to support the development of proposals for the Spanish Millennium Development Goal Achievement Fund (MDG-F), and to the interactive Web-based platform.
59. In respect of the Meeting on the special needs of Africa, he cited the recent workshop on the role of apprenticeship systems in skills upgrading, in particular in the informal economy.
60. He concluded that while major challenges remained, the reporting on the GEA had progressed. He suggested that the reporting should aim at giving a fuller picture on implementation rather than snippets from particular countries and sought guidance on how this might be achieved.
61. The Worker Vice-Chairperson considered the KILM an interesting tool and requested that the ILO strengthen its efforts to produce up to date and user-friendly statistical information.
62. According to the KILM, productivity levels had increased in almost all regions, yet 1.5 billion people were globally underemployed; this was socially and economically damaging. He was heartened by reported progress in Asia but drew attention to the increase of 24 million African working poor and the report that half of all working people were vulnerable to poverty. One lesson to be drawn was that higher productivity growth did not necessarily mean higher employment or wage growth unless particular policies were adopted.
63. He suggested that the KILM could look at income inequalities, and that the Bureau of Statistics brings together all the various sources of statistical information into a single database. The Workers also supported the Tripartite Meeting of Experts on Decent Work Indicators proposed to the PFAC as well as statistical work in preparation of the Conference of Labour Statisticians in December 2008.
64. The Toolkit was a potentially useful step in mainstreaming decent work, but its impact needed to be measured. Also, the Toolkit did not properly consolidate the checklist of tools identified in the "Vision" paper. He inquired whether there was a mechanism to monitor whether other UN agencies used the Toolkit.
65. He welcomed the call for an African Regional Employment Network and emphasized the importance of it having strong technical backup. However, the limited work programme in Africa was of concern: paragraphs 35–38 of the paper only referred to three meetings. He wondered whether there had been progress since November 2006 in respect of follow-up to the Ouagadougou Summit outcomes; the Workers' call for the setting up of a regional employment team incorporating industrial, macroeconomic, trade and labour market expertise; and the building of trade union capacity on the Summit outcomes.
66. Regarding national initiatives, there was insufficient or no reference in paragraphs 13 and 25 to the quality of employment including in respect of the United Republic of Tanzania or Jordan. The text on China and Mongolia did not contain any reference to how labour standards were promoted in the work of the Office, nor were any concerns recorded regarding violation of freedom of association and lack of collective bargaining. He queried

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the statement in paragraph 27, which put the introduction of the GEA at an employment conference in Mongolia before the actual adoption of the GEA by the ILO.

67. Turning to the informal economy, he emphasized that while the meetings, tools and data outlined in the report were useful, the Workers looked forward to concrete initiatives on how to organize workers in the informal economy and the conclusions from the forthcoming symposium. He welcomed the planned intra-office consultation on the joint outcome, which should fully involve the Bureaux for Employers' and Workers' Activities. He hoped that future progress reports to the Committee would be of the same high quality as the one presented at the previous Committee session.
68. Referring to the appendix, he expressed concern about the limited staff resources available for labour inspection. He noted with interest the planned quantitative modelling tool to assess the cost of a minimum social security package and welcomed the work foreseen in the areas of wages and the portability of skills.
69. The Employer Vice-Chairperson felt the modalities for this agenda item and paper needed to be further refined. She noted that there was a wealth of information, but little in the way of lessons learned, impacts and connections to previous reports. She commended the box on China, which presented measurable results. She reiterated that the report should focus on impacts, good practices and lessons learned which could enhance the Committee's governance function. She agreed with the Worker Vice-Chairperson that the material on labour market indicators could be presented in a more user-friendly manner. She also reinforced his observation on productivity improvements. She noted particularly the sub-optimal use of human potential that resulted from gender discrimination in the labour market. She wondered how the productivity figures were arrived at: What were the factors that led to productivity growth? In many cases productivity may be linked to capital intensity rather than labour intensity; it would be useful to disaggregate this. She also pointed out that the decent work Toolkit had never been discussed in the Committee and inquired how this work would be taken forward and the impact evaluated. With regard to the informal economy, she noted that diversity of activities and the concomitant difficulty of discussing the informal economy in a single policy space. While noting the importance of an integrated approach, she made a plea for disaggregation of information and discussion regarding the informal economy. The Office's work on youth employment should be clearly linked to the plan of action developed at the 2005 ILC. She requested more information about the Youth Employment Network (YEN), in particular its governance structure. Finally, she proposed that a web site be set up with a calendar of events, activities and documentation related to the GEA. This would allow the Committee to focus on issues of particular interest, thus improving its governance function.
70. The representative of the Government of France, speaking on behalf of the group of 38 industrialized market economy countries (IMEC), emphasized the importance of the GEA for the Decent Work Agenda. He reiterated that employment was the key to tackle poverty and social exclusion. The KILM and the decent work Toolkit were key components of developing successful employment policies and could help the development of benchmarks and facilitate review. He requested more information on the Toolkit and its impact in the multilateral system.
71. The representative of the Government of France, speaking on behalf of the Members of the EU that are members of the Committee, confirmed the willingness of the EU to contribute to the progress of the GEA. The paper referred to a number of EU initiatives. He also noted that the four pillars of decent work were reflected in the EU Lisbon strategy, and that the four priority areas reported on in the Office paper were also referred to in the EU Council conclusions on decent work of December 2006. Finally, he reaffirmed the increasing

involvement of EU institutions and Member States in activities related to the implementation of the GEA and decent work.

72. The representative of the Government of the Republic of Korea endorsed the comments made on behalf of IMEC. She emphasized the challenges posed by jobless growth in her country and provided information on her country's response. A comprehensive jobs strategy in line with the Decent Work Agenda had been developed with three pillars: reinforcing growth, flexicurity and demand-driven HRD. Other components included expanding employment insurance coverage, innovations in vocational training, affirmative action, social dialogue and reform of labour laws. Employment growth was being targeted in services and in small and medium-sized enterprises (SMEs). She hoped that the Republic of Korea's experiences would be useful to other countries facing similar challenges. She ended by noting the ILO's important role in collecting and disseminating good practices.
73. The representative of the Government of Cuba bemoaned the fact that despite economic growth, unemployment was still rising. He suggested that economic growth was not enough and that education of workers was also necessary. Cuba had near full employment. This was because the issue was considered as part of economic and social policy in which all people could participate. The policy was based around five principles: full employment; free choice in employment; employment as a basis for social security; useful employment; and sufficient remuneration. His Government placed emphasis on training and retraining. There was no discrimination; 45.6 per cent of public sector employees were women; there was a special focus on youth to ensure that they could work or continue their studies. Further efforts were undertaken to improve productivity and to strengthen work safety. Finally, he welcomed the importance that the Office gave to the implementation of the GEA.
74. The representative of the Government of Mexico supported the demands of the Worker and Employer Vice-Chairpersons to elaborate on paragraph 10. He asked for clarification on the countries that had had benefited from the GEA initiative mentioned in paragraph 14 and wondered whether there was scope to expand this. He suggested that it would be useful to expand upon the 2007 seminar in Lima so as to strengthen the Office's work with other governments.
75. Mr Al-Ma'ayta (Worker member) described the situation in his country, Jordan, where despite intervention by the King and the promulgation of a new labour law, 30 per cent of workers, namely agricultural and domestic workers, were still not covered. Moreover, 70 per cent of salaries remained below the poverty line threshold.
76. Mr Amjad thanked the Committee for the very useful contributions. He acknowledged the Worker Vice-Chairperson's point on strengthening data collection and synergies in the development of labour market indicators. The Toolkit was being used by other UN agencies at country level, for example in Egypt. He also indicated that the workplan on Africa emphasized knowledge development and operational effectiveness. In response to the comments about improving reporting on the GEA, he noted that reporting had evolved in light of the four priority areas identified by the "Vision" document. With regard to the question of productivity growth, he explained that the mirror image of productivity growth was employment elasticity. It was important to find where there were disconnects between the two and where balances could be found between sectors that generated employment growth and those that generated productivity growth. He thanked the Employer Vice-Chairperson for her useful suggestion of a web site, which the Office would look into. The interesting experience from the Government of Korea showed how it was possible to respond to changing labour market situations and attempt to harmonize growth processes. The example from the Government of Cuba showed how countries could learn from each

other. With regard to paragraph 14 of the paper, he did not have the names of the countries which were covered but would ensure they would be communicated to the representative of the Government of Mexico. In response to the query on paragraph 17, he noted the importance of strengthening the capacity of specialists in the field.

77. Mr Salazar-Xirinachs responded to the Employer Vice-Chairperson's request that the report look at impact and not simply catalogue events by promising to look into this issue. Regarding the Toolkit, he informed delegates that a detailed presentation would be given to the Governing Body at this session under the item on UN reform. He noted that not only UN institutions but also governments had expressed an interest in using the Toolkit.
78. In response to the question raised by the Worker Vice-Chairperson on progress in the GEA in meeting the special needs of Africa, he said that an Office meeting in September 2007 with field and headquarters specialists had reported a number of specific activities not outlined in the document, and that they were being monitored by means of the "Dakar Matrix" (developed in Senegal in June 2006). He reported that UN ECA, the AfDB and the ILO were working together to develop a network of employment specialists to create communities of practice that could move forward in unison by using the 15 issues in the Toolkit.
79. With reference to the issue of the treatment of labour standards, he said that in China the Office had delivered a training programme on collective bargaining with trade unions and had advised on the Labour Contract Law and the Employment Promotion Law; that in Jordan the application of labour standards had been part of a forum on labour standards, and that in Mongolia the National Policy Framework referred specifically to labour standards.
80. In relation to youth employment he asserted that the ILO's priority had been to strengthen its own work on youth employment and informed delegates that the Office was hoping to receive a good share from the Spanish MDG fund for activities in youth, employment and migration.
81. In respect of the YEN he explained that, while advocacy and outreach had been the chief focus of the first phase, knowledge sharing, coordination of activities, outreach to youth networks and fund raising would be the main focuses of the next phase. The YEN was in a period of transition as there was no longer a high-level panel; also that the coordinator post was currently vacant. He thanked the Government of Sweden for its continued support and informed delegates that a mid-term evaluation of the YEN would take place in 2008.
82. A representative of the Director-General (Mr Diop, Executive Director, Social Protection Sector) responded to three issues. He shared the concern of the Worker Vice-Chairperson on labour inspection and explained that a recruitment process was currently under way. A team of international experts and national consultants was being established to meet the needs of constituents.
83. With regard to collective bargaining, he highlighted that a global wage trends report would be produced by the Social Protection Sector before the end of 2008. Wage bargaining had been chosen as one of the themes which that report would examine in depth; it would also include a thorough analysis of the role of institutions that fix wages, including the minimum wage. In this connection, the Social Protection Sector had just received financing from the European Commission to undertake an applied research study on the minimum wage in 30 European countries. The aim was to identify the economic and social impact of the minimum wage, including on employment and poverty, and formulate recommendations in this regard. The sector was also currently putting in place high-level

expert groups on wages in Latin America, Asia and Africa in order to cover these important themes.

84. He noted that the intervention of the Workers' delegate from Jordan was significant in that it showed the necessity of putting in place a policy on wages that took account of economic growth with a view to safeguarding purchasing power.
85. On the issue of occupational safety and health (OSH) and the need for preventive policies, safety and health in the workplace was an essential component of decent employment and decent work. It was an element in productivity and its impact on social security was well known. Considering legislative deficiencies, it was regrettable that work accidents and occupational diseases continued on a large scale in some sectors, most notably in SMEs and in the informal economy. He called for the strengthening of prevention and for increased investment in OSH to protect workforce expertise and reduce social security costs. He recalled the Organization's international reputation in this field.
86. He also emphasized the lack of social protection in the informal economy in general and explained that this was why the InFocus Initiative on the informal economy was jointly managed by the Employment and Social Protection Sectors. The Tripartite Symposium on the Informal Economy to be held on 27–29 November 2007 would be a good opportunity to highlight good practices and advance knowledge on the informal economy.
87. The Employer Vice-Chairperson expressed her concern about time management of the ESP Committee and noted that only two agenda items had so far been covered.
88. The Worker Vice-Chairperson agreed with the Employer Vice-Chairperson's comments on disaggregating information on the informal economy and on how to enhance the governance function of the Committee. He noted that, while a web site would be a good idea, this would not overcome the governance challenges of the Committee. With regard to the productivity issue he emphasized that it was not only a matter of making workers more productive but how to fully utilize available human resources and bring excluded groups into the mainstream of the economy. He noted the information that a lot more was being done in Africa than was presented in the paper, but reiterated that this needed to be reported on. However, from comments from constituents, not enough was being done in giving effect to the Ouagadougou Summit outcome. He hoped that the Toolkit would be mainstreamed by ILO partners but that it must also be accompanied by strengthened ILO capacity on economic policy issues. Referring to the passage from the GEA document highlighted by the Employer Vice-Chairperson on initiating partnerships to put employment at the heart of economic and social policies, he also quoted the subsequent sentence on the importance of the ILO's role in examining the employment effects on trade and finance policies. He emphasized the need therefore to build ILO capacity in this regard in order to forge appropriate partnerships. The example from his colleague from Jordan was important in order to avoid a too positive picture of the impact of the GEA. Finally, information on the promotion of international labour standards into the work being conducted in the field, for example in Mongolia and China, should be presented in written reports.
89. The Committee took note of the Office paper and the views expressed thereon.

## **C. Collective bargaining and the Decent Work Agenda**

(First item on the agenda)

90. A representative of the Director-General (Ms Walgrave, Officer-in-Charge, Social Dialogue Sector), introduced the Office paper.<sup>4</sup> She drew attention to a minor adjustment to the text of footnote 13 of the paper. The paper reflected a strong collaborative effort across all sectors and the Policy Integration Department, which was appropriate for a subject requiring an integrated approach to advancing the Decent Work Agenda. Collective bargaining was a fundamental human right and a core ILO value linked to freedom of association and to democracy and sound labour market governance. While continuing ratification of the relevant ILO Conventions was necessary, the real challenges lay in their effective implementation. In this regard, the state had a key role in establishing an enabling, particularly legislative, framework to promote social dialogue and to encourage the social partners to take responsibility for resolving their own divergences. She noted that collective bargaining was built from a foundation of free, representative and responsible workers' and employers' organizations, whose representatives had the trust and confidence to work together, the capacity to bargain effectively and to implement properly the agreements they had reached.
91. To save time, she would concentrate the remainder of her remarks on the conclusions outlined in the paper and proposals for future ILO work. Collective bargaining remained a very important issue for ILO attention. While there was substantial variation in its coverage and influence from one country and region to another, collective bargaining was being promoted by and was making a strong contribution to the Decent Work Agenda. It had demonstrated its capacity to adapt and evolve, including in the context of a rapidly changing industrial relations environment, responding to pressures arising from globalization.
92. However, a number of key conditions for promoting and implementing collective bargaining were still not being fully met in many countries. In this respect, removing impediments to organization by the social partners and strengthening their capacities to bargain and work together remained a key area requiring attention. In addition, many governments lacked the political will to promote and support collective bargaining. This often reflected lack of capacity at policy, legislative and administrative levels. It was important to respect diversity in collective bargaining: all countries had different political, economic, social, historical and cultural backgrounds. Different contexts required different approaches, provided the core requirements established by international labour standards were acknowledged and respected. Coordination of bargaining levels was recognized as a key issue in terms of achieving desirable macro and microeconomic outcomes. Again, how and at what level bargaining took place was an issue for the parties themselves to determine.
93. Finally, there were considerable deficiencies in the current knowledge base around collective bargaining at the level of national developments, comparative international studies and in relation to particular themes. This was reflected in a lack of clear, consistent and comparable indicators. There was also a need for a research agenda focused on providing a basis for resolving practical issues in the bargaining context. Against this background, the paper proposed (paragraph 73) four areas for follow-up action: improved ratification and implementation of related ILO standards; improved technical advisory services across all areas of social dialogue; extended ILO capacity-building services and revised and new associated tools; and a strengthened knowledge base built around better

<sup>4</sup> GB:300/ESP/1.



indicators and broader and deeper research. The Office looked forward to the Committee's guidance in relation to the issues raised in the paper.

94. Mr Anderson (Employer member) welcomed the opportunity to engage in this discussion and recalled the Employers' commitment to the principles of collective bargaining, both at the ILO and national levels. Collective bargaining faced many new realities and challenges as described in the Office paper, which was of considerable use. However, the Employers wished to address some of the gaps in the paper and to further elaborate its analysis.
95. Collective bargaining represented a potentially powerful tool for engagement between employers and workers as it can: bridge economic and social considerations; strengthen weak voices; bring order to labour relations; reduce poverty and social disadvantage; balance social and economic preoccupations; and promote sustainable well-being of individuals and enterprises. On the other hand, collective bargaining can play this role only if it took into consideration the context and was applied properly. While its promotion – as required by Convention No. 98 – was mandatory, the actual processes and outcomes of bargaining should remain voluntary. He suggested that was well established within the forums of the ILO that the most appropriate level of bargaining should be determined by the parties themselves. Moreover, collective bargaining should not be considered as the exclusive form of employer and worker engagement. Where the collective bargaining process failed or where institutional forms did not exist or were not strong enough, other forms of engagement were necessary.
96. He stressed the fact that collective bargaining was not an outdated notion, but must be adapted to modern realities, including the growing role of SMEs, in order to remain a viable form for the employer–employee relationship. He appreciated that the Office paper went beyond matters of principle and did not present collective bargaining as a static model. The paper provided a long list of potential economic and social benefits of collective bargaining, but he argued that it would be wrong to assume that collective agreement always resulted in such positive outcomes. The Employers agreed that collective bargaining should and must be promoted, but maintained that collective bargaining could succeed as well as fail to achieve its expected results. The results of collective bargaining in the real world depended on the quality of the overall process of bargaining and the quality of agreements reached as well as national frameworks and contexts. The Office paper could be improved by analysing these factors more openly. In particular, the cost-benefit analysis of collective bargaining should be implemented using a long-term perspective.
97. While the paper rightly pointed out that collective bargaining required an enabling framework to be effective, he held that the level of state regulation should be further analysed, as excessive or inappropriate government regulation could limit the scope for collective bargaining and thus erode reasons to bargain. The ILO's ultimate objective was to achieve decent work and collective bargaining represented one of the means to achieve decent work, rather than an end in itself. The qualitative aspects of collective bargaining are of profound importance. He also confirmed one of the paper's findings, stating that the trend towards decentralization of collective bargaining was clearly reflected in recent employers' surveys. According to employers, this shift towards enterprise-level agreements could provide more flexibility to adapt to the actual realities facing companies. Of utmost importance was the need for collective bargaining to respond to economic and competitiveness pressures arising from globalization.
98. Another issue that he proposed for further attention and analysis was the relationship between collective bargaining and job creation. Referring to the OECD Employment Outlook for 2006, he noted that the employment impacts of collective bargaining were unclear. He supported the future areas of work proposed by the Office in paragraph 73 of

the paper. He believed that the ratification of ILO core Conventions should continue to be promoted, but that the context of individual countries should be taken into account, as it was important to both ratify and apply and enforce international standards. ILO technical advice continued to be useful, particularly where it took account of the changing needs of the constituents, such as with SMEs. The development of the ILO's knowledge base was also seen as critically important, especially if it was extended to stakeholders and used to help ILO constituents.

- 99.** The Worker Vice-Chairperson thanked the Office for the paper, which he believed made a fair case for the continued importance of collective bargaining in the twenty-first century. Comparing collective bargaining with the democratic process, he listed a number of reasons for supporting collective bargaining. These included, inter alia, the order it brought to wealth distribution and reduction in economic and social inequalities; its role in combating poverty; both macro and microeconomic benefits it could bring to society; its ability to provide a basis for a fair globalization, and the role it had played in promoting peaceful, inclusive, democratic transition in a number of countries. He outlined the diverse roots and contexts within which collective bargaining had developed, pointing to its uniquely flexible character.
- 100.** Reflecting on the intervention by the Employer member, who had argued that collective bargaining was not, in itself, a perfect system, and was one, which could fail under certain circumstances, he argued that this was indeed the case for any human or social institution. This applied to entrepreneurship as well. He further suggested that the Employer member had overstated the trend toward decentralization, referring to the literature which demonstrated the positive effects of high coverage and high levels of coordination among various levels in bargaining. Some of the “alternatives” to collective bargaining which had developed around the world involved ruthless competition and short-term maximization of profit. However, in that situation, the benefits were enjoyed by the strong and the costs borne by the weak. On the fundamental nature of freedom of association and the right to collective bargaining, the Worker Vice-Chairperson referred to the unqualified obligations enshrined in the ILO Constitution and the Declaration on Fundamental Principles and Rights at Work. He suggested that questioning the value of collective bargaining was as incompatible with the mandate of the ILO as the endorsement of child labour.
- 101.** While the Workers found the general arguments of the paper to be sound, they regretted the lack of contemporary examples, and challenged the lack of any reference to the proliferation of anti-union policies and business strategies. He reflected on the challenges and pressures which globalization brought to the industrial relations system, but also suggested that some of the very aspects of globalization made a compelling case for the globalization of collective bargaining. Easier communication and globally integrated supply chains were good examples of this. He challenged the idea of an inherent conflict between collective bargaining and the regulatory role of the state and pointed to the synergy between the two in promoting decent work.
- 102.** He regretted the underdeveloped capacity of the ILO in generating research, data and knowledge, recalling that the last comprehensive review of collective bargaining took place nearly a decade ago. Quoting from a recent independent evaluation on ILO research, which concluded that “the social dialogue topic [was] not the object of special attention in ILO research” he supported the proposed areas for future work included in the report. He outlined three priority areas for the Office, including: facts and data; theoretical and conceptual arguments to promote collective bargaining and policy and legal instruments to achieve extension of collective bargaining. The subject of collective bargaining, while continuing to have its place within the Social Dialogue Sector, also required additional focus by the other sectors of the Office in their core areas of focus and gave a number of examples for both Employment and Social Protection Sectors. He noted that concerns

expressed by Employers regarding small businesses and the special challenges of collective bargaining were neither new nor incapable of solution.

- 103.** As regards advocacy on collective bargaining, the Worker Vice-Chairperson suggested a number of areas requiring attention, including: challenges faced in SMEs; demonstrating the “basic enabling conditions”; creation of a conducive legal and institutional environment for coordination; promotion of the Employment Relationship Recommendation, 2006 (No. 198); supporting pilot projects to address employment creation, income policies and industrial restructuring, including in export processing zones (EPZs); and helping develop national trade union training centres. The knowledge base of the ILO could be strengthened through the development of databases on the institutions, practices and outcomes of bargaining, examples of innovative contract language and agreements, indicators on social dialogue, and trends in cross-border and international bargaining. Efforts at capacity building would need to focus on groups which are inadequately covered by collective bargaining, including migrant workers, workers in SMEs and workers in atypical employment relationships. He also called for a flagship publication and an electronic newsletter on collective bargaining trends and innovations.
- 104.** Recalling the recent forum on Decent Work for a Fair Globalization, he suggested that evidence of the contribution of collective bargaining to reducing income inequality should be instructive for those policy-makers seeking to advance a fair globalization. Promotion of the effective recognition of the right to collective bargaining required analysis of trends such as: changing economic and labour force structures; the erosion of the employment relationship and sizeable informal economy; and the role of governments, workers’ and employers’ organizations in addressing these issues. Further, the ILO should work with international, bilateral and multilateral institutions to ensure sustainable public procurement and lending practices which respected the principles contained in the relevant international labour standards and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The area of competition policy and collective bargaining also warranted additional attention and policy work.
- 105.** The Worker Vice-Chairperson linked the underinvestment in research and advisory services on industrial relations and labour administration with staff reductions in this field over the past decade. This being the “core of the ILO’s core business”, he called for decisive management decisions concerning priorities, resources and qualified staff in this area.
- 106.** The representative of the Government of India commended the Office for preparing a comprehensive paper on the linkages between collective bargaining and decent work. He reaffirmed that, in the context of sound labour market governance, collective bargaining was a core value which needed to be preserved and supported. Collective bargaining had assumed critical relevance in a situation where India’s high growth economic scenario had greatly impacted on the dynamics of the labour market structure, a situation which was significantly complicated by the large informal economy. He noted that social dialogue, of which collective bargaining was a key instrument, was an important and effective pillar of the Decent Work Agenda. It addressed a wide range of issues from labour relations to wider social and economic challenges and ensured that the voices of workers and employers were reflected in policy-making. It also took into account the social, cultural, historical, economic and political values of each country. He stressed his appreciation for the social partners in India who had a key role through the national tripartite mechanism in providing inputs to design labour policies to promote decent work and in improving the role and effectiveness of labour administration. The Indian Constitution and relevant legislation provided guarantees in relation to freedom of association and collective bargaining, even though his Government had not ratified Conventions Nos 87 and 98 due to restrictions placed on the rights of public servants. He supported further work by the

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Office in relation to the delivery of technical advisory services, capacity building for constituents and developing a sound knowledge base.

- 107.** The representative of the Government of Sri Lanka complimented the Office on undertaking this systematic review of recent developments pertaining to collective bargaining. His delegation supported collective bargaining as a core value of the ILO, a universal human right and as an important tool in labour market governance. He stressed the need for improving ratification of ILO Conventions related to collective bargaining as this would create an environment conducive to the promotion of decent work. He supported the statement in the Office paper that collective bargaining could “address issues in different economic and social contexts and to innovate and evolve”. The Ministry of Labour had set up a social dialogue unit through which collective bargaining was being promoted. His delegation endorsed the proposals for future ILO activities set out in paragraph 73 of the paper. Finally, he noted that the paper concentrated only on private sector developments. Collective bargaining needed to be applied also in the public sector and to the informal economy, even though different models may need to evolve in those contexts.
- 108.** The representative of the Government of Italy thanked the Office for an interesting document, highlighting its value in analysing collective bargaining developments in the context of a rapidly changing industrial relations environment. She stressed the importance of the ILO’s role in achieving dynamic and good quality bargaining outcomes by encouraging effective implementation of Conventions Nos 87 and 98 and the other related standards. Her Government considered the right to bargain collectively to be a key tool for achieving sound labour market governance and for maintaining social stability by ensuring more employment and better working conditions. She underlined the significance of governments providing an enabling environment to promote collective bargaining. She noted the continuing importance in Italy of bargaining at different levels. Her delegation supported the conclusions and proposals for future action set out in the paper. The proposal for a high-level tripartite meeting in 2008–09 on collective bargaining in a globalizing world could be very helpful.
- 109.** The representative of the Government of France noted that collective bargaining was a very important issue and he expressed his delegation’s appreciation for the quality of the paper. In the context of globalization, it was indispensable to develop sound labour relations practices, including collective bargaining, which produced outcomes attuned to current realities. Collective bargaining confirmed the legitimacy of the role of social partners through their agreements. For effective bargaining to take place, three requirements were necessary: collective bargaining should continue to open new areas for resolving labour market issues, particularly at sectoral and enterprise levels; it was the responsibility of public authorities to provide a legal framework, to ensure procedural fairness and to support equitable outcomes; and governments should involve the social partners in active dialogue on labour market reforms, including identifying what should be addressed through legislation or otherwise remain a subject for bargaining. For all of these reasons, a continuing role for the ILO in promoting collective bargaining was necessary. He supported the conclusions in the paper and the proposals for future action.
- 110.** The representative of the Government of Canada thanked the Office for its useful paper. She noted the significance of collective bargaining with respect to reinforcing democratic values and supporting social justice and equity. It was a valuable tool which had demonstrated that it could adapt to resolve problems in the workplace in a context of continuing social and economic changes. Her Government supported the initiatives identified in paragraph 73 of the paper.

- 111.** The representative of the Government of Mexico noted that employers' and workers' organizations bore a significant responsibility because of the economic and employment impact of their joint decisions on wages and social security issues. He noted that a key current issue on the agenda of collective bargaining was skills development and reskilling of workers at enterprise level. In this respect, he informed the Committee about an agreement reached in the Mexican sugar sector earlier this year where ILO support would be specifically sought to assist its implementation. The issue of the proposed high-level tripartite meeting should be brought to the attention of the Programme, Financial and Administrative Committee in March 2008 so that funding could be provided. He reinforced the importance of action being taken to strengthen the ILO's knowledge base on collective bargaining through further research on those issues identified in paragraph 73 of the paper.
- 112.** The representative of the Government of Morocco commended the quality of the paper, which reflected an integrated and holistic vision. There was a dialectic relationship between collective bargaining and the Decent Work Agenda: the former was a key element in achieving decent work; decent work also promoted and extended the scope of bargaining. He noted that collective bargaining and social dialogue were not the same concept and care should be taken in how these terms were used. He also noted that collective bargaining relied on workers' organizations, but observed that they were not always present. This issue should be examined further. Collective bargaining was a critical instrument in establishing and supporting fundamental rights and in advancing social and economic development.
- 113.** The representative of the Government of the United States noted that the promotion of the rights to collectively bargain and freedom of association were important mandates of the ILO, and asked the Office to make a clear distinction between promotion of the right to bargain collectively and the advocacy of specific collective bargaining institutions and outcomes. The latter were determined by the choices made by Employers and Workers in deciding how they wished to exercise their rights. Her delegation noted the proposal in paragraph 73 for a high-level tripartite meeting to be held in 2008–09. She did not recall that this item had been proposed in the programme and budget for the next biennium and wondered how it would be funded and what other activities it may displace. If the meeting was considered to be sufficiently important, it should perhaps be included at a future Governing Body session or at the ILC, rather than scheduled as a separate event.
- 114.** The representative of the Government of Nigeria noted the importance of collective bargaining to her country. Along with providing decent work and entrenching the principle of social dialogue and freedom of association, collective bargaining was integral to nurturing and protecting democracy in Nigeria. She indicated that her country had ratified both Conventions Nos 87 and 98 and implemented them in law and practice. Her Government had a key role in establishing an enabling environment and in ensuring the success of bargaining processes and proper implementation of resulting agreements. This role was more critical now in the context of a rapidly changing industrial relations environment where bargaining must provide a bulwark against external and internal threats to economic growth and development. She noted that in Nigeria, collective bargaining occurred at several levels and the Government was concerned to ensure there was coordinated bargaining to enhance competitiveness and wage moderation. She stressed the urgency to strengthen the capacities of all parties to enable them to respond adequately in this situation. Transnational labour relations should be encouraged; the ECOWAS subregion was developing a framework in this direction through its integration policies. She supported the ILO taking further action to promote collective bargaining as a key element for pursuing the Decent Work Agenda.
- 115.** The representative of the Government of South Africa welcomed the paper. He noted that collective bargaining was a fundamental principle of the ILO and a core value

underpinning the constitutions of many member States. He observed that as a core ILO standard, Convention No. 98 needed to be complied with by all member States irrespective of their level of development. Many countries were experiencing industrial peace, higher productivity levels and competitiveness mainly due to the mature nature of their collective bargaining system. Many such systems had responded effectively to addressing new issues, confirming collective bargaining's capacity to adapt and evolve. He confirmed the importance of an enabling legislative framework, freedom of association and strong social dialogue institutions to a healthy industrial relations system. South Africa's system promoted bargaining at sectoral level and support was made available to strengthen the capacities of those involved. He supported the proposals for future action identified in paragraph 73 of the paper, including holding a high-level tripartite meeting on collective bargaining.

- 116.** The representative of the Government of Greece indicated that her delegation was very interested in the issue of collective bargaining and in the information provided in the paper. She observed that the way in which collective bargaining had evolved demonstrated that it was able to address a wide range of issues critical to enterprises in a globalizing world, including productivity and competitiveness. Workers' organizations continued to have a key role in working with employers to address issues arising from globalization and governments had to establish supportive frameworks to facilitate bargaining and to ensure that bargaining outcomes were realized.
- 117.** Ms Walgrave thanked the members for their useful interventions. She emphasized the responsibility of the Office to provide capacity building of the tripartite parties, which was an area where the Bureaux of Employers' and Workers' Activities and the Social Dialogue, Labour Law, Labour Administration and Sectoral Activities Department were active, and would continue to be in the coming biennium. With regard to improving research and the knowledge base, she recalled the staff reductions which had taken place in the context of increasing demands for assistance. She announced that an industrial relations survey had been undertaken, whose preliminary results would be published in a working paper early in 2008. This would be further developed into a detailed study of new trends and developments in collective bargaining in the second half of 2008. She also highlighted the East Asian Industrial Relations Network, which represented an innovative approach to promote understanding and comparative research on such key industrial relations subjects as collective bargaining, dispute settlement and social dialogue. The Office would take account of all guidance received as a result of the discussion.
- 118.** The Worker Vice-Chairperson noted the significant consensus on the benefits of collective bargaining among the Committee, and the strong call on the Office to strengthen its work in this area, and to publicize trends and innovations in the field. As many of the speakers had referred to the linkages between freedom of association and collective bargaining, he recalled the fact that 2008 represented the anniversary of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). As the current paper made limited reference to collective bargaining in the public sector, he suggested that the Office account for this important area in the future. In addition, he pointed to the need to further develop research and technical advice on the linkages between collective bargaining and gender. While the Committee had witnessed some debate on the concepts outlined in the report, he recognized the deep and constructive relationship between workers' and employers' organizations who engaged in collective bargaining on a daily basis.
- 119.** The Employer Vice-Chairperson expressed her appreciation for the debate, which had provided another opportunity to exchange views about collective bargaining and social dialogue issues. She stressed that to ensure the effectiveness of the proposed high-level meeting on collective bargaining, further analysis and research was required. This should focus on recent trends and innovations and should be responsive to the needs of SMEs.

120. The Committee took note of the Office paper and the views expressed thereon.

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

121. A representative of the Director-General (Ms Berar Awad, Director of the Employment Policy Department), presented the Office paper.<sup>5</sup> She pointed out that eight years after their inception, PRSPs remained central to debt relief, concessional lending, new development aid architecture, national planning frameworks, and linked to budgets. Her presentation then focused on three key elements of the ILO's experience with the PRSPs: results, remaining challenges and lessons learned.

122. The ILO had moved from pilot engagement in PRSPs to mainstreaming impact, with bridges built between PRSPs and the Decent Work Agenda in 36 countries out of 70 ongoing PRSPs. The new generation of PRSPs was now more employment-friendly. Tripartite participation had improved, although it was uneven across countries and across the PRSP cycles. ILO's visibility had also picked up, with invitations for participation in regional and global dialogues on these issues. In countries that had completed DWCPs, the priorities of the latter were aligned around the PRS goals. The United Republic of Tanzania was one particularly good example of success in aligning the MDGs, UNDAF, and national planning frameworks with the ILO's DWCP.

123. However, significant challenges still remained for the ILO's engagement strategy. Making employment central to PRSPs still remained an uphill struggle. The tripartite partners' active participation in the protracted PRSP cycle needed to be sustained. There was at times a trade off between deepening ILO engagement in the initial set of countries, at their request, and broadening it across more countries. There was also a need to link to resource mobilization strategies, and to engage more in regional debates and assessments.

124. Among the lessons learned from ILO engagement with the PRSPs, there was a need to establish a longer term relationship between employment growth and poverty reduction. Social protection figured increasingly in the PRSPs, but more as a stand-alone issue and needed better integration into the overall strategy. Linking policy recommendations for PRSPs to national budgets was paramount. There needed to be improved coherence between the PRSP and the other elements, i.e. the Poverty Reduction and Growth Facility (PRGF) and the Poverty Reduction Strategy Credits (PRSC). The treatment of rights in the PRSPs remained uneven. Some dimensions such as gender equality, child labour forced labour and HIV/AIDS received more attention than did other fundamental rights. ILO resources for engagement in PRSPs remained limited relative to the demand for its services. This engagement by the ILO in PRSPs also afforded valuable lessons for the ILO's other involvement in DWCPs, UNDAFs and "One UN" pilot countries.

125. The Worker Vice-Chairperson stated that he had intended to invite collegial experiences from three countries to be shared with the Committee. Since the time constraint precluded these presentations now, he asked for their postponement to a future session and proposed to limit his comments to a few key questions which included: In the course of the engagement with the PRSPs, what had been the extent of ILO consultations with, and capacity building of, the constituents, and what had been the impact on national dialogue?

<sup>5</sup> GB.300/ESP/3.

What could be counted as the most successful examples of ILO engagement with the PRSPs, and what factors accounted for this success? What reasons were proffered by the IMF and World Bank to restrict dialogue to the PRSPs, and not include the instruments setting macroeconomic parameters and credit disbursements like the PRGFs and the PRSCs? What instances could be afforded of conditionality linked by the International Monetary Fund and the World Bank to the PRSPs, PRGFs, and PRSCs? Did labour market reforms figure as triggers in this conditionality and did these involve reduction in labour standards? What had been the involvement of the Bureaux of Employers' and Workers' Activities in this PRSP process and in capacity-building exercises? Had PRSPs improved labour standards? How were MDGs linked to PRSPs? What development model did the ILO posit for the PRSPs based on the Decent Work Agenda and the GEA? And finally, what was the ILO's budgetary and extra-budgetary expenditure and allocation of full-time staff equivalent on this engagement in the PRSPs?

- 126.** Given the severe time constraints, the Employer Vice-Chairperson confined her remarks to a very few major points. She expressed the Employers' strong support for the ILO's engagement in poverty reduction strategies (PRSs), but for example questioned the utility of using the limited remaining time for discussion of the general aid architecture and of where the ILO belonged in the new "One UN". She expressed her group's satisfaction that the paper suggested a largely positive experience without minimizing the remaining challenges. However, the Employers had a number of concerns, most importantly about the notion given in the paper that it was hard to sustain the interest of the social partners in the PRS process. This should not be the case as it offered a unique way for the social partners to express their concerns and influence policy-making. Were the social partners adequately supported by the ILO? Were there other ways to accompany them in this process than those currently followed? Was it because PRSs often focused on rural areas that the Office was not able to optimally assist the social partners? She endorsed the continued engagement of the ILO in the PRSPs. Referring to paragraph 9, she stressed that, if all alinea were important, the first one on the empowerment of constituents must constitute the main ILO area of work for the next biennium. She also underlined the importance in this respect of working with the International Training Centre of the ILO, Turin, the Bureaux of Employers' and Workers' Activities as well as engaging with the World Bank.
- 127.** The representative of the Government of France requested to speak on behalf of EU Member States as well as a number of candidate and potential candidate countries. While he realized that in view of the late hour no more interventions could be made, he asked that the Committee be given another opportunity to deal with this item.
- 128.** The Employer and Worker Vice-Chairpersons supported the request of the previous speaker.
- 129.** As the Committee had exhausted its available time, it was decided to adjourn the meeting and postpone the discussion to the next Committee session in March 2008. The discussion of the agenda item on progress evaluation of the global social trust was also postponed to the next Committee session.
- 130.** The Chairperson thanked the Committee members for the fruitful and interesting debate.
- 131.** Following the announcement that Mr Rashid Amjad would retire shortly after this Governing Body session, Mr Salazar-Xirinachs paid tribute to Mr Amjad's long and distinguished career in the Office and expressed his appreciation and gratitude for the support that Mr Amjad had provided over his 27 years of service to the ILO.

Geneva, 9 November 2007.

*Submitted for information.*