



## SECOND ITEM ON THE AGENDA

**Policy Coherence Initiative:  
Report on recent meetings  
and activities**

1. This paper provides a brief update on meetings of the Policy Coherence Initiative on Growth, Investment and Employment (PCI) and an outline of meetings and research carried out to promote greater policy coherence in achieving decent work objectives. The PCI is an effort by the ILO and other agencies of the multilateral system, including the Bretton Woods Institutions, to understand better the relationship between some of the key factors in economic and social development.<sup>1</sup> It is envisioned that stronger mutual understanding and a convergence in different agencies' analyses of those relationships would underpin increased coherence in the policy advice offered by the multilateral system to countries. ILO action in this area serves to support collaboration with other international and regional organizations with mandates in related fields, as called for in the 2008 ILO Declaration on Social Justice for a Fair Globalization.
2. Policy coherence among international organizations was one of the key themes of the ILO Forum on Decent Work for a Fair Globalization organized in Lisbon in November 2007. As reported earlier,<sup>2</sup> the discussion in Lisbon suggested that, while respecting the mandate and specialization of each agency, constructive dialogue and joint initiatives could help broker new thinking and provide an evidence-based menu of policy options national policy-makers could use to fit local circumstances and manage trade-offs between conflicting policy objectives. The importance of coordination of policies at the national level was also emphasized at the Forum. Country experience suggested that coherence was needed at different points: between the government and the international agencies operating in a country; across national agencies, particularly economic ministries and those dealing with social issues; and between national policies and subnational initiatives, as social and decent work concerns were increasingly addressed locally.

<sup>1</sup> GB.295/WP/SDG/3.

<sup>2</sup> GB.301/WP/SDG/2(Rev.).

3. In addition to the Office and experts from the employers' and workers' groups, PCI meetings are attended by senior staff from the major international organizations.<sup>3</sup> The meetings provide a regular forum where high-level technical staff of international agencies informally exchange views and experiences on issues related to growth, productive employment and decent work. They have generated ideas for joint initiatives and research programmes.
4. An earlier paper submitted to the Working Party reported on the outcomes of the initial meetings of the PCI.<sup>4</sup> Since then, three more meetings were held: one in Paris, hosted by the International Monetary Fund (IMF) in May 2007; one in New York, hosted by the United Nations Department for Economic and Social Affairs (UNDESA) in December 2007; and one in Geneva, hosted by the ILO in June 2008.
5. Support for the PCI is provided by the Government of Norway.

## The globalization of labour

6. At the PCI meeting in Paris the presentation of the IMF *World Economic Outlook* chapter on Globalization and Labour was the main agenda item. The study looks at the effects of the increase in the global labour supply on the labour markets in developed and developing countries. The export-weighted supply of global labour is estimated to have increased fourfold since 1980, more so through trade, less so through immigration and offshoring. The integration of labour from developing countries in developed country markets appeared to be reducing labour's share of the pie, but research was showing this to be mainly caused by technological change. The discussion highlighted different views on the impact of labour market policies and institutions on income distribution and the labour share. It also pointed to data problems in the estimation of the wage share given that, while formal wage income was unambiguous, the mixed income of the self-employed had to be allocated between wages and profits by an arbitrary rule of thumb.
7. The meeting also provided an occasion to introduce the Toolkit for Mainstreaming Employment and Decent Work adopted by the UN system's Chief Executive Board (CEB). The specific implications of decent work and employment policies for children's rights and the achievement of the millennium development goals (MDGs) were discussed following a presentation by the UNICEF representative. Focusing on South Asia, she highlighted the role of public policy which had both *direct* effects on child situations, through social services delivery, social protection and income transfers, as well as *indirect* effects through its impact on adult livelihoods and social justice. She also pointed to the need for coherence across the policy sectors and fiscal space to prioritise MDG outcomes.

<sup>3</sup> The following organizations are represented at the PCI: World Bank, International Monetary Fund (IMF), World Trade Organization (WTO), United Nations Children's Fund (UNICEF), United Nations Department for Economic and Social Affairs (UNDESA), United Nations Development Programme (UNDP), United Nations Industrial Development Organization (UNIDO), United Nations Conference on Trade and Development (UNCTAD), Food and Agriculture Organization (FAO) and the International Fund for Agricultural Development (IFAD).

<sup>4</sup> GB.298/WP/SDG/2.

## Promoting full employment and Decent Work for all

8. The discussion at the PCI meeting in New York showed how the issue of employment and decent work was increasingly central to the UN agenda. UNDESA presented the work for the Commission on Social Development's February 2008 meeting on Full Employment and Decent Work and its expected technical follow-up. The theme report for the meeting charted trends and challenges in labour markets concluding that economic growth was clearly not a sufficient condition for generating employment. Decent Work for all needed to be put at the centre of economic and social policies. If the market failed in generating employment, intervention was needed through programmes for public infrastructure, education and training, investment for social development, social transfers and standards. The policy recommendations comprised three main elements: productive employment and decent work, enterprise development and a global social floor.
9. The meeting also discussed another UNDESA report: *Development in an Aging World and its Labour Market Implications*. The report, issued for the fifth anniversary of the Madrid Plan of Action on Aging, noted that the world was ageing at an increasing rate and that 80 per cent of the world's population over 60 years would be in less developed countries by 2050. The challenge of ageing was that labour force growth would drop and even turn negative, reducing growth and affecting pension and health care systems. Responses to this challenge included a range of options. Policies to increase fertility, as in France and Spain, faced a long lag. Migration to fill the labour force gap in industrialized countries required very high levels of inflows (approximately 12 million migrants per year), making it a socially and politically difficult option. Other options included: raising the female labour force participation rate; outsourcing; increasing the retirement age; and increasing labour productivity by about two per cent per year above the existing rate. The three main policy recommendations made were: increasing the employment rate, increasing productivity and increasing investment in human capital.
10. Three main items emerged concerning the overall issue of policy coherence. First, the need to address the lack of consistent and reliable employment and labour market data, particularly for developing countries, which was a main obstacle to sound analysis and policy advice. Second, the opportunity of an inter-agency effort to alert the international system on trends in growth and employment. Third, the suggestion to undertake joint inter-agency work on policy coherence at the national level, with different institutions giving their different takes on a common issue and highlighting the variety of policy solutions.

## Prospects and policies for Decent Work to face the financial and food crises

11. The PCI meeting in Geneva had three main agenda items: an ILO paper on *Current prospects and policies for decent work: The challenge of multilateral cooperation and policy coherence for a fair globalization*,<sup>5</sup> the *Global Development Finance* report for 2008 by the World Bank, and an ILO paper on *Rising Food Prices and their Implications for Employment, Decent Work and Poverty Reduction*.<sup>6</sup>

<sup>5</sup> GB.301/WP/SDG/1.

<sup>6</sup> *Rising Food Prices and their Implications for Employment, Decent Work and Poverty Reduction*, draft for discussion, R. Islam and G. Buckley, Employment Sector, International Labour Office, Geneva, May 2008.

12. The reports highlighted, from different perspectives, the downside risks of declining growth, financial instability and rising food and energy prices for the most vulnerable groups in industrialized and developing countries. Developing country growth seemed resilient, but the effects of a global slowdown and high food and energy prices on the poor could be quite significant. The best response to the food crisis was to increase the food supply but there were different views as to how much room for counter-cyclical policies was available and how much time it would take for supply responses to filter through in prices.
13. The FAO representative presented the results of her organization's self-assessment in using the Toolkit for Mainstreaming Employment and Decent Work. In the area of employment, the FAO's focus was on its sectoral work on agro-industry, contract farming and rural finance, plus crisis response, skills development and labour statistics. In the area of social protection, the FAO was collaborating with the World Bank on safety nets and occupational safety and health at sea and on farms. In the area of rights, the FAO was working on child labour with the ILO, the International Fund for Agricultural Development (IFAD) and the International Food Policy Research Institute (IFPRI), and in the area of social dialogue, it was building capacity of producers' organizations and some trade unions. Follow-up included the formulation of a Rural Employment Strategy for 2008–09, for which a joint web site had been set up on food, agriculture and Decent Work.
14. The meeting provided an occasion to introduce the ILO Declaration on Social Justice for a Fair Globalization, which had just been approved by the International Labour Conference. The wide ambit of the Declaration will necessarily come to influence the ILO's institutional relationships with other international organizations and, indeed, the PCI itself.

## **Policy coherence within regions and countries**

### **High-Level Tripartite Meeting on Policy Coherence for Strengthening the Nexus of Growth, Investment and Decent Work for South Asian Subregion (New Delhi, 3–4 April 2007)**

15. The New Delhi Meeting brought together ILO tripartite constituents and representatives of ministries of finance and planning from seven South Asian countries (Afghanistan, Bangladesh, India, Islamic Republic of Iran, Nepal, Pakistan and Sri Lanka). The World Bank, IMF and Asian Development Bank (ADB) also participated. The main theme was jobless growth in parts of the subregion, especially India, which, despite its recent surge in growth, had seen the formal sector shrink and only self-employment increase. The Meeting also looked at the relationships between macroeconomic policies, tax collection and the financing and oversight of public expenditure in the social sector. It called for careful sequencing of policy reforms and social dialogue to strengthen policy coherence. It highlighted examples of incoherence in policy advice by international organizations as it concerns labour market regulation. It suggested undertaking detailed country studies in order to derive recommendations on ways to improve policy coherence on the ground.

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**High-Level Forum on Working Out of Poverty:  
A Decent Work Approach to Development  
and Growth in Africa**  
(Monrovia, Liberia, 8–9 September 2008)

16. The building of coherent employment and growth strategies was a main theme of the Forum, which was organized in cooperation with the Ministry of Labour of Liberia and the international NGO Realizing Rights/Ethical Globalization Initiative headed by the former President of Ireland, Mary Robinson. It was part of a series of Decent Work events organized under the international campaign by the Elders<sup>7</sup> to commemorate the 60th anniversary of the Universal Declaration of Human Rights in 2008. More than 80 representatives from governments, employers' and workers' organizations, development partners, private sector and civil society organizations gathered to discuss ways to promote decent work, based on practical examples from Ghana, Liberia, Mozambique, Nigeria, Tanzania and Zambia. The Forum concluded with a call for renewed efforts toward Decent Work in Africa to achieve the MDGs. The conclusions were presented at the 63rd session of the United Nations General Assembly in September 2008 in New York.<sup>8</sup>
17. The Forum showed that efforts towards greater coherence were evident in the experience of African countries with Decent Work. In Tanzania, for instance, the integration of employment in its poverty reduction strategy was clear in various development frameworks such as the United Nations Development Assistance Framework (UNDAF) and the National Strategy for Growth and Reduction of Poverty, known as MKUKUTA, which had set specific employment operational targets.
18. In Liberia, the rapid creation of productive employment was one of the Government's most important goals under its poverty reduction strategy "Lifting Liberia". The Government was actively engaged in supporting the growth and development of responsible trade unions and employers' organizations in order to help achieve its development goals. Employment and decent work were also central elements in the UN effort to secure short-term stability, reintegration, economic growth and sustainable peace in the recovery from the conflict that had affected the country.
19. The need to refocus economic and development policies to make them more employment and decent work friendly came out in the interventions of the participants from countries that had experienced visible economic success in recent years, such as Ghana, Mozambique and Zambia. High rates of economic growth, often led by rising prices of primary commodities, did not lead to any significant job dividend and hardly made a dent on poverty levels. Through its national development forum, Mozambique provided an example of a mechanism for coordination to help break the "silo" mentality prevailing among ministries, line agencies and international donors, which is common to many countries and can lead to fragmented programmes, training policies not aligned to industrial strategies, and budgetary choices that constrain social expenditure.

<sup>7</sup> The Elders, founded by Nelson Mandela, include a number of eminent personalities, including Jimmy Carter, Mary Robinson, Ella Bhatt and Mohammed Yunus. See <http://www.everyhumanhasrights.org>.

<sup>8</sup> UN General Assembly High-Level Meeting on Africa's Development Needs and Challenges, (22 September 2008). The conclusions were also presented at a parallel High-Level Forum on Working Out of Poverty: A Decent Work Approach to Development and Growth in Africa and the MDGs, co-organized by the Realizing Rights/Ethical Globalization Initiative and the ILO, as well as at a high-level event on the MDGs, co-convened by the UN Secretary-General and the President of the UN General Assembly.

**National Seminar on Reducing Unemployment and Poverty in South Africa – International Experiences and Proposals for the Expanded Public Works Programme Phase II**  
(Pretoria, 2–3 September 2008)

20. South Africa's Expanded Public Works Programme aims to alleviate unemployment and poverty through an integrated intervention involving infrastructure projects, combined with social, environment and community development components. The Seminar was intended to review lessons from current experience and contribute to the design of a second phase. A key aspect was the international comparison with similar programmes in other countries, in particular Argentina and India. The Seminar brought together the relevant stakeholders and looked at issues such as targeting, job duration and wage setting. One important outcome was the recognition that there are significant opportunities for scaling up the programme to make a stronger and more visible impact.

### **Ongoing and planned activities**

21. As a result of the discussion under the PCI, two joint ILO–World Bank studies are under preparation. The first will focus on the issue of migration in Nepal. An extensive survey will be carried out to understand the motives for migration, the consequences of the migration experience, the orientation of the remittances and the role of the foreign employment agencies. The second study will look at the development experience of Zambia. It will draw on previous research by the Office and will provide an opportunity to examine a wider trend in Africa of strong GDP growth, but based very narrowly on rising global prices for natural resources.
22. A series of comparative country studies on China, Indonesia, Malaysia, the Philippines, Thailand and Vietnam is being carried out to review core policy elements leading to high growth and good decent work performance, including the distinctive contribution of employment and labour market policies. The ultimate objective is to provide an empirical basis for tripartite national policy dialogues to support work under the Decent Work Country Programmes in the region. An expert meeting on “Policy Coherence for Growth, Employment and Decent Work in Asia” is planned to review preliminary lessons.

Geneva, 16 October 2008.

*Submitted for information.*