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High-Level Section

Working Party on the Social Dimension of Globalization

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SECOND ITEM ON THE AGENDA

Tackling the global economic and employment crisis

Purpose of the document

The document summarizes the latest forecasts, examines in particular the prospects of emerging and developing countries, highlights the challenges and opportunities that economic interdependence poses for policy coordination and concludes with a discussion of the role that employment and social policies could play to counteract the global slowdown and lingering unemployment. The Working Party is invited to review the current global economic and employment outlook and the contribution that employment and social policies could make to a coordinated recovery effort in 2013.

Relevant strategic objective: All.

Policy implications: Contribute to strengthening and updating follow-up to the Global Jobs Pact.

Legal implications: None.

Financial implications: None.

Follow-up action required: Discussion will inform efforts of the Office and constituents to promote a jobs-rich recovery.

Author unit: Policy Integration Department (INTEGRATION).

Related documents: None.

Executive summary

A range of economic forecasts is pointing to continued weak global growth in 2013 and rising unemployment. Poverty reduction has slowed. Wage growth and the wage share of income have fallen, while income inequalities have widened. Slow growth or contraction in higher-income countries has negatively affected emerging and developing countries. The economic circumstances of countries vary, but all face major employment creation challenges. The policy impasse regarding how to address the global economic and employment situation has continued. This paper summarizes the difficulties in achieving stronger international coordination for growth and jobs and suggests that a focus on reversing negative feedback effects from labour markets could contribute to improved recovery prospects. It concludes that developing and developed countries can draw on the policy priorities highlighted by the ILO to support a coordinated recovery effort in 2013. It summarizes ILO actions to implement the decision taken by the Governing Body in November 2012 and proposes a number of possible measures that the ILO could now implement, as a basis for a further discussion by the Working Party.

I. Current economic and employment outlook

1. Since November 2012, when the Governing Body reviewed the implications of the global economic outlook for the Decent Work Agenda,¹ the slowdown in developed countries has taken hold and affected emerging and developing countries, with a modest pickup now foreseen for the end of 2013 and 2014 (see the table below). Advanced economies are expected to continue to have sub-par growth, with the euro area being in recession for a second successive year. Developing and emerging economies are growing more slowly compared to 2011 but they are still growing at four times the pace of the developed world. China and the countries of the Association of Southeast Asian Nations (ASEAN) are the strongest group of countries but Africa also remains buoyant. Brazil and India both weakened in 2012 but rebounds are expected for 2013.
2. Financial issues in the euro area are the main point of concern, although some progress has been made. The United States' fiscal stance is still unresolved with a danger that premature tightening could lead to a new contraction. Developing countries by contrast have continued to grow, with some having space to further address growth, employment and incomes. Commodity prices are expected to fall, which may test the resilience of commodity exporting countries.
3. The ILO has estimated that worldwide unemployment totalled 197 million in 2012, up by some 28 million since the onset of the global financial crisis. In addition, some 39 million women and men have dropped out of the labour market. Weak growth could add more than 5 million to the number of unemployed in 2013 and another 3 million in 2014. The feedback effects of weak employment on aggregate demand could further undermine future growth.

¹ GB.316/WP/SDG/1 and GB.316/INS/13.

Overview of the *World Economic Outlook* (per cent change year-on-year)

	Projections				Difference Oct. 2012 projections		Difference Jan. 2012 projections
	2011	2012	2013	2014	2013	2014	2013
World output	3.9	3.2	3.5	4.1	-0.1	-0.1	-0.4
Advanced economies	1.6	1.3	1.4	2.2	-0.2	-0.1	-0.5
Emerging and developing economies	6.3	5.1	5.5	5.9	-0.1	-0.0	-0.4
Selected countries/regions							
United States	1.8	2.3	2.0	3.0	-0.1	0.1	-0.2
Japan	-0.6	2.0	1.2	0.7	0.0	-0.4	-0.4
European Union	1.6	-0.2	0.2	1.4	-0.3	-0.2	-1.0
Euro area	1.4	-0.4	-0.2	1.0	-0.3	-0.1	-1.0
Developing Asia	8.0	6.6	7.1	7.5	-0.1	0.0	-0.7
China	9.3	7.8	8.2	8.5	0.0	0.0	-0.6
India	7.9	4.5	5.9	6.4	-0.1	0.0	-1.4
ASEAN 5 *	4.5	5.7	5.5	5.7	-0.2	0.0	-0.1
Latin America and the Caribbean	4.5	3.0	3.6	3.9	-0.3	-0.1	-0.3
Brazil	2.7	1.0	3.5	4.0	-0.4	-0.2	-0.5
Mexico	3.9	3.8	3.5	3.5	0.0	0.0	0.0
Central and Eastern Europe	5.3	1.8	2.4	3.1	-0.1	0.0	0.0
Commonwealth of Independent States	4.9	3.6	3.8	4.1	-0.3	-0.1	0.0
Middle East and North Africa	3.5	5.2	3.4	3.8	-0.2	0.0	-0.2
Sub-Saharan Africa	5.3	4.8	5.8	5.7	0.0	0.1	0.5
World trade volume (goods and services)	5.9	2.8	3.2	5.5	-0.7	-0.3	-1.6

* Indonesia, Malaysia, Philippines, Thailand and Viet Nam.

Source: International Monetary Fund (IMF) *World Economic Outlook Update*, January 2013.

4. Young women and men continue to be hard hit by the crisis. Currently, some 74 million young people are unemployed globally and the slowdown in economic activity will likely push another half million into unemployment by 2014. The rate of youth unemployment is over 50 per cent in Spain and Greece, and is also high in a number of developing countries such as Indonesia, Saudi Arabia and South Africa and in North Africa.² Many young people are also experiencing long-term unemployment. Some 35 per cent of all young unemployed have been out of a job for six months or longer in advanced economies, up from 28.5 per cent in 2007.
5. In spite of the crisis, the rate of working poverty has continued to decrease since 2008, although at a slower pace than before. Currently, some 400 million workers are living in extreme poverty on below US\$1.25 a day without proper means to feed themselves and their families regularly and sufficiently. A further 470 million workers live with their families on less than \$2 a day per person and are unable to meet their basic needs on a

² ILO and United Nations Development Programme (UNDP): *Rethinking Economic Growth: Towards Productive and Inclusive Arab Societies*, Beirut, 2012. The ILO and UNDP estimate that youth unemployment in the Arab region is at 23.2 per cent – the highest regional rate in the world.

regular basis. Countries with high rates of working poverty are experiencing faster growth than the world average, which should continue to push the rate of working poverty down. However, as many of these countries' populations are also expanding rapidly, the absolute number of working poor is expected to increase.

6. Average real wage growth globally has remained below pre-crisis rates. Monthly average wages adjusted for inflation grew globally by 1.2 per cent in 2011, down from 2.1 per cent in 2010 and 3 per cent in 2007. Over the last decade, wages in China have tripled. Omitting China, global real average wages grew at only 0.2 per cent in 2011, down from 1.3 per cent in 2010 and 2.3 per cent in 2007. There are important geographic variations in the trends with wage growth suffering a double dip in developed economies but remaining positive, albeit at a lower rate, throughout the crisis in Latin America and the Caribbean. Wage growth in Asia was strong beyond China, with a near doubling of wages over ten years.³ In the developed world, they increased by only about 5 per cent from 2000 to 2011 and are estimated to have remained flat in 2012.⁴
7. Stagnant wages in developed economies affect not only those countries but also constrain global growth because they are only partially compensated by the wage growth of emerging countries. The wage share in overall gross domestic product (GDP) has been declining for several decades in 16 developed countries for which data are available, from about 75 per cent of national income in the mid-1970s to about 65 per cent in the years just before the global crisis. The average wage share also declined in a group of 16 developing and emerging economies, from around 62 per cent of GDP in the early 1990s to 58 per cent just before the crisis. Even in China, where wages have grown strongly, GDP increased at a faster rate than the total wage bill – and hence the labour share of national income went down.
8. In a large majority of developed countries, the incomes of the richest 10 per cent grew faster than those of the poorest 10 per cent, widening income inequality. Increases in household income inequality have been largely driven by changes in the distribution of wages and salaries, which account for 75 per cent of household incomes among working-age adults.⁵ The shift towards higher profit shares has also widened inequality as income from capital is more unequally distributed than wage income. The initial effects of the financial crisis interrupted these trends as income from capital fell, but since then the previous pattern has resumed. Income taxes and cash transfers have become less effective in reducing high levels of market income inequality in half the Organisation for Economic Co-operation and Development (OECD) countries, particularly since the late 1990s and early 2000s.

³ ILO: *Global Wage Report 2012/13: Wages and equitable growth*, Geneva, 2013.

⁴ The 2012 figure is a preliminary estimate using quarterly data (from the ILO Global Wage Database) for 30 developed countries for which data are available.

⁵ OECD: *Divided We Stand: Why Inequality Keeps Rising*, Paris, 2011.

II. Sustaining growth in emerging and developing countries⁶

9. Emerging and developing countries as a group have managed to sustain their growth despite the slowdown or recession in a number of developed economies. The economic weight of emerging and developing economies is approaching parity with that of developed economies. Their growth has become somewhat less dependent on trade and investment ties with the developed countries as incomes and household consumption rise, although the two groups' economic prospects remain closely coupled. However, sustaining growth is likely to be challenging and there is a risk that continued slow growth in developed countries could adversely affect the structural transformations under way in developing countries.
10. *Africa* has enjoyed a strong economic performance through the crisis, maintaining annual growth at around 5 per cent or more. Sub-Saharan Africa has grown steadily while a number of North African countries suffered some economic disruption during the period of political change. Africa's growth remains strongly linked to revenues from commodity exports, especially of minerals, oil and gas.
11. The employment performance of Africa is less encouraging. The growth rate of the working-age population in sub-Saharan Africa remains high at 2.7 per cent per year, as does the share of young people in the population of working age. Labour force participation at 70 per cent reflects the fact that most working women and men have no alternative means of survival in the absence of adequate social protection systems. The challenge is to improve labour productivity, conditions of work and the returns and benefits people derive from their work. Agriculture still accounts for 62 per cent of employment and the shift to higher productivity sectors is relatively slow. Working poverty at the \$2-a-day level has fallen to around 64 per cent of the working-age population but the absolute numbers continue to grow, reaching over 200 million in 2012. The share of own-account and family workers in total employment, an indicator of large informal rural and urban economies, is also high at 77 per cent and is falling only slowly. Wide gender disparities in employment and earnings remain a major concern. Women face unemployment rates at least double those of men in countries such as Algeria and Egypt. High youth unemployment in several countries is a further concern.
12. Natural resources are important contributors to exports in close to half the 45 countries in sub-Saharan Africa with revenues being an important contributor to national budgets. Several additional countries are expected soon to join the ranks of significant natural resource exporters following recent discoveries. Although natural resource exporters have experienced faster economic growth than other sub-Saharan African economies during 2000–12, the improvement in social indicators has not been noticeably faster. The volatility of commodity prices and export volumes has also affected growth. Managing the revenues from commodity exports in order to invest in social development and diversify economies and creating buffers to smooth the effects of commodity export volatility are two major challenges facing many African countries.
13. During 2012, economic conditions in *Latin America and the Caribbean* weakened as the fragile recovery in the developed world and the slowdown in China affected exports from the region. GDP growth decelerated to around 3 per cent in 2012, from over 4 per cent in

⁶ As well as drawing on the ILO's *Global Employment Trends 2013* and the *Global Wage Report 2012/13*, this section draws on the United Nations' *World Economic Situation and Prospects 2013* (New York, 2013) and the International Monetary Fund's *Regional Economic Outlook* reports (Washington, DC, 2012).

2011 and 6 per cent in 2010, this trend being led by Brazil and Argentina. Nevertheless, strong domestic demand continued to underpin growth in most of the region. With a pickup in Brazil expected in 2013, return to stronger growth is forecast for the year ahead.

14. Despite the 2012 deceleration, employment rates, real wages and female participation rates continued to increase. For the region as a whole, urban unemployment reached a historic low of 6.4 per cent in 2012. Informal employment decreased, working poverty fell and the share of employees in total employment rose – all indicators of the structural change that should presage sustainable development. In some countries, increased minimum wages and extension of social protection have accompanied rising productivity, contributing to a narrowing of wide social gaps. Improved employment conditions strengthened private consumption, a key driver of GDP growth in recent years.
15. Sustaining growth in the future may be more difficult if export demand weakens and capital market volatility affects exchange rates. In addition, the region will need to increase the rate of productivity growth, which implies higher investment to accelerate the pace of the employment shift from agricultural and informal employment into manufacturing and high value-added services and to increase productivity in the agricultural sector.
16. Sluggish demand in developed economies and slower growth in China have weighed on economic growth in *East and South-East Asia* over the past year. While investment and exports slowed, household consumption continued to grow at a robust pace in most countries, supported by buoyant labour markets, increases in wages and a decline in inflation. However, unemployment rates did edge up in some of the region's export-dependent economies in the course of 2012. Most of the new jobs have been created in the service sector, where informal employment is common and productivity lower than in the manufacturing sector.
17. Wage trends in East and South-East Asia contrast sharply with those in many other regions, with markedly higher growth rates, driven in particular by China. Among others, Indonesia, Thailand, Viet Nam and Cambodia have seen strong wage growth in recent years.
18. In *South Asia*, weaker export demand, inflation and transport and energy constraints have held back consumption and investment and have contributed to widening budget deficits. India's economy, which accounts for almost three-quarters of the region's GDP, has slowed over the past two years. India's Labour Bureau reported that employment growth continued in the country's manufacturing sector during 2011–12, but at a slower pace, with employment continuing to increase in India's exporting firms, but declining in the non-exporting sector. Although open unemployment rates in the region are low, there are deep-rooted structural challenges in the labour market, including the dominance of low-productivity jobs in the large informal sector and the rural economy, high shares of working poor, low female participation rates and high youth unemployment.
19. The economies of the *Arab States* of the Middle East and North Africa were affected by the turmoil accompanying political transitions. Growth in 2011 faltered but recovered in 2012, especially in oil-producing countries. Unemployment remains high, especially for young women and young men. Female employment participation rates are low.⁷
20. Middle Eastern countries of the Gulf Cooperation Council (GCC) face a particular challenge with regard to providing sufficient employment opportunities to their local population. Private sector employment outside the efficient highly capital-intensive

⁷ ILO and UNDP: op. cit.

energy-producing sector is scarce. In addition, available jobs in the private sector are taken up to a substantial extent by foreign workers, either because nationals are not willing to work in certain sectors at prevailing wage rates or because insufficient skills prevent them from competing successfully for high-skilled jobs. Some private sector companies have shown a preference for hiring foreign workers due to wage differentials and other factors.

21. North Africa faces major challenges with regard to creating sufficient decent work opportunities, especially for women and young people. The working poverty rate at the \$2-a-day level is still high, with 19.7 per cent of working women and men living with their families below this line in 2012. Own-account and family workers accounted for 41.4 per cent in 2012, indicating a high proportion of workers in informal working arrangements and without adequate social protection. More than half of female workers are in these categories of “vulnerable” employment (61.2 per cent).

III. Challenges for policy coordination in an interdependent global economy

22. The economic and employment outlook described in the report to the Working Party in November 2012⁸ has not changed markedly. Major although differing employment challenges face most countries. Increased interdependence points to the importance of coordinated but differentiated action to turn what risks being a period of prolonged slow global growth into recovery and sustainable growth. Opportunities to initiate such action are available through various international bodies.

23. The Russian Federation has announced that a core objective of its Presidency of the G20 in 2013 is to develop further measures aimed at boosting sustainable, inclusive and balanced growth and job creation around the world.⁹ It intends to organize the G20 agenda around three overarching priorities, aimed at starting a new cycle of economic growth, namely:

- growth through quality jobs and investment;
- growth through trust and transparency; and
- growth through effective regulation.

24. The Russian Federation will host a meeting of G20 employment and labour ministers on 18 and 19 July 2013 in Moscow followed by a joint session with ministers of finance. The decision to organize a joint meeting of employment and labour and finance ministers recognizes the necessity of coordinating policies to turn around negative trends in both macroeconomic and labour market conditions.

25. The Russian Federation is building on the French and Mexican G20 Presidencies’ engagement with the Business 20 (B20), Labour 20 (L20) and other non-governmental groups, including through consultations with the B20 and L20 and the St Petersburg International Economic Forum to be held from 20 to 22 June 2013. The Leaders’ Summit will take place in St Petersburg on 5 and 6 September. As in previous years, the Office, along with other international organizations, is providing support to the Presidency.

⁸ GB.316/WP/SDG/1.

⁹ See http://www.g20.org/docs/g20_russia/priorities.html.

26. The priority accorded by the Presidency of the G20 to growth and jobs is a welcome recognition of the urgency of kick-starting a job-rich recovery.
27. During the course of 2013, the challenge of organizing a coordinated recovery effort will also be a focus of several regional and global intergovernmental meetings. These include those of the United Nations Economic and Social Council, the International Monetary Fund (IMF), the World Bank, the Bank for International Settlements and Financial Stability Board, the OECD, the European Union, the African Union, ASEAN and the Common Market of the Southern Cone (MERCOSUR). However, differences of view over financial, fiscal and monetary policies are inhibiting agreement over policy coordination.
28. Reform of the international regulation of finance markets has proceeded slowly, raising concerns that the system as a whole is still vulnerable. It also seems that many banks have not built up sufficient reserves and are reluctant to restructure large portfolios of bad debts. The after-effects of the financial crisis are thus still weighing heavily on the real economy, particularly in developed countries. A renewed drive to complete the reform and repair of the financial services sector should be an important part of a 2013 recovery effort and should focus on ensuring that investment in productive enterprises and infrastructure is favoured.
29. Fiscal policy in many countries is finely balanced between, on the one hand, the need to run deficits to sustain a depressed private sector and essential public services and infrastructure investments and, on the other, the risk that a large stock of debt is piling up and could become unsustainable. Running down public deficits, experience shows, is only possible with growth and over many years.¹⁰ Abrupt fiscal consolidation at a time of slow growth or recession can add to the burden of debt and set off a vicious cycle of rising unemployment, falling wage incomes and a further decline in tax revenues.
30. Most developed countries are trying to ensure that the composition of tax and expenditure policies favours recovery, while planning for a medium-term reduction of the debt levels that have grown markedly since the onset of the crisis. Some developing countries are in a similar position, although others have more room to expand spending. A major issue of debate is coordination between countries to ensure that the pace of fiscal consolidation is calibrated to avoid further weakening before recovery is secure.¹¹ However, important differences of view about how government deficits and debts influence growth are making agreement elusive.
31. Several monetary authorities have made a commitment to maintaining very low official interest rates and quantitative easing until growth and employment recover.¹² However, a number of emerging and developing countries are concerned about the destabilizing effects of capital flows into and out of their currencies, made possible by cheap credit available in high-income countries. In response, some developing countries have intervened to prevent an excessive rise in their currencies' exchange rates.

¹⁰ IMF: *World Economic Outlook: Coping with High Debt and Sluggish Growth*, Washington, DC, Oct. 2012, Ch. 3.

¹¹ IMF research suggests that one factor driving a deeper than expected recession was synchronized fiscal consolidation across numerous countries, *ibid*, Ch. 1.

¹² See for example the press statement by Ben Bernanke, Chairman of the United States Federal Reserve, of 12 December 2012, at: <http://www.federalreserve.gov/mediacenter/files/FOMCpresconf20121212.pdf>.

32. A further area of policy discussion is so-called “structural reforms” which embrace a wide range of measures aimed at improving the efficiency with which product and labour markets function and thus at raising potential growth rates. The content of such reforms varies widely, as do views on their effectiveness in promoting growth both in the short and in the longer term.
33. Since the G20 Pittsburgh Summit in 2009, an important dimension of recovery efforts has been to encourage countries in balance of payments surplus to increase domestic demand thus imparting a stimulus to the global economy and easing tensions over trade. Global imbalances have diminished somewhat but mainly as a result of weakened demand in deficit countries.

IV. The role of employment and social policies in coordinating global recovery

34. A focus on policy measures to boost employment and incomes in both the developing and developed world could turn currently negative feedback loops into positive growth effects and contribute to recovery. In this regard, the Decent Work Agenda, which has attracted strong tripartite support in a series of regional and national policy-making forums, offers a framework for a range of measures that can be applied by countries in different situations.
35. Many developing countries face the continuing challenge of transforming predominantly low-productivity employment in agriculture and informal services to higher employment in more productive industrial and services activities, while increasing food production. Such transformations require investment both in physical infrastructure and in the health and skills of the workforce. A key element in environmentally sustainable growth is an infrastructure and workforce skills that contribute to natural resource conservation.
36. The Social Protection Floors Recommendation, 2012 (No. 202), is particularly useful to a number of countries considering investing in strengthening child support, old-age pensions, basic health-care systems and labour-intensive infrastructure. It has also been seen as an important support to the changes needed to “green” economies and employment.
37. A focus on the direct and indirect employment-creating potential of investment in infrastructure can increase the developmental impact of both large- and small-scale projects. *Employment-intensive infrastructure* programmes are particularly important for least developed countries.
38. A continuing emphasis on *education and training* is similarly important to increase the supply of skilled workers and address employers’ needs in higher value-added industries and services.
39. As more women and men are able to secure decent work opportunities, consumption levels rise, stimulating output and investment, which in turn improves productivity. However, if productivity substantially exceeds wage growth, this limits growth in household consumption and can slow economic growth, especially if export demand is weak. A number of developing countries have in recent years placed increasing importance on increasing wages and on establishing *minimum wage setting systems* and social protection floors that contribute to a more inclusive and self-sustaining development path.
40. Priorities in developed countries include addressing large-scale youth unemployment, long-term unemployment, increased participation of women, skills upgrading, focused support to vulnerable groups and improved job matching. The scope for establishing or

extending apprenticeship schemes has attracted interest in many countries. Improved childcare arrangements create employment opportunities and increase employment participation rates of women. While social protection systems are more comprehensive in higher-income countries, the further strengthening of systems could enhance their automatic counter-cyclical effects. Infrastructure investment and support to small and medium-sized enterprises are important means of increasing demand for labour and thus reducing unemployment.

V. ILO action to promote growth, decent and productive employment and social inclusion

41. Following the discussion on global economic prospects and the Decent Work Agenda at the November 2012 meeting of the Working Party on the Social Dimension of Globalization, the Officers of the Governing Body issued a statement¹³ highlighting:

- that social dialogue is a crucial tool in the search for consensus on a wide range of policy solutions. The ILO needs to prioritize social dialogue at all levels as part of its crisis response;
- that respect for fundamental principles and rights at work is central to human dignity. It is also an important input for recovery and development;
- the importance of the ILO Declaration on Social Justice for a Fair Globalization (2008) and the ILO Global Jobs Pact (2009) in achieving sustainable recovery and growth; and
- the key nature of the mandate and the participation of the ILO in the G20 Summit and of labour ministers in the G20 and other relevant international processes.

42. The Officers requested the Director-General to:

- make maximum use of forthcoming official ILO meetings including the Ninth European Regional Meeting, the 317th Session of the Governing Body and the 102nd Session of the International Labour Conference in order for ILO constituents to debate the crisis, promote coordinated action and advance solutions;
- seek all possible means to put employment and fundamental principles and rights at work at the centre of the development agenda in the context of the decisions to be taken at relevant forums, leading to the adoption of a goal and target on full and productive employment and decent work as part of the post-2015 sustainable development agenda; and
- intensify common efforts of the Governing Body and the Office to promote policy coherence between all relevant international and regional organizations in order to promote growth, decent and productive employment and social inclusion.

43. Since November 2012, the annual cycle of meetings in various international organizations and groupings has recommenced. The Director-General has highlighted the urgent need for coordinated action on jobs, when speaking at meetings with several key actors in relevant

¹³ The statement can be found at: http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_193344.pdf.

international and regional organizations, including the Managing Director of the IMF, the President of the World Bank, the Presidents of the Asian and African Development Banks and European Commissioners, as well as with a number of Heads of State and Government. He raised the same issues at panel discussions, media events and bilateral meetings at the 2013 annual meeting of the World Economic Forum in Davos.

44. The Office is able to participate in a number of significant international processes, including at the level of the G20, the United Nations and the European Union. This has afforded it the opportunity to stress the importance of coherent national, regional and international action to promote growth, decent and productive employment and social inclusion.
45. As mentioned above, the Russian Federation's Presidency of the G20 has identified three overarching priorities, namely growth through quality jobs and investment, growth through trust and transparency and growth through effective regulation.
46. The ILO will engage actively with the G20 to promote growth, decent and productive employment and social inclusion. As mentioned above, an innovation in the G20 process leading to the St Petersburg Summit on 5 and 6 September 2013 is a joint meeting of employment and labour ministers and finance ministers on 19 July. Employment and labour ministers will meet on 18 and 19 July, preceded by a consultation with the social partners (B20 and L20). An Employment Task Force of senior officials will prepare the meetings and also consult the social partners. Its first meeting will be held in Moscow on 20 and 21 February 2013, with ILO participation.
47. The G20 Finance Ministers and Central Bank Governors' Meeting was held in Moscow on 15 and 16 February 2013. While noting some signs of improvement, the Ministers and Governors recognized "that important risks remain and global growth is still too weak, with unemployment remaining unacceptably high in many countries". They agreed that "to address the weakness of the global economy, ambitious reforms and coordinated policies are key to achieving strong, sustainable and balanced growth and restoring confidence".¹⁴
48. The Office is working with the Russian Presidency and other international organizations to help prepare for the Summit and the ministers' meetings. The social partners of the G20 will also have the opportunity to engage in the preparatory process through the St Petersburg International Economic Forum, to be held from 20 to 22 June 2013.
49. The United Nations Economic and Social Council is the main intergovernmental United Nations policy coherence body. At its annual substantive session, to be held in Geneva in July 2013, it will have on its agenda "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the MDGs". The Office is working closely with the United Nations secretariat and the Bureau of the Council to prepare this item.¹⁵
50. The United Nations Commission for Social Development met from 6 to 15 February 2013 and discussed as a priority theme "Promoting empowerment of people in achieving

¹⁴ Communiqué of the Meeting of Finance Ministers and Central Bank Governors, Moscow, 15–16 February 2013, at http://www.g20.org/events_financial_track/20130215/780960861.html.

¹⁵ Work in the United Nations on the post-2015 development agenda is reviewed in document GB.317/WP/SDG/1.

poverty eradication, social integration and full employment and decent work for all.” The background paper¹⁶ and the debate highlighted, among other things, that:

- the creation of full employment and decent work for all should be at the centre of a policy framework for poverty eradication and social integration;
- universal access to basic social protection and social services is an important instrument for empowering people, and in this regard, governments should consider establishing a national social protection floor as an effective safeguard against poverty and inequality, consistent with national priorities and circumstances; and
- access to justice and legal instruments are essential to reducing poverty and promoting empowerment. Governments should promote the legal empowerment of the poor by ensuring pro-poor property rights and labour protections.

51. In following up on the Director-General’s meetings with the President of the World Bank, a high-level ILO team led by Deputy Director-General Sandra Polaski met a number of the Bank’s Vice-Presidents to develop a common workplan on shared priorities. These include improved labour market data collection and dissemination, joint research, county-level collaboration and cooperation on the post-2015 development agenda. The ILO team also met Deputy Managing Director Min Zhu of the IMF to review cooperation between the ILO and the IMF since the Joint ILO–IMF Conference on the Challenges of Growth, Employment and Social Cohesion, held in Oslo in September 2010. Discussions focused on the scope for action to promote recovery as well as further joint work on research, social protection and national social dialogue. A successful ILO–IMF Tripartite Consultation on Job-Rich and Inclusive Growth in the Dominican Republic was held in Santo Domingo on 30 January 2013. The spring meetings of the IMF and the World Bank provide an occasion to take the work initiated with the international financial institutions forwards.

52. Preparations for the Ninth ILO European Regional Meeting, to be held in Oslo from 8 to 11 April 2013, are well advanced and include the organization of policy dialogue sessions with top-level officials of international economic organizations.

53. Looking ahead, and supplementing inputs to the international cycle of policy-making meetings, the Office plans to:

- undertake additional comparative analysis of effective policy responses to differing national economic, employment, labour and social challenges;
- contribute to national policy debates on the financing of social protection, including actuarial analysis of the longer-term impacts of reforms introduced to meet short-term fiscal consolidation objectives;
- provide evidence-based comparative policy analysis of short- and medium-term policies, programmes and other measures to address the acute youth employment crisis, straddling supply and demand sides of the labour market, including apprenticeships, dual training schemes and entrepreneurship;
- assist social partners in contributing to and participating in national policy debates on adjustment and reform, including on the role of social dialogue in designing balanced economic and social policy responses; and

¹⁶ Report of the Secretary-General, E/CN.5/2013/3.

- develop substantive research showing the centrality of action on employment and social policy to the attainment of strong, sustainable and balanced growth.
- 54.** The Working Party is invited to review the current global economic and employment outlook and the contribution that employment and social policies could make to a coordinated recovery effort in 2013, and to provide advice regarding the future activities of the ILO in this area.