



Governing Body

331st Session, Geneva, 26 October–9 November 2017

GB.331/INS/9

Institutional Section

INS

Date: 19 October 2017
Original: English

NINTH ITEM ON THE AGENDA

Partnership and Policy Coherence Strategy

Purpose of the document

In follow-up to the programme of work adopted by the Governing Body at its 329th Session (March 2017) to give effect to the resolution on advancing social justice through decent work, this paper proposes a possible strategy for promoting decent work through partnerships and policy coherence, with a special focus on promoting inclusive growth and decent work at the country level with international and regional economic financial institutions. If endorsed by the Governing Body, these proposals will be implemented as part of the ILO's Strategic Plan for 2018–21, which highlights that partnerships and policy coherence are critical to the realization of the strategic vision for the ILO by 2021. They will also be implemented in conjunction with the Programme and Budget for 2018–19 and the Programme and Budget for 2020–21, and alongside the ILO's Development Cooperation Strategy.

Relevant strategic objective: All.

Main relevant outcome/cross-cutting policy driver: Enabling Outcome A: Effective advocacy for decent work.

Policy implications: Yes.

Legal implications: None at this stage.

Financial implications: None at this stage.

Follow-up action required: The proposed strategy will be incorporated into existing and future ILO programmes and budgets and related supporting strategies.

Author unit: Multilateral Cooperation Department (MULTILATERALS).

Related documents: GB.325/INS/6; GB.325/PV; GB.328/INS/7; GB.328/PV; GB.329/INS/7; GB.329/HL/1; GB.329/PV; GB.331/INS/3.

Background

1. The ILO is mandated to promote social progress as an integral part of economic progress. The notion of policy coherence has long received strong endorsement within the ILO in order to achieve synergy between economic and social goals, and in recent years with environmental goals as well.¹ For the ILO, this has meant embedding social and employment goals, as well as labour rights, in broader economic policy formulation, assessing the impact of economic policies on social and employment goals, assessing the possible trade-offs and identifying the policies that can have mitigating effects where necessary.
2. Different international and regional economic institutions are likely to approach policy coherence from the perspective of their respective mandates and so their views on specific issues such as wages and social protection might vary.
3. The paper sets out three key elements of a proposed ILO strategy for promoting decent work through partnerships and policy coherence:
 - (a) maintaining recent levels of high-level dialogue with key international and regional organizations and groupings such as the G20 and BRICS (Brazil, Russian Federation, India, China and South Africa);
 - (b) seizing opportunities for upstream policy dialogues and joint research with key international and regional organizations in a better coordinated manner and coordinating these effectively to maximize results; and
 - (c) testing an integrated approach to decent work and inclusive growth in a selected number of countries.
4. The ILO's collaboration with other international and regional organizations to implement the 2030 Agenda for Sustainable Development (2030 Agenda) and the achievement of greater policy coherence within the United Nations (UN) system were the subject of the Report of the Director-General to the 105th Session of the Conference (2016),² as well as of various Governing Body papers and discussions over the past two years.³ The main focus of the current paper is therefore the promotion of inclusive growth and decent work with international and regional economic, financial and trade institutions. However, both partnerships with the UN and policy coherence with economic and financial institutions form part of the proposed strategy.

¹ See, for instance, ILO: *Work in a changing climate: The Green Initiative*, Report of the Director-General, Report I, International Labour Conference, 106th Session, Geneva, 2017, and ILO: *Guidelines for a just transition towards environmentally sustainable economies and societies for all*, Geneva, 2015.

² ILO: *The End to Poverty Initiative: The ILO and the 2030 Agenda*, Report of the Director-General, Report I(B), International Labour Conference, 105th Session, Geneva, 2016.

³ GB.325/INS/6; GB.325/PV; GB.328/INS/7; GB.328/PV; GB.329/INS/7; GB.329/HL/1; GB.329/PV.

Policy coherence in a world of competing economic models

5. During the last decade, the ILO has strongly advocated policies for inclusive growth, full employment and decent work and with the strong engagement of constituents this call was reflected in the 2030 Agenda and in particular Sustainable Development Goal (SDG) 8 that calls on member States to “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”⁴
6. The 2030 Agenda recognizes that partnerships and policy coherence are needed to achieve the SDGs. However, the Agenda does not specify in detail the policies required to reach the goals and targets that it contains. Neither does it provide guidance on the sequencing of policy objectives or on possible trade-offs between economic, social and environmental goals.
7. A range of geopolitical developments and global labour market, wage and social trends have recently intensified concerns about the consequences of growing income and wealth inequality. Global unemployment is expected to increase by 3.4 million in 2017. Moreover, in many parts of the world an increasing proportion of jobs are in diverse or non-standard forms of employment of variable quality and conditions.⁵ Past successes in reducing vulnerable employment are now under threat⁶ and stand to be exacerbated by the effects of climate change. Rapidly rising income inequality and stagnating or declining wages at the lower end of the income distribution scale demonstrate that economic growth has not been inclusive,⁷ while over 70 per cent of the world’s population do not have adequate social protection coverage.⁸
8. In many countries such decent work deficits have proven destabilizing for sustainable development. This situation has prompted international and regional economic and financial institutions to increasingly focus their attention on the issues that are at the core of the ILO’s social justice mandate.
9. Key international organizations and multilateral institutions, including the African Union, the United Nations Economic Commissions, the International Monetary Fund (IMF), the World Bank Group (WBG) and the Organisation for Economic Co-operation and Development (OECD), have used major gatherings of central bankers and ministers of finance, trade and development in 2017 to discuss ways of countering popular discontent with globalization, and possible reforms that they hope will help spread the benefits of open economies more widely.⁹ These developments provide grounds for optimism that policy-makers may become more supportive of promoting the simultaneous pursuit of

⁴ The SDGs contain a large number of other goals and targets that concern key areas of ILO work.

⁵ OECD: *Meeting of the OECD Council at Ministerial Level*, Key Issues Paper, 7–8 June 2017, p. 13.

⁶ ILO: *World Employment and Social Outlook – Trends 2017*, Geneva, 2017.

⁷ ILO: *Global Wage Report 2016–17: Wage inequality in the workplace*, Geneva, 2016.

⁸ ILO: *World Social Protection Report 2014–15: Building economic recovery, inclusive development and social justice*, Geneva, 2014.

⁹ IMF and WBG spring meetings, Apr. 2017; meeting of the OECD Council at ministerial level, June 2017.

inclusive growth, full employment, decent work and a just transition to environmental sustainability rather than an approach based on “trickle-down” economics.

10. Nevertheless, important differences of opinion continue to exist at national, regional and international levels over the details of economic, social and environmental policies that are required to better share the benefits of economic growth and achieve SDG 8. This is at times compounded at the national level, where different line ministries – be it ministries of finance, planning, labour or environment – pursue policies that are either not entirely coherent or not fully advancing an integrated approach to decent work in a comprehensive or coordinated manner. The failure to systematically engage employers’ and workers’ organizations in many countries also misses an opportunity to use tripartism and social dialogue as a key means of fostering greater policy coherence for decent work through inclusive processes.
11. Despite many examples of successful multilateral collaboration in the past and the changing geopolitical environment, complete agreement on all aspects of economic and social policy is unlikely. A more realistic approach to policy coherence might therefore include a willingness to engage in meaningful economic and social policy dialogue across institutions focused on agreed international and national objectives, mutual respect for the expertise and comparative advantage of each organization and a commitment not to advocate or implement policies that undermine the core principles of another institution. With respect to the ILO, this applies, for example, to fundamental principles and rights at work to which all member States subscribe even if they have not ratified the related Conventions.

Key elements of an ILO strategy for promoting decent work through partnerships and policy coherence

12. Consistent with the 2016 resolution on advancing social justice through decent work, the ILO strategy is based on the Organization’s mandate to work with international and regional economic and financial institutions, as set out in the Declaration of Philadelphia¹⁰ and confirmed in the 2008 ILO Declaration on Social Justice for a Fair Globalization (Social Justice Declaration).¹¹

¹⁰ The ILO constitutional mandate for work on international economic and financial policies is contained in the Declaration concerning the aims and purposes of the International Labour Organisation that was adopted in Philadelphia in 1944, and incorporated into the ILO Constitution. The key paragraphs of the Declaration concerning economic and financial policies state that: (i) “all national and international policies and measures, in particular those of an economic and financial character, should be judged in this light and accepted only in so far as they may be held to promote and not to hinder the achievement of this fundamental objective” [social justice]; (ii) “it is a responsibility of the International Labour Organisation to examine and consider all international economic and financial policies and measures in the light of this fundamental objective” [social justice]; (iii) “in discharging the tasks entrusted to it the International Labour Organisation, having considered all relevant economic and financial factors, may include in its decisions and recommendations any provisions which it considers appropriate”.

¹¹ Under the Declaration on Social Justice for a Fair Globalization, 2008, the Conference recognized that the Declaration of Philadelphia “continues to be fully relevant in the twenty-first century”. As reflected in the following paragraph of the Social Justice Declaration, this includes the parts of the 1944 Declaration that concern international and regional economic and financial institutions: “[The Conference] provides the ILO with the responsibility to examine and consider all international economic and financial policies in the light of the fundamental objective of social justice”. In Part II of the Social Justice Declaration, “Method of Implementation”, ILO constituents unanimously agreed on the following formulation: “C. Other international and regional organizations with mandates in

13. In line with previous Governing Body discussions and decisions, the proposed strategy will focus on contributing to achieving the Sustainable Development Goals most relevant to the ILO's mandate, and will be fully consistent with the overall strategic objectives of the ILO, the Strategic Plan for 2018–21, and current and future programme and budget cycles. It should also take into account the outcome of the current discussions related to the wide-ranging proposals outlined by the UN Secretary-General in his recent report: *Repositioning the United Nations development system to deliver on the 2030 Agenda: Ensuring a better future for all*,¹² as well as in his forthcoming report on the topic that will be submitted by the end of 2017. The reports offer the Secretary-General's vision on wide-ranging reforms required for the United Nations development system (UNDS) to deliver on the 2030 Agenda, focusing on the humanitarian–peace–development nexus as well as on greater policy and operational coherence, with prevention as a cross-pillar priority within the UNDS.
14. The work to promote decent work through partnerships and policy coherence in the UNDS will be taken forward with the continuing implementation of the ILO Resource Platform for Decent Work for Sustainable Development to facilitate greater involvement of constituents and ILO staff in activities related to the design and implementation of United Nations Development Assistance Frameworks (UNDAFs) at the country level. Partnerships and policy coherence for decent work in the UNDS will also be furthered through continued engagement in multi-stakeholder partnerships, alliances and initiatives led or co-led by the ILO.

A framework for engagement

15. Collaboration between the ILO and other international and regional organizations currently takes place at several different levels, including but not limited to those outlined below.

(a) **High-level dialogues**

16. The ILO Director-General (or his representative) regularly participates in a range of events that the main international and regional institutions organize at ministerial level. These include the International Monetary and Financial Committee and the Development Committee of the WBG and the IMF, which are mainly composed of central bankers and finance ministers. These committees meet twice a year and the Director-General submits written statements that allow him to communicate the ILO's views on the latest global economic trends and policy developments to key economic policy-makers.
17. The ILO's involvement in the G20, G8/G7 and BRICS processes, inter alia, also provides opportunities for the ILO to present its perspective on key economic and social developments to national leaders and to finance, development and labour ministers. In 2014, the G20 Employment Working Group was made a permanent body and the ILO has since been called upon to provide significant analytical work, often in collaboration with the WBG, OECD and IMF. This collaboration has contributed to G20 statements on a range of issues,

closely related fields can have an important contribution to make to the implementation of the integrated approach [of the Decent Work Agenda]. The ILO should invite them to promote decent work, bearing in mind that each agency will have full control of its mandate. As trade and financial market policy both affect employment, it is the ILO's role to evaluate those employment effects to achieve its aim of placing employment at the heart of economic policies".

¹² UN Economic and Social Council (ECOSOC): *Repositioning the United Nations development system to deliver on the 2030 Agenda: Ensuring a better future for all*, Report of the Secretary-General, A/72/124–E/2018/3, 11 July 2017.

including sustainable wage policies, closing gender gaps in the labour market, and sustainable global supply chains.

18. The ILO is collaborating closely with various international organizations, most particularly in the context of the implementation of the 2030 Agenda, with the aim of achieving greater operational and policy coherence within the multilateral system. The Director-General was also recently appointed Chairperson of the UN High-Level Committee on Programmes (HLCP), whose mandate includes “fostering policy coherence and programme coordination in response to inter-governmental mandates and in support of international agreed development goals”. Moreover, at regional level, the regional directors engaged in regular formal and informal dialogue with the various regional economic institutions and banks.

(b) *Research and technical-level discussions on policy*

19. In the past, the ILO has been engaged in collaboration with key international and regional organizations on a broad range of research, statistical and policy matters. Since 2014, the ILO and the WBG have organized regular high-level discussions on the basis of an agreed roadmap that sets out areas of collaboration of mutual interest corresponding to the strategic priorities and mandates of the two organizations. The roadmap covers such policy areas as research, statistics and certain themes of the flagship programmes.
20. Upstream collaboration on policy discussions, joint research projects and activities regarding statistics also take place with regional banks, regional economic institutions and occasionally with the IMF and the OECD. These activities are more ad hoc and could be better coordinated to improve efficiency and impact. The ILO has entered into cooperation agreements with other international organizations on the basis of article 12 of the Constitution, but could and should do more to implement regular and better coordinated research and technical discussions on policy to advance decent work. The implementation of the ILO’s knowledge strategy could facilitate this process.

(c) *Country-level collaboration*

21. The ILO is currently engaged in extensive collaboration at the country level with the UN, the WBG and a range of regional development banks and regional economic institutions. Its work with the WBG takes the form of development cooperation projects on selected issues such as forced labour in Uzbekistan, youth employment in Zimbabwe, and jobs for Syrian refugees in Jordan. By more systematically engaging in upcoming WBG Systematic Country Diagnostics and Country Partnership Framework processes, and building on lessons learned from the ILO’s engagement in Poverty Reduction Strategy Papers (PRSPs) processes in the past, the ILO and its constituents should be able to promote greater policy coherence for decent work more effectively at the country level.
22. The ILO’s country-level work is often pursued in the framework of Decent Work Country Programmes (DWCPs) currently being implemented in more than 100 member States. In the absence of DWCPs, other programming frameworks may exist. While these all seek to advance decent work in an integrated way, they are often focused on the delivery of outcomes to be achieved by the ILO on its own, and sometimes in partnership with other international and regional organizations, but not necessarily on advancing more coherent national economic, social and environmental policies for decent work.
23. In this regard, ILO constituents have often called for efforts to promote greater policy coherence for decent work at the broader country level. This would entail a national focus on all four strategic objectives of the Decent Work Agenda and on the cross-cutting

objectives of social dialogue, international labour standards, non-discrimination and gender equality and environmental sustainability. Since this is an extremely ambitious undertaking, consideration could be given to testing such approaches in a very limited number of situations and assessing the experience. It would involve a diagnostic phase based on a multidisciplinary assessment in a highly consultative process followed by the development of policy recommendations based on social dialogue and with the engagement of a range of partners from regional and international organizations.

24. In implementing a more intensive promotion of inclusive growth and decent work at the country level through partnerships and policy coherence, the ILO has considerable past experience to draw upon. This includes the country-level missions conducted under the World Employment Programme in the 1970s, experience with the PRSPs in the 1990s, the DWCPs, participation in the design and implementation of UNDAFs, country level collaboration between the ILO and the IMF after the 2008 global economic crisis, and recent collaboration with the WBG on country-level employment strategies. Most of this past experience was employment focused. The key difference going forward would be a broader agenda that covers the four strategic objectives of the Decent Work Agenda and thus the need for a truly integrated and inter-disciplinary approach to advancing decent work.

Going forward

25. In the future, it is proposed that the ILO implement the above three-pronged approach to collaboration, with important modifications designed to improve efficiency and impact. Consideration would therefore be given, for instance, to implementing a process similar to the ILO–WBG roadmap in regular high-level discussions between ILO senior management and staff of the IMF, World Trade Organization, OECD and each of the key regional economic and financial institutions. Scope exists to improve coordination to ensure that collaboration includes all four strategic objectives and that decent work is promoted in an integrated manner.
26. Since it is difficult to predetermine where the best opportunities for constructive collaboration with economic and financial institutions will arise in the coming four years, and in light of the evolving developments in UN reform which could offer good prospects for policy coherence around decent work, the ILO strategy is deliberately flexible. The constituents and the Office need to be agile and ready to react rapidly as political openings arise and opportunities present themselves to promote economic, environmental and social goals simultaneously.

Draft decision

27. *The Governing Body requests the Director-General to:*

- (a) *take into account its guidance in relation to the proposed strategy for promoting decent work through partnerships and policy coherence; and*
- (b) *take the necessary action towards its implementation.*