



FIFTEENTH ITEM ON THE AGENDA

**Report of the Committee on Employment
and Social Policy**

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1. The Committee met on 18 and 19 March 2003. Ambassador Umer, representative of the Government of Pakistan, was Chairperson. The Employer and Worker Vice-Chairpersons were Mr. Niles and Mr. Patel, respectively.

I. Review of the core elements of the Global Employment Agenda (First item on the agenda)

2. A representative of the Director-General (Mr. Hultin, Executive Director, Employment Sector) introduced the Office paper¹ on the review of the core elements of the Global Employment Agenda.
3. Mr. Hultin thanked all those involved for their substantial contributions in enabling the refinement of the Global Employment Agenda over a long period. The painstaking effort that had been made in good faith, he emphasized, was driven by the objective of arriving at the maximum achievable consensus. The aim was not to achieve absolute consensus. This process yielded political compromises in formulations. He regretted that due to production problems certain text passages were not in the document before the Committee. This would be corrected in the version on the ILO's web site. He gave two examples of this. The first example was in paragraph 27, where the antepenultimate sentence should have read: "Measures to stabilize financial markets with the aim of giving countries more freedom for macroeconomic policies could be discussed – including those, such as a 'Tobin tax' or other instruments for which there is no consensus among policy-makers." Second, in paragraph 37 the following sentence was missing: "Good health should be considered as a human right, while it also promotes employment security, employability, productivity and output growth." He continued to make the point that consultations with the Committee would continue, with a view to adapting the Agenda to changing circumstances of the global economy. The main finding of the consultations however was to move on and implement the Global Employment Agenda by making it operational. Part IV of the document spelt out the core activities that would implement it. While national-level action was the main driver of this process, action at regional and global levels through alliances was also crucial. Two examples were the Jobs in Africa programme (formerly Jobs for Africa programme) and the Youth Employment Network (YEN). Lastly an important outcome of the consultations concerned the need to structure future Committee discussions around the main elements of the Global Employment Agenda, and to share country-level experiences where the framework of the Agenda had been used for employment-intensive growth and poverty reduction. Guidance was sought in the identification of one or two elements for discussion at the November ESP Committee session.
4. The Chairperson noted the good faith in which efforts had been made to narrow the gaps. He pointed out that the deletions that had occurred were oversights only. This would be reflected in the records. In opening the discussion to the floor, he requested the Committee to focus on the points for decision in paragraphs 51, 52, 53 and 54 of the document before them.
5. The Employer Vice-Chairperson thanked the Chairperson and Mr. Hultin. He began by noting the lengthy process that had begun in November 2001, culminating in the present discussion. Pointing to the last sentence of paragraph 3, he stated that there were many

¹ GB.286/ESP/1.

issues on which there was disagreement but that it would not be productive to pursue these. His group supported the ten core elements and seven pillars of the Global Employment Agenda as they stood and the points for decision in paragraphs 51, 52, 53 and 54. It was important that the Office be given a chance to work with countries interested in implementing the Agenda, and that the Committee receive some feedback from the implementation process. For future sessions of the Committee, one or two of the principal elements of paragraphs 17 and 18 could be taken up; however, devoting the discussion itself to the selection and ordering of elements would not be advisable. His group was prepared to agree to the points for decision contained in paragraphs 51 to 54, with one caveat: The first sentence of item 51 implied a possible micromanagement by the Committee of the Office's implementation of the Global Employment Agenda. This was not advisable. The time had come to end the debate and move forward.

6. The Worker Vice-Chairperson began his comments by placing the Global Employment Agenda in the context in which it had been conceived. Its origins were in the employment goal of the 1995 World Summit for Social Development. This commitment to full employment was based on the ILO's Employment Policy Convention, 1964 (No. 122). In the June 2000 review of the implementation of the Social Summit commitments, the ILO had been invited to elaborate on a coherent and coordinated international strategy on employment. This was the context of the Global Employment Agenda. The Workers' group considered the document to be a reasonable compromise that reflected the interests of all groups and drew upon debates that had taken place in the ESP Committee as well as the Global Employment Forum. However, some issues were still missing or incomplete, and there were the accidental omissions referred to by the representative of the Director-General. It was important to move forward, so that the ILO could contribute effectively at the global and national level to resolve the impending crisis of joblessness, as the second paper before the Committee showed. On the points for discussion, his group supported the thrust of paragraph 51. He suggested three ways in which the Committee could advise the Office. The first was for the Global Employment Agenda to define priorities for the work of the Employment Sector. Second, the Global Employment Agenda could focus on cross-sectoral collaboration, for example in the area of occupational safety and health and productivity; similarly, the Social Dialogue Sector could take the Global Employment Agenda's core element 7 and develop the proposals in paragraph 34 on collective bargaining. Third, the Office could ensure greater tripartite insight in and oversight of its work on the Global Employment Agenda by producing regular reports on work undertaken and planned, structured according to the ten core elements and three cross-cutting principles. The idea of country reports in paragraph 51 was supported and a proposal was made to integrate regional initiatives like Jobs in Africa into the Global Employment Agenda. Paragraphs 52 and 53 had substantial consensus, although there was some imprecision with respect to the overlap between the pillars and core elements. Two pillars, namely "decent work as a productive factor" and "ending discrimination in the labour market", were not reflected in the core elements, while the other five pillars were to some extent. Social dialogue, on the other hand, was introduced as an overarching value but not as a pillar or core element. Paragraphs 11 to 13 should be considered as cross-cutting principles that every core element should seek to reflect. In this way decent work, ending discrimination and social dialogue would not be absent from the operational part of the Global Employment Agenda. Similarly, the issues of gender and quality of employment could be better reflected in the Agenda. Such qualitative aspects included collective bargaining, wage policy, income distribution, casual or insecure forms of work, and globalizing the labour relations system. On this basis, paragraphs 52 and 53 were acceptable. Regarding paragraph 54, he agreed with the Employer Vice-Chairperson on the difficulties of agreeing to one or two items. Unless a consensus emerged during the discussion, he felt that this could be settled in some other mutually agreeable way after the Committee session. His group wished to make three suggestions dealing with both the quantitative and the qualitative dimension of employment, thus being consistent with

paragraphs 4 to 6 of the Office paper. The first suggestion was to select core element 4 on macroeconomic policy, since this would permit a concrete discussion on policy integration. It would allow the Committee to consider the constraints to employment growth in developing countries and the ways in which employment could be placed at the heart of economic and social policies. The second suggestion was core element 7 on active labour market policies, which should focus on labour-based methodologies, collective bargaining, employment quality and skills identification. The third suggestion was core element 5 on promoting decent employment through entrepreneurship, which could focus on enterprise development, promotion of cooperatives, decent work at the workplace level and insecure forms of work. There was also some support in his group for the issue of sustainable development and basic needs. In conclusion, the Workers looked forward to constructive interaction on: the specific areas of the Global Employment Agenda identified by the Committee; country studies; and the review of completed and planned Office work – which should include proposals on how best to advance the Global Employment Agenda through global alliances.

7. The representative of the Government of Romania, speaking on behalf of Belarus, Bulgaria, the Czech Republic, Lithuania, Poland, Romania, the Russian Federation, Serbia and Montenegro, and Slovenia, thanked the Office for an excellent paper and the extensive consultation process with all groups. He noted that the elaboration of the Agenda was most relevant at a time when the worldwide economic recession had immediate effects on the quality and quantity of employment. The role of the Global Employment Agenda was therefore not only to raise awareness but also to be a catalyst for bringing about efficient action and shared responsibilities between governments and social partners. The ten core elements were appreciated. While their positioning with respect to the labour market and economy was adequate, it was considered that they should also be positioned with respect to the ILO mandate. While the seven pillars should continue to be seen as reference principles, the debate should now focus on the core elements. He emphasized the human perspective in distinguishing labour markets from other markets, as reflected in recent findings of eminent economists. There was a need to further analyse how regional integration affected labour markets, labour rights, competitiveness and investment, especially in the European context. The idea of global alliances and the need to examine the employment consequences of policy choices of international financial and other institutions was fully supported. He noted that the Global Employment Agenda did not give a prominent place to the concepts of democracy and good governance, although there were scant references to corruption and accountability. Referring to the implementation of the Agenda, he said that the message should be concise and clear, and that for that reason the document should be preceded by an executive summary. The main criterion of assessing the merits of the Agenda ought to be its capacity to have an impact on policy-making and in real life.
8. The representative of the Government of Sudan, speaking on behalf of the Africa group, thanked the Office for producing the document. While agreeing with the employment emphasis of the document, he stated that his group was concerned about the feedback from the Office on operationalizing the Agenda. He appreciated that the document had taken account of some concerns of the developing countries. In the African context the synchronization of the Global Employment Agenda with the New Partnership for Africa's Development (NEPAD) and integration into the Jobs in Africa programme were of central importance. He emphasized the need for a continuous review and the importance of vocational training. Within Jobs in Africa, his group considered that skills training and youth programmes were the best strategies to promote growth and reduce the employment deficit. He also stressed that it was important for developing countries to promote agricultural exports, agricultural extension programmes, and the development of utilities, small enterprises and self-employment in the informal economy. Social dialogue needed to be strengthened through programmes of economic reform with the ultimate objective of

improving labour market performance and protecting workers' rights. The expansion of social security networks to reduce poverty and to lessen the impact of HIV/AIDS on vulnerable groups was also critical. He also highlighted the importance of education and skills for increasing productivity, not just for the employed but also for the unemployed – in particular youth, who accounted for over 60 per cent of the continent's population. By declaring the year 2004 as the year for human resources development, the African Union Assembly of Heads of State and Government in July 2002 had made a commitment at the highest level to guide efforts by institutions like the ILO in this area. Referring to paragraph 51, he emphasized the importance of bringing the Office, the Committee and the networks working on the Global Employment Agenda closer, thus making it possible to draw on best practices. In conclusion, he supported the points for decision in paragraphs 51 to 54.

9. The representative of the Government of France, speaking on behalf of the governments of the IMEC group, thanked the Office for the new document, observing that it was more focused on strategy, implementation and operational points for decision than the previous version. He asserted that two main observations made during the last session remained valid, namely that the ILO should focus its activities on areas where it held a comparative advantage, and that one core element of the Global Employment Agenda should be selected for in-depth consideration at each ESP Committee session. With respect to the latter, he recalled that the IMEC group had previously suggested core element 5, but this remained open to discussion, in order to achieve a consensus. The important thing was to reach a decision on this matter at this session. IMEC felt that the first three parts of the document had not added much to the reflections already gathered during the Global Employment Forum or included in the strategic sections of the 2004-05 programme and budget proposals. The fourth part of the document, however, contained some good ideas that were fully supported by IMEC, such as seeking partnerships and sharing experiences and good practices. He emphasized the need to implement an integrated strategy for global employment, and called on the ILO to strengthen coordination within its own activities and undertake a general review of its tools and programmes to ensure their consistency and reinforce their effectiveness. In conclusion, the IMEC group agreed with the ten core elements structure of the document and the overall orientations in Part IV.
10. The representative of the Government of the Republic of Korea, speaking on behalf of the Asia and Pacific group, expressed his appreciation for the efforts of the Office, acknowledging in particular the fact that it had taken into account previous discussions in drawing up the present document. He expressed the group's continued support for the four points for decision presented to the Committee and stressed the need to proceed with their implementation. He advocated that the recent deterioration in the global economic situation, as identified in the Office paper on global employment trends also before the Committee, was evidence that national employment experiences were attributable not only to national policies but also to international ones, such as an unfavourable international economic environment, barriers to trade and high levels of debt. The promotion of employment opportunities, economic development and social justice therefore needed to guide future deliberations on the ten core elements. Referring to paragraphs 19 and 20 of the Office paper, he agreed with the need to identify countries' comparative advantage industries and noted the advocacy role for the ILO in its interaction with relevant international institutions. The most important issue before the Committee was to establish a broad consensus on the implementation of the Global Employment Agenda. Referring to Part IV of the document, he emphasized the need for the Office to build global alliances for better policy coordination, while at the same time taking action at the national level through employment reviews or the promotion of employment strategies. The Office should keep the Committee informed of progress in this regard and seek appropriate guidance when needed. He requested the Office to ensure that labour standards would not be used for trade protection purposes and further observed that decent work was very much

a country-specific paradigm. With respect to the points for decision, his group strongly supported paragraphs 52 and 53 and urged that the Office begin implementing the Agenda based on the seven pillars and ten core elements, under the guidance of the Committee. In reference to paragraphs 51 and 54, the group proposed prioritizing the ten core elements, focusing on core elements 2 (promotion of technological change), 4 (macroeconomic policy) and 6 (employability). In conclusion, the group supported the points for decision.

- 11.** The representative of the Government of Argentina, speaking on behalf of the Group of Latin American and Caribbean States (GRULAC), thanked the Office for its paper, commending the fact that it drew on the last 18 months of output and discussions of the ESP Committee and took into consideration the conclusions of the World Summit on Sustainable Development and of the 24th Special Session of the United Nations General Assembly. He identified certain areas where he felt further clarity was required. Notably, paragraph 6 referred to the twofold elements of promoting freely chosen productive employment in the world and promoting decent work; however, the interrelationship between these two aspects was not made clear. In addition, the Global Employment Agenda identified strategies in three distinct areas – national, regional and global – but further elaboration was required on the details of these strategies. Whilst commending the seven pillars of the Global Employment Agenda, he stated that more detailed studies were required to show how the goals would be achieved and, moreover, he asserted that the distinction between pillars and core elements in Part III of the paper led to more confusion rather than adding clarity. In reference to paragraph 14, he queried whether the purpose of the Global Employment Agenda, to promote employment, economic development and social justice, was perhaps too ambitious in the worldwide context of fewer jobs than willing workers; whilst paragraph 19 failed to address the challenge of more jobs for young people entering the labour market. Indeed, he declared that paragraphs 19 to 41 raised many areas for further reflection, not all of which could be addressed in this brief intervention. He continued to observe that Part IV of the paper, on implementing the Agenda, was disproportionately short; it lacked a study on how to achieve employment, as well as a clear, coordinated structure. He also noted that there was not yet a clear consensus on macropolicy, nor on the institutions to be involved; these issues needed to be further discussed by the Committee. For GRULAC, the most important thing was to ensure that the Global Employment Agenda became operational in addressing the social reality at the national level. Finally, with respect to the points for decision in paragraphs 51 to 54, he voiced GRULAC's call for regular reports to be submitted on national-level implementation of the Global Employment Agenda and suggested focusing on core elements 4 and 10.
- 12.** The representative of the Government of South Africa identified himself with the statement made on behalf of the group of African countries. He asserted that decent work presented the route out of poverty and welcomed the document prepared by the Office. There existed a clear need to place employment at the heart of the policy-making agenda, as it was central to achieving equitable growth and increased productivity. With regard to the economic environment, he believed that trade must be used as an engine for employment growth, particularly for agriculture and labour-intensive products in Africa, whilst information and communication technologies (ICTs) needed to be adopted more extensively by developing countries in general. Furthermore, he supported the need to expand skills and entrepreneurship and to invest in health (referring specifically to the challenges of child labour and HIV/AIDS in the African context), whilst simultaneously promoting labour market efficiency within a regulated framework that would allow variability with respect to wage determination, work processes and the utilization of labour in a manner compatible with security. In this regard, he provided the South African example of the recent successful promulgation of sectoral wage determination for domestic and farm workers, i.e. the most vulnerable groups in the labour market. He agreed with the collaborative approach advocated by the document, and called for more work to be carried

out on an implementation strategy for the Global Employment Agenda, along with the utilization of existing regional initiatives (e.g. Jobs in Africa) to achieve deliverables for the Agenda. In conclusion, he agreed to the points for decision contained in paragraphs 51 to 54 and strongly supported the notion of regular reports.

- 13.** The representative of the Government of India congratulated the Office on what he termed an important and comprehensive document, and identified himself with the statement made on behalf of the Asia and Pacific group. He postulated that decent work needed to be conceptualized within the prevailing employment/unemployment context, and found it encouraging that employment was recognized as being the crux of the Office's Decent Work Agenda. He drew attention to India's planning process, where the goal of decent work has been pursued through development-oriented poverty reduction focusing on vulnerable groups, along with gender equity. He proceeded to broach the issues of unemployment, underemployment and labour productivity, identifying an acute need for investment in skills development in developing countries. Referring to the process of globalization, he cited rapid growth in trade and investment flows, which had been accompanied by an unprecedented increase in competition levels. In this regard, he asserted that to ask developing countries to drastically increase levels of labour standards and social security would preclude them from competing in global markets. He fully supported the notion of forging alliances to promote employment as the central objective of economic and social policies, notably to combat poverty, but cautioned that sensitivity needed to be shown to country- and region-wide diversity. Finally, he reaffirmed the centrality of employment expansion to India's development plans, and expressed the hope that the concerns of labour-surplus economies would be adequately addressed in the ongoing discussion.
- 14.** The representative of the Government of Nigeria expressed her support for the position adopted by the representative of the Government of Sudan on behalf of the Africa group, agreeing particularly with paragraph 2 of the Office paper, which emphasized the importance of employment as fundamental to the fight against poverty and social exclusion. Moreover, the Jobs in Africa initiative was seen as an effort towards the Global Employment Agenda goal of placing employment at the heart of economic and social policy. She declared that paragraph 30, referring to employability by improving knowledge and skills, was not an accurate reflection of the situation in Nigeria, as there were sizeable numbers of graduates that remained unemployed. Consequently, the most viable option for this group was self-employment. She maintained that the unemployment problem was particularly acute amongst youths and stressed an immediate need for vocational training, particularly in high-technology industries, to meet the demands of globalization. She agreed that the challenge for creating jobs for young people was substantial, as indicated in paragraph 32 of the document, and called for the issue of youth employment to be given priority in the Global Employment Agenda. Finally, she recommended that EPZs be stepped up where they existed, as a means to harness jobs.
- 15.** The representative of the Government of the Islamic Republic of Iran thanked the Office for its revised paper and supported the statement made on behalf of the Asia and Pacific group. He asked that the Office endeavour to translate the Global Employment Agenda into a plan of action using its international alliances and constituents at the national level, taking the following issues into consideration. First, he advocated that the Office should do its utmost to create global and regional partnerships in realizing the potential of the Global Employment Agenda. Second, he proposed that the ILO should take a lead role in implementing international initiatives concerning employment, including the Millennium Development Goals, Poverty Reduction Strategy Papers (PRSPs) and the United Nations Youth Employment Network, with a view to placing employment (particularly for youth) at the heart of all international macro/socio-economic plans. Third, he asserted that, despite employment's centrality to poverty alleviation, this was not in itself sufficient for poverty

eradication. Concerted efforts needed to be made to combat the problems of dysfunctional macropolicies such as non-pro-poor growth and unfair redistribution of incomes. These could include: international convergence for a more equitable and just global economic order; greater financial flows to developing countries and increased access to the markets of developed countries; promotion of ICTs to break down the digital divide; embedding employment at the heart of international macroeconomic policies; curbing illegal migration; information exchange with regard to promoting productivity and competitiveness; and a greater governmental capacity for social dialogue. Asymmetries caused by the processes of trade liberalization and globalization needed to be turned into symmetries for developing countries, and it was the duty of the Global Employment Agenda to respond to their basic needs.

- 16.** The representative of the Government of Belgium agreed with the IMEC group that the Global Employment Agenda should become a fundamental element of the work of the Committee and that a decision needed to be taken on this matter. He noted that their original feeling had been that the Global Employment Agenda was an intellectual rather than an operational framework, but he felt positive about the many calls he heard for implementation of the Agenda. He raised two points: first, he sought assurance that the results would be beneficial to countries that had tremendous unemployment problems and second, that the ambitions of the Agenda be clear. Was the Office looking for a good practice code or would it like to have more authority itself? It was not clear in paragraph 28, where it was stated that the ILO should play a more active role in discussions of the international financial institutions on macroeconomic issues, whether that was a goal of the Global Employment Agenda. Furthermore, in paragraph 46, the two methods identified for implementing alliances required more detail. He noted the importance of bringing the debate down from the intellectual level to national and regional realities, in order to promote discussion with the main country and political players. His country supported the idea that the Office report regularly on the national screening of the Agenda. Finally, he requested the Office to work on developing criteria to be used for assessment, otherwise the Global Employment Agenda would not persuade governments to establish new policies.
- 17.** The representative of the Government of China thanked the Office for its efforts. He noted that employment – particularly freely chosen, productive employment – was the major means for alleviating poverty and social exclusion. He appreciated the seven pillars and ten core elements of the document and felt that the document comprehensively summarized the global need for implementation. Moreover, it was a reflection of the 18-month consultation period. The Chinese delegation agreed with the statement made by the representative of the Government of the Republic of Korea that what was most important was for immediate action to be taken on the Agenda while continuing to reflect on the experience in practice. This would be the only way to promote the Agenda.
- 18.** The representative of the Government of Japan appreciated the Office's effort to redraft the document and supported the statements made on behalf of the IMEC group and the Asia and Pacific countries' group. His country attached importance to core elements 5 (promoting decent employment through entrepreneurship) and 6 (employability by improving knowledge and skills) and believed that both were essential for increasing employment. Japan had concluded a tripartite agreement last December, and although situations differed from country to country, a tripartite agreement was a powerful source for the implementation of employment measures. The Japanese delegation felt it was important to reach consensus and start on implementation of the Global Employment Agenda.
- 19.** The representative of the Government of Malawi endorsed the statement made by the representative of the Government of Sudan on behalf of the Africa group. He stated that if

the Global Employment Agenda was implemented it could improve the standard of living in developing countries. His Government agreed with paragraphs 42 and 43 on the need for alliance-building in order to implement successfully the Global Employment Agenda. Referring to paragraphs 51 and 54, he suggested that the Office prepare discussion papers on the first two core elements for discussion at the November 2003 or March 2004 Committee sessions. These elements related to the problem that African countries faced in access to markets for selling their products, including world trade and foreign direct investment imbalances, as well as the need for African countries to strengthen their technological base in order to increase productivity and create jobs. Moreover, African countries still faced severe communication problems and ICT facilities remained limited. He urged the Office to propose methods and practices that would help African countries find ways to compete effectively in global markets.

- 20.** The representative of the Government of Cameroon supported the statement made by the representative of the Government of Sudan on behalf of the Africa group and congratulated the Office on its efforts in reflecting on earlier discussions. His Government supported the four points for decision. Referring to paragraph 54, he identified core elements 4 and 6 as being important for Cameroon. As in Nigeria, the problem in Cameroon was not education, but the need to emphasize vocational training and worker employability. Also, macroeconomic policy for growth and employment was essential in the light of ongoing PRSPs in Africa. His Government supported the implementation of the Global Employment Agenda.
- 21.** The Worker Vice-Chairperson noted that the range of comments expressed by Committee members and the often converging opinions encouraged him. He agreed with the Employer Vice-Chairperson regarding the importance of practical implementation. The Workers agreed with the Central and Eastern European countries on the distinction between labour markets and other types of markets and the important role that democracy and good governance played. They supported the suggestions made by the representative of the Government of Sudan, speaking on behalf of the Africa group, regarding the Jobs in Africa programme. They also endorsed the suggestion of the representative of the Government of France on behalf of IMEC that the Office conduct a review of its various employment-related programmes and make them consistent with the Global Employment Agenda framework. He noted the convergence in thinking regarding the importance of a committee discussion on macroeconomic policy as expressed by: the Workers' group; the representative of the Government of the Republic of Korea, speaking on behalf of the Asia and Pacific group; the representative of the Government of Argentina, speaking on behalf of GRULAC; the representative of the Government of Cameroon; and other countries. Furthermore, he agreed with the statement made by the representative of the Government of the Republic of Korea that global employment outcomes were not just the result of the sum of national policies. Consequently, the suggestion made by the representative of the Government of Japan regarding the need to address the global dimension of the Agenda was supported by his group. The confusion on the distinction between pillars and core elements, pointed out by the representative of the Government of Argentina, speaking on behalf of GRULAC, could be overcome by using clearer language to emphasize cross-cutting issues such as decent work, ending discrimination and social dialogue. He welcomed the comments by the representative of the Government of South Africa on the importance of minimum wage regulation as this addressed the heart of the qualitative dimension of the Global Employment Agenda and should be so incorporated, and supported the request for regular reporting on implementation. Referring to the comment made by the representative of the Government of Nigeria and other speakers regarding the importance of vocational training especially in the context of youth unemployment, he underlined the importance of complementing supply-side interventions with appropriate macroeconomic policies that expand the demand for jobs. He supported the proposal by the representative of the Government of the Islamic Republic of Iran to consider unfair

distribution of income, as well as the role social dialogue could play in taking the Global Employment Agenda forward. The representative of the Government of Belgium had said that social dialogue was missing, but the Workers saw it as a cross-cutting issue. He believed that there was sufficient consensus and that the Global Employment Agenda could move forward.

22. The Chairperson agreed that there was broad consensus and noted that the Committee could not expect consensus on smaller issues. Moreover, the discussion emphasized the diversity of experiences with respect to the different problems faced in each region. Another clear outcome of the discussion was agreement on the need to move on to implementing the Global Employment Agenda. He suggested selecting two to three countries to begin collaboration and implementation. These country experiences would help the Committee decide on how to prioritize core elements. He noted that regarding paragraph 51, the Employers suggested that the Committee should not micromanage the Office, while the Workers gave some suggestions for cross-sectoral collaboration and regional initiatives.
23. The Committee members indicated their agreement to paragraph 51.
24. The Worker Vice-Chairperson stated that the Workers' group supported paragraph 51 and that the ideas put forward in respect of paragraph 51 should be incorporated and were not inconsistent with those of the other Committee members.
25. The Chairperson noted that there was broad consensus on the seven pillars mentioned in the point for decision in paragraph 52 and on the ten core elements in the point for decision in paragraph 53. Regarding paragraph 54, different groups and countries had suggested different elements for further discussion by the Committee. In summarizing these views, he suggested that the Committee reflect on the preferences voiced and that this issue be revisited at the forthcoming Officers' meeting. An effort would then be made to identify one or two elements for further discussion.
26. The representative of the Director-General (Mr. Hultin) thanked the Committee for its input and collaboration. He noted that the broad consensus that had been reached was a good point of departure for turning this Agenda into implementation. The next step would be to take the Global Employment Agenda to the national level to see how it could be applied and adjusted to reflect the specific issues of each country. Regional processes would play an important role – and he noted the Jobs in Africa programme and NEPAD in this respect. He confirmed that the principles mentioned in paragraphs 11, 12 and 13 were cross-cutting. The discussion and consultation process of the past 18 months had already greatly helped guide and focus the work of the Employment Sector. The implementation process would provide a powerful vehicle for assessing the coherence of the various employment-related activities of the Office. In thanking the Committee for the constructive discussion and debate, he assured the members that the Office would take note of the points raised so that the Global Employment Agenda would be an important component of the promotion of decent work.
27. *The Committee on Employment and Social Policy recommends that the Governing Body:*
 - (a) *request the Director-General to take account of the opinions expressed by the Committee on Employment and Social Policy on how the Global Employment Agenda could be used to structure and give greater coherence to the Office's work. Similarly, the Committee on Employment and Social Policy has decided to use the Global Employment Agenda as a means of structuring its own work and discussions, as, for example, by selecting an*

individual element of the Agenda for future discussion. Finally, the Governing Body requests the Director-General to report on a regular basis on individual countries' efforts to implement the Global Employment Agenda, including accounts of obstacles faced and successes achieved;

- (b) request the Director-General to take account of the degree of consensus the Committee on Employment and Social Policy perceives it has achieved in the identification of the seven pillars of the Global Employment Agenda;*
- (c) request the Director-General to take account of the approval in broad terms by the Committee on Employment and Social Policy of the ten core elements identified in the Global Employment Agenda;*
- (d) request the Director-General to note that the Committee on Employment and Social Policy will identify in due course one or two of the elements associated with the Global Employment Agenda for further discussion by the Committee, as one means of making further progress on the Agenda.*

II. Global employment trends and examples of policy responses (Second item on the agenda)

28. A representative of the Director-General (Ms. Harasty, Employment Strategy Department) introduced the Office paper,² focusing on the current unemployment situation in the world and its consequences. First, the United Nations Millennium Development Goal (MDG) to halve world poverty by 2015 would not be reached. Second, social unrest in the world was likely to increase. She explained that the revival of economic growth was a precondition to improving employment prospects, but that it would not be enough. Indeed, there were three structural obstacles that needed to be overcome to improve employment outcomes: (1) growth was not creating enough jobs; (2) vulnerability to external shocks had increased; and (3) there was a persistent lack of capabilities throughout the world. With regard to the first obstacle, she explained that the search for more efficiency and competitiveness had resulted in cost reduction. This, together with technological choices, was often at the cost of labour. Manufacturing was the fastest growing sector today, but it was not creating jobs. This was the case in India, China, the former socialist countries of Eastern and Central Europe, and Latin American countries. A possible way out of this situation would be the creation of an environment conducive to the development of small and medium-sized enterprises. Yet, the private sector should not be boosted just in any direction and an incentive structure that would favour production choices favourable to labour should be put in place (e.g. Slovenia). Concerning the second obstacle, she highlighted the recent experiences of Latin America and South-East Asia. Vulnerability issues could be addressed on two fronts. First, in the short term, anti-cyclical macroeconomic policies had been successful in cushioning the negative employment effects of economic downturns (e.g. South-East Asia). Second, in the long term, the diversification of production would help countries not to rely only on just a few markets or a few products, thus reducing their vulnerability with respect to fluctuations in the economy. The third obstacle referred to the absence of essential conditions such as sufficient food, health, freedom from discrimination and the ability of people to make their own decisions. A lack of these conditions impeded employment growth. Given the overall

² GB.286/ESP/2.

alarming current employment situation in the world, she concluded that, in order to avoid heading for a very bleak future, the solution was to put employment at the heart of economic policies.

29. The Employer Vice-Chairperson took over as Chairperson.
30. The Worker Vice-Chairperson thanked the Office for the very informative and excellent paper. He stressed that between 2000 and 2002 alone unemployment had risen by 20 million, while global unemployment now stood at a shocking 180 million human beings. This employment crisis argued strongly for a review of the present economic policies and underlined the importance of the Global Employment Agenda. He cited several country examples of high and growing unemployment rates. The Office report contained many excellent examples of national interventions by governments to attempt to address the jobless crisis. These included attempts by Chile to limit speculative capital flows; Malaysian trade policy directed at employment through import substitution and export promotion; expansionary macroeconomic policies and active labour market policies in East and South-East Asia; employment programmes in response to natural disasters in Mozambique; labour market policies in Slovenia; and demand management in the United States. These attempts were laudable, but they were not sufficient to reverse the tide. More and bigger national interventions and a global dimension were called for. The examples cited in the Office paper were illustrations of the type of work that the Global Employment Agenda should encompass, as well as the kind of technical assistance the ILO should provide to member States and the social partners. Paragraph 29 raised questions and put forward proposals that went to the very heart of the Agenda. The Workers agreed with the statement made in the paragraph's second sentence regarding efforts to ensure that the global recovery translated into the creation of decent work. It was for this reason that the policies mentioned in relation to the quality of employment under the first agenda item were critical. He underlined that there was scope for more fiscal measures to counteract recessions in many countries but, as the representative of Government of the Republic of Korea had noted the day before, global employment outcomes were not necessarily the sum of national programmes alone. He therefore reiterated his call for a global stimulus package.
31. Active labour market policies were an essential component of counter-cyclical policies. In the short term, fiscal and monetary stimuli could be converted into sustainable employment through, for example, training and workplace innovation. The Workers' group endorsed the suggested coordination of national and global measures to counteract the growing unemployment. Debt relief and increasing official development aid (ODA), coupled with increasing investment at the national level, could convert a short-term assistance to sustainable advantage.
32. The role of public sector employment should not be underestimated. In some cases, through downsizing, it had contributed to crisis, while in others it had acted as a crucial cushion to avoid higher unemployment. Trade unions in the Russian Federation were concerned about the potential of massive increase in unemployment as a result of the restructuring of the economy due to World Trade Organization (WTO) accession. Paragraph 30 pointed to key policy challenges in creating more and better jobs. The Workers agreed with the three structural obstacles identified in this section of the paper. The suggestions for further work to assist in increasing employment intensity of output growth and creating decent jobs set out in paragraph 31 should be given special priority. The argument in favour of building physical and social infrastructure and information networks and skills in the workforce, especially in developing countries, in paragraph 32, echoed the proposals in the Global Employment Agenda. The promotion of this should be a matter of priority, yet even this might not be enough. There was a need for a massive expansion of new jobs. The contention in paragraph 33 that poverty inhibited employment

growth was confirmed by empirical observations. The Office presentation had referred to the need for a “full stomach”; the Workers agreed with this. In paragraph 33, wage policy should be added as a way to expand aggregate demand, to address the problem of “empty stomachs” and, in appropriate circumstances, to increase the consumption propensities in employment-intensive goods and services. Finally, he quoted the Nobel Prize winner, Joseph Stiglitz, on the design effective stimulus programmes. In conclusion, he underlined that the data contained in the paper constituted a call for urgent action, given that 400 million net new jobs were required between now and 2010.

- 33.** The Worker Vice-Chairperson replaced Mr. Niles as Chairperson.
- 34.** The Employer Vice-Chairperson stated that it would not come as a surprise to most people that the Employers had a somewhat different appreciation of the situation than the Workers. Furthermore, the Employers had a different perception of the discussion, based on the paper prepared by the Office. He questioned the usefulness of a discussion in this Committee on two grounds. First, it was extremely unlikely that a mutual understanding would be reached on the issues raised in the paper. Second, even if a consensus was achieved, the real world effect of such a consensus would be very limited, given the role and mandate of the ILO. If the Committee had to agree on the need for a global stimulus package, which he was sure would not take place, or if the Committee had to agree on a new initiative for debt relief beyond heavily indebted poor countries (HIPCs), or higher levels of ODA, none of these would have a significant impact on the real world. The paper failed to show that the principal factors affecting aggregate demand were not only economic factors susceptible to action of governments but rather the political uncertainty arising from the current crisis in the Persian Gulf. The impact of that uncertainty had had negative effects on investment and consumption decisions. This in turn had affected employment negatively. Until that uncertainty was resolved, economic decision-makers around the world would undertake none of the initiatives proposed by the Workers. The Employers did not accept the recommendation in paragraph 35.
- 35.** The representative of the Government of Sudan spoke on behalf of the Africa group. He thanked the Office for the paper, which contained relevant information and would provide guidance to countries now and in the future. The global economic slowdown had had serious consequences for the labour market. The most vulnerable groups were women and youth. As stated in paragraphs 2 to 6, a number of adverse factors aggravated the employment situation. In addition to the issues mentioned in paragraph 16, the Africa group wished to highlight that the brain drain was also a serious problem. He underlined the impact of the debt burden and the resulting inability of governments to dedicate funds to development. Problems such as natural disasters were of concern, e.g. the case of Mozambique, but long-term problems, such as market access, also needed to be addressed.
- 36.** The Africa group attached great importance to these development trends and had realized that there were different responses to deal with issues at both national and global levels. Among other initiatives, the African Union Labour and Social Commission had come up with recommendations for employment and poverty reduction. One of them was that, given the level of social development and the means of production in the continent, a priority for sub-Saharan Africa was the mainstreaming of the agricultural sector, which could contribute to the increase of GDP and, hence, increase employment. Also, raising the yields of the agricultural sector, crop diversification and crops for export should be priorities. Yet, in the long run, sustainable growth and productivity, which would mean a shift from the export of primary commodities to manufactured goods, should be promoted. Education and training policies must be linked to employment and development needs, otherwise the end result would be a workforce irrelevant to the economy. In view of the above, the recommendations of the African Union Labour and Social Commission could serve as a viable policy option, if they were articulated and implemented through PRSPs

and synergies were built through cooperation among United Nations agencies, including the ILO. The Africa group supported the point for decision outlined in paragraph 35.

- 37.** The Government representative of Argentina, speaking on behalf of GRULAC, thanked the Office for the paper, which contained important statistical information on the recent evolution of employment – and most importantly on national policy responses. The global and regional employment statistics showed very serious negative trends indicating that present policies were leading to a disaster. Those most affected were young people and women. Increases in unemployment had taken place not only in the LDCs but also in the United States, a country from where the principal ideas for the improvement of the economy had originated and where the institutions supposed to promote growth were located. This Committee should do everything possible to move onto the discussion of proactive policy proposals in favour of the unemployed, in particular young people and women. The paper showed that employment in the informal sector had increased more than that in the formal sector. This corresponded to the increasing poverty figures over the last years. The current situation could therefore be summarized in the following way: economic slowdown; increase in unemployment; and growing poverty. He pointed out that his region had been negatively affected by the global economic situation, leading to serious political instability and acute conflict in some countries. As indicated in the Office paper, countries such as Costa Rica and Chile had been able to lessen the negative effects by implementing particular education, investment or monetary policies. GRULAC agreed with the key policy issues as outlined in paragraphs 29 to 34 of the document and supported the point for decision in paragraph 35, but suggested also introducing the concept of promoting decent work.
- 38.** The representative of the Government of India thanked the ILO for the preparation of the paper on this complex subject. The paper showed the current employment outlook in a number of developing countries and the alarming global situation. Macroeconomic policies had an important role to play in cushioning the negative impact of slowdowns or recessions on employment. However, he stressed that domestic financial markets as well as foreign financing were also required for well-functioning macroeconomic policies. Such policies, together with economic diversification, could help reduce vulnerability in the long run. He stressed that building physical and social infrastructure, including information networks and skills development, would provide a stronger economic base to absorb shocks. Sound labour market policies were equally important. Unemployment mainly emanated from the mismatch between skills demand and supply. It was therefore necessary to reorient education and skill policies towards improving the capability of youth and also to introduce greater flexibility in the training system. Skills improvement would further help in acquiring decent jobs. His Government welcomed the suggestion of the Office that national efforts for promoting decent work should be assisted by international efforts. His country was very much interested in: ways to facilitate the marketing of products from the informal economy; possibilities for setting up more welfare funds; and the upgrading of training institutions. In conclusion, stability-oriented macroeconomic policy, combined with sound and flexible labour market policies, good political governance, effective social dialogue and social protection, would help to overcome labour market problems.
- 39.** The representative of the Government of the Libyan Arab Jamahiriya endorsed the statement made by the representative of the Government of Sudan, on behalf of the Africa group. The 1995 World Summit for Social Development and its main themes, poverty and employment, had been given great importance by the peoples of the world, and had resulted in significant recommendations and commitments. The Copenhagen +5 Conference held in Geneva in June 2000 revealed that neither poverty nor unemployment had decreased since. Moreover, as mentioned in the Office paper, unemployment had increased by 20 million by the end of 2002. These developments, especially as they affected young people and women, were a source of great concern. He emphasized that

there was a need for solidarity and consolidation of efforts worldwide. Imbalances needed to be addressed and social security maintained. This was the *raison d'être* of the ILO: to help member States to combat poverty and provide decent work for everyone.

40. The Chairperson, Ambassador Umer, resumed the Chair.
41. The representative of the Government of South Africa thanked the Office for the preparation of the useful paper and endorsed the position of the Africa group. Current global employment trends were very disturbing and curbed his optimism about achieving the MDG to halve world poverty by the year 2015. Referring to some of the data in the Office paper, he noted that the challenge of creating sufficient job opportunities was immense and that the most affected remained women and youth. The extent of the brain drain, the spread of HIV/AIDS, the extent of underemployment, and the large number of working poor, were of particular concern in the African context. He reiterated his full commitment to the Global Employment Agenda. For many countries in the region and other parts of the developing world, the problems of unemployment and underemployment were primarily problems of development. Promoting economic growth, employment and overall economic transformation towards development should be seen as mutually necessary and supportive components. In conclusion, he supported the key policy issues conceptualized in paragraph 29 of the Office paper. Governments should carefully explore the possibility of using fiscal instruments to counteract economic slowdowns or recessions. He commended the ILO's work in the area of active labour market policies, particularly the dissemination of best practice information. Nevertheless, such policies should not be seen as a panacea for overall employment creation or solving the problems of development. The issues raised in the Global Employment Agenda were relevant. In an increasingly integrated world economy, employment challenges could not be fully addressed at the national level alone; there was a need for building alliances and partnerships. In Africa, much remained to be done with regard to investment, debt relief and market access issues, so that external constraints were removed. In conclusion, the challenges with regard to employment creation and addressing poverty were immense but not insurmountable. The Global Employment Agenda, the Decent Work Agenda and NEPAD were examples of efforts that needed further impetus and priority in order to succeed.
42. The representative of the Government of the United States sought to intervene on a procedural point. The issues in the Global Employment Agenda were numerous, and the Committee had already taken a decision to review them in a structured way; in his opinion, this was not taking place. He hoped the discussion could be wrapped up soon, reminding the Committee that they had only 15 hours a year for debating these issues.
43. Mr. Oshiomhole (Worker member) stressed that the problem of the debt burden could not be overemphasized because resources needed for development were used to service foreign debt. It was important to show the link between debt burden and job creation. Countries were spending more and more to service debts, while ODA had declined since the end of the Cold War. It was equally important to show the relationship between access to markets in developed countries and the job situation in LDCs. There was no way out of the poverty trap as long as access to foreign markets was effectively blocked. Those international institutions that were imposing neo-liberal policies needed to realize the damage done to job creation. In referring to jobless growth in parts of Asia, he pointed out that part of the problem was that the number of jobs created was not enough to compensate for the decrease due to the downsizing of the public sector jobs. This downsizing had in turn affected skills and literacy levels. The ILO had the responsibility to defend decent work and to show the linkage between these policies and social and employment consequences.

44. The representative of the Government of Malawi fully endorsed the statement made by the representative of the Government of Sudan on behalf of the Africa group. The picture painted for the sub-Saharan African region was not encouraging at all, and this was also true for Malawi. He requested the Office to continue to take the lead in helping and facilitating the development of effective labour market information systems in order to assist in policy formulation and the adjustment of training systems. Sub-Saharan Africa also needed assistance in upgrading skills in the area of socially responsible restructuring of companies and organizations. A tripartite workshop to this effect would be helpful for governments, employers and trade unions to recognize the importance of securing the Decent Work Agenda in the face of globalization, restructuring, re-engineering and reorganization. He hoped that these requests could be favourably considered in line with paragraph 35 of the paper.
45. The representative of the Government of France thanked the Office for the lively presentation. He noted great convergence between the key elements coming out of the debate on the Global Employment Agenda, being supported by at least two of either of the social partners or governments, and the main items presented for the discussion on global employment trends. First, the need to favour measures that had a large potential for employment creation was linked essentially to core elements 5 and 10. Second, the Office presentation had pointed out the vulnerability to financial shocks in the context of globalization, which corresponded to core element 4. The third point had referred to the need to develop training and skills, and this was linked largely to core element 6. The four most frequently cited core elements thus reflected the problem areas noted in the paper before the Committee. In conclusion, his Government supported the point for decision in paragraph 35.
46. The representative of the Government of Barbados endorsed the statement made on behalf of GRULAC and supported the measures identified in the report. In paragraph 30 of the Office paper, the responsibility to address the three sets of fundamental structural obstacles that constituted key policy challenges was rightly placed on governments. The tripartite approach to the development of policies at the national level was to be encouraged. The private sector had an important role to play in employment creation. Referring to paragraph 33, he pointed out that, in addition to access to education, there should also be industry-specific training since, without appropriate skill development, the unemployed would not be able to take full advantage of job opportunities. These economic realities had a substantial impact on the employment situation at the domestic level and should therefore be seriously considered and researched. He underlined the importance of financial and infrastructure investments in LDCs as measures to increase employment.
47. The representative of the Government of Luxembourg associated himself with the statements made by the representatives of the Governments of France, India and the Libyan Arab Jamahiriya. He endorsed the representative of the Government of India's call for voluntary and integrated policies and for good governance. This had been tried in the European Union (EU). In this respect he did not agree with the doubts expressed by the Employer Vice-Chairperson as to whether such an approach was appropriate. He emphasized the importance of creating a general framework for growth and for the promotion of decent work, as mentioned by the representative of the Government of France. Active labour market policies constituted the second side of the triangle, while the third side was that of social cohesion, which required active interventions in order to produce results. The ILO had a major responsibility in this regard, since a laissez-faire approach was not acceptable. Among the important elements of active policies were obviously: continuous vocational training; employability in general; and specific policies for vulnerable groups, such as disabled and older workers, and unemployed youth. Such policies were not a panacea but needed to go hand in hand with economic policies, which could do with better coordination. On the question of governance, an approach based on

social dialogue in accordance with the different practices in the different member States was necessary. His Government was in favour of institutionalized tripartism because it had produced concrete results, above all in times of crisis. Finally, he supported the point for decision in paragraph 35.

48. The representative of the Government of Oman thanked the Office for preparing this important document, and endorsed the statement made by the representative of the Government of the Republic of Korea on behalf of the Asia and Pacific countries' group. He described the employment situation in his country and the various factors that influenced the demand for migrant workers. The Office paper rightly recognized the difficulties associated with assessing the extent of unemployment, whether in the Middle East or elsewhere. The Office had to take into account economic, social and cultural disparities existing between countries and provide necessary assistance to reduce the level of unemployment.
49. Mr. Glélé (Employer member) underlined that the Committee was dealing with a subject that was of particular concern to employers as well as ministries of labour, namely job creation. As for the ILO, its role was not to create jobs but to help its constituents strengthen their capacities in this regard. This brought up the question of resource availability within constituents' institutions. Job creation necessitated enterprise creation and investment. He wondered what resources had been made available in each country to that effect.
50. The Worker Vice-Chairperson was encouraged by the significant convergence of thinking among Governments and Workers. Referring to a comment made by the Employer Vice-Chairperson on the importance of the ILO to the outside world, he drew attention to his own introductory remarks to the first agenda item. At the June 2000 review of the Social Summit commitments, the then 189 member States had agreed unanimously to invite the ILO to elaborate a coherent and coordinated strategy on employment. The international community could have asked any other organization, such as the Bretton Woods institutions, but they chose the ILO; and within the ILO it was the ESP Committee that provided the opportunity for the constituents to enter into dialogue in order to reach a consensus. Since then, the international community had reiterated the responsibility it placed in the ILO on a number of important occasions, and the ILO needed to assume this responsibility. The Employer Vice-Chairperson had further stated that national governments might not be interested in the sort of policies put forward in the Office paper and proposed in the Workers' initial intervention. Yet, these proposals had been made in response to concrete examples of government policies outlined in the paper before the Committee. These policies were already being implemented in Chile, Malaysia, a number of countries in South-East Asia, Mozambique, Slovenia and the United States. This clearly showed that governments were interested in successful examples of policy responses to tackle a growing and very substantial employment crisis. He did not share the Employers' view that the current economic downturn and growing unemployment problem would somehow be solved as a consequence of bombs falling on Iraq. Workers were often the victims of war and conflicts in many parts of the world. War did not create aggregate wealth but destroyed human wealth and human beings. While the uncertainty associated with the pending war had had some consequences on investment and consumption decisions in the United States, the analysis completely ignored the fact that, throughout the developing world, poverty had been growing and labour market problems had been expanding for several years prior to the current political crisis. This was where the Workers sought to develop solutions through a process of dialogue. Almost all Governments had supported the point for decision, as did the Workers. As the representative of the Government of the United States had pointed out, the Committee only had a limited number of hours available to consider and develop proposals. The representative of the Government of France had indicated that there was a correspondence

between the examples set out in the paper and expanded in the course of discussion by many Governments and the core elements of the Global Employment Agenda. These overlaps and connections were useful in two ways. First, they helped to consolidate the work of the Office on the Agenda. The conceptual discussion of the previous day was now complemented by examples of problems and potential solutions that Governments currently were attempting to implement or had been implementing over the last few years. Second, it was precisely the sort of examples that were highlighted in the paper and in the various interventions that could help focus the discussion of the Committee itself, particularly at its next session. The two discussions taken together had been immensely useful in mapping out the way forward for the Committee and the Office.

- 51.** In response to these remarks, the Employer Vice-Chairperson emphasized that his earlier comments represented an effort to encourage a more practical approach in view of the limited time available to the Committee. He wondered how the ILO, or indeed any single organization, could implement a global stimulus package. Governments adopted fiscal policies according to their own needs and political possibilities, but they did it largely on a national basis or, in the case of the EU, on a regional basis. To the extent that the ILO had an important role to play in the discussion of macroeconomic policy issues, it should stick to those areas for which it had a mandate – that is employment promotion. One area where the development interests of developing countries were at stake was in the Doha round of negotiations at the WTO. If industrialized countries were prepared to dismantle the system of agricultural protectionism, this would have a greater impact on employment growth in developing countries than any other measure. However, nothing the ILO said would have any impact on the agricultural trade negotiations in the WTO. It was, therefore, necessary to be realistic and concentrate on the things where it could really make a difference.
- 52.** The Worker Vice-Chairperson felt that sometimes it was helpful to continue to explore controversial ideas. One of the concerns articulated by the Employers was the question of how to implement a global stimulus package. The ILO was distinctive in its tripartite character. Tripartism included governments, representing the national instrument of implementation. The ESP Committee therefore was a forum that could help governments in coordinating policies. Moreover, the ILO was part of the United Nations system and other multilateral institutions. Consensus required that the constituents started their dialogue, as they were now doing, at the ILO – and, if coordination of all of those institutions and governments was achieved, it would be possible to give effect to implementation of such a package. This was not outside the ILO's mandate, because the national governments had asked the ILO to come up with a coordinated and cohesive employment strategy. If the ILO was required to look at the macroeconomic picture to do so, then it should address these issues. The main challenge was how to make all elements of macroeconomic and microeconomic policies serve the objective of increasing decent employment in the global economy at the national and regional levels. As for trade negotiations, the Workers' view expressed on the Global Employment Agenda concurred with the views of the Employers regarding the need to eliminate agricultural protectionism in the developed countries, and this showed that there were a number of areas of agreement between the social partners and with governments. This example previously showed the need to have a dialogue at the ILO. In conclusion, the ILO should play to its strength, namely the quantitative and qualitative dimension of employment.
- 53.** The Chairperson emphasized the complex nature of the subject. It was indeed difficult to say whether the present economic situation was the result or a function of economic factors alone. It was an amalgam of macro and microeconomic factors that had led to the present situation.
- 54.** The representative of the Director-General (Mr. Campbell, Director a.i., Employment Strategy Department) expressed his appreciation for a particularly enriching discussion.

This was a good first step in linking the Global Employment Agenda to the actual evidence and policy solutions. The solution to the employment crisis did not lie in the labour market alone. Much of the Office's work related to the supply side of the labour market, in particular in the areas of employability and training. However, it was also necessary to go upstream to the policy framework. It had been almost 60 years since the Declaration of Philadelphia endowed the ILO with the responsibility to comment on the range of macroeconomic policies and their relation to employment. To illustrate what the Office was doing in practical terms to help constituents, he pointed out that the Office was being asked increasingly to intervene at the national level with non-traditional interlocutors such as national planning commissions and ministries of finance. This was new in ILO technical cooperation. He cited the example of Nepal, where the National Planning Commission and the Ministry of Finance had jointly endorsed the Office's recommendations on minor changes in the country's macroeconomic framework to increase the employment intensity of growth. More specifically, the Government, Ministry of Finance and the National Planning Commission had agreed to form a committee of economists to evaluate the employment impact of macroeconomic policies choices prior to their having been taken. The Nepalese Government had also agreed to direct all its public infrastructure expenditures towards employment-intensive projects using labour-based methodologies, an area where the Office had a comparative advantage.

55. In referring to the point for decision in paragraph 35, the Chairperson felt that the Committee had indeed considered and discussed measures, including those described in the paper. It had been a fruitful and interesting debate, in which a number of ideas had come up, which should provide some guidance to the ILO's future work.
56. *The Committee on Employment and Social Policy recommends that the Governing Body request the Director-General to take account of the opinions expressed by the Committee on Employment and Social Policy on the measures described in document GB.286/ESP/2 when envisaging future action towards achieving full and decent employment in the present global economic situation.*

III. Employment and social policy in respect of export processing zones (EPZs) (Third item on the agenda)

57. The representative of the Director-General (Ms. Trebilcock, Deputy Director, Policy Integration Department), introducing the Office paper,³ indicated that in preparing the paper the Office had taken as its points of departure the Decent Work Agenda and the conclusions of the ILO Tripartite Meeting of Export Processing Zones-Operating Countries, held in late 1998. She also indicated that the current document was a revised version of GB.285/ESP/5, carried over from the Committee's November 2002 session. It took into account a few new developments, in particular UNCTAD's *World Investment Report 2002*.
58. Since 1998, both the number of countries having created EPZs and the number of EPZs had increased significantly. EPZs had been a very important source of employment creation in the countries that had been able to attract foreign direct investment. Yet EPZs had failed to take off in other countries. Overall, the situation was extremely dynamic, often with a high turnover of enterprises in a tightly competitive climate. There was

³ GB.286/ESP/3.

nonetheless a lack of reliable, gender-disaggregated statistics regarding the costs and benefits of zones. Research did at least suggest that zones were most effective when they formed part of an integrated economic strategy that embraced labour market policies among other elements.

- 59.** However, workers' organizations in particular had continued to express concerns that had arisen at the 1998 meeting, especially restrictions on worker rights. The situation of women workers, who made up the vast majority of those employed in EPZs, was also a trade union concern, as noted in the paper. On the other hand, wages had been found to be somewhat higher on average. While EPZ factories might offer more modern physical plant than domestic industry, occupational safety and health problems were still reported. In short, there were differing views about the quality of the employment generated in EPZs. Examples of recent ILO work on EPZs reflected the continuing relevance of the conclusions of the 1998 tripartite meeting to the Decent Work Agenda, which itself showed the way forward in pursuing economic and social goals simultaneously in EPZs.
- 60.** The Employer Vice-Chairperson was of the view that the paper for discussion was actually composed of two documents: one which comprised the first 15 paragraphs and presented an accurate, factual description of the structure and growth pattern of EPZs, and another from paragraph 16 onwards which contained unsubstantiated and unanalysed allegations. This was unsatisfactory as a method for preparing a paper for the Committee. In the Employers' opinion most of the material in the latter part of the paper was based on unsubstantiated trade union allegations which should have been verified with the International Organisation of Employers (IOE) or its national affiliates. This was contrary to good methods. There was no analysis of this information in the report, nor was the IOE asked to put it to members of their group. Paragraph 16 in fact was outrageous, since it was based on a paper submitted to the Organisation for Economic Co-operation and Development (OECD), which in fact the OECD had refused to publish. He noted, however, that there were two good points in the section following paragraph 16. Paragraph 23 quoted a World Bank study stating that "wages in EPZs tend to be higher on average than the national minimum wage", and the second sentence of paragraph 20 made another good point, i.e. that "labour laws in EPZs were the same as those that apply elsewhere in the country". He felt that, if the Committee ignored the difference between what was happening inside and outside the zones in a particular country, then the point about EPZs would be missed. He asked what the problem was with EPZs if wages were higher and laws enforced. While there might have been occupational safety and health (OSH) problems, there were OSH problems in every country, including in factories in the United States which were not in EPZs. From this perspective, the Employers simply failed to see the point of the current paper. The reference in paragraph 40 to the sporadic attention devoted to EPZs was a reflection of the way in which this paper seemed to have been prepared. The Employers could not accept the point for decision in paragraph 42 as it stood, nor did they think that further work by the Office was needed. If there were to be some activities, they could be in the form of tripartite meetings, which should be held either nationally or on a regional or subregional basis where the EPZs were actually located. Each country or regional situation was different, and tripartite meetings would prevent unsubstantiated allegations from being made. Finally, he sought clarification on what the word "their" in paragraph 42(b) referred to.
- 61.** The Worker Vice-Chairperson noted that the number of workers had doubled in EPZs in the half decade since 1997, up from 22.5 million to 43 million. The employment and social policy issues faced by workers deserved serious attention and substantial discussion. The material in the background paper was interesting and relevant, and the Workers welcomed the cross-sectoral approach used to prepare it. The paper explored the impact on employment and export performance. There had been significant employment growth in many countries, but also employment losses in others such as the Dominican Republic,

Mexico, Mauritius and Bangladesh. Zone exports accounted for a significant proportion of exported goods both by value and volume. However, a rigorous analysis was needed of zones and their outcomes. He asked if there really was net new employment creation or employment expansion, or if it had merely been diverted, as in the hypothetical case of a company that applied for a new status under an EPZ regime or which relocated itself inside a zone. He wondered if such relocation would be counted as new employment as a result of the EPZ. Economic analysis was needed to evaluate the true impact of EPZs as there were open and hidden costs to EPZs. Companies were attracted by benefits and incentives leading to growth, but this came at a cost to government in terms of forgone tax revenues and payments for other services. The key issue was whether the costs exceeded the benefits. This was not a matter which could be asserted by intuition; it was a matter for research and measurement based on downstream inputs and links to the local economy. Inputs sourced from a foreign country represented a loss for the host country. If companies imported technology and know-how which did not filter down through the rest of the supply chain, they would not have a sustainable economic impact. Therefore the Workers viewed the ability to undertake a cost-benefit analysis as an important area in which the ILO could build capacity to do research on EPZs.

- 62.** Paragraphs 16 to 22 of the document dealt with a number of labour rights abuses which were important to the Workers. These included discrepancies in labour law and its enforcement, gender-related discrimination, pregnancy tests, excessive working hours, compulsory overtime, failure to make wage payments, lack of toilets and the situation of migrant workers. The comments by the Employers had focused on these points, citing difficulties in accepting trade union sources. However, the sources used in the paper included the Committee of Experts on the Application of Conventions and Recommendations, the tripartite Committee on Freedom of Association, the follow-up to the Declaration on Fundamental Principles and Rights at Work, representations under the Seventh Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, academic studies and trade union sources. Nevertheless, he agreed with the Employers that this did not constitute a comprehensive picture. In addition, none of the information had been collected by field missions by the Office. Information that had not been substantiated did not help the trade unions, which was in fact an argument for the Office to undertake more such work. With regard to referring allegations to the IOE, the information in paragraph 17 on Bangladesh stating “no unions or strikes” had come from an employer source as indicated in the footnote, but he did agree that more comprehensive information was required and that the Office should collect such data.
- 63.** The Worker Vice-Chairperson noted that three-quarters of all EPZ employment was in China. He remarked that, between the first paper submitted in November and the current paper, total EPZ employment had increased overall by 6 million, to 43 million. Maybe the true picture was 50 million. He assumed that this showed that the Office did not have enough resources to compile the necessary data. The ILO would be well placed to develop a database, for which resources needed to be made available. The ILO should also undertake case studies, and the Workers agreed that tripartite national, subregional and regional meetings would be helpful.
- 64.** He noted the statement in paragraph 22 about difficulties in enforcing legislation due to weak labour inspectorates and saw this as an important focus of ILO work on EPZs. Loss of tax revenue had an impact on funds available for inspection. He noted the UNCTAD assessment that countries which pursued a more integrated approach attracted a higher quality of investment. Finally, although the most important part of the report was the section entitled “ILO action”, it did not begin to meet the challenges faced. In paragraph 40 it was quite frankly admitted by the Office that work had been sporadic and not undertaken in a systematic fashion. The reference in the document to the programme and budget

proposals (GB.286/PFA/9) was equally disappointing, since the work items proposed invariably relied on the provision of extra-budgetary resources for their implementation.

65. The Workers' group supported the point for decision in paragraph 42, which they would like to see amplified to include a substantial increase in ILO work on EPZs, a significant allocation of regular budget resources and the development of an Office work programme to be submitted to the Committee in March 2004.
66. The Chairperson, in response to the request for clarification by the Employer Vice-Chairperson, indicated that the word "their" in paragraph 42(b) referred to export processing zones.
67. The representative of the Government of Ecuador, speaking on behalf of the Group of Latin American and Caribbean States (GRULAC), appreciated the points outlined in the paper. He stated that in countries where EPZs were operating, the zones had played a key role in employment creation, the promotion of foreign investment, export growth, foreign exchange income, the diversification of development poles, transfer of technology, and the development of knowledge and human resources. The GRULAC countries thus considered the benefits derived from EPZs, especially industrial zones, to be considerable, with improvements in skills, working conditions and productivity. He highlighted that women represented the greatest share of labour in the majority of EPZs, and that for young women, EPZs represented an important way to gain access to the formal economy with decent wages. However, the GRULAC countries also shared the concerns outlined in the paper with regard to practices in some industrial EPZs, but these were isolated cases and were not the rule. Enterprises in EPZs were subject, without any exception, to the labour and environmental legislation of the countries concerned, and to the fundamental principles and rights at work. Over the last few years, EPZs in some countries had carried the brunt of defamation campaigns against certain industries, especially alleged violations of labour rights in the garment industry. These campaigns were in some cases linked to a denial of trade opportunities to developing countries because of the economic and trade interests in related sectors of developed countries. The GRULAC countries supported the proposed recommendation in paragraph 42 to continue to examine the issues touched upon in the paper from the integrated perspective of all aspects of decent work, and to report to the Committee at a future date on the results of research and other activities pursued. They also agreed that the Office should continue to support, if asked by constituents, the development of decent work country programmes in countries operating EPZs.
68. The representative of the Government of Sudan, speaking on behalf of the governments of the Africa group, noted that the paper dealt with employment and social policy in respect to EPZs in recognition of the fact that zones shared some of the characteristics of the process of globalization, which the Office had sought to monitor and examine over a long time. He noted that, owing to the excellent work of the Office, the Committee had before it a detailed account of the evolution of EPZs and a wealth of information relating to the performance of EPZs in many countries. Through an examination of the performance of EPZs, it had been established that zones operated in different regional and international trading regimes, more often than not under dissimilar conditions. It was also apparent from paragraphs 16 to 22 of the paper that complaints of violations of rights at work had been brought before the supervisory machinery and under the promotional instruments of the Office. While he believed that each case had to be examined on its merits, and that findings must give indications as to whether a general trend existed in zones, work had to be undertaken to disseminate information and facilitate consultation. In this regard, he noted with great interest the reference in paragraph 39 to the conclusions of the 1998 Tripartite Meeting of Export Processing Zones-Operating Countries. The Africa group was, however, concerned that, since the 1998 meeting, no systematic research had been undertaken and, in this context, they shared the concern of many with regard to problems

still pending. The efforts of the ILO, in cooperation with different sectors and regional offices, to extend advisory services and technical assistance to improve working conditions and social protection in EPZs were appreciated, and he called upon the ILO to expand its support in the future. Economic activity in EPZs had to balance capital inflows and outflows to the advantage of all partners contributing to productivity. EPZs in developing countries needed to harness domestic capabilities and further skills acquisition for benefit sharing and sustainability. It was the joint responsibility of governments, especially strengthened labour administrations and of the private sector operating in EPZs to ensure that labour standards and wages regulations were observed. EPZs had moral and corporate responsibilities even in the absence of regular labour inspection, particularly in the area of safety and health. In light of these points, the Africa group supported the point for decision contained in paragraph 42.

69. The representative of the Government of the Republic of Korea, speaking on behalf of the Asia and Pacific group, thanked the Office for preparing a succinct report on a highly complex issue. He appreciated the efforts made by the Office in complementing last November's report with recent developments and corrections. However, the paper seemed to be based on the understanding that while EPZs and the number of workers employed in zones had grown rapidly, the basic rights of workers were not being protected. The report thus tended to focus on addressing the issue of protecting the basic rights of workers in EPZs, and the countries for which he spoke did not consider this a proper item for discussion in the ESP Committee as it went beyond the Committee's mandate. The Asia and Pacific group was not suggesting that the basic rights of workers in EPZs were of less importance, but that the paper focused on these rights rather than on employment promotion, training and enterprise development. EPZs were designed not only to create jobs directly, but also to contribute to facilitating employment and to improve the quality of lives through economic development. Accordingly, he noted that the Committee should mainly focus on the effects of EPZs on employment and on ways to expand employment. It was supplementary to raise the issue of the infringement of basic labour rights of workers in EPZs and seek ways to tackle the problem. Furthermore, he noted that there was a supervisory mechanism under the ILO that observed and monitored the guaranteeing of labour rights at workplaces. Discussions in the Committee should aim at exploring ways to provide proper technical assistance to EPZs and presenting best practices based on an analysis of EPZs which promoted employment through the development of zones and at the same time adequately ensured workers' basic rights. Such actions could lead to the balanced achievement of the four pillars of the Decent Work Agenda. In light of the above considerations, it was difficult for the Asia and Pacific group to support the portion of paragraph 42(a) that read "continue to examine the issues touched upon in this paper from the integrated perspective of all aspects of decent work". He suggested that these words be replaced by "continue to provide information and technical assistance for the purpose of promoting employment and enhancing the quality of working life in EPZs". His group supported the idea of the development of decent work country programmes in countries operating EPZs, as contained in paragraph 42(b).
70. The representative of the Government of Mexico supported the statement made on behalf of GRULAC. She noted that in relation to the definition of EPZs, the Government of Mexico had changed the legislation concerning *maquiladoras* in line with the North American Free Trade Agreement (NAFTA) concluded between Canada, Mexico and the United States. Components from third countries were now subject to customs duties and this allowed the *maquiladoras* to establish their production in the national market and not only in the export market, so that the distinction between the two types of enterprises no longer existed. She drew attention to the fact that, in the two years of the present administration, the Government of Mexico had carried out several activities designed to effectively eliminate discriminatory practices in *maquiladoras*, including the prohibition of the pregnancy tests mentioned in the paper. She also noted that the concerns over improper

handling of hazardous materials in *maquiladoras* referred to in paragraph 25 of the paper had been adequately resolved. A bilateral Mexican-United States working party, composed of experts from both countries, had been set up to design technical cooperation programmes in order to improve safety and health at the workplace.

71. The representative of the Government of India associated himself with the statements made on behalf of the Asia and Pacific group. He thanked the Office for a concise and well-thought-out paper on a complex subject. The paper indicated that EPZs had become one of the major features of the labour market in developing countries. This offered challenges and opportunities to EPZ-operating countries. He fully agreed that sound labour-management relations were essential not only for the success of EPZs, but also for the industrial growth of any country. Domestic policies, institutional set-up, good governance, and transparent and effective policy-making were important in determining the extent to which a country could take advantage of EPZs. However, there were certain exogenous constraints that hampered developing countries from gaining from international trade in a liberalized regime. Certain restrictions imposed by developed countries prevented developing countries from expanding trade in labour-intensive commodities in line with comparative advantage. These restrictions could be in the form of quotas, high-peak tariff rates, agricultural subsidies and non-tariff barriers. He shared the concern of developing countries, while appreciating the role the ILO could play in ensuring that the work relating to the upgrading of labour standards took place in the context of liberalization without establishing a direct linkage between trade and labour standards. Nonetheless, the improvement of labour standards and the introduction of decent work in the world of work, particularly in EPZs, needed to be seen as a follow-up measure after ensuring that there was an improvement in employment opportunities and increased financial assistance to developing countries, and not as a precondition for increasing any financial help. He felt that a country should prepare its own dynamic strategy of investment promotion and development of EPZs, depending upon its given conditions of economic, political and social development, that respected the principal rights of workers, employers, good governance, effective labour policy and high-quality growth.
72. The representative of the Government of Nigeria appreciated the extensive work that had gone into the preparation of the paper. EPZs attracted investment for employment creation, foreign exchange earnings and skills acquisition for sustainability to retain and retrain the workforce. Companies operating in EPZs had to respect the minimum wage and OSH regulations and operate within national legislation. Referring to paragraph 17 of the document, she informed the Committee that Nigerian legislation that had enabled the setting up of EPZs had originally included restrictions on unionization as an “incentive” which was to last ten years. However, this period had since expired and trade unions had been able to organize in EPZs since 2002.
73. The representative of the Government of the United States voiced a concern that the previous day’s discussion on the Global Employment Agenda be taken seriously, and he insisted that the Committee needed to prioritize before agreeing to discuss each item individually. Without knowing the place of EPZs within the Global Employment Agenda it was impossible to discuss the proposed point for decision.
74. The representative of the Government of South Africa associated himself with the statement made by the representative of the Africa group. EPZs were one of the major features of the labour market to meet the challenges faced by countries. Countries had the right to choose economic strategies, and the ILO should make expertise on best practice available. The Decent Work Agenda should be applied to EPZs. The Government of South Africa supported the proposal to continue to collect information on EPZs and to report back to the Committee. Any work done on EPZs would be most effective as part of an integrated strategy. Particular attention should be paid to investment strategy. Any Office

funding for work on EPZs should be from the regular budget. A regional meeting should be on a tripartite basis, on the model of the 1998 meeting.

- 75.** The representative of the Government of China supported the statement made on behalf of the Asia and Pacific group. His Government had noted the description of the role played by EPZs in attracting investment and creating jobs. In many EPZs fundamental rights, working conditions and occupational safety and health were at a relatively low level, resembling more the informal economy. However, the conclusions of the paper were not convincing. In many developing countries EPZs had better working conditions and paid higher wages, thereby offering opportunities for decent work. Many of the statistics used had shown a large increase in the number of EPZs in China. However, not all of these involved foreign direct investment (FDI), but rather Chinese nationals who had studied abroad and had returned to set up small and medium-sized high-tech enterprises. The references to competition in paragraphs 7 and 13 did not present China in a particularly positive light. China's entry into the WTO meant that his country was facing the challenge of tremendous competition. He referred to macroeconomic measures that stressed job creation, financial and budgetary policy, infrastructure development, increased investment in rural areas, better working conditions and improved purchasing power. Globalization had brought benefits to many countries, but particularly to developed ones. All countries faced challenges due to competition, but there were enough resources available worldwide to offer each country and every individual on earth opportunities for decent work.
- 76.** The representative of the Government of France indicated that the issue did not apply to his country as it did not have any EPZs. However, he expressed concern about the statement made by a previous speaker relating to the mandate of this Committee. The Committee's role was to look at social and employment policy measures that promoted decent work. The Committee therefore could not exclude from its purview deficiencies in the application of fundamental rights or the rights enshrined in ratified Conventions. The issues related to EPZs were complex and his Government did not have a fixed position. Further tripartite review of the problems and benefits were required. He wished to emphasize that the Committee was dealing with employment, and employment meant decent work.
- 77.** The Chairperson then requested the secretariat to reply, especially with respect to two issues: the competence of the Committee to deal with fundamental human rights in EPZs, and the link between EPZs and the Global Employment Agenda.
- 78.** The representative of the Director-General replied that, while it was not for the secretariat to comment on the mandate of this Committee, the words "social policy" in the title which the Office had been given for the document as requested by the Officers of the Committee and the conclusions of the 1998 meeting both provided ample scope to discuss all aspects of decent work. The Office had therefore proceeded on that basis. In particular, the conclusions of the 1998 tripartite meeting had touched upon gender issues and employment, social dialogue (which depended upon respect for freedom of association and the right to engage in collective bargaining), and the link between productivity and working conditions. With regard to the Global Employment Agenda, the document on that topic (GB.286/ESP/1) contained in its paragraph 22 a reference to the need for the Agenda to take full account of the employment issues arising from greater economic openness as, for example, issues surrounding EPZs. She thanked the participants for a rich debate, referring in particular to the ideas that had been proposed and the updated information provided by several governments, such as those of China, Mexico and Nigeria. She acknowledged the deficiencies of data and analysis on EPZs which had been pointed out in paragraph 40 of the document, noting that this had led to the decision paragraph which had been proposed with a view to filling those gaps. On the whole the material in the document had, owing to space limitations, been presented in a highly abbreviated form, which had

led to a loss of the nuances contained in the original material (which could be consulted on request). For instance, as the Worker Vice-Chairperson had correctly surmised, table 1 did not, unfortunately, represent a great jump in employment in the course of a few months, but rather the fact that the Office had been able to identify more sources between August, when the original paper had been prepared, and December, when the current document had been finalized.

- 79.** In reply to the comment made by the Employer Vice-Chairperson in relation to paragraph 16 of the document, the OECD summary of the round-table discussion had cited a statement by a representative of the International Textile, Garment and Leather Workers' Federation, who in turn had referred to a study by a group of retailers in the supply chain. The material in the paragraphs following paragraph 16 had come primarily from reports of the Committee of Experts on the Application of Conventions and Recommendations, the Conference Committee on the Application of Standards, the Committee on Freedom of Association, reports under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work and the Seventh Survey on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The paper had attempted to identify which of these sources had been used.
- 80.** Turning to the question raised about resources, under the ILO's strategic budgeting there were no specific references to work items or detailed proposals but rather to objectives and targets. Thus, to the extent that it made sense to do work on EPZs in relation to attaining a particular objective, the Office could do so. The reference to EPZs in paragraph 281 of the Programme and Budget proposals for 2004-05 was a shared objective which referred to extra-budgetary resources based on the idea that these would complement some core work under the regular budget.
- 81.** The Worker Vice-Chairperson noted that one of the most significant issues that had been highlighted by the Workers, Employers, Governments and the Office alike was precisely the lack of a comprehensive set of data and information. There was a sense that there could be a much more informed discussion on EPZs, if the quality of the data that was placed before the Committee were more comprehensive and if the ILO played a leading role in marshalling information as opposed to relying simply on other information, which could result in lack of coherent data and questions raised on the accuracy of the information. The examples given by the representatives of the Governments of Mexico and Nigeria confirmed not only that the problems existed, but also that something could be done to eliminate them, thus underscoring the possibility of a constructive outcome.
- 82.** He was puzzled by the discussion of the mandate of the Committee. The Committee's mandate included employment, and employment had the dimension of the quality of employment as well as the quantity of employment as agreed in the concept of decent work. The comment by the Asia and Pacific group on enhancing the quality of working life in EPZs was recognition that there was another dimension to employment, which was the quality dimension. The comment by the representative of the Government of the United States on the Global Employment Agenda was interesting, as the Agenda sought to address simultaneously the quantity and quality of employment. Both these dimensions came up in EPZs.
- 83.** A number of governments had put forward proposals for further reports on research done and work undertaken by the Office and, while he supported those proposals, he noted the references that several governments had made to the conclusions of the 1998 tripartite meeting. While the conclusions had been endorsed and put forward by the Governing Body for purposes of incorporation in the programme and budget, not much had been done, despite a tripartite consensus. A future work programme should draw substantially on giving effect to the conclusions. Resources should be made available to implement the

conclusions that had been agreed to by all the constituents. This was a matter the Workers supported very strongly, as was the proposal by the representative of the Government of South Africa to fund the work through the regular budget. Finally, he associated himself with the final statement of the representative of the Government of China related to decent work for all. It was up to the ILO to give effect to that and to help countries achieve decent work through technical cooperation and the work of the various committees of the ILO.

- 84.** The Employer Vice-Chairperson indicated that he found the paper itself to be an answer looking for a question. In paragraph 42 there was a proposal to embark upon various programmes, with subsequent resource implications, as well as calls for various programmes in paragraphs 30 to 32 of Appendix I. He understood that, for whatever reasons, not much had been done since 1998 to implement the decisions of the tripartite meeting on EPZs. There were good indications in the paper from the World Bank and from the Seventh Survey under the MNE Declaration that none of the problems in EPZs differed significantly from problems found elsewhere in the countries where the EPZs were located. Under the present circumstances, he could not justify, given the budget implications, proceeding with any of the programmes. Concerning the point made by the representative of the Government of the United States on approaching the issue in a systematic and organized way, one of the problems of the Committee was the tendency to lay items on the agenda, ending up with more issues than could be addressed. The work of the Committee was not approached in a comprehensive way, and what was needed was a work programme that set out priorities and identified budgetary resources and expenditures and what could be and could not be done. There also needed to be a sense of how to divide the limited meeting time of the Committee and relate that to objectives. There was no virtue in agreeing to any follow-up programme on EPZs; what was needed was a well-thought-out work programme that established priorities.
- 85.** In relation to the suggestion made by the Employer Vice-Chairperson that paragraph 42 was an answer looking for a question, the Worker Vice-Chairperson said that the question posed was, at the very least, the implementation of the conclusions of the 1998 tripartite meeting on EPZs. In other words, the intention of paragraph 42(a) of the paper was to give effect to the conclusions of the 1998 tripartite meeting, on which there was a tripartite consensus. There was a need to move forward and make resources available to give effect to a decision taken on a tripartite basis and endorsed by the Governing Body.
- 86.** The Chairperson noted that the space for agreement was not very wide, and that any addition to the point for decision would be difficult. He therefore urged sticking to the parameters of paragraph 42(a) and (b). He had not heard any specific objections on 42(b) other than a clarification sought by employers, which had been provided. He assumed that paragraph 42(b) was acceptable as it was. Regarding paragraph 42(a), some specific comments could be incorporated into the text without too much difficulty. Based on the discussion, he proposed having the following words added after the words “decent work” in paragraph 42(a): “initially on a national or subregional and regional basis within a tripartite framework”.
- 87.** The Worker Vice-Chairperson supported the Chairperson’s suggestion. He also wanted to test whether there would be support for the idea of paragraph 42(a) specifically referring to the conclusions of the 1998 tripartite meeting on EPZs as the issues were not controversial but agreed by the tripartite constituents. Thus, under paragraph 42(a), the work would initially be located at the levels suggested by the Chairperson, and would be informed by the need to give effect to the conclusions of the 1998 tripartite meeting on EPZs. The Workers would also be comfortable with a reference to marshalling regular budgetary resources.

88. The representative of the Government of the United States commented that if the proposed point for decision went forward and the Office were invited to do work on which it would report back to the Committee, he wanted to make it clear that the Officers of the Committee and the Office had the responsibility of scheduling that work. Additionally, consistent with the Committee's earlier discussion on the Global Employment Agenda, when such a report was to come before the Committee, it should not be present just as an add-on but should rather be integrated into the relevant core elements of that Agenda, the identification of which should be made on the basis of more serious and rigorous thought.
89. The Chairperson believed that an agreement was possible on the language that he had proposed, with the understanding that the conclusions of the 1998 tripartite meeting on EPZs would be taken into account as work progressed. This could be recorded in the report of the Committee.
90. The Worker Vice-Chairperson felt a more explicit reference could be made to the comment made by the representative of the Government of the United States. He had no objections to the conclusions referring to the Global Employment Agenda. This would in fact be helpful, but he suggested that the point for decision also refer to the conclusions of the 1998 tripartite meeting. The Workers were concerned that after a tripartite meeting where consensus had been reached, most of the work of the Office had ceased, while within the same period employment in EPZs had increased by 91 per cent. The 1998 conclusions had to be implemented now.
91. The Chairperson believed that further redrafting of the point for decision would take a long time. The points made by the Worker Vice-Chairperson and the representative of the Government of the United States would be taken note of and reflected in the report of the Committee. In the next discussion of the issue, the Committee would have a framework and context indicating to which core element(s) of the Global Employment Agenda it related.
92. The Worker Vice-Chairperson, in the interest of moving forward, agreed to this being recorded as part of the consensus of the meeting, on the understanding that the Office would ensure the necessary budgetary resources for this work.
93. The Chairperson believed that the budgetary issue had to be solved in a different forum.
94. The Employer Vice-Chairperson agreed that the budgetary issues had to be discussed elsewhere, but he believed that there had to be a feedback mechanism so that when the budgetary issues were discussed, this would be on the basis of the understanding of the work of the present Committee. Too often the Committee's decisions were taken in isolation.
95. The Chairperson suggested, in the interest of time, that the point for decision be accepted with the addition he had indicated. Everybody had accepted paragraph 42(b) as it stood. On paragraph 42(a), a very specific concern had been expressed by the Employers which had been accepted by the Workers, with agreement on the understanding stated. The other points would be reflected in the report of the Committee and noted by the Office for purposes of its future work. It was so decided.
96. *The Committee on Employment and Social Policy recommends that the Governing Body:*
 - (a) *invite the Office to continue to examine the issues touched upon in document GB.286/ESP/3 (March 2003) from the integrated perspective of all aspects of decent work, initially on a national, subregional or regional*

basis within a tripartite framework, and to report to the Committee at a future date on the results of research and other activities pursued;

- (b) in supporting the development of decent work country programmes by ILO constituents in countries operating EPZs, particular attention be paid to enhancing their contribution to both economic and social outcomes (see especially paragraph 5 of Appendix I to GB.286/ESP/3).*

IV. Outcome of United Nations conferences: World Summit on Sustainable Development (Fourth item on the agenda)

- 97.** The representative of the Director-General (Mr. Kohler, Bureau for External Relations and Partnerships), introducing the Office paper,⁴ recalled that the Committee had discussed the ILO's input to the Johannesburg Summit in March 2002. The paper before the Committee described the preparatory activities conducted by the Office in the period leading up to the Summit and the ILO's active participation at the Summit itself through a delegation led by the Director-General that included the three Officers of the Governing Body.
- 98.** The paper briefly reviewed some of the most important outcomes directly relevant to the ILO and its constituents: the ILO had left its imprint on those outcomes through a number of explicit references to the ILO's principles, programmes and partners. The paper drew attention to three areas requiring special consideration for possible ILO follow-up. First, the ILO should capitalize on the major step forward made by the recognition – at the highest levels of government attending the Summit and in both the Johannesburg Declaration on Sustainable Development and the Plan of Implementation – of the vital role of income-generating employment opportunities that take into account the ILO Declaration on Fundamental Principles and Rights at Work in the reduction of poverty. This provided further impetus for the ILO's follow-up on Johannesburg to give high priority to integrating these issues within the suggested workplan of the Global Employment Agenda, including the possible establishment of a global employment alliance for sustainable development. There was also a possible role for the ILO regarding new employment initiatives linked to providing access for the poor to water and sanitation, energy, health, agriculture and biodiversity – known as the WEHAB priorities – discussed at Johannesburg; as well as new opportunities to promote sustainable development through the United Nations Secretary-General's YEN initiative.
- 99.** Second, throughout the preparatory process the ILO had strongly emphasized the importance of the Decent Work Agenda and of social dialogue within the context of the priority themes of changing production and consumption patterns and the protection and management of natural resources. The commitments, targets and recommendations included in the Plan of Implementation called for major changes in *what* and *how* we produce and consume. The ILO's mechanisms and tools related to social dialogue and the strengthening of tripartism could hence play a major role in this transition process.
- 100.** Third, as with the follow-up to the Rio Summit in 1992, the ILO may wish to give highest priority to strengthening the capacity of its tripartite constituents to enable them to deal directly with many of the challenges of sustainable development, especially at the national, sectoral and workplace levels.

⁴ GB.286/ESP/4 and Corr.

- 101.** The Office was moreover committed to integrating and coordinating its implementation of and follow-up to the outcomes of the Johannesburg Summit with the major ILO initiatives under way regarding the implementation of the MDGs and the PRSPs, and with the action it was taking to implement other global conferences and summits.
- 102.** The paragraph for decision was included in the corrigendum to the Office paper: it invited the Committee to recommend that the Governing Body invite the Director-General to develop proposals for ILO follow-up action related to the Johannesburg Summit, for consideration by the Committee at its next meeting in November 2003. Such follow-up action would include the relevant elements contained in the Programme and Budget proposals for 2004-05, in addition to identifying opportunities for extra-budgetary support.
- 103.** The Employer Vice-Chairperson observed that the decisions adopted in Johannesburg addressed issues that fell outside the mandate of the Committee. The work of the ILO should not be dictated by the outcomes of summits, whatever the degree of its involvement in their work.
- 104.** The Worker Vice-Chairperson stated that the outcomes of the Summit were indeed important because they were determined by governments that were, of course, part of the constituency of the ILO. He paid tribute to the quality of the Office paper, which offered a well-structured analysis of the outcomes of the World Summit on Sustainable Development. The Director-General and the Office staff responsible deserved credit for securing such a degree of consideration for ILO concerns. The Committee was the appropriate forum for debate on the effect given to the outcomes of the Summit. He drew attention to paragraphs 16 to 21 of the Office paper, all of which merited close attention from the ILO. Within the United Nations system the ILO held chief competence for a number of the social issues addressed in the outcomes, which it could approach in particular through partnerships both with its own constituents and with other international bodies, focused on the workplace. This applied to the following areas in particular: assessments of the employment impact of sustainable development; assessments of the social aspects of environment and sustainable impact assessments and workplace assessments; the WEHAB process; research into the social and employment consequences of the move to sustainable patterns of production and consumption, including industrial relations; identifying appropriate ways to enhance the social pillar of sustainable development; international cooperation on HIV/AIDS, in particular through the ILO code of practice on HIV/AIDS and the world of work; capacity building, particularly in relation to technology transfer; and training and education necessary for implementation of the outcomes. He supported the proposed point for decision.
- 105.** The representative of the Government of Sudan, speaking on behalf of the governments of the Africa group, observed that the environmental agenda had now expanded to focus critically on the concept of sustainability, encompassing economic growth and social inequality. The ILO's contribution had rightly drawn attention to the crucial importance of the social element in development plans. Of particular relevance were the references to poverty reduction, public health and the need for job creation. The ILO's work should concentrate on two main areas: the provision of advisory services and assistance to ensure that the creation of employment and income-generating opportunities were included in poverty reduction strategies and plans; and the identification of modalities for management of the changes resulting from changing patterns of production and consumption. He supported the point for decision.
- 106.** The representative of the Government of India considered that the Johannesburg Summit had marked a turning point in multilateral negotiations. High hopes had been raised at the previous Summit regarding the long-standing commitment by the developed nations to earmark 0.7 per cent of GNP for development assistance and their pledge to transfer

environmentally sound technologies on concessionary terms. He noted that those promises had however largely been unfulfilled. The production and consumption patterns resulting from globalization were in addition placing unprecedented pressure on natural resources that were beyond the capacity of many regions to contain. Paragraphs 25 and 26 of the Office paper had correctly identified areas for ILO action. In addition, the MDGs had set pertinent targets on key issues to be attained by 2015, in particular the eradication of extreme poverty and hunger, and these should be combined in the ILO with the initiatives under the Global Employment Agenda, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Secretary-General's Youth Employment Network. The ILO could play a key role in facilitating dialogue between the social partners and others on how to manage the rapid changes in production and consumption patterns in both developed and developing countries in order to ensure environmental sustainability.

- 107.** The representative of the Government of the United States observed that the proposal in the point for decision regarding further discussion by the Committee in November 2003 was incompatible with the decision taken at a previous sitting that the Committee's agenda would be based on the Global Employment Agenda and that it would be determined by the Officers. He underlined that, while promoting sustainable development and livelihoods was an important area of ILO activity, it need not involve the Committee in the immediate future, particularly in view of the fact that, as observed in paragraph 25 of the paper before the Committee under the first item on its agenda, the World Commission on the Social Dimension of Globalization would address the issues at stake for socially sustainable globalization in its recommendations, but these were unlikely to be available before November 2003.
- 108.** The representative of the Government of South Africa expressed appreciation for the achievements of the Summit and for the hard work performed there by all, including ILO staff and tripartite constituents. The Summit had brought together a rich tapestry of views. It was a major success in addressing some of the key issues affecting the future of development worldwide, and public interest and the involvement of civil society had been high. The ILO had rightly secured the inclusion of appropriate social concerns in the outcomes, and the challenge now was to design mechanisms to sustain the momentum for change. His Government was ready to work closely with the social partners in giving effect to the outcomes. The point for decision was appropriate.
- 109.** The Worker Vice-Chairperson considered that much of the outcome of Johannesburg would receive attention outside the ILO, and the ILO hence had to act swiftly to ensure that its concerns received full attention. As regards further discussion, the Committee never had enough time to complete its lengthy agenda, and he requested that two full days be assigned to it in November to allow the Committee to address a substantial agenda.
- 110.** The representative of the Director-General (Mr. Kohler, Bureau for External Relations and Partnerships) stated in reply to a question from the Chair that it might not be essential for the Committee to discuss the proposals for further action in November. The Office could be left to develop work on these issues in terms of the ILO's programme and budget and strategic objectives, the Global Employment Agenda and the Committee's comments, and report back to the Committee on progress made in the follow-up to Johannesburg at a later stage.
- 111.** The Worker Vice-Chairperson stated that this would be acceptable.
- 112.** The representative of the Government of France considered that the wording of paragraph 27 was adequate, and that paragraph 28 could be amended to remove the reference to further discussion by the Committee.

113. The Committee agreed to amend the point for decision accordingly.
114. *The Committee on Employment and Social Policy recommends that the Governing Body invite the Director-General to develop proposals for ILO follow-up action related to the Johannesburg Summit drawing on the outcomes of the Summit, ILO participation in inter-agency coordination of follow-up, the discussions of the Committee and appropriate consultations. Such follow-up action would include the relevant elements of the Programme and Budget proposals for 2004-05, in addition to identifying opportunities for extra-budgetary support.*

V. United Nations initiative on youth employment (Fifth item on the agenda)

115. A representative of the Director-General (Mr. Miller, Secretary, Youth Employment Network, Employment Sector) introduced the Office paper.⁵ He outlined the reason for the document, which was that the United Nations General Assembly had specifically invited the ILO to play a major role in this initiative. This was contained in United Nations General Assembly resolution A/RES/57/165, which had been adopted by consensus by the General Assembly in December 2002, having been introduced by Senegal with 106 co-sponsors.
116. Mr. Miller recalled that the issue of youth employment had already been brought up in the context of the Governing Body's discussion of the Global Employment Agenda and that its urgency to many governments and other constituents had been underlined. He stressed the long history of ILO work on this issue, including a number of legal instruments, publications, advisory services and technical cooperation activities. The YEN was the first of the global alliances outlined by the Executive Director of the Employment Sector in his introduction to the first agenda item. He then gave an overview of the origins of the YEN, which had been created by United Nations Secretary-General Kofi Annan and backed by an intergovernmental mandate at Head of State level during the 2000 Millennium Summit in New York. It thus represented the ILO's most explicit foothold in the MDGs, providing new political urgency and relevance to the question of youth employment. He then touched on some highlights of YEN activities to date, including the 12-member high-level panel, which included representatives of both workers and employers, and which had already issued recommendations to the Secretary-General. The panel had decided on an overall message that youth should be seen as an asset or a solution, not a problem, and was therefore worth investing in. On a technical level, four areas of national action had been identified, which were universal, although relevant in different ways in different countries, and which encompassed both the demand and the supply side: employability, equal opportunities, entrepreneurship and employment creation. The political process invited governments to develop national action plans on youth employment, based on review of past national policies. In summary, the ILO was invited to assist in a two-year process, first in the preparation of national reviews and action plans and, second, in undertaking a global analysis and review of the action plans and assisting in their implementation. The YEN therefore represented an opportunity for the ILO to build consensus on youth employment and to integrate this firmly in the international development agenda.

⁵ GB.286/ESP/5.

- 117.** The Employer Vice-Chairperson had no problem with the paper but did have some comments on paragraph 19. He recalled that the 1998 session of the International Labour Conference had also adopted a resolution concerning youth employment, sponsored by the IOE, which he wished to be noted. He further noted that the Employers and Workers also had programmes under way promoting youth employment. He expressed concern that this initiative seemed resource-intensive and wondered whether any resources were available for this purpose under the regular budget.
- 118.** The Chairperson indicated that this was a subject for the Programme, Financial and Administrative Committee discussions.
- 119.** The Worker Vice-Chairperson underlined the urgency of the youth unemployment crisis, and pointed to the very high levels of youth joblessness, particularly in some African countries. It was therefore important to carry out the mandate conferred by the United Nations. Work on the Youth Employment Network (YEN) should be integrated in the Global Employment Agenda to give coherence to ILO work. A significant and sustained reduction in youth unemployment needed an environment that fostered employment growth. To successfully tackle youth unemployment one had to address the total unemployment problem. Otherwise, there might be sectoral but no aggregate progress. He recalled the four priority themes and the 12 recommendations of the high-level panel, which placed the YEN in the context of the Decent Work Agenda. He wanted to send a strong signal of support to the invitation extended to the ILO by the United Nations resolution, subject to the following: a reorientation of work undertaken within the YEN to reflect the entire Global Employment Agenda and the Decent Work Agenda, and consultation with the ILO constituencies in doing so. Moreover, additional resources should be mobilized for this key area of work.
- 120.** The Chairperson remarked that it would need to be seen whether these resources were available within the existing budget or not. This would be discussed later.
- 121.** The representative of the Government of Sudan, on behalf of the Africa group, expressed appreciation for the Office paper. He noted that youth made up the bulk of Africa's population. He supported the high-level panel's recommendations in paragraphs 5 to 8, and took note of the YEN activities in paragraphs 11 to 12. He stressed the importance of focusing efforts on maintaining and securing a strong commitment of political will on the part of Heads of States to deliver concrete results on youth employment. The Africa group requested that the formulation of this plan be accelerated to help national plans deliver youth employment packages. He also supported the Africa group's proposal for ILO follow-up action to the Johannesburg Summit outcomes for consideration by the ESP Committee at its November session.
- 122.** The representative of the Government of Ecuador, speaking on behalf of the GRULAC group, noted the statistics in the document. His group fully supported this commitment and the functioning of the YEN and would cooperate with all international institutions participating in this important project. He also supported the recommendations of the high-level panel and recalled the region's unemployed youth. In conclusion, he supported the recommendations contained in paragraph 19 of the document and requested assistance and support for the Latin American region in the preparation of studies and national action plans on youth employment.
- 123.** The representative of the Government of New Zealand congratulated the Office for the positive role played in the YEN. She noted that facilitating youth employment was a national priority in New Zealand, which aimed to have all those between the ages of 15 and 19 in education, training or activities leading to long-term independence by 2007. An exclusive focus on action at the national level, as suggested in paragraph 19(b), was

however not enough to address global employment issues. ILO leadership that promoted work at the multilateral level was a critical component for success. She asked that in their work at the national level the Office and its tripartite partners ensure that this latest form of national plan of action be integrated with other existing national action plans supported by the ILO and other United Nations agencies to limit overlap and maximize outcomes, particularly with respect to decent work pilot programmes and national plans of action for decent work.

- 124.** The representative of the Government of Indonesia thanked the Office for the excellent paper. She detailed Indonesia's tackling of the issue through a comprehensive and coherent policy involving the tripartite structure as well as civil society. The Government had set up a programme in 1995 (Professional and Self-Sufficient Youth Employment) to enable youth to acquire training, which had already shown success. However, the programme was still insufficient, especially in rural areas where the problem was most prevalent. The Government was developing its national action plan, with a broad-based, countrywide approach involving all stakeholders. She also recalled that Indonesia was one of the six lead countries to have come forward to pioneer national action plans, as called for by the high-level panel. The ILO had a leading role to play given its expertise and experience. She called on the ILO to provide technical assistance to those countries which had already begun promoting youth employment policies, and to indicate clearly how much assistance it was prepared to offer. She expressed gratitude to those donor countries that had supported the YEN and hoped that others would be encouraged to follow their example, in view of what was at stake for young people of developing countries.
- 125.** The representative of the Government of the Islamic Republic of Iran stated that the rate of youth unemployment was twice or sometimes three times as much as that in other categories. It needed to become the focus of international plans and an integral part of the Global Employment Agenda and PRSPs. Resources should be pooled to respond to this vital issue. He noted the ILO's leadership role in the YEN. The more than 1 billion young people vulnerable to poverty awaited the translation of this programme into action plans at national level.
- 126.** The representative of the Government of India expressed his thanks for the paper prepared by the Office. He noted the recommendations of the Youth Employment Network High-Level Panel as summarized in paragraph 9. Highlighting the YEN's achievements to date, he indicated his delegation's appreciation for the leading role the ILO had taken. He outlined the youth employment situation in his country and pointed out that there was a need to expand employment opportunities for women. In order to meet the unemployment challenge, the Government had taken several steps, including constituting two committees to examine employment generation and to suggest strategies and programmes for the creation of 10 million jobs per year over a period of ten years. He agreed that there was a clear need for more emphasis on skills training, in tune with the demands of the labour market, in order to generate decent work, and for special programmes for those living below the poverty line.
- 127.** The representative of the Government of South Africa, quoting former President Nelson Mandela's State of the Nation Address (Cape Town, 24 May 1994), underlined his country's resolve to view young people as an asset for socio-economic development. A youth commission had been set up in the President's Office in order to provide a voice at the highest level of government. He indicated that a high-level body such as this could usefully be set up in other countries. The work of the YEN should be integrated into the Global Employment Agenda. With regard to the budgetary question, he suggested tapping into resources within the regions, while maintaining the focus of these activities under the overall umbrella of the YEN. He requested that it be placed on record that the ILO should assist its constituents in their efforts to promote youth employment.

- 128.** The representative of the Government of Japan welcomed the ILO's efforts to tackle the issue of youth employment and expressed the hope that the YEN would have a positive impact on improving the employment situation of young people. In his country, the high rate of youth unemployment was a major problem. He supported the positions of the representative of the Government of the United States and of the Worker Vice-Chairperson, underlining that the Global Employment Agenda should be given high priority and that the issue of youth employment should be integrated into the Agenda. He added that employability must be tackled, together with stimulating entrepreneurship.
- 129.** Stressing the importance of the problem of youth employment, the representative of the Government of Italy encouraged the Office to support governments in elaborating national action plans on this issue and to undertake a worldwide analysis and evaluation of progress made. His delegation also encouraged the Organization to improve coordination mechanisms in order to increase the effectiveness of its activities in this field.
- 130.** The representative of the Government of Cameroon thanked the Office for the paper. She indicated that it was not possible to speak of employment in the context of the Global Employment Agenda without incorporating issues of youth employment, which were of major concern to the majority of developing countries and notably to African countries. The Committee should send a clear signal to the Programme, Financial and Administrative Committee for substantial funding to be made available in order to ensure that the recommendations made in paragraph 19(b) could be carried out.
- 131.** The representative of the Government of Belgium underlined the importance of the subject with respect to issues of demography, human capital and long-term unemployment. He indicated his Government's support for the United Nations resolution on promoting youth employment, adding that, subject to allocation of resources, paragraph 19 seemed to be realistic as drafted. In his view, the issues of youth unemployment should be evaluated in the context of the Global Employment Agenda. The recent aggressive youth employment policies in Belgium were bearing fruit, thanks to constructive social dialogue. Belgium's policies were in line with the European Employment Strategy, the main principles of which were similar to those identified in paragraph 9. An evaluation of national policies showed clearly that the difficulty resided not in the principles themselves, but rather in their implementation. The mainstreaming of youth employment was of great importance. Questions of gender imbalance should be carefully examined, since misconceived vocational guidance for women led to wastage of human resources. The question of formal qualifications, when compared with the skills actually required by employers, often constituted a problem, and the input of employers would be useful in resolving this impasse. He congratulated the Office on its paper and suggested that a further paper be prepared, describing activities undertaken, identifying the problems and difficulties most frequently encountered, and taking into consideration the context of youth employment in the informal economy.
- 132.** The representative of the Government of the United States remarked that there was no fixed budget for youth employment activities, simply various "pies" of resources to which the Office could have recourse. He was of the opinion that the Global Employment Agenda should be used to set priorities and provide guidance as to how these "pies" of resources could best be allocated, to ensure that activities be carried out in a sequential manner. He added that the ideas were good but that there were constraints as to how much the Office could undertake.
- 133.** The Employer Vice-Chairperson noted that several speakers had suggested the integration of the YEN into the Global Employment Agenda. He pointed out that the YEN, as an initiative carried out under the auspices of the United Nations and involving the World Bank and the ILO could not be integrated into the Global Employment Agenda. The ILO's

youth employment activities proper were quite different. It was appropriate that the latter be integrated into the Global Employment Agenda.

- 134.** The representative of the Government of Nigeria expressed her appreciation for the detailed information contained in the paper, particularly in paragraphs 11 and 12. She mentioned that all the social partners should be involved in the important issue of youth employment, adding that the magnitude of youth unemployment was alarming and posed a threat to communities. For this reason her Government highly appreciated the co-sponsoring by 106 United Nations member States of the General Assembly's resolution on promoting youth employment, as described in paragraph 13. The strategic implications of the resolution should be of primary importance to the social partners and to the Office. The latter should view in particular paragraph 15 as a challenge to enhancing its programme on youth employment. She stated the Nigerian delegation's support for the Africa group's proposal that follow-up action by the ILO on the outcomes of the Johannesburg Summit be considered by the ESP Committee in its November 2003 session. Thanking the Office for its support to developing countries, she indicated her country's need for cooperation and assistance with the various programmes on youth employment on which the Nigerian Government had embarked.
- 135.** The Chairperson sought clarification from the Office on two issues that had been raised. First, there was the question of the availability of resources for such an important programme. The second issue, mentioned by the Employers, was how the ILO's youth employment programme could be integrated into the framework of the Global Employment Agenda.
- 136.** A representative of the Director-General, Mr. Hultin (Executive Director, Employment Sector), confirmed that the YEN was a United Nations initiative, the secretariat of which had been established in the ILO. Since the ILO had been asked to take a lead role for the network and itself had a substantial contribution to make, there were indeed linkages with the Global Employment Agenda. As to funding, he confirmed that there were no specific resources for this purpose and that the Office had to respond to the growing number of requests for assistance according to its possibilities. He indicated that, as mentioned by the Worker Vice-Chairperson and representatives of a number of Governments, the question of combining resources, by integrating the ILO's youth employment activities proper into the Global Employment Agenda, would achieve some economies of scale. Since the timing of the 2005 World Employment Report coincided with the time at which the YEN was to provide to the United Nations a global analysis and evaluation on progress made, here again there would be efficiency and streamlining in the use of resources. Opportunities for cross-sectoral synergies would be sought, which could lead to input and activities of other sectors. As the representative of the Government of South Africa had mentioned, the Office was in a zero-growth situation; however, owing to decentralization more funding was available at the regional level, some of which could be used for youth employment issues. He expressed his gratitude to the Government of Sweden for its initial funding and mentioned that the mobilization of extra-budgetary resources was being pursued with other potential donors. He welcomed the Committee's support for resource mobilization efforts, in order to meet the huge increase in demand for assistance in the field of youth employment.
- 137.** In summarizing the discussion, the Chairperson asked the secretariat specifically to take note of the resolution concerning youth employment, sponsored by the IOE, which had been adopted at the 86th Session (1998) of the International Labour Conference, and of programmes for promoting youth employment launched by employers' and workers' organizations. He took note of the Office's commitment to seek to ensure funding for work in this area, including from regional allocations and extra-budgetary resources as well as

through efficiency improvements in order to ensure that the programmes could be implemented.

138. The representative of the Government of the United States emphasized that this Committee did not have the mandate to take decisions that had budgetary implications.

139. The Chairperson noted that the intention was to seek the Office's assurance that efforts would be made to ensure the implementation of these important activities. On the second issue, the Office had now clarified that it was its own youth employment work that would be integrated into the Global Employment Agenda.

140. *The Committee on Employment and Social Policy recommends that the Governing Body:*

(a) *take note of the United Nations General Assembly resolution on promoting youth employment (A/RES/57/165);*

(b) *request the Office to assist and support, upon request, the efforts of governments in the elaboration of national reviews and action plans on youth employment, and to undertake, by May 2005, a global analysis and evaluation of progress made in this regard;*

(c) *request the Office to report to it periodically on progress made by the Youth Employment Network in the implementation of the United Nations resolution on promoting youth employment.*

VI. First ILO gender audit (Sixth item on the agenda)

141. A representative of the Director-General (Ms. Zhang, Director, Bureau for Gender Equality) introduced the Office paper.⁶ She described the mandate for biennial gender audits on ILO programmes, with reporting of results to the Governing Body, as mandated in the ILO Action Plan on Gender Equality and Gender Mainstreaming. The main objectives of the audit were to promote organizational learning, establish a baseline on gender mainstreaming in the ILO, and identify good practices and areas to improve. The methodology of the process – especially its participatory and self-assessment approach – meant that some 450 persons were involved across eight regional offices and seven programmes at headquarters. In addition, over 30 male and female audit facilitators had been trained, and some 700 ILO documents had been analysed. Findings of the audit included the boost to promoting gender equality at the ILO by commitment of high-level management and strategic results-based budgeting, as well as the increasing number of good practices and products identified. However, there was still confusion about basic gender concepts. There was a continued need for capacity building and tools development. Monitoring and evaluation mechanisms, as well as accountability in gender mainstreaming, were inadequate. Recommendations of the *ILO gender audit 2001-02: Final report* included the need to identify priority issues related to gender in the four strategic areas in the regional and national contexts, regularly publish sex-disaggregated data to inform policy and programme design, strengthen monitoring and accountability mechanisms, and focus on outreach with constituents and inter-sectoral activities

⁶ GB.286/ESP/6.

concerning discussions at the International Labour Conference on the informal economy, discrimination, and migration.

142. The Chairperson congratulated the Bureau for Gender Equality on what he described as a successful and useful activity and outcome, and suggested that the Committee call for continuation of the process.
143. The Worker Vice-Chairperson welcomed the gender audit report, which reflected serious pioneering work for the ILO. He considered that the shared policy objective on gender equality was an excellent starting point for implementing the audit report's recommendations. Work to promote a package of four gender-related Conventions (Nos. 100, 111, 156 and 183) was particularly welcome, and to this the Workers would add the Part-Time Work Convention, 1994 (No. 175). The Workers also supported the use of surplus funds for further gender audits at headquarters and in the regions. He noted that there were still large gaps between the number of women and men in the professional staff. This was particularly critical in the regions, especially in Africa and the Americas. At headquarters the sex balance still needed to be improved, particularly in the Employment and Social Protection Sectors. One of the major challenges therefore for the Office was to encourage proactive recruitment and promotion of women. He stressed the importance of addressing gender policy issues in the upcoming work on discrimination, migration and the informal economy. Guidelines for the inclusion of gender equality issues in the supervisory system of ILO standards should be further developed and applied. A separate budget line for the gender policy objective should be established, and specific resource allocations made available to strengthen capacity building on gender mainstreaming among the constituents. Female leadership in the Office should continue to be promoted and women targeted for senior positions. Equal opportunities for career development for women and men should be created through the personal development plans. Finally, given the importance of the report and the fact that it would be followed up through the programme and budget process, he suggested that such reports be considered by the Governing Body itself at its March sessions.
144. The representative of the Government of Norway, and on behalf of the governments of Canada, Denmark, Finland, the Netherlands and Sweden, welcomed the gender audit, which was the first such participatory audit in the United Nations system. The gender audit was an important contribution to implementing the ILO gender mainstreaming policy. For this reason she strongly supported continuing the audit in 2003 as well as in 2004-05. The methodology used in the audit was interesting, and it was recommended that it be further refined during the audits this year. The audit should also be extended to assist constituents in strengthening their capacity to implement gender mainstreaming strategies to promote gender equity. It was noted with satisfaction that this was already being initiated through the 2000-01 surplus project on capacity building for the constituents on gender mainstreaming, including using gender audits. Although gender mainstreaming had been a major objective for the ILO since 1999, the audit had demonstrated that progress in this area did not come easily. First, this depended on commitment at top management level, and she looked forward to seeing the Director-General's commitment reflected in a much better distribution of women and men in ILO posts at the P.5 level and above. Second, it depended on the importance of giving all ILO staff an understanding of the ILO gender policy, as well as competence in gender analysis and planning. All staff should therefore be given appropriate training in this respect. Follow-up to the critical areas for the Office to work on, mentioned in Appendix 1 of the paper, was encouraged. Concerning the difficult issue of low representation of women among members of the Governing Body and delegates to the International Labour Conference, she urged governments, workers and employers to seriously address this problem when nominating delegations. In addition to the gender audit, she stressed that monitoring and benchmark systems needed to be

established, and accountability needed to be introduced to ensure systematic integration of gender-sensitive considerations into all ILO policies and programmes.

145. The Committee took note of the Office paper.

VII. Outcome of the Second World Assembly on Ageing (Madrid, 8-12 April 2002) (Seventh item on the agenda)

146. A representative of the Director-General (Mr. Bonilla, Policy, Relations and Communication Coordinator, Social Protection Sector) introduced the Office paper.⁷ He stressed that although some time had passed since this important Assembly had taken place, the ageing issue was and continued to be a topic of great relevance for the ILO. The ILO's participation could be considered a success story because of the impact of its contribution to the outcome of the Assembly. This impact was built upon the great interest manifested by this Committee as well as the guidance provided by it to the Employment and Social Protection Sectors, which had worked together as a team in all the stages of the process with the permanent support of the Bureau for External Relations and Partnerships and the ILO Liaison Office in New York. He reminded the Committee of the discussion and approval of the ILO's contribution to the Assembly – the document entitled “An inclusive society for an ageing population: The employment and social protection challenge”.⁸ Its key elements had been summarized in the speech of the Director-General in the plenary session of the Assembly. The ILO's message had also been expressed directly through the participation of the Executive Directors of the Employment and Social Protection Sectors in a side event organized by the ILO. He further noted that the ILO's message had been included in the outcome documents of the Assembly: the Political Declaration and Madrid International Plan of Action on Ageing 2002. In his closing speech, Mr. Desai, United Nations Under-Secretary-General, had highlighted the important contribution of the ILO in both preparing and carrying out the Assembly. Mr. Desai had also invited United Nations specialized agencies, particularly the ILO and WHO, to actively participate in follow-up activities.

147. The Assembly had provided an opportunity to emphasize the message of this Committee, as well as the ILO's Decent Work Agenda. The follow-up to the Assembly presented a unique opportunity to promote the ILO's institutional agenda, and he gave a few examples of follow-up activities that had already taken place. Finally, he noted that while there had been no further call for action by the Committee, the Second World Assembly on Ageing should not be considered as a closing point but rather as a window of opportunity to promote decent work and as a starting point with practical implications for the agenda of the Organization and the Office.

148. The Worker Vice-Chairperson welcomed the Office paper and the opportunity to discuss the concept of a “society for all ages”. Recognizing the limited time, he restricted his comments to four areas. First, he asked to find ways to give real recognition to the promotion of older persons' rights and their participation in public life, for example through involvement of trade unions of retired workers. Second, he emphasized the value of a society based on solidarity through the development of social protection schemes, notably pension schemes, based on solidarity within and between generations and the

⁷ GB.286/ESP/7.

⁸ The report is available at www.ilo.org/public/english/employment/skills/older/download/engage.pdf

importance of work around retirement systems. Third, he called for combating the practices of systematically excluding older workers from working life, for example through laying off workers before legal retirement age. Fourth, he underlined the need to implement integrated public health care and social services on the basis of equal access, free supply of essential medicines worldwide, health promotion, disease prevention and combating infectious diseases, particularly HIV/AIDS, especially in countries with underdeveloped social protection systems. In conclusion, he stressed the need to do more to propagate the worker dimension of ageing, including in respect to lifelong learning for all groups of the population, to ratify and apply the Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128), to accordingly update legislation and to take measures, where appropriate, to prohibit discrimination on the grounds of age.

149. The Committee took note of the Office paper.

150. As there were no papers under the last item of the agenda, "Other questions", the Chairperson thanked the members of the Committee on Employment and Social Policy for their cooperation, and expressed his satisfaction with having completed such an important and comprehensive work programme.

Geneva, 25 March 2003.

Points for decision: Paragraph 27;
Paragraph 56;
Paragraph 96;
Paragraph 114;
Paragraph 140.