



## FIFTEENTH ITEM ON THE AGENDA

**Report of the Working Party on the  
Social Dimension of Globalization****Oral report by the Chairperson of the Working  
Party, HE Ambassador Azevêdo, Government  
delegate of Brazil**

1. The Working Party on the Social Dimension of Globalization met on 22 March 2010. HE Ms Azevêdo (Government, Brazil) chaired the meeting. Mr Daniel Funes de Rioja (Employer) and Sir Roy Trotman (Worker) were the Vice-Chairpersons.
2. The Working Party had before it a paper <sup>1</sup> “Recovering and sustaining growth and development: The contribution of the Global Jobs Pact”.
3. The Working Party benefited from detailed and insightful presentations from two guest speakers, Dr Compton Bourne, President of the Caribbean Development Bank (CDB), and Ms Helen Clark, Administrator of the United Nations Development Programme (UNDP). Their presentations highlighted a number of key issues for the ILO in its collaboration with the international development finance institutions. This collaboration is particularly important to promote recovery from the global economic crisis and secure resources to implement the Global Jobs Pact. The text of the presentations will be available on the ILO web site. A full report will be prepared and made available after the meeting of the Governing Body. In this brief report, I will highlight the points of convergence that, I believe, emerged from the presentations and the tripartite discussion that followed with a view to facilitating discussion of the next steps the ILO should envisage in follow-up to the Global Jobs Pact.
4. The presentations and response of Dr Bourne and Ms Clark were highly appreciated by the Working Party. Both speakers expressed support for the Global Jobs Pact as an extremely relevant mechanism to support both developing and developed countries’ efforts to boost recovery, create more and better jobs and reduce poverty. They also looked forward to deepening collaboration with the ILO to shape an employment-intensive recovery that favoured the real economy. Dr Bourne suggested that the ILO and the CDB jointly organize a conference for Caribbean development partners to examine how to take the Global Jobs Pact forward in the region. Ms Clark envisioned closer ILO–UNDP

<sup>1</sup> GB.307/WP/SDG/1.

cooperation around the Global Jobs Pact including in support of national development frameworks.

## **Impact of crisis and shape of recovery**

5. The global economic crisis, which commenced in the financial sectors of a few advanced economies, was transmitted to developing countries through reductions in foreign trade, foreign direct investment, foreign capital inflows and migrant worker remittances. There are signs that economic output is starting to recover but the upswing is fragile and economic prospects differ dramatically across regions and countries. The impact of the global economic crisis in many developing countries is reflected in substantial falls in output and decent work opportunities, rising poverty, reduced incomes plus a significant expansion in vulnerable and precarious forms of work. The crisis has seriously jeopardized the achievement of the Millennium Development Goals (MDGs) by 2015 and increases the importance of hearing the voice of the most vulnerable and addressing precariousness of employment.
6. The tentative economic recovery in most advanced and middle-income countries is largely the result of substantial fiscal stimulus measures and supportive monetary policies. Most governments have prepared exit strategies from these measures. The implementation of these exit strategies must not be premature so as to avoid any threat to the recovery while also eschewing any unnecessary increase in public deficits and debt levels. Further work is required on the reregulation of financial markets, tax policies and mitigation of global imbalances to avoid a reoccurrence of the global economic crisis.

## **Financing an accelerated recovery in jobs and development**

7. Governments in many developing countries wish to implement counter-cyclical economic policies to recover development momentum. This would include many aspects of the Global Jobs Pact such as increased public expenditure on infrastructure and human capital, support for the private sector and sustainable enterprises, job creation and retention policies, as well as income-led growth strategies including the expansion of the basic social protection floor. Some developing countries have been able to successfully implement aspects of such policies.
8. Many developing countries, however, lack the fiscal capacity and policy space to implement such policies in a timely and comprehensive fashion. This is because their tax base has been eroded in the recession and their ability to fund a fiscal deficit in a sustainable manner is curtailed by insufficient access to international capital markets. The World Bank has estimated that developing countries require an additional US\$1.1 trillion of international financial resources in 2010.
9. Consequently, many developing countries have looked to the international financial institutions and multilateral development banks to fund essential services and activities. Commitments have been made, including by the G20, to assist developing countries by facilitating access to international resources. Important initiatives have been taken to increase the reserves of the international financial institutions and some multilateral development banks. Nevertheless, at present demands for international financial resources in developing countries significantly exceed the resources available. Further increases in the capital base of the multilateral development banks would therefore be highly desirable.

10. Given the fragile state of the global economic recovery and the fact that the labour market recovery will lag considerably behind the pick-up in economic output, international financial resources available to developing countries should be significantly increased with a particular focus on funding activities that are consistent with the ILO Global Jobs Pact. This would have a positive impact on employment, incomes, job quality and gender equality.

### **Deepening ILO–UNDP cooperation**

11. The recent decision by the Executive Board of the UNDP and the UNFPA to integrate the Global Jobs Pact within UNDP operational activities provides potential to increase the resources available to developing countries for the labour and social policies contained in the Pact. This decision will also enhance collaboration and synergy between the ILO and the UNDP. Implementation of the ILO's Decent Work Agenda is an efficient and effective way to accelerate progress towards all the MDGs. Despite recent setbacks, due to the global economic recession, it could still be possible to meet the MDGs by the 2015 deadline if the political will can be generated and appropriate resource allocations made. The Global Jobs Pact and the Decent Work Agenda provide an adequate framework for the achievement of the MDGs.
12. Areas for enhanced collaboration between the ILO and the UNDP could include:
  - activities to promote employment creation, income generation and reintegration in post-conflict countries;
  - tackling climate change through the generation of green jobs in adaptation and mitigation;
  - building a stronger empirical base and knowledge about the employment impact of various policies and programmes; and
  - taking forward joint work on promoting the Global Social Protection Floor including through country initiatives.

### **Increasing tripartite engagement in development planning**

13. The multilateral development banks and the UNDP were encouraged to consider the potential for increased collaboration with employers' organizations and trade unions. In this context, the ILO has a responsibility to ensure that other international organizations appreciate and respect the role and contribution that the social partners and tripartism can make to economic development and social progress.

Geneva, 23 March 2010.