

# G20



International  
Labour  
Office

## Promoting policy coherence for decent work and full, productive employment

A policy note for the G20 Meeting of Labour and Employment Ministers

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## Executive summary

Mutually reinforcing economic, social and employment policies can ensure effective development and growth outcomes. However, policies designed through different institutions and responding to different imperatives are not necessarily mutually reinforcing. This is particularly the case between economic, trade and financial policies and employment, labour market and social policies.

Since its Summit in Pittsburgh in September 2009 and the launch of the Framework for Strong, Sustainable and Balanced Growth, the G20 has been an important advocate for greater policy coherence, including greater cooperation between multilateral institutions. Indeed, coordinated global action under the aegis of the G20 is credited with having averted a collapse of the global economy. Further efforts will be required, however, if the G20 is to deliver on the goal of greater coherence for decent work and full, productive employment.

The interdependence of the global economy has vastly extended the policy interdependence of countries. The same applies to multilateral institutions. Just as coherence at the country level has implications for institutional coordination in government policy-making, coherence between multilateral institutions requires coordination and convergence of policy advice. Enhancing policy coherence between multilateral institutions must be an objective in its own right, as it could significantly help national governments to better pursue their own overall coherence objectives.

Strong and sustainable economic growth in conditions of open and competitive markets is the best avenue to secure broad employment opportunities and

rising living standards. However, growing income inequality, much of it resulting from a diminishing share of wages in national income and increasing inequality within wage income, exacerbates internal and external imbalances and threatens social cohesion.

A consensus is building for coordinated efforts to prioritize employment growth because strong, steady growth in jobs and household incomes in many countries at the same time will buttress global demand and create still more jobs. Expansion of social protection, with consideration for its fiscal sustainability, has an important role to play in achieving further gains against poverty and supporting demand. Likewise, the transition towards green and sustainable economies is an area where policy coherence can facilitate growth by encouraging investment and the creation of green jobs.

Strong labour market institutions, based on the principles found in international labour standards, help ensure that trade-offs and trade-ins in economic, employment and social policies are identified and addressed. International labour standards in turn are a good guide for policy coherence in that they aim to enhance the productivity of labour and widen participation in the benefits of economic growth.

An important step in building a decent work policy coherence framework is to seek to broaden agreement about priorities. The ILO's crisis response, which involved considerable dialogue with other international bodies and led to the adoption of the Global Jobs Pact, is one of the numerous examples that can be cited. A rich array of cooperation agreements and joint activities among multilateral institutions exists already. The key will be to identify and close the gaps.

## Introduction

1. The purpose of this note is threefold. First, the note reviews the rationale for strong coherence across a range of policies that impact growth, employment and social outcomes. It does so from the perspective of the policy goals set out by the G20 for strong, sustainable and balanced growth, including quality jobs and decent work.<sup>1</sup> Second, the note discusses the institutional implications of greater policy coherence nationally as well as globally across countries and across multilateral institutions. Finally, it sets out a framework for enhancing policy dialogue, coordination and coherence.
2. The aim of policy coherence is to strengthen mutually reinforcing policies within countries and globally between economic and social policies. Globalization has proceeded without enough attention paid to the social dimension. Policy coherence is one way to strengthen the social dimension by ensuring that policies for economic growth also promote growth in productive employment, expand social protection and enhance social cohesion. Mechanisms for social dialogue and wage determination, based on fundamental principles and rights at work,<sup>2</sup> are an established means to raise living standards and purchasing power for working families. Productivity growth in small enterprises is another. This is a national agenda as well as a global agenda.
3. Achieving the goal of decent work and full, productive employment, a goal set by the ILO and widely endorsed by the United Nations and other international organizations, calls for the coherent application of a range of economic, social and environmental policies nationally, regionally and globally. The outcome document of the United Nations General Assembly of September 2010 recalled the importance of policy coherence.<sup>3</sup> The

<sup>1</sup> For information about decent work and the ILO Decent Work Agenda: [www.ilo.org/global/topics/decentwork](http://www.ilo.org/global/topics/decentwork).

<sup>2</sup> Defined in the 1998 ILO Declaration on Fundamental Principles and Rights at Work as (a) freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and (d) the elimination of discrimination in respect of employment and occupation.

<sup>3</sup> United Nations General Assembly, *Keeping the promise: United to achieve the MDGs*: "We call for increased efforts at all levels to enhance policy coherence for development. We affirm that achievement of the Millennium Development Goals requires mutually supportive and integrated policies across a wide range of economic, social and environmental issues for sustainable development." (paragraph 41) document A/RES/65/1, 19 October 2010.

ILO-convened World Commission on the Social Dimension of Globalization also set out a case for policy coherence across international organizations.<sup>4</sup>

## The role of the G20 in promoting policy coherence for decent work

4. Rebalancing the world economy to secure recovery and prevent future crises remains at the heart of G20 concerns. Since its Summit in Pittsburgh in September 2009 and the launch of the Framework for Strong, Sustainable and Balanced Growth, the G20 has been an important advocate for greater policy coherence (box 1). So far this debate has largely been framed in terms of external balances, however. Yet rebalancing the world economy will require policy shifts in both surplus and deficit countries to support investment and increased productive employment, together with a broad-based growth in wages and household incomes. This means developing policies and mechanisms to promote a steady rise in productivity and ensure that a fair share of productivity increases is passed through to wages and that workers have access to social protection. Sustainable growth, jobs and social cohesion will be generated only through macro-economic policies and employment and social policies working together.
5. The G20 Mutual Assessment Process (MAP) is an important mechanism for developing and implementing coherent rebalancing policies. Thus far the focus of the work has rested largely on external and financial dimensions. A next phase should also examine how employment and social policies can better contribute to internal and external rebalancing and sustainable growth, for instance through expanded social protection coverage, higher levels of investment, wages rising in line with average productivity, and a rising share of formal employment. Institutionally this requires a closer engagement of employment and labour ministries and the ILO in the MAP and likewise a stronger macroeconomic context for the work of G20 Employment and Labour Ministers.

## Multiple benefits from greater coherence across policies

6. The crisis has illustrated that a focus of macroeconomic policy on low and stable inflation was in-

<sup>4</sup> ILO: *A fair globalization: Creating opportunities for all*, Report of the World Commission on the Social Dimension of Globalization (Geneva, 2004).

### Box 1. G20 support for policy coherence

At their Summit in Pittsburgh in September 2009, G20 Leaders stated:

Our Framework for Strong, Sustainable and Balanced Growth is a compact that commits us to work together to assess how our policies fit together, to evaluate whether they are collectively consistent with more sustainable and balanced growth, and to act as necessary to meet our common objectives.

Leaders further emphasized “the importance of building an employment-oriented framework for future economic growth” and requested that “international institutions should consider ILO standards and the goals of the Jobs Pact in their crisis and post-crisis analysis and policy-making activities”.

In April 2010, G20 Employment and Labour Ministers agreed to:

...support the coordination of efforts to prioritize employment growth because strong growth of jobs and incomes in many countries at the same time will buttress global demand, creating still more jobs. Growth in employment and incomes in all regions ....represents an indispensable contribution to strong, sustainable and balanced global growth...

G20 Ministers further added: “This will require greater coherence and coordination of the policies of our national governments as well as between international bodies assigned responsibility for different aspects of international economic policy.” Their recommendations on job creation and preservation, strengthening social protection and active labour market policies, education, lifelong learning, job training and skills development strategies and social dialogue based on respect for fundamental principles and rights at work, support the overall aim of “putting quality jobs at the heart of the recovery” as stated by G20 Leaders in September 2009.

sufficient to ensure strong and sustainable growth. Consequently, a broader range of goals and instruments is required.<sup>5</sup>

7. The strong call for greater convergence, synergy and coherence across policies stems from the recognition of the close interactions between policies in different fields and of the need to exploit these interactions to achieve interrelated policy goals. With the rise of globalization, rapid technological changes and closer interdependence of economies, such concerns have grown at the national level as well as at the global level.
8. Recognition of these policy interactions and determination to use them positively would considerably improve the likelihood of achieving interrelated policy goals both within and between countries and within and between multilateral institutions supporting countries' efforts.
10. The policies of one country can affect the ability of another country to meet its own policy goals. This is particularly the case for large countries with a systemic importance in the world economy. The interdependence of the global economy has vastly extended the policy interdependence of countries.
11. The action of one multilateral institution has an effect on the actions of another, and their separate mandates often lead to overlapping advice and actions in countries. Enhancing synergy among the actions of multilateral institutions can reinforce their impact and benefits to countries.

#### Policy coherence within countries, between countries and across global multilateral institutions

9. Policy domains interact with potential mutual benefits, as for instance with employment and economic growth; social protection expenditure, fiscal policy and labour force participation; trade policies and skills, labour market and social protection pol-

icies; inflation targets and wage bargaining mechanisms, and so forth. Taking these interactions into account in a more effective way can strengthen the achievement of policy goals.

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#### The example of coordinated global action against the crisis

12. The global crisis of 2008–09 starkly illustrated the interdependence of policies in different fields, as a banking crisis in one country quickly brought about a severe global economic and employment crisis. The interconnectedness of national economies facilitated the transmission of the crisis through multiple financial, economic and trade channels, provoking a worldwide economic downturn.
13. In similar yet reverse logic, the response of the global community to the crisis exemplified the

<sup>5</sup> O. Blanchard, G. Dell'Ariccia and P. Mauro: *Rethinking macro-economic policy*, IMF Staff Position Note, Feb. 2010.

power of coordinated action when countries decided to simultaneously apply in each country fiscal stimulus policies to counter declining private demand and investment and rising unemployment and poverty. Coordinated global action under the aegis of the G20 is credited with having averted a collapse of the global economy.

## Macroeconomic policy and employment policy

14. Strong and sustainable economic growth in conditions of open and competitive markets is the best avenue to secure broad employment opportunities and rising living standards. Yet, the results have often been at odds with hoped-for outcomes. Globalization and the complexity created by rapid technological change appear to have weakened the link between growth and employment and incomes and social cohesion.
15. While many developing and emerging economies have made major progress in fighting extreme poverty over the past two decades, income inequalities have widened in many countries.<sup>6</sup> Much of this growing inequality is the result of a diminishing share of wages in national income and increasing inequality within wage income. This in turn has fed back into the structure of demand, contributing to both the emergence of imbalances nationally and internationally and weakened social cohesion. Achieving a job-rich recovery and broad-based income gains are vital not only for equity and social cohesion but also to lay the foundations for sustained growth made possible by an expansion of potential output matched by adequate effective demand.
16. In May 2011, France as G20 President held a high-level conference on “Enhancing Coherence to Improve the Social Dimension of Globalization”. The Conference was attended by Ministers of labour, social affairs, economy and finance from G20 countries, executive heads of international organizations, and representatives of employers’ and workers’ organizations. In his introductory address, President Nicolas Sarkozy called for a globalization that combined economic and social progress in all countries.<sup>7</sup>

<sup>6</sup> See OECD: *Growing unequal?* (Paris, 2008); and World Bank: *Equity and development, World Development Report* (Washington, DC, 2006).

<sup>7</sup> Speech available at [www.elysee.fr/president/les-actualites/discours/](http://www.elysee.fr/president/les-actualites/discours/)

17. The ILO and the IMF also addressed these issues in a Conference on “The Challenges of Growth, Employment and Social Cohesion” held in September 2010 in Oslo. The Conference considered how international cooperation and policy innovation, particularly between ILO and IMF, might better support the urgent need of economies to generate enough good jobs (decent work) and ensure better outcomes for people and communities and more broadly global sustainable development.<sup>8</sup>
18. A consensus is building for the coordination of efforts to prioritize employment growth, because strong and steady growth in jobs and household incomes in many countries at the same time will buttress global demand, creating still more jobs. The strength and quality of labour market institutions can make a substantial contribution to international efforts to generate sustainable growth and development with lower inequality.<sup>9</sup>

## Policies for social protection

19. The expectation that social protection coverage would increase in step with rising per capita income has not been met. It is estimated that only 20 per cent of the world’s population has effective access to social protection. Some 40 per cent of the world’s working-age population has statutory coverage by contributory old-age pension schemes.<sup>10</sup>
20. Experience from many countries of various income levels and calculations by several UN agencies show that a social protection floor is a policy option at all stages of economic development. Evidence shows that it is affordable under the condition that it is introduced progressively. The missing factor in many cases is sustainable funding, which has to come either from a progressive reallocation of existing public spending or from increased contributions and taxes. Some countries may require a joint effort with the international donor community during a suitable transition period. However, this would necessitate careful budgetary planning for funding needed in the medium

<sup>8</sup> See ILO and IMF: *The challenges of growth, employment and social cohesion*, Discussion paper, September 2010; available at [www.osloconference2010.org](http://www.osloconference2010.org).

<sup>9</sup> The strong links between macroeconomic and labour market and social policies to promote strong growth and better labour market outcomes are emphasized in the OECD: *Reassessing the OECD jobs strategy* (Paris, 2004).

<sup>10</sup> “Social justice sustains balanced growth and development”, Statement by Mr Juan Somavia, Director-General, International Labour Office, to the International Monetary and Financial Committee and Development Committee, Washington, DC, 16 April 2011.



run, when domestic resources would have to substitute external grants.

21. The extension and strengthening of social protection calls for careful consideration of fiscal sustainability, which is in turn related to overall growth prospects. Balanced development of labour markets, employment and social protection is an indispensable pillar of balanced global growth.

## Trade and employment policies

22. Trade, employment, labour market and social protection policies interact closely. This is the main conclusion made in a joint report<sup>11</sup> on trade, growth and employment produced by several international organizations for the G20 Seoul Summit and in an earlier study by the International Labour Office and the World Trade Organization.<sup>12</sup> Recognition of this interaction can help to ensure that trade reforms have significant positive effects on both growth and employment.
23. Open markets can contribute to growth and better employment outcomes, provided complementary action at the national and international levels is taken to facilitate adjustment and ensure that the benefits of trade are widely shared. In order to sustain broad support for open markets, costs of adjustments through trade need to be recognized and labour market and social policies put in place to assist workers and communities to overcome them.
24. In open trading conditions, inclusive labour market reforms carried out in several countries can contribute to raising welfare in every country, while unilateral action risks yielding adverse effects.<sup>13</sup> This recalls a key role of ILO international labour standards, which are in effect an international mechanism for the coordinated development of the law and practice of national labour markets.
25. Also in this context, the OECD Guidelines for Multinational Enterprises, updated in 2011, represent a unique mediation and conciliation facility for resolving practical issues, which most frequent-

ly arise in the labour field. The updated Guidelines include a new chapter on human rights consistent with the recently adopted UN Guiding Principles on Business and Human Rights. The employment and industrial relations recommendations are closely aligned to the ILO provisions on the protection of the rights of workers and the Decent Work Agenda. The Guidelines are a multilaterally agreed comprehensive code of responsible business conduct covering all major areas of business ethics.

26. Additional guidance for companies is provided by the ILO's Tripartite Declaration on Multinational Enterprises and Social Policy, which outlines how companies can maximize positive contributions to economic and social development and minimize the negative impacts of their operations. While principally addressed to foreign investors, it also speaks to domestic companies. Areas covered include employment promotion, skills development, conditions of work and life, and industrial relations. It also highlights the importance of complying with national laws, and ensuring that company operations are compatible with national development priorities.
27. The 2008 Declaration on Social Justice for a Fair Globalization also highlights the importance of internationally recognized labour standards in creating a level playing field in an open trading system: "...the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and... labour standards should not be used for protectionist trade purposes".
28. One useful support to the realization of this objective could be a reciprocal granting of observer status to the ILO and WTO in relevant meetings of the two organizations.

## Towards a green and sustainable economy

29. All countries are faced with urgent policy choices, actions and investments to address the challenge of developing green economies – i.e. low-carbon, resource-efficient and socially inclusive. The ILO has worked closely with the United Nations Environment Programme (UNEP) and other agencies on the social dimension of a transition towards green and sustainable economies. The OECD recently released a comprehensive Green Growth Strategy that provides a practical framework for governments in developed and developing countries to boost economic growth and protect the environment, while

<sup>11</sup> OECD, ILO, World Bank and WTO: *Seizing the benefits of trade for employment and growth*, Final report prepared for submission to the G20 Summit, Seoul, 11–12 November 2010, available at <http://www.ilo.org/public/libdoc/jobcrisis/>

<sup>12</sup> ILO and WTO: *Trade and employment challenges for policy research*: A joint study of the International Labour Office and the Secretariat of the World Trade Organization (Geneva, 2007).

<sup>13</sup> E. Helpman, O. Itskhoki and S. Redding: *Trade and labor market outcomes*, NBER Working Paper No. 16662 (Cambridge, MA, 2011).

ensuring that workers can fully benefit from the new opportunities arising from the transition to a low-carbon, sustainable economy.<sup>14</sup> The structural transformation brings along changes in employment patterns, new skills requirements and management practices. It opens up new opportunities for investment, business ventures and the creation of green jobs. The limits of natural resources and the rising yet poorly accounted for environmental costs of economic growth call for major reforms in the price of non-renewable energy sources.

30. To achieve this goal, social and labour market policies need to be developed along with environmental and economic policies to facilitate the transitions of workers to green jobs and activities.<sup>15</sup>

### **Sustainable growth, social dialogue and international labour standards**

31. The effective functioning and adaptation of labour market institutions contribute substantially to enterprise performance and sustainable economic growth and social cohesion. This takes place through cooperative action at workplaces and in enterprises on working conditions, occupational safety and health, and collective wage bargaining. Active engagement of representative organizations of workers and employers, together with ministries of labour and labour administration services, through mechanisms of social dialogue, and based on respect for fundamental principles and rights at work, can ensure that cooperative action leads to sustained rises in productivity, a key factor in sustaining economic growth.
32. Strong labour market institutions, based on the principles found in international labour standards, help ensure that trade-offs and trade-ins in economic, employment and social policies are identified and addressed.
33. As of June 2011, there were 131 out of a potential total of 160 ratifications of the eight fundamental ILO Conventions by G20 countries (table 1).
34. Of all regional trade agreements concluded between 2005 and 2009, over 30 per cent include labour provisions, compared to less than 5 per cent for those signed before the 1995 World Summit on Social Development. In 60 per cent of the

cases, labour provisions refer to ILO instruments. Developing countries are increasingly involved in this pattern: today, nine South–South trade agreements include labour provisions (compared to none only ten years ago).<sup>16</sup>

35. A renewed effort to ratify and improve application of the Conventions concerning fundamental principles and rights at work would send a clear signal of the relevance of these instruments to shaping a fair globalization as well as addressing the rebalancing of national and global economies. As the 1998 Declaration states, these principles seek to maintain the link between social progress and economic growth, by enabling people “to claim freely and on the basis of equality of opportunity, their fair share of the wealth which they have helped to generate, and to achieve fully their human potential”.

### **Policy coherence for decent work begins at home**

36. Decent work outcomes depend on multiple policy areas that often extend beyond the direct responsibility of Ministers of employment and labour. Most governments address this problem through various coordination mechanisms, including at the cabinet level chaired by the President or Prime Minister. Nonetheless, employment and labour ministries need to enhance their capacity to engage with finance, trade and other ministries at the stage of policy development to ensure that the goal of decent work is “built in” as opposed to “tacked on” to key government policies.
37. Tripartite consultations with employers’ and workers’ organizations are another mechanism that often provides a healthy degree of practical knowledge and commitment to making policies work in practice. An extension of this principle is found in economic and social councils, allowing for valuable policy debates with social partners, and often with civil society representatives.
38. In developing countries, an additional coherence challenge is the coordination of international development support to country policies and programmes. International policy advisers, particularly those able to offer financial support for their policy advice, can be influential players in policy design. Nevertheless, unless national policy coher-

<sup>14</sup> UNEP: *Towards a green economy: Pathways to sustainable development and poverty eradication*, (Nairobi, 2011); and OECD: *Towards Green Growth* (Paris, 2011).



<sup>15</sup> ILO: *Promoting decent work in a green economy*, Background note (Geneva, 2011), available at <http://www.ilo.org/wcmsp5/groups/public/>

<sup>16</sup> International Institute for Labour Studies: “The role of labour provisions in existing international trade arrangements and development finance policies”, in *World of Work* (Geneva, ILO, 2009).



**Table 1: State of G20 ratifications of fundamental ILO Conventions (end June 2011)**

Country	Freedom of association and collective bargaining		Elimination of forced labour and compulsory labour		Elimination of discrimination (employment and occupation)		Abolition of child labour	
	C. 87	C. 98	C. 29	C. 105	C. 100	C. 111	C. 138	C. 182
Argentina								
Australia								
Brazil								
Canada								
China								
France								
Germany								
India								
Indonesia								
Italy								
Japan								
Korea, Republic of								
Mexico								
Russian Federation								
Saudi Arabia								
South Africa								
Spain								
Turkey								
United Kingdom								
United States								
<b>Total number of ratifications</b>	<b>14</b>	<b>13</b>	<b>17</b>	<b>17</b>	<b>19</b>	<b>18</b>	<b>14</b>	<b>19</b>

 Ratified Conventions  Unratified Conventions

ence mechanisms are strong, international support can result in policy initiatives working at cross purposes. While in recent years a major effort has been made by international organizations to coordinate their engagement with national strategic planning mechanisms (such as through the United Nations Development Assistance Framework), ensuring coherent policy advice and programme support remains a major challenge.

39. Regional integration is adding a further dimension to the organization of coherent policies. The lowering of barriers to trade and investment is the main driver of regional integration but while more open markets can generate considerable changes in the

labour market, employment and social policies often remain largely national. The weakness of policy coherence mechanisms in the employment and social fields can be a source of tension and economic dislocation.

### Policy coherence for decent work at the regional and international levels

40. The promotion of full, productive employment and decent work can be guided by four gradual steps of policy coherence:
  - (i) **Do no harm:** To begin with, the policies and standards promoted by each multilateral insti-

### Box 2. Examples of ILO promotion of policy coherence for decent work

**Do no harm:** The ILO's Decent Work Agenda recognizes the importance of macroeconomic balances for growth, while offering a basis for a more just and sustainable framework for global development. In implementing the Agenda, the ILO works in close partnership with main institutions and actors of the multilateral system and the real economy. Through Decent Work Country Programmes, the ILO contributes directly to UN programmes (UN Development Assistance Frameworks – UNDAFs) and delivers its programmes at country level.

**Mutual recognition:** In the area of trade, for example, the ILO recognizes the importance of open economies and of international trade and their pivotal role in supporting growth and job creation. The 2010 joint OECD/ILO/World Bank/WTO report *Seizing the benefits of trade for employment and growth*, submitted to the G20 Leaders Summit in Seoul, argued that “more open trade for goods and services can provide a stimulus for the world economy, at a time when many of the temporary stimulus measures taken by many governments during the crisis are being unwound”.<sup>1</sup> In this context, the ILO advocates for well-designed domestic policies, including employment and social protection policies, to ensure that benefits from trade are widely shared and that workers who may have lost their jobs as a result of increased international competition receive assistance.

**Active promotion:** In the area of environmental policy, the ILO is actively engaged in the promotion of a just transition to a green economy. Green jobs can be created in all sectors and types of enterprises, in urban and rural areas, and in countries at all levels of economic development. The ILO Green Jobs Programme – part of the UN system-wide strategy for climate change and conducted in partnership with UNEP, ITUC and the IOE – promotes socially fair labour market and business models aimed at reducing vulnerabilities to the negative environmental impact and leading to environmentally, economically and socially sustainable enterprises and economies. It operates globally and provides policy guidance through participation in international conferences,<sup>2</sup> country assessment and policy advice on greening enterprises, direct technical assistance and capacity building to ILO constituents.<sup>3</sup>

**Mutual problem-solving:** The ILO 2008 Declaration on Social Justice for a Fair Globalization directly addresses the issue of protectionist trade practices when it states that: “...the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that international labour standards should not be used for protectionist trade purposes”.

<sup>1</sup> OECD, ILO, World Bank and WTO: *Seizing the benefits of trade for employment and growth*, Final report prepared for submission to the G20 Summit, Seoul, 11–12 November 2010.

<sup>2</sup> For example UNFCCC, Rio+20, Copenhagen, Durban.

<sup>3</sup> For more information see <http://www.ilo.org/greenjobs>

- tution should not harm the policies and standards of other institutions.
- (ii) **Mutual recognition:** Each multilateral institution, within its mandate, could recognize the value of the policies and standards of other institutions as a useful complement to its own policies and standards.
  - (iii) **Active promotion:** Each multilateral institution, within its mandate, could engage in the promotion of policies and standards of another institution, when it is relevant to its own action.
  - (iv) **Mutual problem-solving:** A multilateral institution can contribute to solving a difficulty faced by another institution by using its own policies and standards.

The ILO pursues this strategy in its own work, as illustrated in several examples in box 2.

- 41. If applied by global and regional multilateral institutions, these gradual steps would considerably enhance the coherence of the policies pursued by multilateral institutions.
- 42. An important step in building a decent work policy coherence framework is to seek to broaden agreement about priorities. A good illustration is the development of the ILO's crisis response which involved considerable dialogue with other international bodies in the lead-up to the adoption of the Global Jobs Pact. As well as receiving the strong support of a number of Heads of State and Government at the 2009 Global Jobs Summit, the Pact was subsequently endorsed by a large number of international meetings and organizations including ECOSOC and the G20 Pittsburgh Summit. The swift and broad-based support for the Pact was greatly facilitated by the similarly wide backing giv-

en earlier to the Decent Work Agenda and its role in shaping a fair globalization.

43. Another example is the promotion of internationally agreed instruments concerning multinational enterprises, in particular the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises. The ILO and the OECD are cooperating to promote these two instruments.
44. The 2011 ECOSOC session has adopted a resolution on the Global Jobs Pact, co-sponsored by over 160 countries, calling for policy coherence and international coordination around the Pact.<sup>17</sup>
45. Building on the ILO's follow-up to the report of the World Commission on the Social Dimension of Globalization, and the series of high-level policy dialogues undertaken by the Working Party on the Social Dimension of Globalization, the ILO's most recent experience in developing a strategic response to the jobs crisis offers a number of pointers to elements of a possible decent work policy coherence framework.<sup>18</sup>

<sup>17</sup> Adopted 28 July 2011.

<sup>18</sup> See ILO: *Policy coherence for strong, sustainable and balanced growth*, GB.309/WP/SDG/1, Geneva, 2010. Available at <http://www.ilo.org/wcmsp5/groups/public/>

## **Achieving greater policy coherence and a strong social dimension of globalization**

46. Measures to enhance coherence across the policies of multilateral institutions include, inter alia:
  - (i) Consultations and cooperation in research (e.g. ILO participation in OECD committees and vice versa), policy advice to countries, joint programmes (the joint ILO/IFC programme "Better Work" is an example).
  - (ii) Institutional recognition, through agreements and reciprocal observer status to facilitate formal exchanges, consultations and cooperation.
  - (iii) Assessments and reviews of the employment, labour market and social impacts of economic, trade and environmental decisions.
47. A rich array of cooperation agreements and joint activities already exists among multilateral institutions. A recently signed Memorandum of Understanding between ILO and OECD is an example. The G20 has also been a catalyst of such cooperation. However, a number of gaps exist. For instance, the ILO is an observer at the International Monetary and Financial Committee, as is the IMF at the International Labour Conference; the WTO is an observer at the ILO, yet there is no similar reciprocity for the ILO.