



**High-Level Conference**  
**"Strengthening Economic and Social Policy Coherence"**  
**Paris, 23 May 2011**  
**Discussion Guide**

On 23 May, for the first time, the G20 Members will be able to focus, exclusively and in depth, on the issue of economic and social policies' consistency, and to discuss ways to achieve this goal.

We are not starting from scratch. In their Recommendations issued after their meeting in Washington on 21 April 2010, our Labor Ministers addressed this topic, and stated that the Recommendations *"will make a strong contribution to the G20 Framework for Strong, Sustainable and Balanced Growth and will enhance policy coherence."* In putting employment at the top of list of priorities, the Ministers called for *"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."*

Over and beyond the G20 however, the international community has, on a number of occasions and well before the most recent financial crisis, emphasized the theme of coherence.

In its 2004 report<sup>1</sup>, the World Commission on the Social Dimension of Globalization, which convened in February 2002 at the initiative of Juan Somavia, Director-General of the International Labour Office, noted: *"In practice, the multilateral system is under-performing in terms of ensuring coherence among economic, financial, trade, environmental and social policies to promote human development and social progress."* The report goes on to state, and rightly so, that *"greater coherence among policies is the responsibility not only of the organizations of the multilateral system but also of the governments and parliaments which oversee their work."* The Commission recommends that *"Policy Coherence Initiatives (PCI) be undertaken by the relevant organizations,"* and suggests that *"Executive Heads of the Agencies could decide to move forward with other organizations on issues they consider appropriate for policy coherence initiatives and define in each case the best method of joint work."*

On the basis of this report, the United Nations General Assembly adopted a Resolution<sup>2</sup> on 2 December 2004 that laid the foundations for stronger policy coordination. At the next session, the General Assembly adopted another Resolution, in which it *"calls upon all Member States and the United Nations system, and invites international organizations and institutions, including the Bretton Woods institutions and the World Trade Organization, to translate all commitments made at the major United Nations conferences and summits (...) in the economic, social and related fields (...)."*<sup>3</sup> It also resolved *"to strengthen coordination within the United Nations system in close cooperation with all other multilateral financial, trade and development institutions in order to support sustained economic growth, poverty and hunger eradication and sustainable development."*<sup>4</sup>

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<sup>1</sup> "A Fair Globalization: Creating Opportunities for All", World Commission on the Social Dimension of Globalization, Geneva, February 2004, cf. paragraphs 604, 608 and 610.

<sup>2</sup> Resolution 59/57: "A Fair Globalization: Creating Opportunities for All - Report of the World Commission on the Social Dimension of Globalization"

<sup>3</sup> Resolution 60/265: "Follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals", 30 June 2006, paragraph 1.

<sup>4</sup> *Idem*, paragraph 3.

The international organizations concerned have already launched several coherence-related initiatives. One could also cite existing joint projects between multilateral institutions, and the Social Protection Floor Initiative. At a political level there are the efforts by the United Nations System Chief Executives Board for Coordination (CEB), chaired by the UN Secretary-General. Even more recently, the first joint ILO-IMF Conference in Oslo in September 2010 emphasized the need for *"better, deeper coordination between policies, as well as enhanced coordination between institutions and nations"*, which brought greater attention to social sustainability and increased social support to accompany IMF programmes.

In addition, the crisis has also made us acutely aware of the need for greater dialogue and coordination – and the G20 must lead the way.

Coherence is not just one of the priorities of the French Presidency – it is the wellspring for the three major objectives in the social arena: strengthening social protection, improving structural employment policies and encouraging respect for social rights. **Each of these three priorities is a goal for coherence as well as a means for strengthening it.** Each will be the subject of a specific discussion (see agenda), whose primary elements will be taken up at a final round table on the theme of "Stronger Coherence, and Better-Balanced, More Equitable Growth".

Although we may disagree on the means to achieve this, there is broad consensus on this topic on the part of governments, multilateral organizations, employer federations and labor organizations. The ILO has put coherence at the top of its agenda, as can be seen in its 2008 Declaration on Social Justice for a Fair Globalization. It is also noteworthy, for example, that in his Report to Ministers for 2010, OECD Secretary-General Angel Gurría proposed the creation of an Observatory for Policy Coherence. During a lecture given at the United Nations Office in Geneva in December 2010, Pascal Lamy spoke of *"coherence lost"*, emphasizing that the matrix for coherence exists, particularly since the crisis, but that we need to *"break the crust of habit, conservatism, and the tendency to take refuge in an 'each to his own' attitude."* And quite recently, Dominique Strauss-Kahn stated that rebuilding the foundations of stability in a time of globalization required a new approach in three areas: economic policy, social cohesion, and cooperation and multilateralism.

The organization in Paris of a high-level conference on 23 May 2011 that brings together the G20's labor ministers (and several non-G20 ministers), the presidents, directors-general and secretaries-general of the international organizations concerned (ILO, WTO, IMF, World Bank, OECD, UNDP and the regional development banks) and the social partners is an important stage in the G20's calendar. The goal of the meeting is the common search – while taking stock of existing cooperative efforts – for means to strengthen this coherence, which everyone acknowledges to be necessary. In the short term, the French Presidency would like the discussions from this high-level meeting to provide an outline and to feed the work of the G20 Labor and Employment Ministers, who will meet in Paris on 26 and 27 September 2011 to prepare their contribution to the Cannes Summit.

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## Round Table 1: Choosing Appropriate Means for Establishing a Social Protection Floor

### A- Background

The benefits of social protection are widely recognized. They are not only social (enhanced social cohesion and increased fairness, reduced poverty, greater life expectancy and lower morbidity), but also economic (increased productivity and mobility, reduced precautionary savings, serving as “shock-absorbers” and automatic stabilizers during periods of crisis or recessions while also helping to sustain demand), and finally political (the current situation speaks for itself).

Experience and economic theory both indicate that when effective social protection systems are in place, not only do the people enjoy greater well-being, but the economy also performs better, with enhanced productivity and sustainable, balanced growth.

It is in this spirit that our Labor and Employment Ministers meeting in Washington clearly expressed their support for strengthening social protection systems, stating that *“Active labor market policies that help the unemployed and working poor find suitable positions or assist them with training to upgrade skills are particularly important as we emerge from the crisis and adjust to structural changes in our economies and should be integrated with social protection systems.”*

A number of the G20’s emerging economies in Latin America and Asia have recently taken major steps to extend their basic social protection systems, which has made their economies better able to respond to the crisis, initiating a rebalancing of global demand as recommended by the Seoul Summit.

The multilateral system has long been engaged in promoting social protection, and the adoption in 2009 by the Chief Executives Board of the Social Protection Floor Initiative, with the ILO and WHO as the responsible agencies, gave it a new impetus. The Initiative brought together a global coalition of UN agencies with the IMF and World Bank, as well as the development partners and main NGOs.

In this regard, the Labor Ministers meeting in Washington said that *“We welcome and encourage increased support by multilateral development banks for extension of social protection systems and invite the ILO to assist countries in designing and building such systems.”* They went on to say that *“Spending on social protection systems can also provide significant levels of job creation in the provision of services and multiplier effects, helping to sustain nascent recoveries.”*<sup>5</sup>

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<sup>5</sup> Ministerial meeting in Washington, 21 April 2010, Recommendation “Strengthen social protection systems and promote inclusive active labor market policies.”

## B- Objectives for discussion

The Ministers are invited to share their countries' experiences, in particular the results achieved and any obstacles encountered, as well as any cooperation projects and programmes implemented by multilateral institutions to support them. They may point out the connection between the progress made in this area and the goal of strong, sustainable and balanced growth. The sharing of recent experiences from emerging and developing countries including at the national level and within the framework of the North-South, South-South, and three parties cooperation, will be particularly expected.

The heads of multilateral organizations will have the opportunity to share their experiences in the field of social protection, describing the joint efforts carried out at their headquarters and in the field, especially in developing countries. They will also be invited to submit concrete proposals for enhancing their cooperation in this area, to recommend the tools and any structures to be put in place for this purpose, and the initiatives which they believe are necessary to enable those countries wishing to do so, to make rapid progress toward establishing a social protection floor.

Building on the Washington Recommendations, the participants are also invited to develop proposals concerning the required resources and strategies to be implemented for the gradual introduction of a social protection floor. At the national level, the focus is on enhancing the country's capacity to mobilize resources as well as the redistribution of wealth. At the international level, it concerns the assistance that could be provided to countries that do not have the necessary resources.

In short, is it possible to enhance cooperation in matters of social protection among all the stakeholders, and what is the best way to achieve this?

## Round Table 2: Promoting Full Employment and Quality Jobs through Effective Social and Macroeconomic Policies

### A- Background

In Pittsburgh, the G20 Leaders stressed the need for *"putting quality jobs at the heart of the recovery,"* and added: *"Our new Framework for Strong, Sustainable, and Balanced Growth requires structural reforms to create more inclusive labor markets, active labor market policies, and quality education and training programs."* (par. 44).

Building on the above, the Labor and Employment Ministers, meeting in Washington in April 2010, added: *"The crisis has taught that employment and social consequences must be taken into account when adopting economic strategies. 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."*<sup>6</sup>

There are of course great differences among all our countries with respect to growth and employment rates. Between 2002 and 2008, strong global growth had varying effects on employment in different countries. Today, the recovery of growth and the upturn in employment, well under way, vary considerably from one country to another.

But we are also facing a number of common challenges. The working paper prepared by the ILO and OECD for the meeting of experts on employment organized by the French Presidency of the G20 on 7 April 2011 states that in order to recover by 2015 the pre-crisis employment level, the G20 countries as a whole will have to create around 110 million jobs, or 22 million per year for five years. Furthermore, several countries will have to create jobs to cope with their growing active population. The 7 April meeting also showed that we have many shared objectives in terms of training and education, particularly with respect to young people.

Although they may share the objectives of full employment and higher living standards, international institutions look at these issues from different perspectives, depending on their mandate. They endeavor to identify the necessary conditions for improving the quality-job content of economic growth and, for the institutions with operational capacities, to implement them. Some institutions have obtained useful experience in social indicators. It would be useful to consider how a better synergy of their experiences and analyses could help strengthen employment policies.

The scope for greater cooperation in the area of employment is quite broad, allowing for assistance to countries in creating and maintaining quality jobs, establishing links between economic activity and the volume and quality of jobs, or enhancing the quality-job content of economic growth.

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<sup>6</sup> See Recommendation: "Place employment and poverty alleviation at the center of national and global economic strategies."

## B. Objectives for discussion

The participants are invited to share their views on how enhanced cooperation with international institutions could help their country make the best choices in terms of their economic and social policies, in light of their particular situation.

What areas are most appropriate for such cooperation between governments and international institutions within the framework of the G20: How to enhance the job content of economic growth? How to ensure that social and employment policies are given their due importance in economic recovery? How to coordinate at the national level the various policies dealing with macroeconomic and sectoral issues, the labor market, social protection, education and training?

How should these issues be addressed? Would it be useful to engage a working group that could provide the G20 with concrete proposals concerning these issues?

What should be the G20's role in focusing attention on full employment and quality jobs? Based on the work carried out by international institutions, how can social and economic policies best be coordinated and how can their mutual impact be evaluated? Based on what indicators?

### Round table 3: Encouraging Respect for Fundamental Rights at Work In the Service of Resilient Growth

#### A- Background

The 1998 International Labor Conference adopted a "Declaration on Fundamental Principles and Rights at Work". Each ILO member country pledged to progressively "*respect, promote and realize*" the eight so-called "fundamental" Conventions<sup>7</sup>, whether or not it has ratified them.

This Declaration received widespread support, including by the G20, particularly at the Pittsburgh Summit in September 2009. The Leaders Statement notes that "*to assure that global growth is broadly beneficial, we should implement policies consistent with ILO fundamental principles and rights at work,*" and that "*the international institutions should consider ILO standards and the goals of the Jobs Pact in their crisis and post-crisis analysis and policy-making activities.*"<sup>8</sup>

There has been significant progress in the ratification of the various fundamental Conventions.<sup>9</sup> Nevertheless, over and beyond the question of ratification, much remains to be done to achieve an effective, global application of the fundamental principles and rights.

Several initiatives were launched, at both national and international levels, including in connection with bilateral and regional trade agreements. There is ongoing discussion within the ILO on the means for boosting these efforts, but the issue is also one of coherence, as shown in the ILO's 2008 Declaration on Social Justice for a Fair Globalization.

The text of the 1998 Declaration already emphasized the connection between sustainable economic growth and respect for these principles and rights, in particular stating that "*in seeking to maintain the link between social progress and economic growth, the guarantee of fundamental principles and rights at work is of particular significance in that it enables the persons concerned, 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.*"

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<sup>7</sup> They include freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

<sup>8</sup> Paragraphs 43 and 46.

<sup>9</sup> 1,323 ratifications to date. 133 States (out of 183) have ratified all 8 fundamental Conventions.

### C- Objectives for the discussion

At a national level, it would be useful for the Ministers and the secretaries-general of the international organizations representing workers and employers to share the experiences of certain countries by stating how progress in effectively applying these fundamental principles and rights (as well as other labor standards, if any) have contributed to strong, sustainable and balanced growth.

The experience of the international institutions could be emphasized, particularly by those who have already made progress in terms of coherence with respect to fundamental rights. Some have also attempted to make respect for the fundamental principles and rights at work a part of their internal procedures, or include them in their programmes. For their part, the International Labour Office and the International Finance Corporation provide technical assistance within the framework of the "Better Work" Programme, which combines respect for the fundamental principles and rights at work with improvement in companies' productivity. Can these examples be more systematically extended to other international organizations? How?

How can the role of social partners on this issue and cooperation with them be enhanced? What action is recommended with respect to enterprises? The OECD Guidelines for Multinational Enterprises reflect the relevant provisions of the 1998 ILO Declaration and the ILO Tripartite Declaration of Principles concerning MNEs. Can we envision other similar mechanisms or, for example, a charter including voluntary commitments signed by the enterprises?

In the bilateral and regional agreements of some G20 member countries, more or less binding mechanisms have been included in several commercial agreements to ensure better implementation of the fundamental rights and principles at work. What lessons can we draw from these experiences? Can they be extended?

What measures would the G20 recommend for strengthening coherence and encouraging multilateral institutions to increase their efforts to ensure the respect, promotion, and implementation of the fundamental principles and rights at work?





### **Concluding Round Table: Stronger Coherence and Better-Balanced, More Equitable Growth**

The objective of this round table is to ask the Ministers, heads of multilateral institutions, and representatives of international social partners to share their thoughts on how they intend to strengthen overall coherence with respect to the various issues addressed during this high-level meeting, as well as what recommendations could be developed by the Ministers in September and subsequently at the Cannes Summit.

- How can international organizations enhance ongoing cooperative efforts to promote full employment, quality jobs, social protection floors, and the respect for fundamental rights and principles at work?

- Are new, more sustainable forms of cooperation possible, both at the level of international organizations and the national level? How can social partners be involved?

- What are the most effective organizational procedures to be proposed: enhancing the reciprocity of observer status among organizations, closer and more systematic cooperation, thematic cooperation among international institutions, a working group on employment?