

Decent Work and the ILO: Extending the Agenda

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Introduction

In April 2009, the World Bank announced changes to its 'Employing Workers Indicator' (EWI), one of the key indicators used in its flagship publication *Doing Business* (World Bank 2009). *Doing Business* is a widely used source for governments seeking to improve the business climate in their economies. The EWI is controversial, for traditionally it scores highest countries with the least worker protection, that is, the least regulated labour markets. The changes in the EWI are telling, for they involve giving favourable scores to countries which have in place worker protection measures that comply with the letter and spirit of the relevant ILO conventions. Moreover, the World Bank is to convene a group, including the ILO and its social partners, to develop a new 'worker protection indicator'. The rationale for these initiatives is that well-designed worker protection benefits society as a whole, particularly in a period of global economic downturn.

This shift by the World Bank is interesting in several ways. It marks a sea-change in their assessment of what is important in a successful labour market, and is another marked shift from the premises underpinning the ailing Washington Consensus. However, it also marks another important step in the rapprochement between the World Bank and the ILO, a process at the heart of the recasting of the ILO's role since 1994. This process, including the ILO's push to have its Decent Work agenda incorporated into the policy outcomes of the World Bank and International Monetary Fund (IMF), reflects strategies introduced by Directors-General Michel Hansenne and Juan Somavia. A renewed emphasis on the developmentalist aspects of the ILO has offered greater opportunity to engage with the International Financial Institutions (IFIs) through their poverty reduction activities. It is through this linkage that the Decent Work agenda has emerged as a platform for greater coherence between international social, economic and developmental policies. This call for greater policy coherence was a key theme arising from discussion which followed the publication of the report by the World Commission on the Social Dimension of Globalisation in 2004, and has subsequently informed debate about a more integrated system of global governance.

This paper provides an account of this rapprochement from the ILO's perspective, focusing on, first, the ILO's long history of positioning itself as relevant and useful; second, the reorientation of the ILO after 1984 to achieve greater relevance and status amongst global agencies and in global agendas; third, the example of the ILO's engagement with the World Bank and the IMF through the Poverty Reduction Strategy Papers (PRSP) process. This was begun by the IMF and World Bank in 1999, and in 2000, the ILO became active in the PSRPs of five pilot countries, in which it sought to show the advantages of including the ILO's Decent Work agenda in poverty reduction. It was a strategic positioning of the ILO alongside the Bretton Woods institutions (BWI), designed to promote stronger co-operation between the three institutions, and establish the ILO's role as a key 'player' on the international stage.

Positioning the ILO: playing a long hand

The ILO is remarkable for its survival into the modern age. The only League of Nations institution to survive the Second World War, it has endured because it has proactively repositioned itself over the last 90 years. In the inter-war years, when the League of Nations

was foundering, the ILO's leadership – especially Directors General Albert Thomas and Harold Butler - employed three strategies to defend the agency. The first was a strategy of independence from the League. Recognising that the League was failing, the ILO distanced itself from that failure, establishing instead a role in its own right. The second was a strategy of relevance. Particularly in the inter-war years of economic crisis, the ILO became an important source of ideas and policies for countries seeking ways through the crisis. In this, its strong technical focus and its capacity to mobilise highly-skilled staff were important. It made itself relevant and useful to a world struggling with the consequences of a global depression. Third, it developed a strategy of presence, whereby it extended its interests and coverage to include countries beyond the industrially-developed core, and sought to become a strong and visible presence nationally as well as internationally (Hughes, 2002).

This model of independence, relevance and presence has served the ILO well since its inception. It has been the leitmotif of the ILO's positioning throughout the difficult post Second World War years, when the Cold War and other factors seemed to threaten the ILO's future. The continuing, if sometimes wavering, adherence of the social partners to the ILO's mission reflects the success of the model. However, despite the success, the status and influence of the ILO has ebbed and flowed, and, by the 1980s, questions about the role of the ILO in a rapidly-changing world were asked. As in the inter-war years under Thomas and Butler (Hughes and Haworth, 2009), two activist Directors General became important players in determining the ILO's future.

Repositioning the ILO in the modern period: the Hansenne and Somavia era

Following his appointment in 1989 Michel Hansenne began a major repositioning of the ILO. In his speech to the 1994 International Labour Conference, he emphasised the need for the ILO to understand and respond to the challenge of globalisation. His approach to the challenge was to position the ILO at the centre of both economic and social dimensions of globalisation. This was to be achieved by defining 'core' labour conventions which would be universally recognised as human rights and, also, a platform of social protections upon which countries could build high-performing economies. He also proposed that the ILO support, and work with, countries to achieve on a voluntary basis, strong social dimensions of their economic models, including, but not limited to, the adoption of the core labour standards. Labour standards could, he argued, also be better developed and targeted, a view which reflected in part his concern about internal processes within the ILO. To consolidate this repositioning, Hansenne steered through the ILO the 1998 'Declaration of Fundamental Principles and Rights at Work', which not only provided a framework for the repositioning, but also set in place a reporting and assessment model for its associated activities.

Juan Somavia continued the reform process on taking up the Director General's role in 1998. He came to the position after taking a leading role in the 1995 Copenhagen World Summit, in which the importance of core labour standards was explicitly recognised. He moved the ILO forward on four fronts in particular. First, he brought about the 2008 'Declaration on Social Justice for a Fair Globalization', which brings together ILO thinking on globalisation since 1994. Second, he has championed internal organisational changes within the ILO to improve the quality of its activities. However, it is the two remaining priorities which are most important for this paper. They are, first, the Decent Work agenda, and, second, the efforts to work alongside and with other international agencies, particularly the World Bank, IMF and WTO. Somavia, in an elegant metaphor, described the activities of the international agencies as an 'archipelago of unconnected islands', that is institutions and initiatives unconnected to each other and therefore likely to contradict or duplicate efforts, or unlikely to benefit from synergies. He supported, in place of the 'archipelago', more integrated policy implementation and outcomes across the multilateral agencies.

In tune with previous work, we understand this drive for integrated policy implementation to support a reconfiguration and strengthening of global governance arrangements (Haworth, Hughes, Wilkinson 2005)). One illustration of this reconfiguration is found in the PRSP programmes for poverty alleviation. A feature of these programmes is the attempt to promote the strong and active participation of civil society in multilaterally-funded projects, in which, also, the ILO's Decent Work agenda is lodged to address related labour and employment issues. From an Employment Relations (ER) perspective, what emerges is an explicit link between multilateral agency activity and national industrial relations frameworks, in which key concepts such as multilateralism, bilateralism and global governance become prominent, and in which policy initiatives such as Poverty Reduction Strategy Papers (PRSP), Decent Work Country Programmes (DWCP), Technical Co-operation and the United Nations 'One UN' initiative become important considerations in the formation of developing-economy ER frameworks.

The ILO, Decent Work and Poverty Reduction Strategies

In the words of Somavia, "The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity" (ILO nd). Underpinning that primary goal were four strategic objectives:

- (to) promote and realize standards and fundamental principles and rights at work
- (to) create greater opportunities for women and men to secure decent employment and income
- (to) enhance the coverage and effectiveness of social protection for all
- (to) strengthen tripartism and social dialogue

A key desire of the Decent Work agenda and its strategic objectives was to rebalance the ILO's commitments across many different countries and circumstances, and move away from a pre-occupation with the interests of developed countries. It also allowed, in Somavia's view, a strong role for the ILO, not only in terms of labour standards, but also in the broader context of macroeconomic settings. The Decent Work agenda was initially taken forward in Decent Work Pilot Programmes. However, it is here that the desire to work more closely with other international agencies becomes important. The simple logic is that, if Decent Work and core labour standards can become a common currency across the programmes of the major international agencies, especially the BWI, then the institutional role and influence of the ILO will be assured, just as the benefits of joint programmes and initiatives will help those in need.

Central to this engagement is poverty reduction and a commitment to policy coherence among multilateral agencies. An initial stimulus for greater co-operation came from the UN. Under its reform programme introduced in 1997, the UN called for all its agencies to mainstream human rights in their various activities and programmes. The call reflected much of the contemporary debate around human rights, which in part grew out of the Asian values and human rights debate promoted by Malaysia and Singapore (and quickly embraced by China) – *in nuce* this position argued for the ascendancy of the community over individual rights, and for economic development to be the precursor to political rights. This challenge to the universalism of the UN Declaration of Human Rights was important in reflecting the growing economic strength of Asian economies and the rhetoric of its political leaders. In turn, this resulted in the emergence of a human rights-based approach to development,

which required a common understanding of how it was to contribute to harmonized poverty alleviation and development efforts. Subsequently, in 2003, a set of principles emerged as a Statement of Common Understanding on the Human Rights Approach, which provided guidance for UN agencies co-operating in development programmes. These principles are:

1. All programmes of development co-operation policies and technical assistance should further the realisation of human rights as laid down in the Universal Declaration of Human Rights and other international human rights instruments
2. Human rights standards contained in, and principals derived from, the Universal Declaration of Human Rights and other international human rights instruments should guide all development cooperation and programming in all sectors and all phases of the programming process
3. Development cooperation should contribute to the development of the capacities of 'duty-bearers' to meet their obligations and/or of 'rights-holders' to claim their rights

The Statement of Common Understanding has become a principal vehicle for a rights-based approach to development and a key platform on which aid harmonisation efforts are constructed. As a specialist agency of the UN, the ILO has used the human rights-based approach as a vehicle for the promotion of core labour standards and the Decent Work agenda in multilateral and bilateral poverty alleviation programmes.

The main vehicle for BWI initiatives in the area of poverty alleviation are the PRSPs. Initiated in 1999, the PRSP process was introduced as a way of ensuring that concessional financing through the IMF's Poverty Reduction and Growth Facility (PGRF) and the World Bank group's International Development Associations (IDA) more effectively addresses poverty reduction. By 2008, the PRSP process had become the central platform of the multilateral financial and aid architecture that guides the national development planning, budget allocation and development aid for over 70 countries.

In a shift away from the traditional emphasis on dialogue with state Ministries in which the local Ministry of Finance loomed large, an essential element of the PRSPs is that they deliver 'widely owned' outcomes, based upon widespread consultation with labour and civil society groups. As a result of that search for wide ownership, and in recognition of the need for greater policy coherence among multilateral institutions, synergies between the ILO's Decent Work agenda and the poverty reduction focus of the BWI were recognised and developed. Also, a platform for closer co-operation between poverty reduction activities and employment intensive economic growth was established. There followed a series of pilot projects funded by the UK government's Department for International Development (DFID) in which the ILO developed a systematic approach to the integration of the Decent Work perspective into the PRSP process's implementation and outcomes. These pilot projects having concluded, the approach is now being rolled-out to some 35 countries, that is, half the total number of countries engaged in the multilateral PRSP process.

The road is a long one. While the new generation of PRSPs have become more sensitive to the Decent Work agenda (EU 2008) and the emphasis on the One UN delivery continues, albeit conditioned by each agency's traditions and objectives¹, the insertion of ILO agendas into the PRSP framework remains problematic. All agencies are sensitive to the political momentum behind the Paris Declaration 2005 and the Accra Action Agenda 2008, both of which called for greater harmonisation of aid efforts. However, while we see some success

¹ Author interviews November 2008

stories in places such as Mozambique (where 19 donors are working together) the broader picture is less positive. At the heart of the challenge is the political economy of multilateral collaboration and the structural particularities of the agencies involved. For example, the World Bank operates under a complex system of internal management structured around a matrix system that makes decision-making difficult, partnering problematic and often produces an in-country Director with little managerial power.² Hence, it is often difficult to determine a World Bank view on which harmonisation efforts can be agreed and implemented. Another example highlights the close scrutiny by the US Congress of USAID budgets and their expenditure, which can have similar consequences for aid harmonisation depending on Washington's perspective on the government of the country concerned.

For the ILO, two fundamental problems condition its ambitions for the insertion of Decent Work into harmonised aid efforts. The first is what has been described as 'ideological' differences between the ILO and other aid agencies.³ ILO tripartism often requires that its first point of contact is the peak representative bodies of the country in which it is active – what it sees as the 'policy level'. Therefore, the principal and often only official contact is at national (that is, peak) level. Thereafter, ILO activity is often mediated through federal and quasi-federal agencies and, consequently, is accused of being remote from the real story of human rights and labour protection. As a result, ILO capacity building through its technical cooperation programmes can be diverted into projects outside the purview of the aid agencies with which it is seeking to collaborate. For their part, aid agencies often take an issue-based approach to their activities based upon a regional rather than federal level of engagement. Thus, the ILO and its fellow agencies sometimes find themselves operating at different levels and largely divorced from each other in philosophy and institutional activity.

The second problem arises from ILO overstretch and its capacity to service adequately its mandate. The ILO struggles to afford its activities in all the areas in which donor aid is active. This budgetary constraint sometimes renders it dependent upon the UNDP, reducing its ability to mobilise technical capacity and allowing it to be 'micro-managed' by other agencies.⁴

One further ILO initiative was the rolling out, beginning in 2005, of Decent Work Country Programmes (DWCPs) as an organising structure for mainstreaming the Decent Work agenda in national development activities. DWCPs were initially piloted in 2000 in eight countries, and have since been extended to most ILO-member countries. The programmes have five goals:

- Supporting national initiatives aimed at reducing decent work deficits;
- Strengthening national capacity to integrate decent work into national policy;
- Demonstrating the utility of an integrated approach in different socio-economic contexts;
- Developing methods for effective country programmes and policies;
- Sharing lessons from national experience

² Author interviews October 2008

³ Author interviews October 2008

⁴ Author interview December 2008

DWCPs vary from country to country in size, composition and particular development focus but all offer resources and advice that pursue Decent Work objectives. Current proposals place a greater emphasis on regional linkages and the incorporation of a more robust and focused technical advice capacity. What emerges is a two tier structure that simplifies reporting lines between country offices (which may serve more than one country) and their regional counterparts. A key innovation is the introduction of Decent Work Technical Support Teams (DWTs) which will be established in each region. These will be responsible for co-ordinating activity around the ILO's four strategic objectives and support country offices in the design and implementation of DWCPs. Under the proposed structure, the number of ILO regional offices will remain the same (5), sub-regional offices will disappear (15 to 0) and the number of country offices would increase (31-46). The latter would be serviced by 13 newly established DWTs (Haworth and Hughes, 2009).

The DWCPs are reported to have worked well in four ways: improved co-ordination within the ILO between Geneva and the regions, more transparent linking of resources to outcomes, the setting of realistic priorities, and better focused and more successful interventions. However, improvements are mooted in a number of areas: improved participation in the programmes by local constituents, better fit between resources, activities and expected outcomes, ensuring DWCPs integrate with broader development strategies, and improved capacity building.

Implications for the ILO

The implications of the ILO's PRSP activities (and, to some extent, of the DWCP agenda) fall into four categories. The first relates to global governance. The ILO stance on co-operation with other multilateral agencies has promoted 'regime integration' within global governance. The example of the EWI with which this paper commences is a similar example, as is the ongoing relationship between the ILO and WTO (ILO/WTO 2007). Regime integration has allowed the spread of core labour standards as a legitimate policy setting across institutions and settings where previously this was not the case. This outcome says little about the monitoring and enforcement of those standards. However, regime integration has raised the profile of the ILO's labour standards regime.

The second relates to Somavia's agenda to build stronger institutional links with other multilateral agencies. In terms of its anticipated outcomes, this agenda has been a success. Engagement with the BWI and the WTO has grown as regime integration has developed and labour standards have become more widely accepted as central to sustainable development models. The success of the agenda echoes the previous ILO experience, discussed above, of establishing its relevance and presence.

The third category remains to be explored further. This is the extent to which national ER systems have been changed by the effects of the ILO's broadened engagement with other multilateral agencies.

The fourth category is more complex. It raises fundamental questions about the post 1994 reform agenda within the ILO, and particularly about the post-1998 Somavia years. For some, regime integration and the extension of the ILO agenda into new institutional territory reinforces concerns about the future role and status of the ILO. Staff members within the ILO have long reported⁵ professional concerns about the weakening of the ILO as an organisation, and as the heart of the labour standards regime, if responsibility for labour standards became shared with, or, indeed, compromised by, other agencies. These

⁵ Author interviews

concerns have been given force in recent analyses of the ILO (for example, Alston 2004, Standing 2008,). These analyses are quite different from the traditional critical interpretations of the ILO, which tend to focus predictably on the ILO's (in)capacity to enforce its regime (as well as its institutional shortcomings). They argue that the re-direction of the ILO after 1994 will undermine (or continue a longer term decay of) the ILO and its essential, important and positive role. Here is not the place to rehearse this critique in detail, but it is important, for it is a critique, not only of the performance of the post-1994 agenda, but also of the principles that guide it.

Conclusions

The ILO has continued a long tradition of repositioning itself as global circumstances change. In doing so, it has built closer relations with other multilateral agencies, spread the word about core labour standards into initiatives where previously it was not found, and significantly refocused its institutions and energies. Whilst challenges remain, Director General Somavia might well consider that his years in office have been a success. The ILO's agenda has, indeed, been extended. However, traditional criticisms of the ILO have now been complemented by a focused attack on the post-1994 reform process, in which the extension of the ILO's agenda post-1994 is seen to weaken the fundamental rationale for the organisation.

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