

Decent Work and Poverty Reduction Strategies

Travail décent et réduction de la pauvreté

Trabajo decente y reducción de la pobreza

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Résumé de l'article

Cet article examine comment l'intégration du Programme de promotion du travail décent de l'Organisation internationale du travail (OIT) dans les stratégies de lutte à la pauvreté a conduit à une coopération plus étroite avec le Fonds monétaire international et la Banque mondiale. Il débute par une discussion des approches multilatérales de lutte à la pauvreté et identifie les critiques à l'égard du programme d'ajustements structurels et les prescriptions politiques découlant du Consensus de Washington comme déclencheurs clés qui ont conduit à une meilleure coopération avec l'OIT. L'article jette un regard sur le développement de l'OIT et montre le rôle joué par les directeurs généraux qui se sont succédé pour repositionner l'organisme en tant que joueur clé dans les approches multilatérales de lutte à la pauvreté. La nature complexe de la coopération entre l'OIT et les institutions financières internationales (IFI) y est reconnue et mise en lumière. Bien que le Consensus de Washington n'ait pas été mis de côté, des décalages analytiques au sein des IFI, incluant une plus grande reconnaissance du rôle que les institutions du marché du travail peuvent jouer dans une croissance et un développement durables, ont provoqué une meilleure intégration entre les politiques sociales et d'emploi et les stratégies politiques macroéconomiques internationales.

Au coeur de cet engagement réside le Programme de promotion du travail décent de l'OIT et l'appel en faveur d'une plus grande cohérence politique parmi les organisations multilatérales de lutte à la pauvreté. L'intégration du travail décent dans les documents de stratégie de réduction de la pauvreté (DSRP) des IFI est pointée comme fondamentale pour le succès des ces actions. L'article décrit la stratégie utilisée par l'OIT pour intégrer le travail décent dans les DSRP et en analyse les critiques qui lui ont été adressées. En faisant ressortir l'importance de la représentation des travailleurs dans la réalisation nationale des stratégies de réduction de la pauvreté, l'article conclut par un plaidoyer en faveur d'une assistance envers les organismes représentatifs pour développer l'organisation et les compétences nécessaires afin de s'engager dans des stratégies de lutte à la pauvreté et leur mise en oeuvre. Pour que le Programme de promotion du travail décent et la lutte à la pauvreté aient des chances de succès, il s'agit là d'un besoin qui doit être une préoccupation tant nationale qu'internationale. De tels défis auront un impact certain sur le futur des engagements entre l'OIT et les IFI.

Decent Work and Poverty Reduction Strategies

Steve Hughes and Nigel Haworth

Using strategies first developed in the inter-war years, the ILO has repositioned itself to play a leading role in our understanding of the relationship between employment policies and growth, particularly in relation to poverty reduction strategies. To do this, the ILO has forged increasingly strong relationships with key international financial institutions (IFIs), in which the inclusion of ILO-driven strategies for Decent Work and core labour standards has been important. Whilst this repositioning has been questioned by some who fear that an original purpose of the ILO may be lost, and the technical implementation of the ILO agenda in conjunction with the IFIs is not without difficulties, the ILO's status as a major international agency for the advancement of human development has been reinforced.

KEYWORDS: decent work, poverty reduction, multilateral, International Labour Organization

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 resource for governments seeking to improve the business climate in their economies. The EWI has, in the past, been controversial, for traditionally it scores highest in those countries with the least regulated labour markets, that is, the least worker protection. The changes in the EWI are telling, for they involve giving favourable scores to countries which have set in place worker protection measures that comply with 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 for several reasons. It marks a sea-change in its assessment of what is important in a successful labour market, and is a marked shift from the premises underpinning the ailing Washington Consensus (see Williamson, 2004). It also marks another important step in the rapprochement

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between the World Bank and the ILO, a process at the heart of a sustained 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 pursued by Directors-General Michel Hansenne and Juan Somavia, in which 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 across international social, economic and developmental policies. A desire 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 Globalization 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 a relevant and useful international organization dedicated to social protection; second, the reorientation of the ILO under Hansenne and Somavia to achieve greater relevance and status amongst multilateral 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, in which it has promoted the advantages of including the ILO's Decent Work agenda in poverty reduction, a strategic positioning of the ILO alongside the Bretton Woods institutions, designed to promote stronger co-operation between the three institutions, and establish the ILO's role as a key "player" on the international stage.

Much of the discussion which follows is informed by interviews with senior ILO officials, undertaken over the past twenty years in the ILO, usually in the Geneva headquarters, but, in relation to this paper, primarily between October and December 2008 and in November 2010 in Geneva. The recent interviews – over 20 in total – were conducted on the basis of anonymity in reporting, but, in general, reflect views and experiences of two groups – strategic personnel in the top tier of ILO management, and similar personnel with regional responsibilities.

Multilateralism and Poverty Reduction

A renewed emphasis on poverty reduction by bilateral and multilateral agencies reflects a number of international agreements that place poverty at the top of the global policy agenda. From the Copenhagen Declaration on Social Development (1995), through the World Summit on Sustainable Development (2005) to the tortuous but on-going Doha Development Round of the World Trade Organization (WTO), the world of development assistance, including both developed and emerging economies,¹ has emphasized the need to confront global poverty.

The emerging picture is a complex one. Multilateral agencies, in particular the World Bank and the IMF, have engaged with poverty reduction strategies in heavily indebted countries. The number of aid projects by bilateral and multilateral donors has increased dramatically over the past decade. Stories of recipients spending more time dealing with the different requirements of aid conditionality than on development have also increased in number, accompanied by a call for the harmonization of aid efforts. As least-developed countries struggle with the counter-productive bureaucracy of aid, international aid co-ordination has become a key platform for renewed attempts at intergovernmental co-operation in poverty reduction.

The irony of the IFIs' role in poverty reduction strategies is not lost on those who see the IFIs as principal contributors to the debt and poverty problems of least developed countries. Criticism of structural adjustment programmes, related conditionality and the ideology of the Washington Consensus is well established and is a powerful presence in the reform agenda (for example, Cammack, 2002, 2004; Rodrik, 2006; Woods, 2006). The preferred IFI model is well canvassed. Economic growth as the engine for social development and poverty alleviation became the central platform of IFI lending policy. The intervention of the IMF following the Mexican currency crisis of 1982 became the model required for other developing countries seeking IFI assistance. A commitment to a series of deep economic and structural reforms to stabilize balance of payments problems (in the short term) and a return to economic growth (in the long term) saw "structural adjustment" enter the lexicon and establish a blueprint for IFI lending policy.

A key adjustment point in this generic approach was the Asian financial crisis of 1997. The crisis gave rise to profound economic and social disruption in the most-affected economies, particularly in terms of unemployment and its consequences. The prescriptive policy interventions of the IFIs came under severe criticism for exacerbating the economic and social consequences of the crisis, with some economies, especially Malaysia, rejecting key IFI prescriptions. Nevertheless, the IFIs held that the doctrine of structural adjustment remained economically sound, but there was also a widespread acknowledgment in the most-affected economies that successful social adjustment required the involvement of a broader coalition of interests in measures that were different from the standard structural adjustment model. As we note below, this acknowledgement involved important internal debate within the IFIs, in part driven by emerging analytical shifts in neo-classical economic thinking. The ILO saw such alternative measures as consistent with traditional ILO principles and as an opportunity for increased ILO engagement in social adjustment activities in developing economies.

Positioning the ILO

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 to meet contemporary global challenges. 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 autonomy from the League. Recognizing 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 mobilize highly-skilled staff were important. It made itself relevant and useful in 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 autonomy, 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 this 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, two activist Directors-General became important players in determining the ILO's future (Haworth and Hughes, 2009).

A renewed commitment to human rights and technical assistance for developing countries followed the ILO's successful World Employment Conference in 1976. This placed development and poverty reduction at the top of the ILO's policy agenda and prepared the way for more constructive engagement with the World Bank and the IMF. However, early initiatives resembled a *dialogue de sourds* as the desire for closer co-operation was treated with indifference by the Bretton Woods institutions. In the 1980s, neo-liberal economic orthodoxy became paramount in the formulation of economic policy. Championed in the United States under Ronald Reagan and embodied in the United Kingdom in the austere and alchemic Margaret Thatcher, both administrations came to support and admire each other's approach to economic management. For both, albeit in different measure, neo-liberalism offered the wherewithal for dismantling

“structural rigidities” such as collective bargaining and labour rights and promoted a process of economic restructuring which created significant unemployment and weakened trade union presence. As neo-liberalism came to dominate widely domestic economic and social policy, its international derivative was established in the lending policies and structural adjustment programs of the World Bank and the IMF.

During this period, the ILO under Director-General Francis Blanchard actively encouraged engagement with the IFIs. As “structural adjustment” became established in the international lexicon, Blanchard convened in 1987 a “High-level Meeting on Employment and Structural Adjustment” involving the World Bank and IMF. The meeting called for a greater understanding and acceptance of the ILO’s social and labour agenda in World Bank and IMF thinking and paved the way for closer co-operation between the three institutions.

Blanchard’s successors, Michel Hansenne and Juan Somavia, continued to push for closer engagement. That push came in the context of widespread criticism and popular protests against the IMF and World Bank and their standard policy recommendations. In the context of these acrimonious debates, and in the context of other debates around trade and labour standards and new initiatives by the ILO such as core labour standards and Decent Work, the concept of a social dimension to globalization gained ground.

Following his appointment in 1989, Michel Hansenne began a major repositioning of the ILO. In his speech to the 1994 International Labour Conference, he emphasized the need for the ILO to understand and respond to the challenge of globalization. His approach to the challenge was to position the ILO at the centre of both economic and social dimensions of globalization. This was to be achieved by defining “core” labour conventions which would be universally recognized as human rights and, also, as 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 introduce, on a voluntary basis, strong social dimensions in 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.

Hansenne’s was a positioning of the ILO to which both IFIs, and the World Bank in particular, were receptive. In its World Development Report 1990, simply titled “Poverty,” the World Bank identified two important elements to poverty

reduction. The first was to “promote the productive use of the poor’s most abundant asset – labour”; the second, “to provide basic social services to the poor” (World Bank, 1990: 3). For Cammack, the key tenet of the World Bank approach to poverty reduction, then and now, is to promote strategies to increase the productivity and global competitiveness of labour “groomed as a future proletariat” (Cammack, 2004: 192). Under pressure from globally mobilized and media savvy NGO and Civil Society groups, and recognizing a need to work more closely with socially oriented organizations, the World Bank embarked upon a conscious strategy of wide-ranging institutional engagement.

One of the principal architects of this was James Wolfensohn, President of the World Bank from 1995 to 2005. The ILO had already been granted observer status to the annual joint World Bank/IMF meeting in the year before Wolfensohn’s appointment,² and he was keen to deepen the relationship. One of his first acts was to push debt relief and development further up the policy ladder and in doing so he called for a more constructive dialogue with NGOs and Civil Society. In a speech to the ILO’s International Labour Conference in 1997, Wolfensohn underlined the need for a broader approach to development and was at pains to emphasise linkages between economic and social policy. The speech was littered with references to traditional ILO values of social justice, social responsibility and individual rights and offered closer co-operation with the World Bank:

One thing which we have come to in recent years is an absolute recognition that, unless you have sound social policies, you cannot have sound economic policies. That is crystal clear. Unless you have a solid base with people, unless you are concerned with the rights of the individual, unless you are concerned with elements of social responsibility and social justice, you cannot have peace and you cannot have safe investing ... Our task in the Bank, and your task in the ILO, is to ensure that we give these individuals a chance of economic opportunity and that we give them a sense of justice and a sense that the social environment in which they are operating is fair. In that sense we are absolutely linked, the aims of the ILO and those of the Bank.³

The expression of a desire for a closer relationship by Wolfensohn should not be taken to mean that the Washington Consensus had been abandoned by the World Bank (and by extension other IFIs). Rather, it is clear that, within the Bank and within the IMF, debates emerged in the 1990s about the monolithic policy prescriptions which derived from the Consensus. These debates were to be further fuelled by the rejection of standard prescriptions by some Asian economies during the Asian financial crisis which erupted a few weeks after Wolfensohn’s speech to the ILO. They were also a product of analytical shifts within neo-classical economic thinking, which began to emphasize institutional, cultural and political factors in its understanding of economic performance and associated policy setting. Thus, an openness in the Bank to a deeper relationship with the

ILO reflects a simultaneous debate about the Consensus and its relevance, and developments in the analytical framework underpinning the Bank's thinking.

Juan Somavia continued the repositioning 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 recognized. 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 globalization since 1994. Second, he has championed internal organizational 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. His initiatives gained strong support from the social partners in the ILO. Employers were strongly in favour of the 1998 Declaration and its impact on ILO activities. Unions had supported Somavia's election to the Director-General position and were broadly supportive of his strategic approach. Moreover, the potential for involvement (and therefore influence) of the social partners within joint activities involving the ILO and the IFIs at the national level had not escaped their attention.

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 and Wilkinson, 2005). One illustration of this reconfiguration is found in 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 industrial relations 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 PRSP, Decent Work Country Programmes (DWCP), Technical Co-operation and the United Nations "Delivering as One" initiative become important considerations in the formation of developing-economy industrial relations 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, 2010). Underpinning that primary goal are 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; and to strengthen tripartism and social dialogue.

A key desire of the Decent Work agenda and its strategic objectives is 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 allows, in Somavia’s view, a stronger role for the ILO, not only in terms of labour standards, but also in the broader context of macroeconomic settings. The desire to work more closely with other international agencies is an important aspect of the Decent Work agenda and is premised on the logic that, if Decent Work and core labour standards can become a common currency across the programmes of the major international agencies, especially the IFIs, 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 United Nations (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 Mahathir bin Mohamad and Lee Kuan Yew during the 1990’s and 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 prompted the emergence of a human rights-based approach to development and the need for a common understanding of how it was to contribute to poverty alleviation. 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 address the importance of human rights in development policy and implementation, and, equally, in building human capacity in development agendas.

The Statement of Common Understanding has become a principal vehicle for a rights-based approach to development and a key platform on which aid

harmonization efforts are being 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 platform for IFI initiatives in the area of poverty alleviation are the PRSPs. Following criticism of IFI Structural Adjustment Programmes (SAPs) and their failure to address rising levels of consequential poverty, an Economic and Social Action Programme was introduced in 1989 to address the social consequences of structural adjustment. However, the move soon attracted significant criticism as it struggled to appreciate the multidimensional and cross-cutting nature of poverty and its alleviation. Part of the difficulty attached to the shift in emphasis by the IFIs derived from the analytical developments in neo-classical thinking mentioned earlier. Whilst giving greater status to institutional, political and cultural factors in adjustment programmes, they produced more complex prescriptions, which often posed policy and implementation problems for client institutions in developing economies. It was in this context that PRSPs were introduced as a new dimension of IFI lending (Casale and Pursey, 2002: 13).

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 addressed poverty reduction. A number of key aims informed the process: to strengthen country ownership of PRSP process; to broaden the representation of civil society, particularly the poor, in PRSP design and implementation; to improve co-ordination among development agencies; to focus the combined resources of the international community on reducing poverty (World Bank, 2000: 3). By 2008, the PRSP process had become the central platform of the multilateral financial and aid architecture that guides national development planning, budget allocation and development aid for over 70 countries.

Five core principles underlie the PRSP approach. Poverty reduction strategies should be country-driven, promoting national ownership of strategies through broad-based participation of civil society. They should be results-oriented, and focused on outcomes that will benefit the poor. They must be comprehensive in recognizing the multidimensional nature of poverty and must be partnership-oriented, involving coordinated participation of development partners (government, domestic stakeholders, and external donors). Finally, they must be based on a long-term perspective for poverty reduction (IMF, 2010).

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 extensive

consultation with labour and civil society groups. With agreement around the need for greater policy coherence among multilateral institutions in place, synergies between the ILO's Decent Work agenda and the poverty reduction focus of the IFIs were recognised and developed. As a result, a platform for closer co-operation between poverty reduction activities and employment intensive economic growth was established through 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. With these pilot projects having concluded, the approach is being rolled-out to some 35 countries comprising half the total number of countries engaged in the multilateral PRSP process.

The ILO strategy for integrating Decent Work with the PRSP process consists of four connected elements. The first seeks to empower the tripartite partners (ministries of labour, employers and worker organizations), by strengthening their capacity to influence the drafting, implementation and monitoring of national poverty reduction strategies. The second focuses on the incorporation of employment and other relevant dimensions of the Decent Work agenda into poverty reduction strategies, by identifying appropriate entry points and country-specific priorities and by articulating a visible and marketable platform for action. The third focuses on the development of partnerships through strategic communication at the country level, especially by seeking to encourage government ministries and other development organizations (including multilaterals, bilateral and civil society organizations) to embrace the decent work route out of poverty. Finally, the strategy seeks to maintain critical dialogue at the global and regional levels with the IFIs, regional commissions, regional development banks and the UN Development Programme (UNDP) – by reference to the overall assessment of the content and process of poverty reduction strategies (ILO, 2007: 3).

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 UN "Delivering as One" continues, albeit conditioned by each agency's traditions and objectives, the insertion of ILO agendas into the PRSP framework remains problematic (Author interviews, ILO, November 2008). 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 harmonization of aid efforts. However, while we see some success 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 results in an in-country Director

with little managerial power (Author interviews, ILO, October 2008). Hence, it is often difficult to determine a World Bank view around which harmonization 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 harmonization depending on Washington's perspective on the government of the country concerned.

For the ILO, three fundamental problems condition its ambitions for the insertion of Decent Work into harmonized aid efforts. The first is what has been described as "ideological" differences between the ILO and other aid agencies (Author interviews, ILO, October 2008). 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 and within national structures. 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 and secondary to the United Nations Development Programme (UNDP), reducing its ability to mobilize technical capacity and allowing it to be "micro-managed" by other agencies (Author interview, ILO, December 2008).

Thirdly, while we see progress at the multilateral level in Somavia's attempts to establish Decent Work in the lexicon of development policy, its integration into national development plans remains mixed. Despite emphasizing the broad approach of the concept, national governments often narrowly associate Decent Work with labour standards and therefore the work of Labour Ministries and not part of a wider, more integrated and better funded development agenda (Bell and Newitt, 2010). So while it is clear that the global recession has provided high level recognition of the importance of employment and Decent Work in international development, this dialogue is still struggling for translation in country level policy initiatives wherein the concept has not yet emerged as a major priority in national development planning and social dialogue "remains the most neglected pillar of Decent Work" (Bell and Newitt, 2010: 26).

The Decent Work Country Programme

Increasingly aware of these difficulties, in 2005 the ILO began rolling out Decent Work Country Programmes (DWCPs) as an organizing 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: to support national initiatives aimed at reducing decent work deficits; to strength national capacity to integrate decent work into national policy; to demonstrate the utility of an integrated approach in different socio-economic contexts; to develop methods for effective country programmes and policies; and to share lessons from national experience.

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 to 46). The latter would be serviced by 13 newly established DWTs.

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 (ILO, 2010). 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 dimension 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 IFIs 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 industrial relations 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 reported professional concerns about the weakening of the ILO as an organization, and as the heart of the labour standards regime, if responsibility for labour standards became shared with, or, indeed, compromised by, other agencies (Author interviews, ILO, 2008 and 2010). These 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. Obviously, supporters of the Hansenne-Somavia repositioning of the ILO reject these criticisms, but they remain at the heart of an unresolved and often bitter debate around the ILO about its principles, strategies and future wellbeing (Hughes and Haworth, 2010).

Conclusions

One of the biggest challenges facing the modern ILO is how to engage with the IFIs without diluting its core principles and undermining its mandate. Unsurprisingly, an emerging rapprochement has not been without its critics both within and without the ILO. However, in participating in the PRSP process, the ILO's

unique governance structure has been a source of strength and influence. In emphasising national ownership and public consultation, among other things, worker and employer organizations are being afforded a greater role in poverty reduction interventions. Listening to, and understanding, worker voice does not come naturally in the traditionally prescriptive mechanisms of IFI development assistance. In recognizing these limitations, and in acknowledging the historical role the ILO has played in promoting worker voice, working with the ILO in integrating labour ministries, worker and employer organizations into national ownership initiatives has become a key platform in IFI poverty reduction strategies.

This paper has identified some of the difficulties inherent in this process. Representation and consultation are in themselves politically fraught processes, sometimes made difficult by the ILO's emphasis on working through national peak bodies and labour ministries – not always the most democratic or representative forums in some countries. In addition, the further away we move away from the national and regional capitals of developing countries (and, often, into areas most affected by poverty) the greater the difficulty in organizing poverty reduction efforts and facilitating stakeholder ownership. Such difficulties are not confined to national bodies. Attempts to introduce a common framework for development assistance through harmonized aid efforts, bilateral and multilateral co-ordination, and the shift away from the country plans of individual agencies, are at best problematic and at worst unsustainable as a result of the entrenched traditions and the decision-making structures of agencies involved. The “ownership” of poverty reduction strategies is both a national and international issue.

At the heart of the Decent Work agenda sits the observation that paid work and employment constitute the main path for poor people to escape from poverty. Access to a living wage, a safe working environment and protection from exploitation, are beyond the reach of many of the poor, whose vulnerability is often exacerbated by under-funded and dysfunctional national policy frameworks. In addressing and upgrading the capabilities of these frameworks, engagement with worker and employer organizations as well as ministries has become an important precondition for the implementation of poverty reduction strategies.

However, consultation, and related pro-poor outcomes arising from this engagement, can be rendered functionally anaemic if the representative bodies concerned lack the skills and organization to articulate and establish their voice. While this may be construed as a national issue requiring national solutions, the importance of these solutions to a country producing a PRSP as a prerequisite for debt relief and IFI lending focuses attention on the policies

and activities of international agencies charged with making the PRSP process work. These agencies have acknowledged that there is a capacity shortfall at national level which hinders the emergence of a strong voice on behalf of the poor and their representative institutions. Thus, effective national ownership and public consultation must form part of a wider international agenda, in which international agencies expect to see effective engagement reported in Annual Progress Reports and other assessments.

The challenge for the ILO is to establish Decent Work at the heart of this process. The emphasis on aid harmonization and the UN “Delivering as One” concept has helped to promote greater co-ordination, coherence and efficiency among UN agencies. The mainstreaming of a human rights-based approach⁴ to UN development activities has provided an opportunity for the ILO to promote international labour standards and the Decent Work agenda within the “Delivering as One” context. Moreover, the Paris and Accra Declarations on aid effectiveness and the “Monterrey Consensus” of 2002,⁵ combine to provide an international consensus in line with the UN approach, whilst also calling for increased finance for development assistance.

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 in establishing Decent Work as part of poverty reduction agendas. 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 reform process, in which it is argued that the extension of the ILO’s agenda post-1994 weakens the fundamental rationale for the organization. The rejection of these criticisms is reflected in the continuing process of engagement with the IFIs and the reorganization of the ILO to accommodate this.

In conclusion, there is a strong continuity of purpose from Blanchard’s first overtures to the IFIs to the Somavia strategy for comprehensive engagement. What has changed over that period is the willingness of the IFIs to engage with the ILO in the social aspects of poverty reduction and development. One could argue that, whilst the ILO has moved consciously towards the IFIs, the IFIs have, perhaps surprisingly, moved more quickly in the direction of the ILO. The long-established ILO traditions of autonomy, relevance and presence have proved to be as effective today as they were in the 1920s and 1930s.

Notes

- 1 Increasing aid from emerging economies such as India, Brazil, Venezuela and particularly China is one of the most notable features in the changing landscape of development assistance (see Woods, 2008).
- 2 This was followed in 1999 by the granting of observer status to the IMF's powerful International Monetary and Financial Committee (Charnovitz, 2000).
- 3 International Labour Conference 85th Session, June 13th, 1997.
- 4 In 1997 a UN Programme for Reform was launched calling for all agencies of the UN to mainstream human rights into their programmes and activities (see UN, 2003).
- 5 International Conference on Financing for Development, Monterrey, Mexico (see Katjомуise *et al.*, 2007).

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SUMMARY

Decent Work and Poverty Reduction

This article examines how the International Labour Organization's (ILO) Decent Work agenda integration into poverty reduction strategies has provided the wherewithal for closer cooperation with the International Monetary Fund and the World Bank. It begins by discussing multilateral approaches to poverty reduction and identifying criticisms of structural adjustment programmes and the policy prescriptions of the Washington Consensus as key prompts for closer cooperation with the ILO. The article examines the development of the ILO and identifies the role that successive Director Generals have played in repositioning it as a key player in multilateral approaches to poverty reduction. The complex nature of cooperation between the ILO and the International Financial Institutions (IFIs) is acknowledged and discussed. While the Washington Consensus has not been abandoned, analytical shifts within the IFIs, including greater acknowledgment of the role labour market institutions can make in sustainable growth and development, have prompted closer integration between employment and social policies and international macroeconomic policy strategies.

At the heart of this engagement lies the ILO's Decent Work Agenda and the demand for greater policy coherence among multilateral organizations in poverty reduction. The integration of Decent Work into IFI Poverty Reduction Strategy Papers (PRSPs) is identified as a key platform for these activities. The article describes the ILO strategy for integrating Decent Work into the PRSP process and examines the criticisms this strategy has attracted. In highlighting the importance of worker voice in the national delivery of poverty reduction strategies, the article concludes by promoting the need for representative bodies to have the necessary organization and skills to engage with and implement poverty reduction strategies. For Decent Work and poverty reduction to succeed, this need is of both a national and international concern. Such challenges loom large in future engagement between the ILO and the IFIs.

KEYWORDS: decent work, poverty reduction, multilateral, International Labour Organization

RÉSUMÉ

Travail décent et réduction de la pauvreté

Cet article examine comment l'intégration du Programme de promotion du travail décent de l'Organisation internationale du travail (OIT) dans les stratégies de lutte à la pauvreté a conduit à une coopération plus étroite avec le Fonds monétaire international et la Banque mondiale. Il débute par une discussion des approches multilatérales de lutte à la pauvreté et identifie les critiques à l'égard du programme d'ajustements structurels et les prescriptions politiques découlant du Consensus de Washington comme déclencheurs clés qui ont conduit à une meilleure coopération

avec l'OIT. L'article jette un regard sur le développement de l'OIT et montre le rôle joué par les directeurs généraux qui se sont succédé pour repositionner l'organisme en tant que joueur clé dans les approches multilatérales de lutte à la pauvreté. La nature complexe de la coopération entre l'OIT et les institutions financières internationales (IFI) y est reconnue et mise en lumière. Bien que le Consensus de Washington n'ait pas été mis de côté, des décalages analytiques au sein des IFI, incluant une plus grande reconnaissance du rôle que les institutions du marché du travail peuvent jouer dans une croissance et un développement durables, ont provoqué une meilleure intégration entre les politiques sociales et d'emploi et les stratégies politiques macroéconomiques internationales.

Au cœur de cet engagement réside le Programme de promotion du travail décent de l'OIT et l'appel en faveur d'une plus grande cohérence politique parmi les organisations multilatérales de lutte à la pauvreté. L'intégration du travail décent dans les documents de stratégie de réduction de la pauvreté (DSRP) des IFI est pointée comme fondamentale pour le succès de ces actions. L'article décrit la stratégie utilisée par l'OIT pour intégrer le travail décent dans les DSRP et en analyse les critiques qui lui ont été adressées. En faisant ressortir l'importance de la représentation des travailleurs dans la réalisation nationale des stratégies de réduction de la pauvreté, l'article conclut par un plaidoyer en faveur d'une assistance envers les organismes représentatifs pour développer l'organisation et les compétences nécessaires afin de s'engager dans des stratégies de lutte à la pauvreté et leur mise en œuvre. Pour que le Programme de promotion du travail décent et la lutte à la pauvreté aient des chances de succès, il s'agit là d'un besoin qui doit être une préoccupation tant nationale qu'internationale. De tels défis auront un impact certain sur le futur des engagements entre l'OIT et les IFI.

MOTS CLÉS : travail décent, réduction de la pauvreté, multilatéralisme, Organisation internationale du Travail

RESUMEN

Trabajo decente y reducción de la pobreza

Este artículo examina cómo la integración de la agenda de Trabajo Decente de la Organización Internacional del Trabajo (OIT) en las estrategias de reducción de la pobreza han proporcionado/facilitado los recursos para una cooperación más estrecha con el Fondo Monetario Internacional y la Banca Mundial. Se comienza con la discusión de los enfoques multilaterales sobre la reducción de la pobreza y se identifican las críticas de los programas de ajuste estructural y las prescripciones políticas del Consenso de Washington como indicadores claves de una colaboración más estrecha con la OIT. El artículo examina el desarrollo de la OIT e identifica el rol que los sucesivos Directores generales han jugado en su reposicionamiento en tanto que actor clave en los enfoques multilaterales de reducción de la pobreza. La compleja naturaleza de la cooperación entre la OIT y las Instituciones Financieras Internacionales (IFI) es reconocida y discutida. Mientras que el Consenso de

Washington no ha sido abandonado, los cambios analíticos en las IFI, incluyendo la mayor consciencia del rol que las instituciones del mercado laboral pueden jugar en el crecimiento y desarrollo sustentable, ha impulsado una más estrecha integración entre las políticas sociales y de empleo y las estrategias políticas macroeconómicas internacionales.

En el centro de este compromiso se encuentra la Agenda del Trabajo Decente de la OIT y la demanda de una mayor coherencia política entre las organizaciones multilaterales en la reducción de la pobreza. La integración del Trabajo Decente dentro de los Documentos de Estrategia de Reducción de la Pobreza (DERP) de las IFI es identificada como una plataforma clave para estas actividades. Este artículo describe la estrategia de la OIT para integrar el Trabajo Decente dentro del proceso de los DERP y examina las críticas que esta estrategia ha provocado. Destacando la importancia de la voz de los trabajadores en la elaboración de las estrategias de reducción de la pobreza, el artículo concluye con la promoción de la necesidad de cuerpos representativos que permitan la organización y las calificaciones necesarias para implicarse e implementar las estrategias de reducción de la pobreza. Para que el Trabajo Decente y la reducción de la pobreza tengan éxito, se necesita la implicación nacional e internacional. Estos retos pesan enormemente en el futuro compromiso entre la OIT y las IFI.

PALABRAS CLAVES: trabajo decente, reducción de la pobreza, multilateral, Organización Internacional del Trabajo