

**Statement of Nancy A. Donaldson
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**before the Subcommittee on Labor,
Health and Human Services, Education and Related Agencies**

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Chairman Obey, Ranking Member Tiahrt, and members of the Subcommittee, thank you for the invitation to testify today. I appreciate the opportunity to discuss the work and partnership of the International Labor Organization (ILO) with the Department of Labor's International Labor Affairs Bureau as you consider the President's fiscal year 2011 budget request.

Since its establishment in 1919, as part of the Treaty of Versailles that ended World War I, the ILO has based its work on the belief that universal and lasting peace can be accomplished only if it is based on social justice and decent treatment of working people.

The ILO was created to promote social progress and to overcome social and economic conflicts through dialogue and cooperation. In response to widespread industrial turmoil at the time, it brought together workers, employers and governments at the international level - not in confrontation, but in a search for common rules, policies and behaviors from which all could benefit.

With the adoption of the UN Charter, the ILO became the first specialized agency of the newly formed United Nations. The ILO is a unique agency of the United Nations system in that it incorporates representatives of employers and workers at every level of its decision-making. Through a rule of law process, the ILO's annual International Labor Conference negotiates and adopts minimum international labor standards in instruments called Conventions, which all sovereign countries should aspire to comply with and could become legal party to through the treaty ratification process.

Along with the adoption of these standards, the ILO has a participatory supervisory mechanism to monitor government compliance with these treaty obligations and to report publicly on whether these obligations are being met.

USDOL-ILO partnership - results and achievements

Today, 91 years later, the ILO is still an organization that gets results as the following program examples highlight:

- **The Decent Work agenda**

The Decent Work Agenda - embodied in the ILO Constitution, the ILO Declaration of Philadelphia, and the ILO Declaration on Social Justice for a

Fair Globalization - affirms that work is a principal determinant of how people experience the present and their prospects for the future. It is a keystone of social justice in a context of globalization. Decent work sums up the aspirations of people in their working lives - their aspirations for opportunity and income; rights, voice and recognition; family stability and personal development; and fairness and gender equality. Ultimately these various dimensions of decent work underpin peace in communities and society. Decent work reflects the concerns of governments, workers and employers, who together provide the ILO with its unique tripartite identity.

The Decent Work Agenda provides a value system for the global economy and offers the means for ensuring that the dignity of work and the demands of the productive process are both respected. Today, in every region in the world, ILO member States, workers and employers have together crafted and are in the process of implementing Decent Work Country Programs pursuant to shared national priorities. ILO technical assistance programs support these strategies and programs that serve four objectives:

- promoting compliance with fundamental principles and rights at work;
- promoting employment and enterprise creation;
- extending social protection; and
- reinforcing social dialogue among governments, workers and employers.

All of these objectives have cross-cutting dimensions of gender equality and cooperation for development.

- **Combating child labor**

The largest technical assistance program of the ILO is the **International Program on the Elimination of Child Labor (IPEC)**. Since 1992 it has assisted over 90 countries to develop policies and direct action programmes that address the root causes of child labor and provide alternatives for children and their families. The ILO Convention on the Worst Forms of Child Labor (C. 182) adopted in 1999 (and ratified by the U.S.) has received more ratifications in a shorter period of time than any other ILO labor standard and is nearing universal ratification by the ILO's 183 member States. Since 2001, when aggregate records were first kept, the ILO has withdrawn hundreds of thousands of children from child labor and has prevented untold numbers from entering into child labor.

- **Implementing core labor standards**

The ILO works in partnership with USDOL to advance the capacity of developing countries, and labor ministries in particular, to **oversee, monitor and implement core labor standards**. These technical cooperation projects are designed to promote the application of the ILO's **Declaration on the Fundamental Principles and Rights at Work** to ensure sustainable results

through six closely inter-related instruments of change, namely: labor law reform, building the capacity of labor administrations (including labor inspectorates); strengthening employers' and workers' organizations; developing tripartism and institution building; dispute prevention and settlement; and advocacy and information.

- **Better Work**

Building on this approach, the **Better Work program** is an innovative approach and a unique partnership program between the ILO and the World Bank's International Finance Corporation (IFC), the private-sector lending arm of the World Bank Group. The US Department of Labor was the initial supporter of this approach through the **Better Factories Cambodia program** designed under the auspices of the U.S. Free Trade Agreement with Cambodia ten years ago, and encouraged its subsequent partnership with the IFC.

Broadly supported by a network of donors including the United States, the program is now implemented in Vietnam, Jordan, Lesotho and Haiti. Better Work supports partners to address workplace issues and makes the results of the factory inspections public, enabling international buyers to make orders to factories that support worker rights and good working conditions. This serves the goals of better jobs and more reliable supply chains and helps enterprises to be more competitive through higher productivity and quality. Scaling up to new countries and industries, Better Work expects to benefit 1.2 million workers within the next two years. With additional countries and industries in the pipeline, it has the potential to reach many more.

- **Combating forced labor**

Since its inception, the ILO has worked to combat forced labor and the conditions that give rise to it and has created a **Special Action Program on Forced Labor (SAP/FL)** to intensify efforts worldwide. The ILO works to eliminate forced labor in many different sectors and to stop trafficking using diverse strategies including reforming national laws and enforcement mechanisms as well as microfinance, employment training and access to education to support freed workers and through raising public awareness. For example, training of both labor inspectors and mobile inspection units in Brazil has helped contribute to an increase in the number of forced laborers rescued by the authorities. Between 2004 and 2006, over 10,000 workers in Brazil were freed from modern day slavery.

- **HIV /AIDS in the workplace**

In 2000, following a landmark Resolution from its member States, the ILO set up a dedicated global program on HIV/AIDS and the world of work and in 2001, the ILO adopted a Code of Practice on HIV/AIDS for enterprises that today has become the standard for managing HIV/AIDS issues in the workplace and has been translated in 60 languages. More than 650 workplaces in 24

countries - stretching from Belize to China - have been involved with the ILO's workplace information and education program that has become known as the **Strategic HIV/AIDS Responses in Enterprises or SHARE** program. A total of 730 partner enterprises as well as eleven groups of operators from the informal economy representing a workforce of 1,066,842 workers have been assisted by these ILO projects.

These results and achievements are described in greater detail in a recent ILO publication, "*The US Contribution to the International Labour Organization: history and scope - results and impact*", which I would be happy to provide to the Committee. None of these results could have been achieved without the support the ILO enjoys from its constituents - governments, workers and employers - from its 183 member States. And all of the above-mentioned achievements and more have been realized through a unique partnership with the USDOL Bureau for International Labor Affairs since 1995.

The ILO response to the global economic crisis and supporting a jobs-based recovery

As this Committee is well aware, the global financial crisis quickly affected the real economy and has provoked a global jobs crisis. Economic recession is paralleled by the specter of social recession. In January 2010, the ILO reported that worldwide unemployment increased by roughly 34 million people since the start of the financial crisis, rising to an estimated 212 million unemployed workers in 2009 - the highest ever recorded. The ILO estimates that global unemployment is likely to remain high through 2010, increasing in the developed economies and European Union while stabilizing at present levels, or slightly below, in other regions. It is likely that 100 million women and men will have fallen into absolute poverty last year. Social tensions and challenges to social stability are already evident.

In June 2009, the ILO International Labor Conference with the participation of the United States and other member States moved swiftly and unanimously to adopt a Global Jobs Pact. This pragmatic, international policy response is based on lessons from experience. It aims to reduce the time lag between economic recovery and the recovery of good and decent jobs. The Global Jobs Pact is still the only policy framework agreed to globally by the entire international community to address the social and employment impact of the international financial and economic crisis.

In addition to the leaders from the world's 20 largest economies, the United States requested the participation of and support from the heads of the UN, World Bank, IMF, OECD and the ILO in Pittsburgh in September 2009 to take stock of the progress made and discuss further actions to assure a sound recovery from the global economic and financial crisis. The ILO's Director General, Mr. Juan Somavia, reported to the G20 leaders meeting in Pittsburgh that in 2009 between 11 and 12 million jobs were created or saved in G20 countries due to stimulus and other targeted policy interventions. In the summit communiqué, the leaders gave strong support to the ILO Global Jobs Pact.

The message of the Pittsburgh Summit under the leadership of President Obama was - "We cannot rest until the global economy is restored to full health, and hard-working families the world over can find decent jobs." The leaders of the 20 largest economies further stated: "To assure that global growth is broadly beneficial, we should implement policies consistent with ILO fundamental principles and rights at work."

At the request of the G20 leaders, U.S. Secretary of Labor Hilda Solis will host a G20 labor and employment ministers meeting in Washington in April 2010 to develop recommendations for 'putting quality jobs at the heart of the recovery', including job skills training that prepares workers and contributes to the creation of quality jobs in the US and around the world. USDOL's International Labor Affairs Bureau has the primary responsibility for this meeting and its outcomes. The ILO is preparing technical reports for the meeting and working closely with Deputy Undersecretary Sandra Polaski and the President's G20 team to assist preparation and to support the outcomes of this effort.

The significance of decent work

The global economic crisis reminds us once again that good, quality jobs and decent work are essential to the lives and well-being of women and men everywhere in the world of work. Decent work is a source of personal dignity, family and household stability and peace in the community. It increases trust in government and business and overall credibility of the institutions that govern our societies. Labor is much more than just a cost of production. As stated in the ILO Constitution, it is fundamental that "labor is not a commodity".

Today, financial, trade, economic and social policies need to coalesce around the package of productive investment, jobs, protection and respect for rights at work as a means of getting out of the crisis and beyond. This is what is commonly referred to as the Decent Work Agenda.

Internationally recognized core labor standards

In June 1998, the ILO's International Labor Conference adopted the **ILO Declaration on Fundamental Principles and Rights at Work**, reaffirming the commitment of member States to respect internationally recognized core labor standards. These include the rights to freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and the elimination of discrimination with respect to employment and occupation.

The impetus for the Declaration drew upon concerns in the international community about the processes of globalization and the social consequences of trade liberalization. The ILO Declaration on Fundamental Principles and Rights at Work underscores that all member countries have an obligation to respect the

fundamental principles involved, whether or not they have ratified the relevant ILO Conventions.

The International Labor Conference established a follow-up to the Declaration, including an annual review of countries which have not ratified one or more of the Conventions relating to the four categories of fundamental rights and an annual global report on one of the four categories of fundamental rights. Each area is examined in turn and covers the situation in countries which have ratified the relevant conventions and also those which have not.

With the 1998 Declaration and its follow-up it became possible for the ILO to have an overview of the application of core labor standards in all countries, irrespective of the ratification of the relevant Conventions.

Today, the Declaration on Fundamental Principles and Rights at Work has become a global reference point. It is widely used by international financial institutions, development and investment banks, multi-national enterprises and by workers and employers everywhere in an attempt to promote full and productive employment, better working conditions, and workers' rights through a process of dialogue rather than open conflict.

The U.S. relationship with the ILO

The Department of Labor takes the lead in representing the U.S. government with the ILO, with support from the Department of State and other agencies. American workers are represented in the ILO by the AFL-CIO; employers by the United States Council for International Business (USCIB).

Between annual sessions of the International Labor Conference, the work of the ILO is guided by the Governing Body of 28 government members and 14 worker and 14 employer members. The United States has a permanent seat on the ILO Governing Body.

Today, the US Government remains the single largest donor of ILO extra-budgetary technical cooperation projects overall, despite a significant decline during the period from 2004 to 2007. However, in FY 2008 the contribution from the US rebounded and reached \$52 million, primarily from the US Department of Labor, but also from USAID and the US Department of State (USDOS).

Since 1995, the ILO has signed 52 different cooperative and/or grant agreements with the US Government and is obliged to deliver agreed projects within a five-year time frame. These support ILO projects to combat child labor; to fight HIV/AIDS in the workplace; to end forced labor and trafficking; and projects to promote social dialogue as well as the ILO Declaration on Fundamental Principles and Rights at Work. The US Department of Labor was initial supporter of the International Finance Cooperation (IFC) Better Work Program.

With 58 active projects currently under implementation in member States, the USDOL-ILO collaboration continues to be a large-scale, global undertaking. In recent years, there has been a tendency to consolidate and extend ongoing projects. In all regions, the trend has been to fund fewer but larger technical cooperation projects. With increasing commitments from other donor countries, the US share of overall donor contributions to the ILO has declined to 17 per cent in recent years.

Conclusion

The \$50 million approved by Congress in FY2010 for the ILO's technical assistance programs across the globe demonstrates the continued generous and strategic support from the US Government and the American people.

The President's FY 2011 budget proposes \$40 Million to continue work to combat the worst forms of child labor and an additional \$26.5 million to be used to implement innovative, model programs that address worker rights through technical assistance or other programs.

This offers a ray of hope for the world. Governments, employers and workers have repeatedly called upon the ILO not to lower its ambitions but to step up its work to mitigate the devastating impact of the crisis and to contribute to a future in which financial markets service the real economy of productive investment, enterprises and workplaces.

The increasing impact of unemployment and poverty on a growing number of women and men is a threat to prosperity anywhere. The risk to security, rights and stability in many countries around the globe requires an even greater commitment from the ILO and its member States to deliver on the Decent Work Agenda. In times of unprecedented crisis, we hope the United States, and the US Department of Labor will continue to step forward to help make labor markets more stable and promote decent work for more women and men in the U.S. and around the world.

Thank you again for inviting me to participate in this hearing, Chairman Obey, Ranking Member Tiahrt and distinguished members of the Subcommittee. I am happy to answer any questions you may have.