FIRST ITEM ON THE AGENDA

Follow-up to the Global Employment Agenda

1. As requested by the Committee, following its deliberations on the Global Employment Agenda during the Government Body’s 283rd Session in March 2002, this paper discusses how the ILO can build on the Agenda and promote its further elaboration at the national and international levels. The legal, institutional and policy framework, in which jobs are created, lost and sustained, is largely the responsibility of national governments and the social partners. As the conclusions of the 2002 International Labour Conference discussions on decent work and the informal economy confirmed, national strategies to make decent work a reality for all workers and employers are essential. Yet as globalization increases the interdependence of labour markets, a series of common issues are identifiable around which information exchange, comparative analysis and international cooperation can be organized. In essence, the Global Employment Agenda constitutes the core elements of a policy framework that can both assist national dialogues and global debates about the central importance of employment policy in economic and social policy-making.

2. Previous Governing Body papers, highlighting different features of the Global Employment Agenda, have been the subject of debate by the Committee. The Discussion Paper on which they were based, which was also discussed at the Global Employment Forum, held in November 2001, has now served its purpose of stimulating debates on how to place full, productive and freely chosen employment at the centre of economic and social policy-making. The present paper therefore illustrates some of the ways the core elements elaborated in the Agenda can be implemented in the widely divergent social and economic contexts that characterize member States. Its concluding section suggests that the Committee discuss the next steps in further developing the scope for work by the ILO with its national constituents, deepening the analysis of the key policy challenges and progressing the potential for regional and international alliances with partner organizations.

1 GB.285/7/2.

2 GB.282/ESP/1/1 and GB.283/ESP/1.
An employment agenda for decent work and poverty reduction

3. The Global Employment Agenda endeavours to make full, productive and freely chosen employment central to economic and social policies in line with the Employment Policy Convention, 1964 (No. 122). The Agenda responds to the United Nations’ request to the ILO, made at the 24th Special Session of its General Assembly in 2000, to draft a comprehensive employment framework, and thus to support the Millennium Declaration Goal of halving the number of people living in extreme poverty by 2015. In this endeavour, the Agenda recognizes the great diversity in employment and employment conditions that prevail across different regions and countries.

4. With 1.2 billion people living on under US$1 per day, the majority of whom are supported by the approximately 530 million who are the working poor and, with the addition of the 500 million or so net new entrants to the global workforce in the coming decade, the central challenge is to create more productive work for 1 billion men and women over a ten-year period. The need to make decent employment – job creation, job quality and workers’ rights – the central aim of economic and social policies follows from the magnitude of this challenge.

5. Discussion of the Agenda has emphasized that there is no one-size-fits-all prescription for employment policy. Follow-up work by the ILO has therefore to recognize the great diversity in conditions in the world and the changes that the employment challenge will continue to undergo. The policy options offered by the Agenda provide a useful framework for an ongoing process of understanding and addressing the challenge at the global, regional and national levels.

6. While unemployment remains a problem in developed and transition economies, a greater challenge for most developing countries is underemployment, characterized by low productivity, inadequate income even from long hours of work, insecurity and poverty. Regional diversity prevails, with most poor people concentrated in sub-Saharan Africa and South Asia, involved in subsistence agricultural activities and the informal economy. Women make up the majority of the poor, and are more likely than men to be engaged in low-productivity and low-income work.

7. The Agenda’s primary objective therefore is to place productive employment at the centre of pro-poor development policies, with great emphasis placed on improving the productivity of working men and women. Productivity growth is the source of sustained real income improvement, which, in turn, raises overall demand for goods and services. The Agenda stresses the economic foundations of decent work as a productive factor, i.e. how respect for basic rights stimulates increased productivity and thus jobs, growth and development. Improved productivity also counteracts risks of inflationary pressure, thereby giving more room for growth-oriented demand policies. And this, in turn, creates conditions in which faster growth employment is consistent with sound macroeconomic policies and poverty reduction.

8. In view of the importance of the relationship between productivity, employment, and poverty reduction, the Office has selected this issue as the theme of the next World Employment Report. The report will analyse the experience of several countries where gains in productivity, output and employment have indeed formed a virtuous circle of growth and development.

9. The ten core elements of the Global Employment Agenda provide a framework for the ILO and its constituents to develop employment policies at the national level and a conducive international environment for job creation.
Ten core elements of the Global Employment Agenda

1. The promotion of trade and investment for productive employment.
2. The promotion of technological change for higher productivity and job creation.
3. Promoting decent employment through entrepreneurship, labour standards, business creation and growth.
4. Promoting sustainable development for sustainable livelihoods.
5. Employability by improving knowledge and skills.
6. Labour market policies for the management of change.
7. Social protection for improved labour market functioning.
8. Occupational safety and health for increased productivity.
10. Productive employment for poverty reduction and development.

Action to promote the core elements of the Global Employment Agenda

Core element one: The promotion of trade and investment for productive employment

10. Trade, including the substantial portion associated with foreign direct investment, is a powerful driver of competition, productivity and employment growth in both developed and developing countries. Nevertheless, the liberalization of trade is not a smooth process and creates both winners and losers. Enterprise competitiveness, retraining and respect for workers’ rights are thus of particular relevance.

11. The challenge of developing employment policies for economies that are becoming part of the global market is highlighted by China’s accession to the World Trade Organization (WTO). In many ways, accession is the next major steps in the gradual process of reform started by China in 1992. As part of a programme of action to promote decent work under a Memorandum of Understanding between China and the ILO, the Office is working with the Ministry of Labour and Social Security and the social partners to prepare the China Employment Forum in April 2003. The intent is to identify sectors where demand for labour will increase as well as those most at risk from rising competition, to forecast the likely impact on employment, and to devise a comprehensive strategy for retraining and redeployment. The overall objective, drawing on the Global Employment Agenda, is to assist in the development of an employment policy for China.

Core element two: The promotion of technological change for higher productivity and job creation

12. New information and communication technology (ICT) is rapidly spreading throughout the world, reshaping work, spurring innovation and leading to new types of jobs and higher productivity. While data gaps remain, the World Employment Report 2001 presents evidence of greater employment and productivity gains in those countries where ICT diffusion has been greatest. Indeed, history shows that over time new technologies result in greater employment gains than losses. That said, the spread is extremely uneven, resulting in a widening digital divide both within countries, and between developed and developing
countries. To the extent that ICT uses results in the economic gains noted above, a widening digital divide could also well mean a widening economic divide.

13. Based on the background Discussion Paper for a Global Employment Agenda, the United Nations Economic and Social Commission for Western Asia (ESCWA) held a regional meeting on science and technology policy in Beirut in July 2002. One concrete outcome of the meeting was the formation of a regional alliance between ESCWA and the ILO to create a task force on “technology for employment”. The meeting also revealed that, despite several successful initiatives in the Arab States in using ICT to provide employment opportunities, there was little knowledge sharing across the region. The meeting identified the first task of the regional alliance to be the compilation of best practices on how ICT was being used to increase productivity and create jobs.

Core element three: Promoting decent employment through entrepreneurship, labour standards, business creation and growth

14. Enterprise creation, innovation and business growth lie at the heart of effective employment policies. Higher rates of enterprise creation – and destruction – are associated with higher levels of employment. Excessive or inappropriate regulation of enterprises can crowd entrepreneurial activities into less productive niches in the informal economy. A central role for governments is to lower the costs and unnecessary bureaucratic hurdles to enterprise creation, and facilitate access to markets, credit and business training so that businesses can more easily be established in the formal economy, grow and provide productive employment. Enterprise development begins with building a business culture that respects workers’ rights, such as the right to freedom of association, especially among youth, so that entrepreneurship is an explicit component of the school-to-work transition.

15. The ILO is taking an integrated approach to small enterprise development in Viet Nam, in partnership with the Viet Nam Chamber of Commerce and Industry (VCCI). With the ILO’s support, the VCCI completed and published a study on how the current policy and regulatory environment influences small enterprises’ employment and investment decisions. This improved the VCCI’s ability to advocate reforms and to set priorities for ILO technical assistance. In a number of provinces, an ongoing ILO project with the VCCI provides training to local officials on best international practices in policy implementation and labour standards, supports small business associations in providing better services to their members, particularly to women entrepreneurs; facilitates access to business development services through local organizations and private businesses; and promotes public/private partnerships to extend public services in poorer neighbourhoods. Small business management training is made available through some 45 Vietnamese small enterprise development organizations in 25 provinces, and through radio broadcasting to more rural communities. New work to support a microfinance network in Viet Nam focuses on meeting the financing needs of household-enterprises run by women. Assistance for employment growth through enterprise development is also under way in neighbouring Cambodia and the Lao People’s Democratic Republic, creating opportunities for shared learning and market development in the Mekong subregion.

Core element four: Promoting sustainable development for sustainable livelihoods

16. The 2002 World Summit on Sustainable Development in Johannesburg highlighted the explicit link between environmental protection and employment. The evidence is increasingly clear that environmental degradation is linked both to poverty and to
unsustainable production and consumption patterns. These, in turn, are linked to existing and future employment. There is growing recognition that the next generation of industries and jobs will need to be sustainable in environmental terms. This presents the world with investment and innovation opportunities that can generate new employment, and fulfil the aim of decoupling pressure on natural resources from gainful economic activity.

17. Since 1997 the ILO has supported a project in Dar es Salaam, United Republic of Tanzania, that has generated small enterprises (about 70 “franchisees”, i.e. private enterprises, associations and community organizations) to solve urban environmental problems while creating more than 1,500 jobs. The ILO has assisted the city council to rationalize management and privatize recuperation of the solid waste in the city, to train the local authorities as well as the waste collection contractors, and has thereby extended collection to previously unserviced low-income areas. Women and youth have been the first beneficiaries of this project. In addition to providing a living wage for these activities, safe and healthy working conditions are key concerns.

Core element five: Employability by improving knowledge and skills

18. A key source of higher labour productivity is the education and skills – and the ability to acquire new ones – of the labour force. A strong skill base promotes productivity and employment in at least two ways. First, it enables enterprises to adapt rapidly to change, innovate and move with greater ease up the value chain. The great increase in per capita income in several East Asian countries in an unusually short span of time was in a large part based on the availability of skills. Second, skills and an education system that prepares people to learn underlie the individual’s employability. This, in turn, allows for new knowledge to be more rapidly applied within the enterprise, as well as facilitating external labour market mobility and the reallocation of people to more productive activities. Investment in training is the joint responsibility of governments, enterprises, the social partners and the individual. In the poorest countries, priority needs to be given to the improvement of basic education and promotion of literacy.

19. An ILO Round Table in Montreal, Canada, 23-24 April 2002, was the first in a series of high-level round tables agreed upon as follow-up to the Global Employment Forum and focused on the theme: Knowledge and Skills for Productivity and Decent Work. It was organized to coincide with the G8 Labour and Employment Ministers’ Meeting in Montreal, which had a similar theme (The Knowledge Imperative – Skills and Learning for the 21st Century). Participating in the Round Table were G8 government officials, policy-makers from several developing countries, and representatives of employers’ and workers’ organizations, as well as international organizations, including the European Union and UNESCO. The Round Table endorsed the five training policy challenges identified in the Global Employment Agenda: (i) the need for more and better investment in training; (ii) urgent reform of basic education, and literacy and core work skills development in order to improve individuals’ employability and access to decent work; (iii) the need to reform vocational education and training systems; (iv) developing systems for recognizing individuals’ skills; and (v) the need to strengthen and improve the capacity of the partners to engage in social dialogue on training.

20. Another important follow-up activity was the ILO’s Inter-American Tripartite Seminar on Training, Productivity and Decent Work, Rio de Janeiro, 15-17 May 2002, attended by constituents from 20 countries in the Americas. A common understanding was reached on: (i) innovative policies and reforms which promote the development of workforce knowledge and skills; (ii) investment in training: the role of the social partners; and (iii) skills recognition and the development of national qualifications frameworks.
Core element six: Labour market policies for the management of change

21. Designing and implementing active labour market policies is essential for insulating people against the costs of change and for improving the functioning of labour markets. Such policies must strike the best possible balance between security for the worker – which in turn allows her or him to overcome anxieties associated with change – and flexibility for the employer in managing the workforce. Such policies can also specifically target men and women who risk becoming marginalized and excluded from working life. As such, they can promote greater equity in the labour market. Reaping the full gains of trade liberalization rests in part on the quality of active labour market policies and institutions, such as training policies or public/private employment services, which facilitate the matching of supply and demand in the labour market rapidly, efficiently and equitably.

22. The ILO has started a project in Turkey, which aims to help retrenched workers to find other jobs or to start out on their own in a context characterized by privatization and the near absence of active labour market policies. To achieve a reallocation of labour that, in the case of partial closure, ensures the stability of those remaining and the security of those in transition to other jobs, active employment policies and income-replacement measures are required. The ILO is working with constituents to ensure that funds in the newly created unemployment fund be earmarked for this purpose. Experimental schemes based on dialogue and active partnership in retrenchment situations at the local level will be tested.

23. Labour market institutions also need to address equity in labour markets. In Estonia’s transition to a market economy, women suffered particularly high unemployment. The ILO has been assisting the Government in designing and implementing a National Plan of Action on More and Better Jobs for Women. The outputs and impact of the plan have confirmed the importance of a comprehensive strategy integrating the different elements of the Global Employment Agenda and combining policy and action at national and local levels. At national level, the capacity-building component has supported the Bureau of Equality’s efforts to address the country’s equality in employment prerequisite for accession to the European Union, including an Equality Act, currently before Parliament.

Core element seven: Social protection for improved labour market functioning

24. Social protection is a critical tool in the management of change as it enhances the dynamism of the economy and the mobility of labour. People who face sudden loss of income without any form of protection are naturally reluctant to take the sort of risks involved in job creation and more productive employment. A central challenge is that less than 20 per cent of the world’s population is properly covered by social security, and most of these live in the industrialized countries. There is, in addition, a need to reform existing systems with a view to adopting innovative ways to cover risks more effectively and to remove disincentives to job creation and job seeking, where they exist.

25. The goal remains the creation or extension of generalized systems of social protection at the national level. At the same time, however, the ILO advocates the provision of social protection at the local level through microfinance mechanisms, as well as the coordination of such mechanisms across communities. The record shows that such mechanisms, and the income security that they offer, can fulfil the twin aims of providing protection and stimulating the local economy.
Core element eight: Occupational safety and health for increased productivity

26. The number of those for whom disease and injury mean a loss of work for shorter or longer periods of time is likely to outnumber the world’s total unemployed. Good health enables employability, productivity and output growth. The World Health Organization (WHO) health strategy and the new ILO health and safety strategy, SafeWork, aim to create worldwide awareness of the scale of work-related accidents, as well as to raise productivity through the promotion of basic protection for all workers. A main objective is to increase the capacity of governments and industry to design and implement more effective prevention and protection policies. Occupational safety and health is a positive factor for higher productivity, and the concept that “safety pays” therefore needs to be promoted.

27. Improving workplace safety and health in developing countries can be a source of long-term improvements in productivity. Indeed, low safety and health practices by countries or companies holds back progress towards high competitiveness or sustainable growth and leads to low productivity, low pay, and low-quality products. Furthermore, many improvements in workplace safety and health often require the most minimal of investments – frequently through mere changes in work practices and work organization – quickly paid back by improvements in productivity. Evidence from Japan, Thailand and the United States show that such investments in small and medium-sized enterprises have significantly improved their productivity. ILO evidence for SMEs in Africa shows the same.

Core element nine: Policy coordination for growth and employment

28. The successful integration of over 1 billion people either into employment for the first time or into more productive employment carries with it a great potential for economic growth. The experience of the 1990s shows that possible negative trade-offs between employment growth and inflationary pressure or between improved productivity and slower employment creation can be avoided by the implementation of sound employment policies. For such salutary outcomes to occur, however, an integrated approach to economic and social policies is needed in order to connect growing markets to improved enterprise performance and well-functioning labour markets. Explicitly addressing the objective of employment generation, rather than relying on a “trickle-down” outcome of other policies, is a vital element to such policy integration.

29. Sri Lanka is addressing this coordination problem in two ways. First, it is launching a recently drafted National Employment Policy (NEP), the first in the country’s history, which incorporates a strategic vision for the quantity and quality of employment, replacing the more fragmented approach of the past. The committee that has overseen the drafting of the NEP includes not only the Ministry of Employment and Labour, but also the social partners and the Ministry of Finance. Second, with assistance from the ILO, elements of employment policy have been more specifically related to the promotion of decent work and incorporated in the country’s poverty reduction strategy paper (PRSP) process, overseen by the Ministry of Finance. The objective of employment creation is thus more closely tied to the overall macroeconomic framework – and to donor assistance, as convergence of donor interest around the PRSP will be one outcome of the process.
Core element ten: Productive employment for poverty reduction and development

30. At the turn of the twenty-first century, poverty remains the most persistent and severe economic and social problem facing much of the developing world. Crises caused by various factors (e.g. severe economic difficulties, armed conflicts and natural disasters) aggravate the poverty situation in many countries. In these countries, policies should target efforts to rebuild livelihoods through reconstruction programmes directed to infrastructure, institutions and support services. As poverty is less the outcome of open unemployment than of the inability of work to secure decent levels of income, a direct focus on productive employment must become central to strategies for poverty reduction and development. There is a need to create the conditions that encourage productive investment and to raise the skill levels of the workforce, and a need for these endeavours to target specifically agriculture and the rural economy, where the majority of the world’s poor are found. Policies need to be conducive to employment-intensive infrastructure investment. ILO work over many years has identified techniques which fully meet quality and efficiency standards while maximizing job opportunities for otherwise underemployed and poor workers. Most important is a macroeconomic framework that is explicitly pro-employment, maintaining adequate investment in health and education. Direct measures to assist the rural poor can be found either in employment and income-generation initiatives, or in measures that support food consumption and access to services.

31. As one of five countries in which the ILO, the World Bank and the International Monetary Fund have agreed to collaborate in assisting the PRSP process, Nepal has placed the promotion of decent employment as the central means of reducing poverty and accelerating development. The National Planning Commission (NPC) accepted the ILO’s recommendations in May 2002 to make the use of labour-based (employment-intensive) methodologies a primary criterion of all public infrastructure spending. The NPC’s adoption of the recommendations will commit the Ministry of Finance to undertake an employment-impact analysis of all macroeconomic policy choices prior to their having been made. Similar work on a comprehensive national employment policy in the Islamic Republic of Iran, will also be a feature of action to follow-up a Memorandum of Understanding between the Government and the ILO signed in August 2002.

The Global Employment Agenda: The way forward

Action at the national level

32. It is first and foremost at the national level where responsibility lies for giving effect to the ten core elements of the Global Employment Agenda. Efforts to focus on equitable distribution of growth through raising the productivity of the working poor is a central element of ILO work on decent work country programmes. The open and dynamic character of the Agenda is an invitation to governments, in collaboration with the social partners, to develop the employment policy component of such action plans, while remaining sensitive to the great diversity in economic and social conditions that prevail across countries and regions. The General Survey on the set of ILO Conventions and Recommendations concerning employment promotion, to be completed in 2003, may help
member States and the social partners to review their current employment policies and identify priority areas for action.  

**Action at the regional level**

33. It cannot be assumed, however, that action at the national level alone is sufficient for placing productive employment at the centre of economic and social policies. The promotion of the ILO Declaration on Fundamental Principles and Rights at Work is an express consideration of the fact that globalization will not work without a social floor, the simultaneous effort to ensure the basic rights of all workers. 

34. For productive employment to attain a central status in economic and social policies, it is necessary to improve our understanding of the interrelationships between all the policies that impact on employment, whether national or international. In Africa, a concerted approach to poverty reduction and job creation is being pursued through, for example, both the Jobs for Africa Programme initiated by the ILO and the United Nations Development Programme (UNDP), as well as the New Partnership for Africa’s Development (NEPAD). 

**Action at the international level**

35. Action on employment at the national level requires a conducive international economic environment and support for poverty-reducing employment growth. The Agenda highlights the potential inherent in the forging of a number of global alliances between the ILO, its national constituents and the multilateral system. Such alliances – concerted partnerships between the ILO and one or more institutions – will be most effective when focused on specific policy areas where common ground can be sought and common initiatives pursued to promote productive employment as the central objective of economic and social policies. 

36. Previous papers on the Agenda have noted that there are already successful examples of such alliances, such as the Youth Employment Network of the United Nations, the World Bank and the ILO.

<table>
<thead>
<tr>
<th>The Secretary-General’s Youth Employment Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Youth Employment Network is the first of the Global Alliances proposed in the ILO’s Global Employment Agenda. It provides the ILO an explicit foothold into the cooperative efforts of the United Nations system for the coordinated implementation of the Millennium Development Goals. Furthermore, youth employment, as an issue of immediate and concrete importance to both political leaders and social partners, provides a useful entry point into the Global Employment Agenda.</td>
</tr>
<tr>
<td>During the Millennium Summit, as part of the Millennium Declaration, Heads of State and Government resolved to ‘develop and implement strategies that give young people everywhere a real chance to find decent and productive work’. As stated in the United Nations Secretary-General's Millennium Report, the Network draws on the most creative leaders in private industry, economic policy and civil society, including youth leaders, to explore imaginative approaches to the youth employment challenge.</td>
</tr>
<tr>
<td>The 12-member panel of the Network met for the first time in July 2001 at the ILO in Geneva under the chairpersonship of the United Nations Secretary-General, together with the Director-General of the ILO and the</td>
</tr>
</tbody>
</table>

---

President of the World Bank. At this meeting, the Secretary-General emphasized the need for both immediate action and long-term commitment to achieving the millennium goal on youth employment. He also requested the ILO to take the lead in organizing the future work of the Network and to assume the responsibility for hosting a permanent secretariat.

The panel’s recommendations encourage world leaders to take personal responsibility for translating the commitments taken at the Millennium Summit into action. Heads of State and Government are invited to develop national action plans with targets for the creation of jobs and for the reduction of unemployment and to present these plans to the United Nations in a year’s time. Furthermore, ten governments are invited to volunteer to be champions of this process, to take the lead in preparing their action plans and in showing the way to others.

The panel has also come up with a simple political message which can be summarized in the following principles, placing employment creation at the centre of macroeconomic policy as the overarching principle that provides the umbrella framework for the other three:

- **Employability**: Invest in education and vocational training for young people, and improve the impact of those investments.
- **Equal opportunities**: Give young women the same opportunities as young men.
- **Entrepreneurship**: Make it easier to start and run enterprises to provide more and better jobs for young women and men.

37. Another example is the strategic alliance between the ILO and the Committee for the Promotion and Advancement of Cooperatives (COPAC), which promotes the goals of the Agenda by focusing on job creation through cooperative enterprises. Membership of this alliance includes the United Nations, the Food and Agriculture Organization (FAO), the International Cooperative Alliance (ICA) and the International Federation of Agricultural Producers (IFAP). Other promising initiatives include ILO work on job creation in rural areas with the FAO and with UNDP on poverty reduction (see box).

Collaboration between ILO and UNDP on employment and poverty

The pattern and sources of growth as well as the manner in which its benefits are distributed are extremely important for poverty reduction. Employment is the key link between growth and poverty reduction, and the ILO and the UNDP have set up a joint task force for developing a programme on employment and poverty. The programme focuses on policy-oriented research, joint participation in intergovernmental and global forums, and country collaboration between the two organizations. A number of pilot countries have been selected for country-level collaboration, the first of which is Ethiopia.

Conclusions

38. The development of the Global Employment Agenda over the past year through the work of the Committee and the Global Employment Forum has enriched the capacity of the ILO to engage in discussions at national and international level on the policy mix needed to accelerate the creation of decent work opportunities in the context of increasingly interdependent societies and economies. The methodology of identifying challenges and working through policy responses gives a dynamic character to this work which will continue to evolve through the experience gained of country-level work with constituents and alliances with other international organizations. As can be judged from this brief and partial review of recent ILO work on the core elements of the Agenda, the work ranges from relatively small “on-the-ground” projects, which demonstrate the potential of various types of active employment policy, to research and analysis in support of the ILO’s advocacy of the goal of high levels of employment participation as central to successful social and economic policies. The work on employment policies is also reinforcing the ILO’s decent work strategy by demonstrating the mutually supportive character of integrated action to promote labour standards, social protection and employment and enterprise development through social dialogue.
39. In light of the above, the Committee on Employment and Social Policy may wish to recommend that the Governing Body:

(a) encourage member States to draw on the framework of the Global Employment Agenda and the technical assistance of the ILO in elaborating decent work country programmes;

(b) request the Office to analyse and report on country-level experiences on the impact of employment policies on poverty reduction;

(c) identify which component elements of the Agenda require further elaboration and discussion by the Committee; and

(d) request the Office to provide periodically a summary review of progress in developing and promoting the Agenda, including through alliances at the regional and global level.


Point for decision: Paragraph 39.