



FIRST ITEM ON THE AGENDA

**Global Employment Agenda**

**Contents**

	<i>Page</i>
Considerations in view of the 11 September terrorist attacks in the United States.....	1
1. A new approach to employment policies.....	2
2. Part I. The global employment challenge: What is the problem and why did things go wrong?.....	3
3. The global employment challenge: Creating 1 billion productive jobs in a decade .....	6
4. Part II. The challenge for policy-makers: Promoting and managing change.....	7
5. Promotion of change for productive employment .....	8
6. Management of change for widely shared prosperity .....	10
7. Coordinated policies for growth, employment and poverty alleviation.....	13
8. International dimension: Consistent policies for employment .....	14
9. Part III. Policy lessons and global alliances.....	14
10. Global priorities for national employment policies .....	15
11. Global strategies, national action plans .....	15

## Considerations in view of the 11 September terrorist attacks in the United States

This paper was prepared before the 11 September terrorist attacks in New York and Washington, DC. In view of their likely far-reaching impact on global as well as national political and economic developments, this first section was added to the document in late September. The presentation of the paper to the Employment and Social Policy Committee session will provide an opportunity to take account of unfolding events.

As of the end of September it was clear that short-term global growth was likely to slow down to an extent unexpected before the attacks. The United States, the European Union and Japan, all of whose growth projections had already been revised downwards, are likely to perform unfavourably in the coming months.

Many major industries in the United States and elsewhere in developed countries are having to scale down their activities and retrench part of their workforce. This will inevitably have a contagious effect on economies elsewhere which is likely to include a worsening of the investment climate. Foreign direct investments will probably decrease. Debt relief negotiations may face new complications. The already announced and expected large layoffs will increase not only immediate concerns, but also have a ripple effect globally on suppliers and linked enterprises. There will inevitably be an increased risk of greater volatility in oil production and prices linked to political developments. Migration flows will be affected, both inside and between countries.

Recent developments, although temporarily slowing down economic growth, reinforce the emphasis that all countries need to place on achieving acceptable employment outcomes in the face of job losses. The structural reforms discussed and recommended in the Global Employment Agenda therefore also become all the more relevant because their implementation increases an economy's capacity to respond positively to economic shocks and in the long-term fight against poverty.

In terms of remedial measures, a number of points can be made. *First*, with job losses on an unexpectedly large scale, both financial and fiscal policy instruments are key considerations for governments to endeavour to maintain overall levels of demand. There is every reason to believe that the authorities are willing to do so. Appropriate safety nets should be put in place. *Second*, it is highly important that global channels of trade, finance and investment remain open in a period of heightened concern for security. The negative effects of slower growth in the advanced industrialized countries on employment and welfare elsewhere in the world must be moderated as much as possible. *Third*, opportunity should be given for tripartite consultation on proposed policy measures.

The Global Employment Forum (1-3 November 2001) will provide one opportunity to take stock of these tasks.

The present paper will be considered by the Governing Body Committee on Employment and Social Policy at its November 2001 session together with a summary of the main outcomes of the Global Employment Forum. Based on the Committee's debate, the Office will revise as appropriate the Global Employment Agenda. The revised document will be submitted for final discussion by the Committee on Employment and Social Policy during the Governing Body session in March 2002. A key outcome of the Committee's discussion in March 2002 will be how the International Labour Organization shall implement the Agenda.

## 1. A new approach to employment policies

1. The central global challenge at the start of the twenty-first century is to secure decent work for people everywhere in conditions of equity, security and human dignity and thus draw out of poverty the 1.2 billion living below the poverty line.
2. Employment is fundamental in the fight against poverty and social exclusion, as was agreed by the World Summit for Social Development in 1995. In 2000, the 24th Special Session of the United Nations General Assembly recognized the need to elaborate a coherent and coordinated international strategy on employment to increase opportunities for people to achieve sustainable livelihoods and gain employment. It also supported the ILO's convening of a World (Global) Employment Forum. The United Nations Millennium Declaration, adopted in September 2000, underlined a number of global objectives to be achieved by 2015, including to halve the proportion of the world's people whose income is less than US\$1 a day.
3. The Global Employment Agenda is the ILO's response to both the General Assembly resolution and the Millennium targets. It aims to put employment at the top of the national and global agenda and to build a platform for strategic alliances for the faster creation of productive employment between the ILO and other UN agencies and the Bretton Woods institutions.
4. Employment is central to poverty reduction through the material reward that work provides. But the employment challenge is not solely one of income and, here, too, work alone is not enough. Poverty is characterized by many more factors than inadequate income. People's work means more to them than financial reward. Employment is a primary vehicle for self-realization and social integration. It is at work, in wage employment or self-employment, that people experience fairness or unfairness, where they are respected or not, where their voice is heard or ignored, where self-worth is either nurtured or denigrated.
5. The Global Employment Agenda is a major strategic dimension of the ILO's Decent Work Agenda in which basic rights at work and freely chosen, productive employment must advance together. They are a package. Rights at work embody core values, but these obviously cannot be expressed without work itself. Again, employment is fundamental. But employment alone falls short of meeting all people's aspirations or, indeed, needs from work. For example, both social protection and employment contribute to the fundamental human need for a level of income security. This is one way in which labour markets are unlike other markets: people require some security, without which labour market behaviour can be both economically and socially dysfunctional. Social dialogue can also generate the social partnership and consensus instrumental in overcoming disruptive conflict and defining and achieving the goals of decent work through, for example, the workers' right to a voice at work, and to associate with others sharing their interests.
6. Poor quality jobs, low pay, overwork, unsafe, unhealthy working conditions, and job and income insecurity are widespread. Women in most parts of the world remain discriminated against, an overworked and underpaid human resource whose skill development is far too often neglected. Making better use of women's potential and improving their status, opportunities and conditions of work will help to break the grip of poverty everywhere. It thus stands to reason that the best way to achieve any one of the goals of decent work is by moving towards them all at the same time. That is why, while the core concern of the Global Employment Agenda is with employment, it will be integrally linked to the Decent Work Agenda as a whole.

7. Through the Global Employment Agenda, the ILO will contribute to a new and dynamic approach for more successful employment policies in order to face the twin challenge of promoting change and properly managing it to create more and better jobs. It rests on the following six interrelated pillars:
- Decent work as a productive factor.
  - Increasing incomes and productivity of the working poor through an emphasis on productive employment to fight poverty.
  - Realizing the virtuous circle of investment, productivity and employment growth.
  - A commitment to mainstreaming equal opportunities between men and women and ensuring that women are enabled to fully contribute to, and to benefit from, economic and social development.
  - Integrating economic, social and environmental considerations in a strategy for sustainable development based on a broader and more long-term development perspective.
  - A call for the coordination of global and national policy-making to ensure a consistent approach to employment policy.

## 2. Part I. The global employment challenge: What is the problem and why did things go wrong?

8. Some countries have been successful in creating jobs and integrating people into gainful employment. However, in a general global perspective, the policies of the past have failed to spread more and better jobs and prosperity to enough people. In many parts of the world, the last decade was lost in the fight against poverty. The 1.2 billion people in the world who are living below the US\$1 a day poverty line are supported by around 530 million people, who are working – the working poor.<sup>1</sup> Most of the rest are their families and dependants. Unemployed people numbered around 160 million at the end of 2000, 53 million of whom were living in the industrialized and transition economies. With the global economic downturn having gained in intensity in 2001 and now having starkly worsened in the aftermath of the terrorist attacks, the ranks of the unemployed have clearly swelled, and the fight against poverty has been rendered more difficult.
9. The global employment problem has both a regional dimension and one based on the structure of economies at different stages of development.
- While unemployment is a serious problem in many developed and transition countries the major problem in developing countries is one of low productivity, long working days, low income, and poverty.
  - Regional differences are strongly related to differences in economic structures. For example, half the world's workers and almost 60 per cent of the labour force in Asia

<sup>1</sup> N. Majid: *The size of the working poor population in developing countries*, Employment Paper 2001/16, Geneva, ILO, 2001.

and Africa work in the agricultural sector. Three-quarters of the working poor in developing countries live in rural areas.

- In the 1990s, employment in the world increased on average by 1.4 per cent a year, below the labour force growth rate of 1.7 per cent. Additionally, labour force participation fell from 62.9 per cent of the 15-64 age group in 1990 to 61.6 per cent in 1999. In the last few years the global economy has created about 40 million jobs a year compared to about 48 million new jobseekers. Of the 40 million new jobs, as many as 10 million are in the ranks of the working poor or otherwise underemployed.
- Most new jobs are currently being created in the small enterprise sector; in developing countries a growing number of these jobs are in the informal part of the economy and many are of low quality.
- Although female participation rates have been rising as those of males have been falling, gender-based discrimination in labour markets remains widespread. Unemployment rates are often higher for women and part-time work is very much a female domain. Women may spend less time on paid work than men but they spend considerably more time on unpaid work. They also continue to receive lower wages on average than men. Non-salaried male workers tend to be self-employed, while non-salaried women tend to be unpaid family workers.

**10.** There are numerous reasons why the process of world economic growth has not been steady and inclusive. The centrality of employment for widely shared prosperity has not always been well understood. As a consequence, the role of human resources for economic growth has been neglected in many countries. Social policy has been seen as a burden for the economy, or as a policy for distribution of existing resources in a zero-sum game. Thus, policies for education and training, for health and safety, social dialogue, and for social protection, have not been given the orientation and dynamic role they can and should play for a more growth-oriented economic policy. Another reason is to be found in poor industrial relations and lack of social dialogue. In some countries these relations are based on mutual respect and understanding and this has led to improved productivity. In many other countries unsatisfactory relations between workers and employers have undermined the performance of the economy and the creation of jobs. Furthermore, the different strategies proposed by the international community have not always been consistent with each other in their implications for output and employment growth and poverty reduction. Any economy functions as a set of interdependent relationships, relationships that are variously affected by economic and social policies. Often, however, such policies are neither coordinated beyond their specific aims, nor take into account their effects on aspects of the economy they do not directly target. Employment in particular has not been a central objective, either in macroeconomic strategies, or in development strategies.

**11.** Furthermore, the structure of the world economy has changed quickly and some countries are better equipped to benefit from such changes. Insufficient effort has been made nationally and internationally to spread the benefits of globalization fairly.

**12.** Behind today's harsh realities of poverty and unemployment are some key constraints facing different groups of countries and impinging on the governance of the global economy. Thus, many developing countries are facing a stabilization trap. They have cut inflation and reduced budget deficits but cannot turn this solid macroeconomic performance into the creation of employment at high and rising productivity levels. They cannot generate the rate of growth needed to raise the earnings of the working poor. To a large extent this is because they can neither stimulate business investment nor raise the skill levels of the labour force and thus escape the stabilization trap. Furthermore, their

own fiscal capacities are not generating the resources to contribute to the public sector investment that complements business investment. Often resources are not adequate to finance necessary social programmes. Without being able to tap additional external resources many developing countries cannot break out of this vicious circle.

13. In the transition countries the combination of internal (systemic) changes, macroeconomic stabilization, the rupture of links between enterprises, sharply increasing prices of energy and other material inputs, and external shocks (the collapse of the Comecon market and the break-up of the USSR) has resulted in a deep transition crisis. These countries are generally still a long way from full employment. Many enterprises are scarcely profitable, high taxes and social security contributions encourage informalization and reduce formal employment while there is little consistency between employment policy and economic and social policies in general. In addition, labour mobility is low while labour market policies are too oriented towards reducing labour supply and not sufficiently towards retraining. At base, the constraint on employment growth lies in the difficulties inherent in promoting investment and new employment-creating enterprises, and in designing and financing effective labour market policies and programmes.
14. In the advanced industrial countries it is becoming clear that achieving full employment requires a long period of sustained growth, uninterrupted by worries about inflation, and direct efforts to bring into, or back into, work such groups as the long-term unemployed. Attention has centred on the contribution that tripartite negotiation and consultation can bring to strengthening industrial competitiveness, keeping inflation low and increasing employment. In some smaller European countries, governments and the social partners have successfully engaged in tripartite social dialogue to achieve high levels of employment without incurring the social cost of increased wage dispersion and near stagnation of the incomes of low-skilled workers that some other countries have experienced.<sup>2</sup> More countries could follow the route of tripartite social dialogue leading to employment growth. Meanwhile, shifting from a passive to an active approach to helping the unemployed has had some success. Still, despite such instances of success in some countries, in others governments have often been unable to meet the fiscal targets expected by the financial markets and have had to pursue deflationary policies in consequence. A sustained rate of economic growth has therefore not been achieved.
15. Inadequate global governance has also acted as a constraint on employment creation and poverty alleviation. The income gap between the richest and the poorest countries is increasing, with unpredictable consequences, and globally growth has been both slow and unstable. Financial instability has been an obstacle to development. Concessional aid flows from industrialized to developing nations have declined. There are a number of reasons for this state of affairs, some of which transcend domestic policies in the poorer countries and revolve instead around fulfilling the obligations of one set of countries towards another. There is a need for better global coordination of economic policies. There is also a need to overcome the unwillingness on the part of richer countries to overrule the special pleading of some of their own interest groups, which, for example, has resulted in the lack of liberalization of trade in many agricultural products.

<sup>2</sup> P. Auer: *Employment revival in Europe: Labour market success in Austria, Denmark, Ireland and the Netherlands*, Geneva, ILO, 2000.

### 3. The global employment challenge: Creating 1 billion productive jobs in a decade

16. In the present state of the global economy with its insecurity and slow growth, establishing a strong and positive vision for the future in order to restore confidence is essential. A first main element of the Global Employment Agenda is therefore the identification of the potential for economic growth through better integration of the present and future labour force in productive employment. Already today there are 530 million working poor in the developing countries to be mobilized for more productive work – and better incomes. In the next ten years there will be an additional 500 million people entering the world's labour force, young people with better education and training and prepared to work and 97 per cent of whom live in developing countries.
17. The integration of around 1 billion men and women either into employment or into more productive employment in the next ten years is the big challenge for national governments, social partners, civil society, and the multilateral system. Three scenarios are presented in the Global Employment Agenda to illustrate the potential for economic growth as a result of absorbing new entrants into productive employment and raising the productivity of the working poor.
18. The *first baseline scenario* (“business as usual”) assumes that labour productivity and employment in every region will grow only at the same rate as in the 1990s, implying for the world as a whole growth rates of only 1.1 per cent for productivity, 1.4 per cent for employment and 2.5 per cent for GDP. This would yield a rise in the number of unemployed from about 160 million in 2000 to almost 200 million in 2010. The projected expansion of employment in sub-Saharan Africa, Latin America and the Caribbean, and South Asia would be primarily in low-productivity and low-income jobs. Although world poverty would in fact decline, especially in China and East Asia, globally it would become more concentrated in sub-Saharan Africa.
19. The *second and third scenarios* show respectively the dividend in per capita growth from halving the unemployment rate, and from halving both the unemployment rate and the working poor rate (table 1). Halving the unemployment rate results in a growth dividend of more than 2 per cent per capita growth annually in most regions of the world. There is little bonus for sub-Saharan Africa, however. In that region, the employment challenge to be faced is not that of open unemployment, but of underemployment and the working poor.
20. The *third scenario* (“productive employment”) illustrates the economic growth realizable if the potential of the existing and new labour force is more fully utilized. The growth dividend for parts of the world where poverty is concentrated, namely South Asia and sub-Saharan Africa, is striking.
21. The purpose of these scenarios is to illustrate the potential of a successful employment policy, and the demands that would need to be made on public policies to harness that potential. The first scenario is unacceptable; such an economic growth path will not meet the targets set by the Millennium Declaration for poverty reduction. The second scenario shows that a fall in the rate of unemployment only brings a marginal growth dividend. The last scenario shows the human resource potential of well-designed structural, labour market, and macroeconomic policies. Indeed, a favourable combination of productivity growth and rising employment has been the basis of successful employment performance in a number of countries in South-East Asia and more recently in the United States.

Table 1. Outlook

Region	1st scenario	2nd scenario	3rd scenario
	Per capita GDP growth (1990-99)	Per capita growth dividend from:	
		Halving the unemployment rate with a constant working poor rate (1998-2010)	Halving both the unemployment rate and the working poor rate (1998-2010)
Sub-Saharan Africa	-0.3	0.1	2.8
Middle East and northern Africa	0.9	2.9	3.0
South Asia	3.3	2.2	6.3
East and South-East Asia	3.3	2.1	3.0
China	8.8	2.8	5.9
Latin America and the Caribbean	1.5	1.8	2.8

Source: C. Harasty, S. Berger and K. Coutts: *Halving the world's working poor by 2010*, Geneva, ILO, 2001, mimeographed.

22. These scenarios differ from the reverse type of statistical exercise which starts from an historical relationship between growth and poverty reduction and calculates the rate of growth needed to halve poverty. Halving both the unemployment rate and the rate of the working poor necessarily has implications for investment needs. These are being investigated by the Office.
23. A basic condition for the realization of this potential for economic growth and prosperity is that productive employment be placed at the centre of economic and social policies. Improved productivity works in two ways to boost employment and strengthen employment quality. First, it is the source of sustained real wage improvement, and raises aggregate demand. Second, improved productivity counteracts risks of inflationary pressure and, thus, gives more room for growth-oriented demand policies. Since enterprises and entrepreneurship are the main vehicles for creating productive jobs, public policies must promote both, within a well-chosen policy framework, a framework that finds a good balance between the flexibility that enterprises need in order to react to changing circumstances and the level of security that workers need in order for them also to adapt to change. Thus public policies must achieve a forceful drive for change and productivity growth on the one hand, together with a socially responsible management of change on the other hand. Such a balance between flexibility and security requires a major policy shift towards strategies based on investment in human resources, gender equality and social dialogue.

#### 4. Part II. The challenge for policy-makers: Promoting and managing change

24. A main element of the Global Employment Agenda is a review of national and global strategies and policies needed for a better utilization of human resources. Its principal message is that there is a need for change, for modernization and for higher productivity to meet the expectations of workers and their families and for achieving the goals and targets set by the UN and other multilateral organizations.
25. However, change often has profound effects on the labour market and on working conditions, creating winners and losers, including some and excluding others. In order to

make this process productive, inclusive and equitable, management of change must be improved. Social and economic policies need to be integrated at the global, as well as at the regional and national levels. These policies for the promotion of change and the management of change create opportunities for more growth-oriented macroeconomic policies and development strategies leading to more favourable employment outcomes.

26. The Global Employment Agenda poses key questions concerning each of these policies and outlines a set of policy responses. These are summarized below.

**Policy initiatives and the exchange of information on  
good practices in national employment policies**

The Global Employment Agenda itself discusses good national practices as components of an employment strategy. In addition, a website will be set up which will display examples of good country practice. The website will be publicly accessible. ([www.ilo.org/public/english/employment/empframe/practice/index.htm](http://www.ilo.org/public/english/employment/empframe/practice/index.htm))

## 5. Promotion of change for productive employment

27. This part of the Global Employment Agenda is about change, driven by trade, technology, entrepreneurship and public policies, all of which contribute on balance to new investment, higher productivity and prosperity.

28. *Trade and employment.* Trade is a powerful driver of competition, change and productivity. Since the mid-1980s there has been widespread liberalization of trade and investment regimes. For those developing countries that can assemble or produce good quality manufactures, trade liberalization is an effective instrument for creating productive jobs through exporting. Other developing countries should be encouraged to diversify and upgrade their exports and should have better access to developed countries' markets.

The requirements:

- Allow free access to goods and commodities produced by low-income countries.
- Shift the export base of developing countries from primary commodities to manufactures by promoting appropriate physical infrastructure and the required skills of the labour force in an export-friendly trade regime.
- In advanced industrialized countries give top priority to skill development. Counter the adverse effects of trade and technological developments by active labour market policies and not through restrictive trade practices.
- To attract FDI to develop a clear and favourable approach to enterprise development, a skilled labour force, effective infrastructure, and ensure political, economic and institutional stability and transparency.

29. *Changing technologies.* New information and communication technologies are reshaping the world of work, leading to new types of jobs and higher productivity. Innovation and the spread of new technologies are driven mainly by enterprises and markets. But public policies can facilitate the introduction of ICTs and help bridge the digital divide within and between countries and by promoting training and lifelong learning. The technologies must be made available and affordable and the skills needed for their utilization must be developed.

The requirements:

- ICTs are relevant to all countries irrespective of their level of economic development. All governments need to adopt policies towards the technology revolution, otherwise there is a risk of marginalization.
- Securing an initial niche in “intangible” product markets is possible with basic skills. Moving up to higher value added production and broadening the use of ICTs in the domestic economy, will require an investment in knowledge of software skills. Developing countries that can acquire higher level ICT skills can therefore aim at a strategy of “walking on two legs” by tapping both ends of the skills spectrum – thus increasing total value added in ICT products as well as employing more workers in the sector.
- ICTs can be used in strategies to eradicate poverty, not only through their effect on economic growth, but also by improving access to health care, education and other social services. Public and/or private assistance to community-based organizations to provide access tailored to the needs of the poor is one place to begin.
- Promoting access and use of ICTs begins by ensuring a more competitive and lower cost telecom sector.

**30. *Entrepreneurship.*** A continuous process of enterprise creation, innovation and expansion lies at the heart of successful employment policies. It is entrepreneurs, in small and big organizations, in companies and cooperatives, in the formal and informal economy, who turn potential into reality in production and job creation. Business initiatives should not be taken for granted; practical measures can be taken to encourage new entrepreneurs, to encourage enterprises to be socially responsible and to facilitate the creation of new enterprises and the expansion of existing ones. Productivity growth will follow from more investment and better work organization.

The requirements:

- Remove constraints to the development and growth of efficient and competitive SMEs, improve access to credit and capital markets, overcome any lack of transport and communications infrastructure and remove inappropriate, inadequate or overly burdensome registration, licensing, reporting and other administrative requirements.
- Encourage entrepreneurs and workers in SMEs to be adequately represented and to engage in social dialogue.
- Develop entrepreneurial attitudes and culture through education and training policies, programmes and vocational curricula.
- Improve working conditions in SMEs by demonstrating how businesses can increase productivity and access new markets through higher job quality, improved health and safety at work.
- Promote women’s entrepreneurship through better training in basic business skills and improved access to market opportunities in non-traditional sectors, aiding networking and associations of women entrepreneurs, and increasing the visibility of women as role models and mentors.

**31.** The World Summit for Sustainable Development, held in Rio in 1992, culminated in international recognition of the fact that environmental protection and natural resource management must be integrated with socio-economic issues of poverty and

underdevelopment. The ten-year review of the Rio Summit next year aims to assess the implementation of agreements such as Agenda 21. The Summit gathering will seek consensus on current trends and priorities for further action in new areas or issues. The ILO can play a central role in the shaping of a new strategy for sustainable development. The ILO will need to focus on sustainable development as an investment strategy, for the replacement of old, unsustainable technologies, with new, cleaner technologies. Economic growth and employment can be stimulated through such an investment strategy, and, at the same time, pressure on natural resources can be diminished.

The requirements:

- Improve the mechanisms for policy integration so that opportunities for productive employment arising from environmentally sustainable initiatives are identified and enlarged, while unsustainable production and consumption practices are phased out.
- Undertake practical examination of the scope for extending ways and means to minimize hazards at work, to include sustainability targets and, to disseminate best practices on mechanisms for policy integration.

## 6. Management of change for widely shared prosperity

32. Change is necessary to increase productivity and prosperity. But change is no guarantee for a fair distribution of the gains and opportunities. Therefore, the next part of the Agenda is about the social and labour market policies needed in order to manage change in a socially responsible way. It is based on a recognition that labour markets are different from markets for goods and services. Labour markets are about people, their skills and competencies, their aspirations and motivation. Competition is necessary in markets for goods and services to improve productivity and prosperity, but it may lead to a “race to the bottom” and exclusion from the labour market. That is the reason why the labour market needs a policy for human resource development and a social floor in the form of labour standards, including those on social protection.
33. Such policies, if well designed, will facilitate change and improve productivity. They do so through different mechanisms. One is that a social floor establishes a productivity level that enterprises need to meet to be profitable and viable. Thus, establishing a social floor puts pressure on enterprises to improve their productivity continuously. Furthermore, a social floor, contributes to the overall economic climate by giving people expectations for a certain degree of stability in their jobs and income. In other words, a decent work strategy contributes to a long-term perspective on growth and development.
34. A social floor is one element in a decent work strategy. Another is human resource investment. Experience of the last two decades shows that economic growth more and more has to be built on investment in human resources. By improving the capacity of workers – through education and training, through better health and safety, through social dialogue and social protection – the growth prospects for the whole economy will be enhanced. Such an approach is a way of improving both flexibility for enterprises and security for workers, thereby enhancing the growth and productivity potential of the economy.
35. *Skills for change*. Investment in education, training and lifelong learning is the key to higher labour productivity, to the enterprise’s capacity to adapt to change and to maintaining the employability of individual workers, and thus to fighting unemployment and social exclusion. Education and training prepare the individual not only for work but

for responsible participation in society. The ILO supports the UNESCO Education for All Framework and the targets set for education and training by 2015. In its own field of responsibility the ILO is preparing a new Recommendation on human resources development and training. Reforms in this area should stress the need to share responsibilities for investing in education and training and, in particular, lifelong learning, through partnerships between the State, the social partners, individuals and other stakeholders, especially in the private sector.

The requirements:

- Responsibility for investment in training should be shared between governments (primary responsibility), enterprises, the social partners, and the individual.
- Urgent reforms are needed to improve basic education and literacy of people in the poorest countries. The development of “core work skills” (such as communication and problem solving) is an important part of a reform package to prepare individuals for the knowledge- and skills-based society.
- Training systems need to become more flexible and responsive to rapidly changing skill requirements. Reforms should also focus on how learning can be facilitated, not just on training for specific occupational categories.
- There is an urgent need to involve the social partners more closely in discussions on training policy and skills development, if the desired reforms and increased investment are to become a reality. Experience demonstrates that the more successful training systems are underpinned by a strong social dialogue process.
- People should have their skills recognized, however they were acquired, as part of a national qualifications framework.

**36. *Security in change.*** Social protection is fundamentally important in managing change. It enhances both the dynamism of the economy and the mobility of labour, thus promoting employment. However, in the world as a whole, less than 20 per cent of the population is properly covered by social security, most of it in the industrialized countries. Even within these countries, the level of social protection varies widely. Many social protection systems show a clear need for reform and a need to adopt innovative approaches in order to cover risks more effectively and to encourage job creation and jobseeking. In addition to these issues, the strategy of the ILO is to focus primarily on the extension of coverage, on better administration and on a fair deal for women.

The requirements:

- Determine the appropriate roles and responsibilities of the State, the private sector, communities, employers and individuals in relation to the provision, financing and management of social protection.
- Extend the scope of social protection provisions to those presently without cover either through the extension or modification of public schemes or through the development of innovative arrangements, for example, those based on community or group support systems.
- Achieve equality of treatment between men and women and devise ways in which social security rights are provided to those unable to work because of responsibilities as caregivers.

**37. *Safety in change.*** Good health is a prerequisite for employability and productive employment. In general, the global health situation is improving and life expectancy rising. However, disease and injury still force millions of people out of work for shorter or longer periods, some of them for life, reducing their productivity and earnings and total output. The WHO health strategy and the new ILO health and safety strategy, “SafeWork”, are integrated in the Global Employment Agenda. “SafeWork” aims to create worldwide awareness of the scale of work-related accidents, raising productivity and promoting basic protection for all workers, and increasing the capacity of governments and industry to design and implement more effective preventive and protective policies.

The requirements:

- Develop awareness of and promote OSH as a positive factor for higher and better productivity – to show that “safety pays”.
- Undertake measures to integrate OSH in the business plans of all organizations, encouraging these to become “safe and healthy” organizations.
- Communicate information on safety norms and equally dangerous substances, products and working methods to workplace groups.
- Undertake special reviews of environmental risks to health and safety in areas where informal sector operators are clustered.

**38. *Management of change in labour markets.*** The design and implementation of active labour market policies is an important element of a global employment strategy. Essentially, such policies must strike the best possible balance between security for the worker and flexibility for the employer in managing the workforce. Such policies must have a wide scope, encouraging all other policies of importance for the labour market to go in the direction of additional labour absorption, facilitating an effective matching of supply and demand and giving particular support to men and women who risk becoming marginalized and excluded from working life. Thus, policies for equal opportunities have to be mainstreamed in all policies of relevance for the labour market. Furthermore, even with more successful employment policies and with a better division of labour than in the past, demographic developments over the next ten years will lead to a fast growth of labour in some regions and countries, and a need for more labour in others. A global debate is timely on appropriate policies to serve the interests of migrant-sending and -receiving countries at all levels of development, and of their workers, both men and women.

The requirements:

- Introduce measures to influence labour demand, where necessary, in favour of groups at risk of marginalization especially when demand for labour falls off, such as people with disabilities. Well-designed labour market policies can play a central role in the fight against discrimination.
- Labour market policies should support economic measures stimulating business development and new job creation.
- Labour market policies in developing countries need to incorporate specific measures to support the “working poor”, especially those in the informal economy.

## 7. Coordinated policies for growth, employment and poverty alleviation

39. If the forces making for change are actively promoted and if change is well managed so that new demands are met by a speedy supply response and new investment, in a climate of social stability and good industrial relations, then one result is an inflation-free environment with productivity growth. This in turn has the benefit of permitting a more active and expansionary macroeconomic policy stance, particularly on the financial side, without running into inflation or balance-of-payments problems. Elements of this have emerged in many countries in recent years with considerable benefits for employment and poverty alleviation.

40. *Combining stability, growth and employment.* The global economy is in a downturn and there is a need for concerted action by governments in the leading economies to re-establish confidence. The scenarios presented earlier illustrate the huge potential for economic growth, a successful integration of over 1 billion people into employment, and more productive employment. The important lesson of the 1990s is that there need be no simple trade-off between employment growth and controlling inflation; several countries have demonstrated that sustained economic growth and more jobs can be combined with low inflation and low budget deficits. Furthermore, improved productivity can go hand in hand with faster employment creation. Thus, an integrated economic and social approach to employment generation will create more room for growth-oriented macroeconomic policies. At the same time, these policies, both globally and nationally, must be framed in ways that avoid disruption and, when economic shocks do occur, remedial adjustment measures must counteract any negative consequences for employment.

The requirements:

- Greater international coordination of economic stimuli is needed. The threat of recession in the US, Europe and Japan calls for bold action as contraction in these countries not only affects workers there but also, because of globalization, workers in all other countries.
- Policies to fight recession and sustain employment levels should be the subject of tripartite debate. Such policies could include a mix of promoting consumption levels, especially of the working poor, and increasing transparency in, and liberalizing, markets for goods and services.
- Avoid the stabilization trap and emphasize dialogue and compacts with the social partners and civil society to arrive at negotiated policies to reduce inflation.

41. *Productive employment as a basis of development strategies.* While average incomes have risen in many developing countries, poverty remains the number one problem in many regions. Poverty in developing countries is usually due less to open unemployment, than to the inability of many jobs to ensure decent levels of income. To escape the stabilization trap, developing countries need to stimulate productive investment and raise the skill levels of the workforce, and they also need to take direct steps to help the working poor. Most of these people are in rural areas and are largely dependent on agriculture. Such direct measures can be either in the shape of programmes for employment and income generation or measures supporting consumption and providing services (e.g., subsidies on food).

The requirements:

- Develop specific measures aimed at raising the productivity and incomes of the “working poor”, focusing on skills, terms of exchange for their products, access to finance and other infrastructure, and their bargaining power.
- Incorporate employment considerations explicitly into public investment programmes. Build (or strengthen) the institutions through which programmes are implemented and the capacity to plan and implement employment-focused public investment programmes.
- For countries emerging from crisis, formulate appropriate sets of policies and programmes to achieve a high growth of output and rebuild livelihoods. In regions affected by prolonged armed conflicts, focus reconstruction programmes particularly on infrastructure, institutions and support services.

## **8. International dimension: Consistent policies for employment**

42. It is essential that globalization should work, and be perceived as working, in favour of all workers. In the global economy, it must be a basic principle that every person who works has rights at work. These basic rights are embodied in the ILO Declaration on Fundamental Principles and Rights at Work. Realizing these rights is an essential foundation for socially sustainable globalization. An equitable distribution of the benefits of globalization requires above all raising the productivity of the working poor. It also requires a better global coordination of all policies that impact on employment both domestically and internationally. Such policies include a coordinated expansion in world demand, appropriate approaches to commercial and financial flows as well as a new framework for international migration.

## **9. Part III. Policy lessons and global alliances**

43. The review of the different global strategies of importance for employment and the creation of a new Global Employment Agenda are first steps toward a better global governance of employment policies. The Agenda strives to initiate a global debate which will build consensus for the next step, the establishment of Global Alliances for Employment.

44. Therefore, the last main element of the Agenda is a framework for Global Alliances for Employment. It includes two parts: a proposal for the establishment of global employment priorities; and a new approach, through which the relevant UN agencies and the Bretton Woods institutions can establish broad frameworks. These should be based on a recognition of the centrality of employment and the diversity of the economic and social conditions in different countries. In cooperation with the social partners, member States are responsible for developing national employment policies and action plans, based on these global priorities and different national conditions.

## 10. Global priorities for national employment policies

45. The ILO proposes a new approach to employment policy-making by introducing a small number of global employment priorities to be used as a basis for global alliances and for national action plans in all countries. The ILO proposes the following policy priorities for the review, rethinking and reorientation of all policies of importance for employment:
- ***decent work as a productive factor***: decent work is itself a factor leading to increased productivity and economic growth;
  - ***poverty alleviation***: give priority to productive employment for the working poor as the basis for all development strategies and policies;
  - ***sustainability***: integrate economic, social and environmental objectives in all global strategies and national policies and give priority to new technologies, production methods and consumption patterns, through which economic growth can be decoupled from pressure on natural resources;
  - ***gender equality***: mainstream equal opportunities between men and women in all global strategies and national policies and ensure that women are enabled to fully contribute to and benefit from economic and social development;
  - ***employability and adaptability***: give priority to lifelong learning to make people ready for existing and future jobs, and strengthen social dialogue to facilitate flexibility of enterprises and to promote workers' security in employment; and
  - ***entrepreneurship and productive investment***: give priority in global strategies and national policies to measures to make it easier to start and run enterprises, while respecting labour and environmental standards.
46. These priorities are structural and have the aim of improving the functioning of labour markets and economies. Successful improvements in these respects pave the way for growth and employment-oriented macroeconomic policies:
- ***macroeconomic policies for growth and employment***: make full, productive and freely chosen employment an overall objective of macroeconomic strategies and national policies.

## 11. Global strategies, national action plans

47. Furthermore, the Agenda proposes that relevant UN agencies and the Bretton Woods institutions establish a broad framework at the global level, based on a recognition of the centrality of employment. This framework should serve member States in their task of developing and implementing national employment action plans in consultation with the social partners.
- ***Building strategic alliances at the global level***. The ILO invites all relevant UN agencies and the Bretton Woods institutions to contribute to the further development of the Global Employment Agenda and the preparations for the next step, Global Alliances for Employment. A first such strategic alliance has been successfully inaugurated between the UN, the World Bank and the ILO on youth employment, with the active involvement of the United Nations Secretary-General, the President of the World Bank and the Director-General of the ILO.

- ***Focusing social dialogue on more and better jobs.*** The social partners are crucial in achieving national and international consensus on, first, a new Global Employment Agenda and, second, establishing Global Alliances for Employment. The social partners need to play a major role in both the design of a global strategy based on the priorities presented above and in its implementation nationally and locally. Management of change in the labour market must be the responsibility of all the social partners and social dialogue must be a central element of labour market governance. The more the social partners can do together, the more credible, concrete and successful the strategy will be.
  - ***Strengthening national employment policies.*** National governments are responsible for employment policy and the ILO's Global Alliance offers a framework for national policy-making, placing employment at the centre of economic and social policies. With this new emphasis on employment, the ILO will provide governments with concrete and meaningful guidelines for the formulation of national employment strategies based on the goals of the Employment Policy Convention, 1964 (No. 122).
  - ***Building strategic alliances for regional coordination.*** There is an immense variety in economic and social conditions among different regions and countries in the world. The Global Employment Agenda recognizes that the success of employment policies depends on how well these regional specificities can be taken into account. The ILO invites all regional organizations, including the regional development banks, to contribute to the shaping of the Agenda and to the building of strong alliances for more and better jobs.
48. The ILO has given special attention to Africa through the Jobs for Africa programme, and will seek to develop this programme in an alliance with the new African Union and its member States, supported by UN agencies, the World Bank and the IMF.
- ***Building strategic alliances with business and the civil society.*** The Global Compact initiative undertaken by the United Nations Secretary-General, invites business to implement universal values, including those set out in the ILO Declaration on Fundamental Principles and Rights at Work. The Global Compact has become an important reference point for the international business community and is aimed at improving corporate practice in the social arena and at encouraging dialogue between business and a range of social actors. The ILO invites the UN Global Compact to take an active part in the building of global alliances for employment.
  - ***Preparing indicators and benchmarks for successful employment policies.*** To make a global employment strategy successful there should be benchmarks to support policy-making and indicators to measure performance and to facilitate review and comparison. The ILO Key Indicators of the Labour Market (KILM) is a critical step towards the development of a set of tools for evaluating and designing labour market policies in relation to labour force participation, employment, unemployment, educational attainment, wages and compensation costs, productivity and labour costs, as well as poverty and income distribution.

Geneva, 16 October 2001.