



FIRST ITEM ON THE AGENDA

Review of the core elements of the Global Employment Agenda

1. At its November 2002 session, the Committee requested the Office to prepare a paper re-examining the elements of the Global Employment Agenda, taking into account the previous papers and discussions of the Committee on this subject. The present paper endeavours to do this, first by situating the Agenda within the Office's broader agenda on decent work, then by recalling the major principles underlying the Agenda and its core elements, and concluding with proposals for its implementation.
2. The conviction that employment is fundamental to the fight against poverty and social exclusion was a conclusion both of the World Summit on Social Development in 1995 and the 24th Special Session of the United Nations General Assembly in 2000, which called upon the ILO to develop a coherent and coordinated international strategy for the promotion of freely chosen productive employment. The Global Employment Agenda is the Office's response to this request. The Agenda's main aim is to place employment at the heart of economic and social policies. Consistent with the Millennium Development Goals, the Agenda seeks, through the creation of productive employment, to better the lives of the hundreds of millions of people who are either unemployed or whose remuneration from work is inadequate to allow them and their families to escape poverty.
3. The Global Employment Agenda has been the subject of extensive consultations within the committee for 18 months. These have gradually allowed greater consensus on the broad elements that should constitute a Global Employment Agenda. However, this does not mean that there is consensus within the Committee on the weight that ought to be given to specific elements, or on their substance in detail. For example, just what constitutes an appropriate macroeconomic policy for employment, and with which organizations, as well as whether, how, and at what level the ILO should engage them in the promotion of the Agenda, have found no agreement within the Committee. Issues on which no consensus has emerged could form the basis for future productive discussion within the Committee.

Part I

The Global Employment Agenda in the broader agenda of decent work

4. The Decent Work Agenda is one in which freely chosen productive employment is promoted simultaneously with fundamental rights at work, an adequate income from work and the security of social protection. There are moral reasons for this that lie at the core of the ILO's mandate. Rights at work respond to universally recognized values. Work alone is not enough and, indeed, the Global Employment Agenda does not promote just any employment, but decent employment in which international labour standards and workers' fundamental rights go hand in hand with job creation.
5. There are also, however, practical reasons for the simultaneous promotion of rights and employment. These derive from the recognition that labour markets function differently from other markets. Labour is not a commodity, and labour markets are socially embedded. Labour markets harness human energy. They rely on human motivations and needs, including the need for security and fairness of treatment. Not to acknowledge the distinctive way in which labour markets function is to invite not only socially adverse consequences but economic ones as well, and the very purpose of economic growth is the promotion of human dignity and quality of life. The ILO's fundamental international labour standards strive to promote human rights but they also reflect the distinctive ways in which labour markets function most effectively.
6. The Global Employment Agenda is the Employment Sector's twofold contribution to the Office's broader agenda of decent work. First, promoting employment opportunities is fundamental to decent work. The Global Employment Agenda thus promotes the quantitative objective of increasing freely chosen productive employment in the world. In order to promote such employment, the Agenda's main aim is to place employment at the heart of economic and social policies and development. Second, as set out below, the Global Employment Agenda also has an important role in improving the qualitative dimension of employment: the Agenda considers that the best way to promote productive employment is to promote decent work, at one and the same time, since the Office's strategic objectives are mutually reinforcing and can bear positively on employment creation.

A global agenda to make employment more productive

7. A comprehensive employment framework is possible even at the most local levels of economic and social organization. It is at the national level where effect needs to be given to the Global Employment Agenda. But to promote a comprehensive employment framework, the Agenda must of necessity have a global dimension. The Global Employment Agenda, in its call for the building of alliances and partnerships, acknowledges that the employment challenge in an integrated world economy cannot be fully addressed at the national level alone.
8. In addition, there is a regional dimension of globalization which is increasingly evident. Regional groupings can offer particular advantages in the promotion of employment. For example, as the Rapporteur of the Global Employment Forum observed: "Regarding the role of regional integration through regional groupings, the need to raise competitiveness leads to an emphasis on exchanging best practices on training and labour market policies. Regional arrangements give also an opportunity to consolidate labour rights". Regional

integration can thus provide opportunities for promoting job creation, as well as respect for labour standards and advances in social policy. Sometimes, intraregional spillover effects can be negative, but regional integration can also add to the stability of financial markets and exchange rates, which are particularly important to an investment climate.

9. The Global Employment Agenda assigns particular importance to improving the productivity of working men and women, especially of the working poor and of the organizations in which they work. Indeed, while each of the elements of the Agenda addresses a distinct need, all are consistent with the objective of increasing the productivity of working men and women. Increasing productivity has the potential for increasing living standards when the gains are equitably distributed through appropriate wage and tax policies. With such policies in place, productivity gains are also the route to non-inflationary growth. Of course, a sole focus on productivity is insufficient and can even have adverse consequences for jobs. There are other policy levers to pull for boosting jobs, macroeconomic policies in particular.

Part II

Principles underlying the Global Employment Agenda

10. Prior discussions of the Global Employment Agenda in the Committee have been based on seven proposed principles or “pillars”. These are:
 1. Decent work as a productive factor.
 2. A pro-employment macroeconomic framework.
 3. Entrepreneurship and private investment.
 4. Improving the productivity and opportunities of the working poor.
 5. Ending discrimination in the labour market.
 6. Environmentally and socially sustainable growth.
 7. Employability and adaptability.

Several of these principles are further elaborated as core elements of the Agenda, and will be discussed in the third section of this paper. Two principles that underlie all of the Agenda’s elements are described below.

Decent work as a productive factor

11. The pursuit of fundamental workers’ rights and the international labour standards in which they are framed is an ethical imperative irrespective of its economic impact. The pursuit of decent work is thus an objective of value beyond any narrow economic calculation. A major challenge of the Global Employment Agenda, however, is to explore the extent to which both rights and economic benefits are complementary, rather than incompatible or imposing trade-offs. The Agenda proposes that decent work is also a productive factor, an input into a strategy for productive job creation, development and poverty reduction, rather than an output alone. The Agenda views the Office’s other strategic objectives in their positive relation to employment: fundamental rights, such as freedom of association and the right to collective bargaining, freedom from discrimination or freedom from forced or

child labour, are of moral worth, but lead also to more productive job matches and higher productivity in the aggregate; social protection responds to people's need for security, but in so doing can improve labour market functioning in the aggregate; social dialogue expresses workers' and employers' right to freedom of association and participation in decision-making through collective bargaining, but can also find more durable solutions to problems, increase commitment and transparency and speed adjustment to change. It is in these senses that social policy, rather than a burden or a cost, ought to be seen as having a dynamic role to play in the promotion of a healthy economy and a just society.

Ending discrimination in the labour market

12. Discrimination on any grounds is a violation of human rights and can result in macroeconomic costs, as the example of girls deprived of an education so clearly shows. People deprived of freely chosen employment, barred from occupations to which they aspire, are victims of human rights violations; in addition the economy as a whole pays the cost through the underutilization of human resources and less productive job matches.

An overarching value: Social dialogue

13. Discussion now turns to the core elements of the Global Employment Agenda. One fundamental value of the ILO approach underlies all the core elements of the Agenda: tri- and bipartite social dialogue based on full freedom of association and collective bargaining as the preferred way to perfect and achieve consensus on all policy recommendations and policy actions relating to an employment agenda. Whether the aim is sustainable development, employability, or crafting other policies, the best procedural approach to all is based on social dialogue, freedom of association and collective bargaining, where the distinctive interests of those with the greatest stake in employment policy can be represented.

Part III

Ten core elements of the Global Employment Agenda

14. The Agenda's core elements seek to promote employment, economic development and social justice. Some of them refer to the economic environment; others to the labour market. The former refer to conditions that make employment creation possible. They require analysis because they are factors that cause change and have to be framed by appropriate policies. This is the case, for example, of trade and investment and of technology, all causes of both job creation and job destruction. The role of the ILO is to examine these forces of change and the policies of organizations and actors involved in these areas in their relation to employment.
15. Other core elements relate to labour market policies and institutions for employment promotion and can be addressed not only by analysis and promotional activities, but also by technical cooperation projects and concrete advisory services.
16. Policies proposed to implement the ten points of the Agenda also fall into two other categories: those that can be addressed by national policies and those that need a global policy response, given that the role of global governance requires more serious consideration and coordination. The ongoing debate within the multilateral system over the

appropriate global policies for greater stability in financial markets needs to continue, as the challenge of financial stability is beyond the total ability of any one nation alone to address. Through the global alliances envisaged by the Agenda, the ILO proposes to examine the employment consequences of policy choices and options of the international financial and other institutions.

17. The elements addressing the economic environment are:

1. Promoting trade and investment for productive employment and market access for developing countries.
2. Promoting technological change for higher productivity and job creation and improved standards of living.
3. Promoting sustainable development for sustainable livelihoods.
4. Macroeconomic policy for growth and employment: a call for policy integration.

18. Those addressing the labour market are:

5. Decent employment through entrepreneurship.
6. Employability by improving knowledge and skills.
7. Active labour market policies for employment, security in change, equity and poverty reduction.
8. Social protection as a productive factor.
9. Occupational safety and health: synergies between security and productivity.
10. Productive employment for poverty reduction and development.

Action to promote the core elements of the Global Employment Agenda

Core element 1: Promoting trade and investment for productive employment and market access for developing countries

- 19.** Trade and investment, including the substantial portion associated with foreign direct investment, are important for economic development and employment and employment growth in an increasingly integrated world market. One fundamental condition for unleashing the job creation potential of trade and investment in developing countries is a shift of the export base from primary commodities to manufactures and modern services by promoting appropriate physical infrastructure and the required skills of the labour force in an appropriate trade regime in which exports are promoted. This, moreover, can extend beyond a mere blanket prescription. Indeed, a useful role of the Global Employment Agenda could be to help developing countries identify industries in which they have or could develop a distinctive comparative advantage, and to assist in marshalling the resources that countries need to move up the value chain. The ILO's main concern is to ensure that trade liberalization leads to pro-poor, decent employment growth.

20. In the trade and development context, there are several asymmetries in the globalization process: firstly, many developing countries are marginalized in the process of trade liberalization; secondly, developing countries cannot freely access developed countries' markets; and, thirdly, there can be – in the short and medium term at least – adverse employment consequences of economic restructuring due to trade liberalization and investment decisions. The ILO can raise the awareness of the international community, especially those institutions negotiating trade agreements, to take these asymmetries into consideration and achieve more equitable growth of trade for the sake of more equal development, more employment creation and less poverty. Globalization of trade is never a smooth process and can be either inclusive in a beneficial way or lead to exclusion. Clearly, some of the blame for this lies in deficits in the quality of governance. Widespread corruption, inappropriate or non-transparent policies are all impediments to generating the trade and investment that create jobs. Many of the countries left behind by globalization have these features in common. Accordingly, the Global Employment Agenda ought to examine ways to raise the accountability of public officials and elected politicians – all in the interest of employment.
21. Beyond deficiencies in governance, however, globalization is currently characterized by structural imbalances arising from the different needs and capacities of developed and developing countries. In her concluding remarks, for example, the Rapporteur of the Global Employment Forum noted that: “There is an urgent need for a more equitable and just international economic order based on greater financial flows to the developing world through debt relief and other measures and access to markets of developed countries, especially in agricultural products and labour-intensive manufacturing”. The Forum’s summary report also noted the need to accelerate debt relief and increase official development aid to the developing world. These are important measures but so is the promotion of trade and investment in developing countries for higher growth.
22. The ILO can, by examining the issue of the employment implications of trade liberalization through promoting the respect for fundamental rights of workers and the promotion of adequate policies for dealing with workers’ displacement by trade, contribute to diminishing the social costs of trade liberalization and improve the functioning of labour markets at the same time. The Agenda’s remit could include practical ways in which the results of such an examination could affect the policy process. This, moreover, is an example of the useful role that greater policy coordination can play. The Global Employment Agenda needs to take full account of the employment issues arising from greater economic openness as, for example, issues surrounding export processing zones (EPZs).

**Core element 2: Promoting technological change
for higher productivity and job creation
and improved standards of living**

23. 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. The *World Employment Report 2001* presents evidence of greater employment and productivity gains in those countries where ICT diffusion has been greatest. 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 usage results in economic gains, a widening digital divide could also well mean a widening economic divide. Promoting ICT throughout the world and especially in developing countries, both in processes and products, is therefore conducive to shifts to higher value added products and will lead to growth and employment. The recommendations of the Employment Forum of 2001 also included a proposal for an ICT

“Marshall Plan”. The ILO could play a role in associating itself more closely with the work of the United Nations ICT Task Force, and through participation in the World Summit on the Information Society in 2003 and 2005. The ILO’s distinctive contribution could focus in particular on education and training – an access threshold to the information society. Such ideas that need a global policy framework, as well as others (for example regional alliances, see below) could be carried forward, their feasibility both in organizational and financial terms analysed and actively promoted if found to be sustainable. Access to new technologies is a long-standing concern of developing countries. Ways of increasing the transfer of technology to developing countries need to be explored, including the activities of multinational enterprises and policies that increase workforce preparedness and thus the absorptive capacity of developing country labour markets.

24. ICT overcomes some of the former barriers of time and distance. It is still true, however, that economic growth and employment creation require modern, functioning, physical and social infrastructure. This includes transport, telecommunications, education and health facilities. An important objective of the Agenda is to assist countries in determining ways to improve the infrastructure for better economic performance. The investment in the setting up of such infrastructure itself has a direct and immediate employment impact. Policies of labour-based production and employment criteria in public procurement systems can all improve the employment dividend of such activities.

Core element 3: Promoting sustainable development for sustainable livelihoods

25. The 2002 World Summit on Sustainable Development highlighted the explicit link between environmental protection and employment. The Summit’s plan of implementation highlights the ILO’s contribution to sustainable development as being the promotion of fundamental rights at work, workplace health and safety, and tackling HIV/AIDS in the workplace. Decent work and sustainability are closely tied, and the ILO’s World Commission on the Social Dimension of Globalization will address the issues at stake for socially sustainable globalization. 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 fulfils the aim of decoupling pressure on natural resources from gainful economic activity. More sustainable growth makes for more sustainable jobs. At the same time, an increasingly interdependent world economy reposes on a social foundation that can either be strengthened through greater inclusion in the benefits of interdependence, or weakened through exclusion and widening inequalities. The Declaration on Fundamental Principles and Rights at Work, when fully applied, provides a floor in the construction of a more equitable world. The Declaration is the fruit of the collaboration of the social partners and the process of implementation should include the views of both sides of industry. Needless to say it also engages the responsibility of governments. The Declaration is a floor, however, and completion of the edifice could be advanced through greater policy coordination from the local to the global level, through social dialogue. Recommendations will no doubt accompany the conclusions of the World Commission on the Social Dimension of Globalization in 2003.

Core element 4: Macroeconomic policy for growth and employment: A call for policy integration

26. Central to the mandate of the ILO – its strength and distinctive comparative advantage – is decent work, which implies the creation and maintenance of productive and freely chosen

employment conforming to fundamental principles and rights at work and other international labour standards. Yet the mandate and its ultimate success is powerfully influenced by other policy spheres, such as the monetary, fiscal and exchange rate policies that constitute the core of macroeconomic policy. Recognition of the interrelationship of policies and their impact led the ILO, in its Declaration of Philadelphia (1944), to ascribe to itself the duty to voice its views on policies that, however, outside its core mandate, affect its mandate through their effect on employment and the world of work. A role for the ILO could be to offer its expert advice on the employment consequences of various economic policies. Indeed, one reason that the employment challenge looms as large as it does today is that employment has often been viewed as a derivative of other policies, rather than as a central concern of all economic and social policies. As the Rapporteur of the Global Employment Forum stated in her conclusion: “Employment should not be a residual, but an overarching goal. Employment policy should not be a sector policy at the margin of economic policy. It has to be the successful coordination of all policies – macroeconomic policies as well as structural policies”. While some of the problems in labour markets worldwide might be caused by the inadequate quality of labour supply, the most important challenge is to create enough demand for labour for a still steadily increasing population. The successful integration of over 1 billion people in the next ten years, most of them in developing countries, either into employment for the first time or into more productive employment, carries with it a great potential for economic growth but also the danger of still more unemployment, underemployment and poverty. If there is no consequent policy action, this will create a breeding ground for social unrest, illegal migration and crime. Reflecting these concerns, the conclusions drawn up by the Rapporteur of the Global Employment Forum stated that monetary and fiscal policy must play a role in counteracting the risks of recession in the short term.

27. One concern is that, because of debt problems and the prescription of structural adjustment programmes, the degree of freedom for any national macroeconomic policy is almost zero in many poor countries. That is why the Global Employment Forum conclusions stated that in developing countries, stability and structural adjustment policies should be adapted to increase investment and enhance education, health and social development. Besides the imperative to increase the national degree of freedom for macroeconomic policy, new global stimuli such as “debt for job swaps” – by which debt relief would be traded against a commitment to employment-intensive public outlays – or other instruments that are in discussion (e.g. more foreign aid as the Monterrey conclusions prescribe) might be needed for a new economic take-off. It is also vital to insulate countries, especially but not exclusively those in the developing world, against the extreme volatility in world financial markets. Measures to stabilize financial markets with the aim of giving countries more freedom for macroeconomic policies could be discussed including those, such as a “Tobin tax” or other instruments for which there is no consensus among policy-makers. Incentives also have a role to play. The IMF could provide incentives for countries to aspire to better financial standards. While macroeconomic policy necessarily targets the demand side, it should coordinate with policies for the supply side – for example education, skills and labour market policies. It is in this latter area that the ILO has a particular role to play.
28. In general, an integrated approach to economic and social policies, as foreseen in the Decent Work Agenda, is required. In their relation to employment, questions that the Global Employment Agenda needs to address in regard to macroeconomic policies would include: (1) in the interest of employment, how best to increase demand; (2) how can the employment intensity of growth be increased; (3) how best to ensure, through macroeconomic and other policies, that growth is inclusive; and (4) how can employment be placed at the heart of economic and social policies through improved policy coordination? This requires greater engagement with the international financial institutions and, as suggested above, evaluation of the employment effects of their policies. A comprehensive macroeconomic framework must also take stock of the different concerns

of developing and developed countries and contribute to a more equitable global economy. The participation of the ILO would ensure that the views of the social partners are taken into account in macroeconomic matters that affect employment.

Core element 5: Promoting decent employment through entrepreneurship

29. The public sector is a major source of employment and will continue to have a role to play. All evidence, however, points to the fact that the most significant source of new employment will come from entrepreneurship and small and medium-sized enterprises in the private sector, including from cooperatives (which currently employ over 100 million workers worldwide) or similar organizations which are a rapidly expanding part of the economy. Enterprise creation, innovation and business growth are an important part of employment policies that can address one of the endemic problems of developing countries: the lack of demand for formal jobs. Higher rates of enterprise creation are associated with higher levels of employment. Policies must promote entrepreneurship, beginning with the educational system, where young people are introduced to business and entrepreneurial culture, the operation of cooperatives, through to the labour and product market regulatory environment in which business operates. The twin aims of endowing men and women with rights at work and security, while ensuring that commercial and product market regulations do not inhibit new business growth and the growth of self-employment, are mutually reinforcing. Regulation has, of course, a vital economic and social role to play, and an appropriate regulatory regime should be developed. 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. Investment fuels business growth. Investment is encouraged by macroeconomic stability, as well as by governance structures that are transparent, accountable and free from corruption, and where property rights are clear – and clearly protected. The absence or inadequacy of institutions guaranteeing such rights is a brake on the engine that drives employment growth.

Core element 6: Employability by improving knowledge and skills

30. Key sources of higher employability and higher labour productivity are 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 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. It also gives people greater labour market security when their present jobs are at risk.
31. As the Conclusions concerning human resources training and development, adopted at the International Labour Conference in June 2000, noted: "Education and training are a right for all. Governments, in cooperation with the social partners, should ensure that this right is universally accessible. It is the responsibility of all persons to make use of the opportunities offered. Free, universal, quality public, primary and secondary education must be made available to all children, and they should not be denied sustained access to

education through child labour”.¹ 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. Improvements in the educational system, moreover, can be an effective means of creating an informed citizenry, one that demands accountability from its government and greater democratic participation, both of which bear on the employment agenda. The Agenda will explore practical mechanisms to increase the finance of training. As the aforementioned Conclusions noted: “These may include levy systems on enterprises accompanied by public grants, establishment of training funds, various incentives for training and learning, e.g. tax rebates, training credits, training awards, individual training accounts, collective and individual training rights, sabbatical leave, collective training agreements and emulation of national and international best practices of investing in training”.²

32. The challenge of creating jobs for young people is substantial, particularly in the current climate of global economic slowdown. Youth unemployment numbered 66 million people at the outset of the decade, youth underemployment is a multiple of this, and youth unemployment rates are typically two to three times those of adults on average. Employment and training systems are among other labour market institutions and policies needed to address the challenge of youth employment. The need to promote decent and productive employment for young people is a Millennium Development Goal – the one most directly related to the Global Employment Agenda. Promoting employment for young people is also the goal of the Youth Employment Network, a global alliance among the United Nations, the World Bank and the ILO.

Core element 7: Active labour market policies for employment, security in change, equity and poverty reduction

33. Designing and implementing labour market policies is essential for providing security in times of change, increasing the acceptance of change, providing income during phases of cyclical or structural change and helping to integrate and reintegrate workers in productive employment, especially those facing particular problems. Some policies are designed to tackle the consequences of displaced labour in the economy; others can play a preventive role and help to maintain workers in productive jobs. Labour market policies are thus not only a protective device for workers, but also a tool for economic policies and companies that need to adjust. They are one essential element of the interaction between the job-creating private and public sector and labour market institutions that characterize well-functioning labour markets. Such policies must strike the best possible balance between security for the worker and flexibility for enabling the enterprise to adjust, particularly in recessions and restructuring periods. While they should have a more general reach, such policies can 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 by ensuring that labour markets are free from discrimination.
34. 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 and thus help workers to adapt to jobs. However, in the context of rapidly increasing labour supply and a large quantitative and qualitative gap between supply and demand, in particular in

¹ ILO: “Conclusions concerning human resources training and development”, ILC, June 2000, p. 4.

² *ibid.*, p. 6.

developing countries, labour market policies have a temporary demand function as well. They are one organizational frame (e.g. labour-intensive temporary jobs in the public sector), that can provide temporarily part of the jobs that the regular economy is unable to produce during phases of transition. In fact, an active labour market policy in many developing countries is the use of labour-based or employment-intensive methodologies in public or private spending on infrastructure development. Increasing the share of such employment-rich spending could be one means of promoting job creation targeted to the neediest, and can be combined with safeguards of workers' fundamental rights. In order to allow for transitions between such labour market policy schemes and regular jobs, they should also be streamlined with national and local development strategies. Collective bargaining is a vital institution for fulfilling the objectives of labour market policies and labour market adjustment, at the enterprise level and above. Collective bargaining has the particular advantage of being a flexible instrument for enabling adjustment to occur – as, for example, in determining the appropriate balance between wages and employment – while also preserving the quality of employment. Labour market policies also address the quality of employment. Collective bargaining identifies obstacles to better employment quality and finds ways and means to overcome them.

35. While globalization is often thought to consist of the rising mobility of all factors of production with the exception of people, this can no longer be considered the case. International and domestic migration are significantly on the rise. Some 120 million people now work in countries outside their own. Providing such workers with adequate protection is an increasingly important challenge for labour market policies. Labour migration, moreover, is a clear instance of the international dimension of the employment challenge in a world of greater economic openness.

Core element 8: Social protection as a productive factor

36. Social policy is a productive factor in several ways. Its main aim of social protection is to cope with important life risks such as sickness, invalidity, old age or maternity and parenthood, as well as the loss of income due to a variety of causes. In doing so, it can enhance and maintain the productivity of workers and creates possibilities for new economic activities with great employment potential and high employment rates, especially for female workers. Like labour market policy, social protection is also a critical tool in the management of change as it can enhance 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. Social protection also helps to stabilize the economy, for example in providing income replacement during recessions. In the developed world, transition countries and parts of the developing world, social protection faces the problem of workforce ageing. A central challenge is also that less than 20 per cent of the world's population is properly covered by social security, mostly 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 potential disincentives to job creation and job seeking. The goal remains the creation or extension of generalized systems of social protection at the national level: such systems, whether at the national or community level, are an expression of solidarity-based insurance against risk, and a means of socializing that risk such that the insecurity faced by the individual is lessened. This socialization of risk should inspire discussion and the creation of alternative sources of financing such systems, of which the global trust fund is one idea. At the same time, however, steps to improve social protection at the local level through microfinance mechanisms, as well as in the coordination of such mechanisms across communities are being undertaken in many countries. Such mechanisms, and the income security that they

offer, can contribute to the twin aims of providing protection and stimulating the local economy.

***Core element 9: Occupational safety and health:
Synergies between security and productivity***

37. The number of those for whom disease and injury mean a loss of work for shorter or longer periods of time probably outnumbers the world's total unemployed. Good health should be considered as a human right, while it also promotes employment security, 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 security and 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. The social partners can bring about improvements in occupational safety and health, for example as an outcome of collective bargaining. The parties closest to the problems and risks frequently have the keenest grasp of how to solve them. Occupational safety and health regulations are an investment in the quality of workers' lives. But it is an investment with an economic payoff: healthy workers secure higher productivity, and the concept that "safety pays" should be promoted.

***Core element 10: Productive employment
for poverty reduction and development***

38. 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 conflict and natural disasters) aggravate the poverty situation in many countries. In these countries, policies should target efforts to rebuild livelihoods through reconstruction programmes directed at 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 for the working poor, 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 level 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.
39. The Global Employment Agenda must target the informal economy, where most of the world's poor and underemployed find their livelihoods. The conclusions of the informal economy discussion in the June 2002 ILC set out an ILO approach for doing so. Land reform and the redistribution of other assets, through tax policy and minimum wages, can also be mechanisms for poverty reduction. The organization of the poor and collective bargaining are means that enable the poor to have greater access to resources and control over the decisions that affect their livelihood.
40. 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. Employment is central to poverty reduction. So is economic growth. A consensus has nonetheless emerged that growth alone is not enough. Poverty reduction has not always proved to be the

consequence of trickle-down growth. The concept of pro-poor growth, embedded in the Poverty Reduction Strategy Paper (PRSP) process, now espoused by international financial institutions, is a first step toward acknowledging the greater need for policy coordination, and is a recognition that sound macroeconomic fundamentals, however important, are alone not enough for providing productive employment for the working poor. Poverty is multi-dimensional, as is the concept of decent work. Poverty is not merely income deprivation, but vulnerability arising from the absence of social protection, discrimination in labour markets, and the absence of empowerment. The ILO's labour standards, especially the fundamental ones, and the Decent Work Agenda are tools in a strategy for the working poor. Measures that improve the opportunities of the working poor also have wider and positive social and economic side effects, as in the elimination of child labour.

41. It is the core mandate of the ILO to contribute to social justice in the world. This necessarily requires a constant effort to promote more equal economic development. This may require ways to be found for the ILO to contribute from within its mandate to global alliances to endeavour to promote better global governance aiming for the development of a more equal, economically, socially and environmentally sustainable world. The participation of the ILO in these alliances would seek to ensure that the points of view of the social partners are taken into account. Access to decent work, and thus the creation of a maximum of employment possibilities is fundamental to that goal.

Part IV

Implementing the Agenda

42. As observed in the paper presented to the Committee at its March 2002 session: "The Global Employment Agenda should be seen first and foremost as an invitation to governments, the social partners, the multilateral system of United Nations agencies, the Bretton Woods institutions and the regional development banks to review, rethink, and re-orient the policies of the past".
43. The Agenda foresees the creation of a number of alliances and partnerships at global and regional levels as a means of implementation. Several extant examples, such as the UN Secretary-General's Youth Employment Network, have already been mentioned in the previous papers. More recently, the United Nations General Assembly has invited the ILO to advise and comment on national action plans on youth employment drawn up by UN member States. The Office already has substantial experience in offering such advice.

Alliances for better policy coordination

44. The March 2002 paper defined global alliances in the following terms: "A global alliance could be described as an organized and well-structured partnership between the ILO and one or several of the organizations. It should be focused on specific policy areas and have the aim of identifying common ground and proposing common initiatives towards the aim of promoting employment".
45. Why search for common ground between organizations with discrete mandates and competencies; and what should identification of this common ground seek to achieve? The benefit of searching for common ground arises from the fact that global governance remains weak and uncoordinated. This weakness and lack of coordination, in turn, are impediments to the global employment challenge. The alliances proposed by the Agenda can be thought of as a mechanism for improving global governance, endeavouring to

introduce global policy coordination. It is not the ILO's intent to pre-empt other agencies in their areas of competency, nor could the ILO ever achieve this. Rather, it is the aim of the Agenda to place employment at the heart of economic and social policies, and it is the aim of the ILO, through the formation of alliances, to initiate discussion on the employment impact of given policy stances. As trade and financial market policy both affect employment, it is the ILO's role to evaluate these employment effects to achieve its aim of placing employment at the heart of economic policies.

Implementing alliances

46. To implement the Agenda at global and regional levels, the Office could proceed in two ways. First, it could play a coordinating role in organizing in the near term an inter-agency meeting, first at the global and then at regional levels, the purpose of which would be to explore partnerships and activities with these agencies in their relation to employment. Second, the Office could schedule a series of meetings with individual or multiple potential partners with the same purpose in mind. The Office seeks the Committee's advice on these or other approaches. The Office has several partnerships in place, such as with UNESCO, on improving the linkages between education and vocational training; and with the World Health Organization on workplace safety and HIV/AIDS at the workplace. The ILO could forge other alliances to promote a greater understanding of the employment consequences of trade and investment policies or of macroeconomic policy choices, among other subjects.
47. The ILO web site for the Global Employment Agenda is a means of disseminating best practices on employment policies and can be adapted to feature information along both geographical and thematic lines. A similar web site exists for the ILO's activities in the area of youth employment. The ILO could also sponsor round tables of academic and policy experts in employment, as it did on the occasion of the 2002 G8 labour and employment ministers meeting in Montreal, as a means of disseminating the latest innovations in policy and latest research findings, and for "brainstorming" on new employment strategies.

Action at the national level

48. Implementing the Global Employment Agenda depends on countries themselves and, more particularly, on the will of national governments to take up the challenge. Yet, for many countries, the will to take up the challenge is not sufficient, as the means to do so is often constrained. The Global Employment Agenda must consequently address the need for significant international and local resource mobilization so that countries can be assisted in their efforts. As a first step towards implementation, the ILO could call upon member States to signal their intention to the Office to give consideration to the pertinence of the employment agenda in their respective national contexts; a signal to which the Office, in collaboration with our constituents and other relevant partners, could then respond. The Office will continue to offer technical assistance to national constituents on the drafting of national employment plans.
49. The challenge at the national level mirrors in many ways that at the regional or global level. In most countries, policy coordination is lacking. Thus, the macroeconomic, trade or industry policy spheres do not always take employment specifically into account in their policy formulation. This, then, presents a challenge to the Office and to constituents to find the means to place employment squarely on the table in national policy debates. These efforts are already being successfully undertaken by the ILO in some countries through, for example, ensuring that employment policy issues are mainstreamed in national planning

commissions and economics ministries, or through introducing labour-based methodology criteria in ministry of finance public expenditure planning. These are initiatives that could be undertaken for the most part by constituents themselves, although the Office can help. For example, as experience accumulates, the Office could assist in the organization of inter-country peer reviews, where individual country experiences can be exchanged and valuable knowledge shared. This already is one method being developed for the Youth Employment Network and is, in general, an experience-sharing strategy in which the Office has long been involved.

50. As foreseen in the March 2002 paper, the Office's technical advisory services in its area of core competency could be put to the use of those countries wishing to formulate national employment agendas. Analysis followed by programme design could then lead to the implementation of employment agendas, could simultaneously assist in the development of benchmarks and indicators of success, and share this information broadly, both via the Internet and through regional conferences. In these ways, and in others that the Committee may wish to suggest, implementation of the Global Employment Agenda could commence.
51. *The Committee may wish to advise the Office on how the Global Employment Agenda could be used to structure and give greater coherence to the Office's work. Similarly, the Committee may wish to use the Global Employment Agenda as a means of structuring its own work and discussions as, for example, by selecting an individual element of the Agenda for future discussion. Finally, the Committee may wish the Office to report on a regular basis on individual countries' efforts to implement the Global Employment Agenda, including accounts of obstacles faced and successes achieved.*
52. *The Committee may wish to inform the Office of the degree of consensus the Committee perceives it has achieved in the identification of the seven pillars of the Global Employment Agenda.*
53. *The Committee may similarly wish to indicate to the Office whether the Committee approves in broad terms the ten core elements identified in the Global Employment Agenda.*
54. *As one means of making further progress on the Agenda, the Committee may wish to identify one or two of the elements associated with the Global Employment Agenda for further discussion in the Committee.*

Geneva, 11 February 2003.

Points for decision: Paragraph 51;
Paragraph 52;
Paragraph 53;
Paragraph 54.