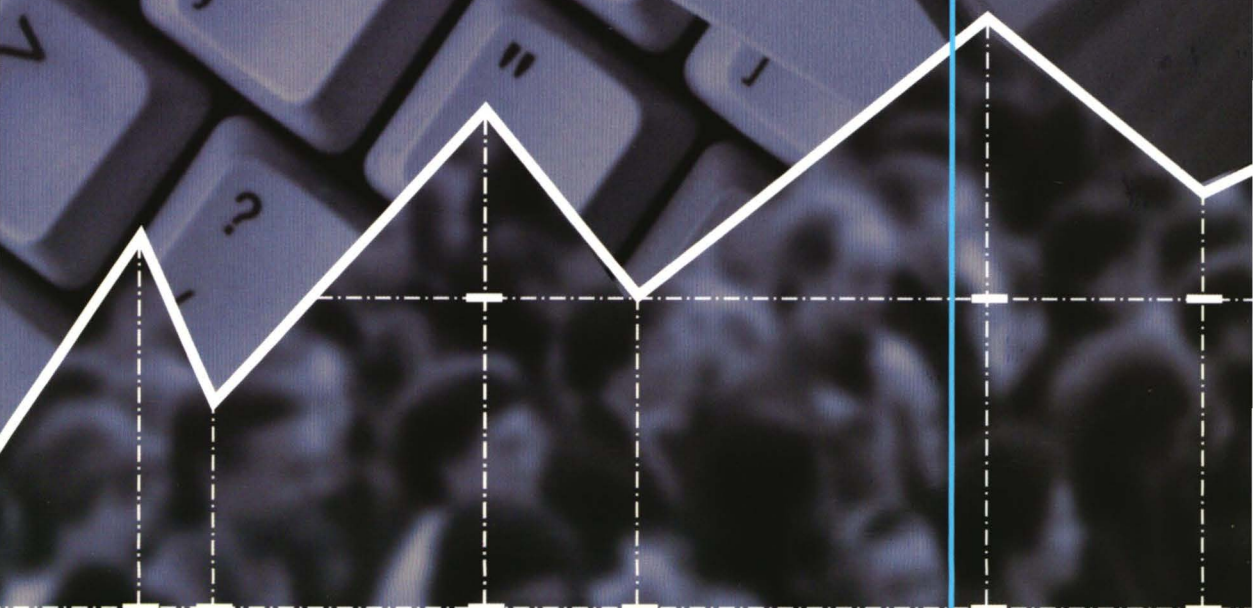


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Promoting employment

POLICIES
SKILLS
ENTERPRISES



International Labour Conference

92nd Session 2004

Report III (Part 1B)

General Survey concerning the Employment Policy Convention, 1964 (No. 122), and the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169), and aspects relating to the promotion of full, productive and freely chosen employment of the Human Resources Development Convention, 1975 (No. 142), and of the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189)

Third item on the agenda:
Information and reports on the application
of Conventions and Recommendations

Report of the Committee of Experts
on the Application of Conventions and Recommendations
(articles 19, 22 and 35 of the Constitution)

International Labour Office Geneva

Promoting employment

Policies, skills, enterprises

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Introduction

I. Background to the survey

1. In accordance with article 19, paragraph 5(e), of the Constitution of the International Labour Organization, the Governing Body of the International Labour Office decided at its 282nd Session (November 2001) to invite the governments of member States which have not ratified the Employment Policy Convention, 1964 (No. 122), or the Human Resources Development Convention, 1975 (No. 142), to report on their national laws and practices in regard to matters dealt with in these instruments. By the same decision, and in accordance with article 19, paragraph 6(d), of the Constitution, the governments of all member States were invited to report on their national laws and practices in regard to the matters dealt with in the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169), and the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189). On the basis of the reports submitted in pursuance of that decision and of those made under articles 22 and 35 of the Constitution by the governments of States party to one or the other of the above two Conventions, the Committee carried out the present General Survey on the effect given to the instruments under consideration.

2. This is not the first time the Committee has carried out a General Survey on instruments concerning employment and training policies. As early as in 1969 Convention No. 122 was part of a set of 17 Conventions whose prospects for ratification were examined by the Committee on the occasion of the 50th anniversary of the Organization.¹ In 1972 the Committee devoted its General Survey to the reports relating to the 1964 instruments on employment policy.² A General Survey on Convention No. 142 and other human resources development instruments was carried out in 1991.³

3. The profound changes in the global economy since the 1972 Survey and their consequences for employment policies would have sufficed to justify a new study of the role the relevant ILO standards can play in employment promotion. In the present case, the Governing Body invited governments to submit their reports under article 19 of the Constitution with a view to contributing to a prospective proposal for inclusion on the

¹ ILO: *The ratification outlook after 50 years: Seventeen selected Conventions*, Report of the Committee of Experts on the Application of Conventions and Recommendations, International Labour Conference, 53rd Session, 1969, Report III (Part 4B).

² ILO: *General Survey on the Reports relating to the Employment Policy Convention and Recommendation, 1964*, Report of the Committee of Experts on the Application of Conventions and Recommendations, International Labour Conference, 57th Session, 1972, Report III (Part 4B).

³ ILO: *Human Resources Development – Vocational guidance and training: General Survey of the Reports on the Paid Educational Leave Convention (No. 140) and Recommendation (No. 148), 1974, and the Human Resources Development Convention (No. 142), and Recommendation (No. 150), 1975*, Report of the Committee of Experts on the Application of Conventions and Recommendations, International Labour Conference, 78th Session, 1991, Report III (Part 4B).

agenda of the Conference of a general discussion on employment based on an integrated approach.⁴

4. This prospect governed the choice of instruments to be considered, and the adoption by the Governing Body of an appropriately adapted questionnaire. Consequently, reports were requested on Convention No. 122 and Recommendation No. 169, which complements the Employment Policy Recommendation, 1964 (No. 122), but not on Recommendation No. 122 itself. Moreover, reports were requested only in regard to certain aspects of Convention No. 142⁵ and Recommendation No. 189 in so far as they relate to the promotion of full, productive and freely chosen employment. As a result, the Committee has not followed its usual practice of examining the effect given to all the provisions of the instruments under consideration. Lastly, although the request for reports does not expressly mention these instruments, the questionnaire approved by the Governing Body contains a question on the prospects for ratification of the Employment Service Convention, 1948 (No. 88), and the Private Employment Agencies Convention, 1997 (No. 181), given the role of placement services in the implementation of employment policy measures.

II. Context of the ILO's standard-setting activities in the area of employment

5. The fight against unemployment and the pursuit of employment goals have been part of the core mandate of the ILO since the Organization was founded in 1919. The Preamble to the Constitution listed the prevention of unemployment as among the conditions whose improvement was urgently required in order to address “such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled”. The same year, the very first International Labour Conference adopted the Unemployment Convention, 1919 (No. 2), which called upon member States to report on measures taken to combat unemployment.

6. Twenty-five years later, by adopting in Philadelphia the Declaration concerning the aims and purposes of the International Labour Organization, the Conference recognized the solemn obligation of the ILO to further among the nations of the world programmes which, inter alia, will achieve “full employment, and the raising of standards of living” (May 1944).

7. In the years between the adoption of Convention No. 2 and the Declaration of Philadelphia, the ILO adopted a number of Conventions and Recommendations dealing with unemployment, but they were concerned mainly with the need for employment agencies and unemployment insurance, and not with job creation as such. The one exception was the Unemployment (Young Persons) Recommendation, 1935 (No. 45), that, among other things, called for courses providing a combination of general and vocational education up to the age of 18 years and the organization of special public works to assist unemployed youth.

8. With the end of the Second World War, the pathbreaking thinking on employment inscribed in the Declaration of Philadelphia would soon be reflected as well in an employment instrument. The 31st Session of the International Labour Conference adopted the Employment Service Convention, 1948 (No. 88). In Article 1, it identified the “essential duty” of the employment service as ensuring “the best possible

⁴ GB.282/LILS/9 (November 2001).

⁵ But not of the Human Resources Development Recommendation, 1975 (No. 150), the revision of which was placed on the agenda of the Conference by the Governing Body at its session of March 2001.

organization of the employment market as an integral part of the national programme for the achievement and maintenance of full employment and the development and use of productive resources”.

The road to the adoption of Convention No. 122

9. With its reinforced employment mandate, the ILO had a key role to play in the efforts of the United Nations system throughout the 1950s and into the 1960s to raise living standards through economic growth in developing countries. There was a rapid expansion of ILO technical cooperation activities in newly independent countries, with particular attention to raising productivity and overcoming the skill shortages seen as an obstacle to growth and development. Already in the early 1960s, the ILO was one of the first to question the conventional wisdom of the 1950s that economic growth, irrespective of the pattern pursued, would automatically lead to higher levels of employment and improved living standards for all.⁶

10. Against this backdrop of mounting concern over the problems of unemployment and underemployment in many developing countries, in 1960, the ILO convened a Meeting of Experts on Employment Objectives in Economic Development, at the request of the Governing Body and the Conference Committee on Employment. Its report went to the Conference the following year and was cited in the resolution concerning employment policy adopted in June 1961.⁷ This resolution laid the foundation for the instruments to be adopted three years later, expressing the objectives of employment policy in language that was remarkably similar to the text of Article 1 of the Convention adopted three years later.⁸ The resolution also requested the Governing Body to give high priority to placing an item concerning employment policy on the agenda of the International Labour Conference, not later than 1963, with a view to the adoption of an appropriate instrument which would promote the employment objectives contained in the resolution. It also invited the Director-General to prepare for the Conference’s consideration an ILO programme of action in the field of employment, “including research and practical operations with special reference to the needs and problems of developing countries ...”.

11. Notwithstanding this emphasis on developing countries, it was clear from the text of the resolution that the Conference preferred an instrument that would be applicable to industrially advanced as well as to developing countries. This went beyond the scope of the more narrowly defined item originally proposed for the 1963 agenda and would involve a correspondingly greater amount of detailed technical preparation. Since the normal double-discussion procedure did not appear to be the most effective way of handling the technical problems involved, the Governing Body concluded that a

⁶ ILO: *Employment, growth and basic needs: A one-world problem* (Geneva, 1976), pp. 2-3.

⁷ The Meeting of Experts was chaired by Roberto Campos (1919-2001), a distinguished Brazilian economist and diplomat who was also active at that time as a representative of his country in the negotiations of the General Agreement on Tariffs and Trade (GATT).

⁸ The resolution called upon the governments of all countries “to adopt, as a major goal of social and economic policy, the objective of full, productive and freely chosen employment, this goal, which among other things, includes higher standards of living, being understood to mean (i) that there should be work for all who are available for and seeking work; (ii) that the jobs available should be as productive as possible; (iii) that there should be freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his acquired skills and natural endowments in, a job for which he is well suited, irrespective of race, sex, creed, age, or personal origin;”.

preparatory technical conference was preferable to a first discussion in a Conference committee.⁹

12. At its 152nd Session (June 1962) the Governing Body took a decision that led to the convening from 30 September to 16 October 1963 of a Preparatory Technical Conference on Employment Policy, which had the following agenda: “Employment policy, with particular reference to the employment problems of developing countries, with a view to the formulation of an appropriate instrument for possible adoption by the International Labour Conference”.¹⁰ In the light of the record of the Preparatory Technical Conference, at its 157th Session (November 1963), the Governing Body included this item on the agenda of the 48th Session (1964) of the International Labour Conference.

13. The form of the instrument – a Convention or a Recommendation – was one of the principal issues faced by the Committee on Employment Policy in the 1964 Conference discussion. In the end, the Conference adopted Convention and Recommendation No. 122, together with a resolution concerning international action for the promotion of employment objectives, and another resolution concerning the activities of the International Labour Organization in the field of employment policy.¹¹

14. While the importance of the Convention and Recommendation as cornerstones of the ILO’s future work in the field of employment is readily apparent, it should be noted that the two resolutions also heralded the breadth, depth and international character of the programme on which the ILO would soon embark. The first resolution called for research that distinguished the differences in meaning of full employment as a policy objective in industrialized and developing countries and covered both short- and long-term aspects of employment and employment policy. Within the framework of this research programme, the Office was instructed to study the policies being followed in selected countries to provide more employment. Moreover, since employment policy measures must necessarily form part of broader economic and social policy measures, advice to member States on questions of employment policy should, where possible, be given in close conjunction with advice on broader questions of economic planning, programming or policy-making. The second resolution called upon the United Nations, the newly established United Nations Conference on Trade and Development (UNCTAD), the World Bank and other international organizations to take full account of, and seek to attain the employment objectives defined in, the Employment Policy Convention in such areas as foreign trade, international financial assistance and food aid. The resolution went on to authorize the Director-General to inform the relevant international organizations of the ILO’s willingness to explore active cooperation in the areas coming within its field of competence.

The World Employment Programme

15. The stage was thus set for launching the World Employment Programme. In 1969, on the occasion of the ILO’s 50th anniversary, the World Employment Programme

⁹ See Minutes of the 150th Session of the Governing Body (Nov. 1961), p. 68. Under article 38, paragraph 4, of the Standing Orders of the International Labour Conference, when a question has been considered at a preparatory technical conference an instrument may be adopted following a single discussion.

¹⁰ The record of the Conference, the texts adopted, the reports of the drafting groups and the summary proceedings of the plenary sittings of the Conference are to be found in ILO: *Employment policy with particular reference to the employment problems of developing countries*, Report VIII(1), ILC, 48th Session, Geneva, 1964.

¹¹ The Convention was adopted by 170 votes in favour, 44 against, with 40 abstentions.

(WEP) was created and offered as the ILO's contribution to the International Development Strategy for the Second United Nations Development Decade.¹²

16. In introducing a new employment-oriented approach to poverty alleviation and development, the WEP favoured a continuing interaction between research, policy analysis, and operational activities.¹³ Policy research in the early years was carried out at ILO headquarters and at both country and regional levels. Work in the 1970s focused on the link between income distribution and employment, appropriate technologies, rural employment, the urban informal sector, labour-intensive public works, population policies, labour market issues, manpower planning and labour market information, international migration, and women workers.¹⁴

17. The best-known work at the country level consisted of comprehensive employment strategy missions carried out at the invitation of governments. ILO officials combined with leading development scholars and practitioners, local experts and specialists from other United Nations agencies to identify the causes of each country's employment problems and come up with a full set of proposals for corrective action.¹⁵

18. Much of this work was carried out in close collaboration with the four regional employment teams set up by the ILO in Latin America, Asia and Africa. Within the overall framework of WEP activity, each team established its own research and operational programme and evolved into a regional centre of expertise in its own right.¹⁶

The World Employment Conference and its follow-up

19. Midway through the Second Development Decade, the Governing Body decided at its 194th Session (November 1974) that it was time for the ILO to reappraise the employment and development problem and take stock of the work done up to that point as well as to distil from this work some policy conclusions to guide the ILO and its member States in their further efforts to overcome unemployment and poverty.¹⁷ Held from 4 to 17 June 1976, the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour adopted a Declaration of Principles and Programme of Action, which reaffirmed the need to meet

¹² At its 51st Session in 1967, the International Labour Conference adopted a resolution concerning international cooperation for economic and social development, which, inter alia, requested the Director-General to prepare a world plan for employment and human resources development on the occasion of the ILO's 50th anniversary.

¹³ See D.H. Freedman: "The ILO's World Employment Programme", in M.A. Boisard and E.M. Chossudovsky (ed.): *The United Nations system at Geneva. Scope and practices of multilateral diplomacy and co-operation* (Geneva, UNITAR, 1991), pp. 350-51.

¹⁴ See, for example, ILO: *The World Employment Programme. What it is, what it does* (Geneva, 1984); and H. Singer: *Research of the World Employment Programme: Future priorities and selective assessment* (Geneva, ILO, 1992).

¹⁵ See in this regard R. Plant: *A short guide to the ILO World Employment Programme* (Geneva, ILO, 1983), pp. 32-33. The best known of these missions were fielded in Colombia (the first), Sri Lanka (then called Ceylon), Kenya, the Philippines, Sudan and Egypt.

¹⁶ The Regional Employment Programme for Latin America and the Caribbean (PREALC) was created in Santiago (Chile) in 1968; the Asian Regional Team for Employment Promotion (ARTEP) was set up in Bangkok in 1971 and relocated to New Delhi in 1985; for Africa, the Jobs and Skills Programme for Africa (JASPA) was put in place in Addis Ababa in 1974, followed by the creation of the Southern African Team for Employment Promotion (SATEP) in Lusaka in 1980. These regional arms of the WEP continued to carry out their ambitious programmes until they were replaced by multidisciplinary teams created in the early 1990s.

¹⁷ *Employment, growth and basic needs*, p. 4. The International Labour Conference had set the wheels in motion at its 59th Session in 1974 when it adopted the resolution concerning the convocation by the ILO of a tripartite world conference on employment, income distribution, social progress and the international division of labour. This was seen as a specific contribution by the ILO towards assessing the progress of the Second United Nations Development Decade.

the challenge of creating sufficient jobs in developing countries to achieve full employment. However, the Conference took the further step of recognizing as one of the primary objectives of national development efforts and of international economic relations the achievement of full employment and satisfaction of the basic needs of all people throughout this “One World”. Employment promotion and the satisfaction of basic needs should be made explicit in each country’s strategies, national development plans and policies.

20. Three years later, the Conference renewed its endorsement of the World Employment Conference Declaration of Principles and Programme of Action. It adopted a resolution concerning follow-up to the World Employment Conference that contained a wide-ranging set of recommendations addressed to the ILO’s member States on the formulation of employment and basic-needs strategies, the application of ILO standards, and international economic cooperation for development, including the establishment of the new international economic order. The call for action to be carried out by the ILO was similarly broad, with particular attention focused on specific sectors and groups. These included a request for the Office to study the possibilities for improving employment conditions of small and medium-sized enterprises in both developed and developing countries. This same resolution also requested the Governing Body to place the question of the revision of the employment policy instruments on the agenda of the earliest possible session of the International Labour Conference.

The Employment Policy (Supplementary Provisions) Recommendation

21. At its 218th Session (November 1981), the Governing Body discussed the agenda of the 69th (1983) Session of the Conference. Previously, at its 216th Session (May 1981), the Governing Body had requested the Office to prepare a paper on the main trends in law and practice relating to employment policy. In that paper the Office had also dealt with the form that a revised instrument might take. The Office argued that as the principles enshrined in Convention No. 122 had proved their worth and retained their full value, the adoption of a Convention that formally revised it would inevitably call into question the continuing validity of Convention No. 122 and jeopardize its future status. Moreover, none of the points identified for possible future standard setting in the field of employment policy put in question or called for modification of the principles set out in the Convention. Recommendation No. 122, like the Convention, had proved its worth and remained fully valid. It therefore seemed appropriate to leave intact the existing Convention and Recommendation and to adopt new provisions in the form of a supplementary Recommendation, which covered new developments resulting from national and international experience over the preceding 20 years.¹⁸

22. In the ensuing discussion, the Employers’ and Workers’ groups agreed that the item on employment policy deserved priority. Most Governments also supported this choice, although some felt that the Governing Body should not restrict the choice and form of the future instrument(s), but instead leave that decision to the Conference. In the end, the Governing Body decided that employment policy should be placed on the agenda.¹⁹

23. The Employment Policy (Supplementary Provisions) Recommendation (No. 169), adopted by the Conference in 1984, placed the Employment Policy Convention and Recommendation (No. 122) in the wider framework of the 1976 Declaration of

¹⁸ GB.218/11/8/1, p. 8.

¹⁹ Minutes of the 218th Session of the Governing Body (Nov. 1981), pp. I/1-2, and III/1-2.

Principles and Programme of Action. It reflected a delicate compromise on the “right to work”²⁰ in proclaiming as a general principle that the promotion of full, productive and freely chosen employment provided for in Convention and Recommendation No. 122 should be regarded as the means of achieving in practice the realization of the right to work. Moreover, the text contained sizable sections on employment of youth and disadvantaged groups and persons, technology policies, public investment and special public works programmes, international economic cooperation and employment, and international migration and employment.

The work of the Governing Body

24. Along with the adoption of a new employment instrument in 1984, the Conference adopted a resolution concerning employment policy that called on the Governing Body “to make effective arrangements or rearrangements of its working methods to enable it to assess at regular intervals the impact of international and national governmental economic, financial and trade policies on employment levels”.²¹ At its November 1986 session, the newly formed Governing Body Committee on Employment held a first meeting to determine its terms of reference and to organize its future work.²²

25. In its first meeting, the Committee on Employment recommended the following terms of reference to the Governing Body: “(a) to review the current and potential evolution of the employment situation in the world; (b) to assess the impact on employment of policies and practices in different fields at the national and international levels; (c) to review and make recommendations on ILO activities in the field of employment, including the work of specialized bodies such as the Advisory Committee on Rural Development and the Advisory Committee on Technology.”²³ Almost from the beginning, the Committee on Employment served as the Governing Body vehicle through which the ILO examined and defined its relationship with the Bretton Woods institutions and argued for greater attention to be paid to the employment and social aspects of decisions pertaining to debt and structural adjustment. The mandate of the Committee on Employment has grown over the years to encompass a broader range of employment and social issues – the Committee now goes by the name of the Committee on Employment and Social Policy – and to meet with greater frequency.²⁴

26. Throughout the 1980s, outside experts as well as the ILO’s own constituents urged the Organization to play a more active role within the United Nations system and strengthen its collaboration with the International Monetary Fund, the World Bank and similar institutions in assessing structural adjustment programmes and aid policies from the standpoint of their effects on employment, incomes and poverty.²⁵

²⁰ Enunciated, inter alia, in the Universal Declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights.

²¹ GB.230/PFA/5/1, para. 1.

²² GB.232/7/30, para. 81(a).

²³ GB.234/CE/1/1, para. 7.

²⁴ The Committee, which initially met during one Governing Body session per year, now meets both in March and November for one and a half days on each occasion.

²⁵ See, in this regard, ILO: *Employment and poverty in a troubled world. Report on a Meeting of High-Level Experts on Employment* (Geneva, 1985), pp. 13-14.

Box 0.1**The work of the Committee on Employment and Social Policy**

The functions of the Committee on Employment and Social Policy (ESP) of the ILO's Governing Body can be thought of as reciprocal. On the one hand, the Committee is a means by which Governing Body members in their tripartite composition can be informed of the work of the Office and kept abreast of topics of current research and analysis undertaken by the Office. On the other hand, it is a critical channel through which the Office receives guidance on the direction and substance of its work, guidance that, as elsewhere in ILO work, is all the richer as it reflects the distinctive views of the ILO's three constituents. As the opportunity for such guidance occurs twice annually, it is a way for the Office to keep in closer touch with its constituents than through the biennial programme and budget process. As an example of how the work of the Committee guides the Office's own work, the Officers of the Committee requested in their March 2003 session that the Office prepare a paper on one of the core elements of the Global Employment Agenda, active labour market policies, for discussion in the November 2003 session. As a result of the Committee's discussion of the paper, it was suggested that the Office further elaborate the link between active labour market policies and wage policy, as well as to explore alternative means for financing active labour market policies, areas of further work that the Office plans to undertake.

27. The ILO began to focus increasing attention on the employment and social aspects of structural adjustment. In 1987, in the context of the financial crisis occasioned by the abrupt decline of the United States stock market, the ILO convened the High-Level Meeting on Employment and Structural Adjustment in Geneva, with the participation of the Bretton Woods institutions. In 1989, there followed the Tripartite Symposium on Structural Adjustment and Employment in Africa in Nairobi.²⁶ Another major initiative was an interdepartmental project on employment and structural adjustment, which mobilized the efforts of various departments throughout the Office to examine key aspects of adjustment policies.

The World Summit for Social Development and its follow-up

28. The 1990s offered to the ILO an opportunity to go a step further in ensuring that the goal of full employment and the centrality of employment in policy formulation, as well as respect for basic workers' rights as embodied in ILO standards, be recognized and advanced within the United Nations system as a whole. The occasion was the World Summit for Social Development, one in a series of major United Nations conferences that took centre stage in the late 1980s and the first half of the 1990s. The ILO's link with a social summit and its interest in the issues which the Summit would discuss were obvious and, from the outset, the ILO's tripartite constituents communicated to the United Nations their view that the Organization, given its specific mandate in the social field, should be called upon to play a central role in the preparation, the holding and the follow-up of the World Summit for Social Development.²⁷

29. In December 1992, the General Assembly adopted Resolution 47/92 on the convening of a world summit. Expansion of productive employment was selected as one of the three core issues affecting all societies to be addressed by the Summit. The ILO

²⁶ For more on these two meetings and the ILO's work on debt and structural adjustment, see H. Singer, op. cit., pp. 19-28. See also V.E. Tokman and D.H. Freedman, "The ILO and the social dimensions of adjustment in Africa," Research Group on African Development Perspectives, Bremen, *African Development Perspectives Yearbook 1989. Vol. I: Human Dimensions of Adjustment* (Berlin, Schelzky & Jeep, 1990), pp. 77-85.

²⁷ GB.254/11/11, para. 51.

became heavily involved in the preparatory process, both through its direct contributions to the work of the United Nations secretariat set up to prepare the Summit in New York, and the parallel role played by the Office and the Governing Body in Geneva. The Governing Body established a Working Party on the World Summit for Social Development. At its 258th Session in November 1993, the Governing Body adopted a statement on the World Summit for Social Development that emphasized the central place that should be given to the expansion of productive employment.²⁸

30. On the eve of the Summit, the ILO launched a new series of reports on the world employment situation, the first of which was entitled *World Employment 1995*. The ILO delegation to the Summit was led by the Director-General and included a tripartite delegation of the Governing Body. The Summit adopted a Declaration and Programme of Action that amply reflected the ILO's core values. Among the ten commitments comprising the Declaration, in Commitment 3 the nations of the world proclaimed, "We commit ourselves to promoting the goal of full employment as a basic priority of our economic and social policies, and to enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work." It is particularly noteworthy that under Commitment 3, the Summit agreed to "put the creation of employment ... at the centre of strategies and policies of governments, with full respect for workers' rights and with the participation of employers, workers and their respective organizations ...". The Summit also undertook to "pursue the goal of ensuring quality jobs, and safeguard the basic rights and interests of workers and to this end, freely promote respect for relevant International Labour Organization Conventions, including those on the prohibition of forced and child labour, freedom of association, the right to organize and bargain collectively, and the principle of non-discrimination".²⁹ In the Programme of Action, the Summit recognized that the ILO, "because of its mandate, tripartite structures and expertise has a special role to play in the field of employment and social development" and requested the Organization to contribute to the Programme's implementation.

31. The aftermath of the World Summit on Social Development saw action on many fronts in the field of employment. The Conference no less than the Office and the Governing Body was reasserting the goal of full employment. The Governing Body had already decided at its 259th Session in March 1994 to put on the agenda of the 83rd Session of the International Labour Conference in 1996 an item for general discussion entitled "Employment policies in a global context". The choice of topic was influenced by accumulating evidence of a worldwide deterioration in the employment situation over the preceding 20 years, together with a recognition that employment problems had to be dealt with in the new context of a rapidly globalizing world economy.³⁰

²⁸ ILO: *Contribution of the International Labour Organization to the first substantive session of the Preparatory Committee for the World Summit for Social Development*, New York, 31 January-11 February 1994 (Geneva, 1994). In addition to the statement by the Governing Body, this document also contained three technical papers prepared by the Office that respectively analysed the global employment crisis and suggested approaches for dealing with it, looked at labour standards and social protection in relation to the Social Summit, and examined international migration and the issues to which it gave rise.

²⁹ United Nations: *The Copenhagen Declaration and Programme of Action. World Summit for Social Development*, 6-12 March 1995 (New York, 1995). For a summary account of how ILO interests are reflected in the document to emerge from Copenhagen, see GB.262/4. Chapter 3 of the Programme of Action, entitled "Expansion of Productive Employment and Reduction of Unemployment", offers a detailed blueprint for action in the employment field. Among its many noteworthy provisions are those concerning the full participation of women in the labour market and their equal access to employment opportunities, including institutional requirements aimed at changing attitudes and policies that reinforce the division of labour based on gender.

³⁰ See ILO: *Employment policies in a global context*, ILC, 83rd Session, 1996, Report V, Geneva.

32. The Conference adopted a resolution comprising a set of conclusions and invited the Governing Body to request the Director-General to bring to the attention of member States and of employers' and workers' organizations the "Conclusions concerning the achievement of full employment in a global context: The responsibility of governments, employers and trade unions". The conclusions reaffirmed that "the definition of full employment as a level of employment where all those available, able and actively seeking work can obtain it remains fundamentally valid", but went on to add that "changes in the structure of employment in terms of what constitutes full, productive and freely chosen employment need to be taken into account". The conclusions also noted that while "full employment remains an achievable goal despite anxieties over the possible job-destroying effects of rapid technological change and intensified international competition", and "the objective of full employment is valid for all countries, ... the concept may have to be interpreted differently for developing countries".³¹

Box 0.2 **The ILO Global Employment Agenda**

Purpose

The Global Employment Agenda (GEA) promotes a multifaceted aim: increasing the quantity of opportunities for employment while improving the quality of employment and contributing to better-functioning labour markets. The reciprocity between quantity and quality of employment confirms the distinctive way in which labour markets function most effectively. Labour markets rely, not on commodities, but on human energy and needs that require conditions of dignity, security, and fairness to yield economic and social stability.

Structure

The Agenda connects ten core elements to influence factors in the economic environment and the labour market that are essential to building job opportunity and quality. In the economic environment, the Agenda seeks to promote employment by focusing on *trade and investment* and, in particular, market access for developing countries; *technological change* for higher productivity; and *sustainable development* for sustainable livelihoods. As a tool to achieving these objectives, the GEA advocates an *integrated approach to macroeconomic policy* that includes growth and employment. In the labour market, the Agenda concentrates on decent employment through *entrepreneurship*; *employability* by improving knowledge and skills; the productivity dimensions of *social protection* and *occupational safety and health*; and the application of *productive employment for development and poverty reduction*. A primary tool for realizing these objectives consists of *active labour market policies* for employment, equity, security in change, and poverty reduction.

Implementation

Several key principles guide the implementation of the different elements of the Agenda. The Agenda's values are rooted in the conviction that economic growth is not an end in itself but rather a means for the promotion of human dignity and quality of life.

³¹ ILO: *Record of Proceedings*, ILC, 83rd Session, 1996, see resolution concerning employment policies in a global context.

- First, in focusing on the principle of *decent work as a productive factor*, the Agenda utilizes decent work, not as an output alone, but as an essential input to an integrated strategy for productive job creation, development, and poverty reduction. In this approach, social policy plays an ongoing dynamic role in building a healthy economy and a just society, rather than operating as a burden or a cost. The GEA advocates a social policy that combines job creation with the components that make up decent work, such as workers' rights, social protection, and social dialogue.
- Second, the Agenda views the *elimination of discrimination in the labour market* as a means to advance the effective utilization of human resources and productive job matches. Along with the gains of effective resource allocation, this strategy seeks to stop the cost that economies pay for labour market discrimination, and the deprivation of freely chosen employment that victims of discrimination suffer.
- Third, the Agenda promotes the principle of *social dialogue* among governments, workers and employers as the most effective means for achieving consensus on policy decisions relating to employment. This approach advocates the use of effective and accountable mechanisms for tri- and bipartite dialogue that represent the distinctive interests of the key stakeholders in employment, and that are accountable to them in implementing the objectives of the Agenda.

At *country level*, the elements of the Agenda provide a framework for collection and analysis of key economic and other information which informs national employment plans or similar strategies. These plans are drawn up in the broader context of macroeconomic and financial policy and institutional environment. Priority is given to governance and social dialogue institutions that influence how decisions are made and carried out, and to building effective partnerships across ministries active in finance, trade, labour, education and other fields, and between public and private sectors.

At *regional level*, the Agenda builds on common strengths and needs, and seeks to harness the comparative advantage of regional economic groupings for sustainable job creation in the global marketplace. Particular focus is given to economic integration arrangements in Africa, Europe and Latin America which are seeking to integrate economic growth and decent employment strategies.

At *global level*, the Agenda encourages the different international actors involved, including international organizations, to examine and consider international economic and financial policies and measures in the light of the fundamental objective of decent work. This approach motivates global alliances for better policy coordination among international organizations in promoting employment, directly or indirectly, in their respective fields of operation.

Source: ILO: Global Employment Agenda, 2003; GB.286/ESP/1 (March 2003).

33. As the twenty-first century began, employment retained its central place in the ILO work programme. In November 2001, the Office organized the Global Employment Forum at which it presented as a discussion paper *A global agenda for employment*. The next step was to elaborate a series of practical measures to move the Global Employment Agenda from idea to implementation.³² The Agenda's primary objective was stated as placing productive employment at the centre of "pro-poor" development policies, with great emphasis attached to improving the productivity of working men and women, especially of the working poor.³³ In this sense, the Agenda extended the aim of earlier initiatives to place employment at the heart of economic and social policies in order to better the lives of the hundreds of millions of people who are either unemployed or inadequately remunerated. Moreover, as with these earlier initiatives, it explicitly acknowledged the need to combine national action with a global dimension. It therefore

³² GB.283/ESP/1, paras. 1-4.

³³ GB.285/ESP/1, para. 7; and GB.286/ESP/1, para. 9.

called for the building of alliances and partnerships at global and regional levels as a means of implementation.³⁴

34. Underlying the Global Employment Agenda are seven principles or “pillars” and ten core elements. The Agenda’s core elements seek to promote employment, economic development and social justice. They are divided into two groups: those that address the economic environment and those that address the labour market.³⁵ At its 286th Session in March 2003, the Governing Body called upon the Director-General to report on a regular basis on the efforts of individual countries to implement the Global Employment Agenda, including obstacles faced and successes achieved.³⁶ On that occasion, the Worker Vice-Chairperson very aptly and succinctly placed the Global Employment Agenda in the Organization’s long line of work on employment policy. Its origins stemmed from the employment goal of the World Summit for Social Development, whose commitment to full employment was based on Convention No. 122. Then in the June 2000 review of the Social Summit commitments, the ILO had been invited to elaborate on a coherent and coordinated international employment strategy. This then was the context of the Global Employment Agenda.³⁷ As can be seen, it is one more link in a continuing chain of legal instruments and policy events that can be traced back to the ILO’s founding in 1919.

Human resources development

35. Closely linked to the promotion of employment, the development of vocational training has likewise been part of the International Labour Organization’s mandate since its beginnings. In that respect, the Preamble of the Constitution lists “the organization of vocational and technical education” among the measures the Organization should promote, while the Declaration of Philadelphia recognizes the solemn obligation to “further among the nations of the world programmes which will achieve full employment and the raising of standards of living; the employment of workers in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their greatest contribution to the common well-being” and “the provision, as a means to the attainment of this end and under adequate guarantees for all concerned, of facilities for training and the transfer of labour”.

36. The adoption by the Conference in 1921 of the Vocational Training (Agriculture) Recommendation, 1921 (No. 15), inaugurated the ILO’s standard-setting activity in this matter, which over the years resulted in a series of recommendations on vocational training in specific branches of economic activity or setting out principles applicable to all vocational training or guidance activities.³⁸

37. As the Committee pointed out in its previous survey, the 1975 instruments marked the move away from the traditional concept of vocational training purely as a means to achieve balance in the employment market and towards a broader and more dynamic concept of “human resources development”, a term which embraced training and guidance as part of a continuous lifelong process of expanding the individual’s opportunities for education, both in the individual’s own interest and for the welfare of the community. More recently, however, the relevance of Recommendation No. 150 has

³⁴ *ibid.*, paras. 2, 7 and 43.

³⁵ *ibid.*, paras. 17-18 for a complete list of the ten core elements.

³⁶ GB.286/15, para. 27(a).

³⁷ *ibid.*, para. 6.

³⁸ For a review of these standards see the 1991 General Survey, paras. 7-12.

been called into question. In its resolution concerning human resources training and development, adopted at its 88th Session (2000), the Conference concluded that there was “a need for a more dynamic instrument that is more applicable and used by member States and the social partners in formulating and implementing human resources development policies, integrated with other economic and social policies, particularly employment policies”.³⁹ To follow up these conclusions while reaffirming the continued validity of the general principles of Convention No. 142, the Governing Body decided at its 280th Session (March 2001) to include on the agenda of the 91st Session (2003) of the Conference an initial discussion on human resources training and development with a view to the adoption, in 2004, of a new standard revising Recommendation No. 150.

Job creation in small and medium-sized enterprises

38. The pre-eminent role of small enterprises in job creation, already referred to in Recommendation No. 122, which advocates the promotion of industrial employment by measures aimed to “create handicrafts and small-scale industries and to assist them to adapt themselves to technological advances and changes in market conditions so that they will be able to provide increasing employment”,⁴⁰ is fully recognized in Recommendation No. 169, which in Part VI stipulates that employment policy should take account of the importance of small and medium-sized enterprises as providers of jobs and recognize their contribution to the fight against unemployment and the employment opportunities they offer, especially for workers who have particular difficulties.

39. The resolution concerning the promotion of small and medium-sized enterprises, adopted by the Conference at its 72nd Session (1986) likewise highlighted the role of small and medium-sized enterprises (SMEs) as vehicles for social progress and employment creation and requested the Organization to pursue and strengthen its contribution to their development.

40. During the decade following the adoption of Recommendation No. 169, SMEs confirmed their remarkable capacity for employment creation in a period of rising unemployment and the ILO’s technical cooperation activities to advance SME development grew in scale. It rapidly became necessary to adopt a general standard setting out appropriate measures to promote employment creation by SMEs and providing the Organization with a reference standard for its practical activities in this domain. At its 262nd Session (March 1995) the Governing Body decided to include in the agenda of the 1997 session of the Conference an item entitled “General conditions to stimulate job creation in small and medium-sized enterprises”. The Recommendation by the same name was adopted by the Conference in 1998.

III. Content of the instruments

41. Under Convention No. 122 each ratifying State shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment. This policy shall aim at ensuring that there is work for all who are available for and seeking work, that such work is as productive as possible, that there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for a job for which he/she is well suited and to use his/her skills irrespective of race, colour, sex, religion, political opinion, national extraction or social origin. It shall

³⁹ Conclusions, para. 21.

⁴⁰ Paragraph 26(b) of Recommendation No. 122.

take account of the mutual relationships between employment objectives and other economic and social objectives, and shall be pursued by methods that are appropriate to national conditions and practice. The measures to be adopted so as to attain the employment objectives shall be decided on and reviewed regularly within the framework of a coordinated economic and social policy, and in consultation with representatives of the persons affected thereby, and in particular representatives of employers and workers.

42. Recommendation No. 169 provides that the promotion of full, productive and freely chosen employment should be regarded as the means of achieving in practice the realization of the right to work, and that it should be a priority in economic and social policies and, where appropriate, in plans for the satisfaction of the basic needs of the population. It contains a set of provisions on population policy, the employment of youth and disadvantaged groups and persons, technology policies, the informal sector, small undertakings, regional development policies, public investment and special public works programmes, and the role of international economic cooperation and employment.

43. States party to Convention No. 142 undertake to adopt and develop comprehensive and coordinated vocational guidance and vocational training policies and programmes by establishing close links with employment, in particular through public employment services. These policies and programmes shall take account of employment needs and opportunities and other economic, social and cultural objectives, and shall be pursued by methods appropriate to national conditions. Designed to improve the ability of the individual, they shall encourage and enable all persons without any discrimination whatsoever and be formulated and implemented in cooperation with the employers' and workers' organizations. Open, flexible and complementary education and training systems shall be established and developed and existing systems of vocational guidance and training gradually extended.

44. Recommendation No. 189 provides that the fundamental role of SMEs should be recognized, notably as regards the promotion of full, productive and freely chosen employment, greater access to income-earning opportunities and increased economic participation of disadvantaged and marginalized groups. It advocates the adoption of a policy and legal framework (set out in detail) conducive to the development of SMEs, the development of an enterprise culture and the development of an effective service infrastructure. It also deals with the role that employers' and workers' organizations should consider playing so as to contribute to the development of SMEs, and areas in which international cooperation should be encouraged.

IV. Relationship with other international labour standards

45. The instruments on employment policy and human resources development are closely linked to several other international labour standards. An employment policy pursuing the objective of free choice of employment in accordance with Convention No. 122 must be consonant with the application of the fundamental standards with regard to forced labour and discrimination. Free choice of employment within the meaning of the Convention entails both the prohibition of forced labour, as defined in the Forced Labour Convention, 1930 (No. 29), and the elimination of all discrimination on the basis of the criteria defined in the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), whose scope covers both access to employment and access to training.

46. In addition to Convention No. 142⁴¹ there are other instruments concerning measures, policies or programmes concerning employment. The basic task of the public employment service established under the Employment Service Convention, 1948 (No. 88), must be to organize the labour market as well as possible as an integral part of the national programme to ensure and maintain full employment. The functions of labour administrations listed in the Labour Administration Convention (No. 150) and Recommendation (No. 158), 1978, include participation in the preparation, administration, coordination, checking and review of the national employment policy.⁴²

47. The Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), concerns the coordination of employment policies and systems of protection against unemployment. It provides in particular that Members should seek to ensure that the methods of providing unemployment benefit contribute to the promotion of full, productive and freely chosen employment and are not such as to discourage employers from offering and workers from seeking productive employment. The Convention specifies that the measures taken to promote productive employment should be taken in light of Recommendations Nos. 150 and 169, and stipulates that in addition to employment services, vocational training and vocational guidance, social security should likewise form part of the employment policy means.

V. Other international instruments

48. Although the promotion of employment is principally the responsibility of the ILO, it is also part of the mandate of other international organizations. Chapter IX of the Charter of the United Nations, concerning international economic and social cooperation, lists full employment as one of the objectives to be promoted by the organization (Article 55) in cooperation with the specialized agencies, including the ILO.

49. The promotion of employment is one of the essential objectives of the main international economic and financial organizations and in some cases this is stated in their establishing treaties in terms close to those of Convention No. 122. For instance, according to Article I of the Articles of Agreement of the International Monetary Fund (IMF) one of the purposes of the Fund is “to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy”. The parties to the Marrakech Agreement establishing the World Trade Organization (WTO) recognize “that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living” and “ensuring full employment”. Article I(iii) of the Articles of Agreement of the International Bank for Reconstruction and Development declares that the purposes of the World Bank include promotion of “the balanced growth of international trade, and the maintenance of equilibrium in balance of payments” by “encouraging international investment for the development of productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labour”. The Bank has recognized the importance of facilitating the climate for job creation and promoting income-earning opportunities in its operational work on its fundamental objective of sustainable poverty reduction. Article 1 of the Convention on the Organisation for Economic Co-operation and

⁴¹ For the relationship of Convention No. 142 with other international labour standards, see the 1991 General Survey, paras. 33-47.

⁴² See: *Labour Administration, General Survey on the Labour Administration Convention (No. 150) and Recommendation (No. 158), 1978*, Report of the Committee of Experts on the Application of Conventions and Recommendations, International Labour Conference, 85th Session, 1997, Report III (Part 1B), paras. 92-105.

Development (OECD) states that the aim of the organization shall be to promote policies designed “to achieve the highest sustainable economic growth and employment”.

50. The promotion of employment also figures prominently in the charters of some regional organizations. The Treaty Establishing the European Community (1957) sets as one of the Community’s tasks “to promote [...] a high level of employment and of social protection” while the Treaty on the European Union (1997) has as an objective “to promote economic and social progress and a high level of employment”. In the preamble of the North American Free Trade Agreement (NAFTA) signed by Canada, the United States and Mexico in 1992, the countries established as one of the fundamental objectives of the Agreement their commitment to “create new employment opportunities and improve working conditions and living standards in their respective territories”. In 1993, the three countries also adopted a parallel agreement, the North American Agreement on Labor Cooperation. The Southern African Development Community (SADC) established in 1992 includes among its objectives “to promote and maximize productive employment”.

51. Among standard-setting instruments, the Universal Declaration of Human Rights proclaims that “everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment”. Setting out the legal obligations arising under this principle, the International Covenant on Economic, Social and Cultural Rights stipulates that the States parties “recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right”. It further specifies that the steps to be taken “to achieve the full realization of this right shall include technical and vocational guidance and training programmes, policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual” (Article 6). Under established procedures, the ILO assists in monitoring the application of these provisions by transmitting to the Committee on Economic, Social and Cultural Rights information including the comments by the Committee of Experts on the application of Conventions Nos. 122 and 142.

52. At the regional level, the European Social Charter adopted in 1961 by member States of the Council of Europe (and revised in 1996) stipulates that “everyone shall have the opportunity to earn his living in an occupation freely entered upon” (Part I) and the contracting parties undertake, “with a view to ensuring the effective exercise of the right to work [...] to accept as one of their primary aims and responsibilities the achievement and maintenance of as high and stable a level of employment as possible, with a view to the attainment of full employment”, as well as “to provide or promote appropriate vocational guidance, training and rehabilitation” (Part II, Article 1). It should be noted that the participation, in a consultative capacity, of an ILO representative in the deliberations of the European Committee of Social Rights charged with monitoring the application of the Charter enables that Committee to take into account the work of the ILO supervisory bodies regarding in particular the application of Conventions Nos. 122 and 142 when examining the effect given to the above provisions.

53. Another instrument adopted by the member States of the Council of Europe, the European Code of Social Security (1964) provides, as amended by its Protocol, that “measures shall be taken to maintain a high and stable level of employment in the country” and that “appropriate facilities shall be provided to assist unemployed persons to obtain suitable new work, including placement services, vocational training courses” (article 24). In accordance with the supervisory procedure established by the Code, the

Committee of Experts is entrusted with the examination of reports on the application of that instrument.

54. In 1977, the Arab Labour Organization adopted its own instruments in the field of human resources development. Its convention (No. 9) and recommendation (No. 2) on vocational guidance and training provide, among other measures, for the adoption and regular review of policies in this field, and for their coordination with education and employment policies. In accordance with these instruments, these policies should be aimed, in particular, at ensuring free choice of training, equality of opportunity in this field and the prevention of unemployment due to skills mismatches.

55. In the Social and Labour Declaration adopted by the Heads of State of MERCOSUR on 10 December 1998 in Rio de Janeiro, the States parties (Argentina, Brazil, Paraguay and Uruguay) undertake to implement active employment promotion and job creation policies with a view to raising standards of living and addressing regional imbalances. The Declaration also refers to the right of all workers to vocational guidance and training. A tripartite Social and Labour Commission entrusted with the promotion of the Declaration examines reports on the effect given to it since 2001.

VI. Status of ratification of Conventions

56. Convention No. 122, which entered into force on 15 July 1966, had received 94 ratifications by 12 December 2003. It is ratified by industrialized countries as well as by developing countries from all regions of the world. Among the ratifications it received over the last decade, it is worth mentioning those from China (1997) and India (1998), which dramatically increased the share of the world population covered.

57. Convention No. 142, which entered into force on 19 July 1977, had received 62 ratifications by 12 December 2003, compared to 44 ratifications at the time the Committee adopted its previous survey dealing with that instrument in March 1991.⁴³

58. In 1979 and 1987, both Conventions were classified by the Governing Body in the category of instruments of which the ratification and application should be promoted on a priority basis. In its review of the regular supervisory procedures, the Governing Body decided in November 1993 that Convention No. 122 was one of the priority Conventions for which detailed reports would continue to be requested every two years. At its first meeting in November 1995, the Working Party on Policy regarding the Revision of Standards set up by the Governing Body Committee on Legal Issues and International Labour Standards considered that Convention No. 122 should not be revised, and the Governing Body decided to exclude it from any revision. Having examined Convention No. 142, the same Working Party concluded that it also was up to date, and the Governing Body decided to invite member States that had not yet ratified it to consider doing so.

⁴³ The list of ratifications of Conventions Nos. 122 and 142 is given in Appendix II. Among the other employment-related Conventions, Convention No. 88 had received at the same date 86 ratifications and was in force in 83 countries – making it one of the most ratified non-fundamental, non-priority, ILO Conventions – while Convention No. 181, which entered into force on 10 May 2000, had received 14 ratifications.

VII. Information available

59. The information available to the Committee consisted of the reports communicated by 93 governments under article 19 of the Constitution.⁴⁴ It also drew heavily on the information contained in the reports communicated under article 22 of the Constitution from countries having ratified one or the other Convention. The Committee also took due account of the observations received from employers' and workers' organizations.⁴⁵ While the combination of reports on unratified Conventions and Recommendations and on ratified Conventions allowed a large geographical coverage, the nature and extent of the information made available to the Committee varied greatly from one country to another. Some reports covered only partly the matters dealt with in the report form, while others confined themselves to general remarks, and in general too little information was given on the application in practice of the instruments dealt with.

60. In the preparation of its survey, the Committee benefited from the valuable support of the Employment Sector of the Office. The Committee gratefully acknowledges the substantial contributions that allowed it to carry out its task on a complex and far-reaching matter. The Committee, which already enjoys the technical support of the ILO employment specialists in its regular supervision of the application of Convention No. 122, finds this cooperation auspicious for the integrated approach to employment policy.

VIII. Outline of the survey

61. In Chapter I, the Committee reviews the main aspects of employment policies: the adoption of an active policy designed to promote full, productive and freely chosen employment; the collection and uses of labour market data; and the promotion of freedom of choice of employment. Chapter II examines the role of education and training policies in the pursuit of the full employment objective, while Chapter III will address the role of the public and private employment services in employment promotion. The role of small and medium-sized enterprises in employment promotion and job creation is the subject of Chapter IV. Chapter V looks at the involvement of the social partners in the design and implementation of policies. In Chapter VI, the Committee examines the prospects for ratification and implementation of the instruments, before going on to formulate some final remarks.

⁴⁴ Details of the reports requested and received are given in Appendix III.

⁴⁵ *Malaysia*: Malaysian Employers Federation; Malaysian Trade Unions Congress (MTUC). *New Zealand*: New Zealand Council of Trade Unions (NZCTU). *Portugal*: Confederation of Portuguese Industry (CIP); General Confederation of Portuguese Workers (CGTP-IN); General Union of Workers (UGT). *Trinidad and Tobago*: National Trade Union Centre of Trinidad and Tobago. *Turkey*: Turkish Confederation of Public Worker Associations (Türkiye Kamu-Sen).

Chapter I

Employment policies

I. Adoption of an active policy designed to promote full, productive and freely chosen employment

62. Under Article 1 of Convention No. 122, “Each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment”. Nearly all of the reports received suggest that reporting governments are pursuing such a policy.¹

Declaration of the policy

63. A number of countries indicate that such a policy is embodied in their Constitution. This is the case in *Bahrain, Cambodia, Cameroon, Cuba, El Salvador, Finland, Ghana, India, Indonesia, Jordan, Republic of Moldova, Morocco, Spain, Suriname* and *Ukraine*. A few countries, however, link their employment policy to other fundamental legal documents. This is true of the *Czech Republic*² and *Oman*.³

64. A large number of countries refer to current or recent national strategies or plans as a reflection of their efforts to pursue a full employment policy. This is the case in *Argentina*,⁴ *Australia*,⁵ *Bahrain*,⁶ *Bulgaria*,⁷ *Burundi*,⁸ *Costa Rica*,⁹ *Côte d’Ivoire*,¹⁰ *Croatia*,¹¹ *Cyprus*,¹² *Czech Republic*,¹³ *Denmark*,¹⁴ *El Salvador*,¹⁵

¹ The Governments of *Belize* and *Swaziland* report that no active policy designed to promote full, productive and freely chosen employment is currently in place.

² *Czech Republic*: article 26 of the Czech Charter of Fundamental Rights and Freedoms.

³ *Oman*: State Basic Statutes by Decree of the Sultan No. 101/96.

⁴ *Argentina*: el Plan Jefas y Jefes de Hogar Desocupados.

⁵ *Australia*: Employment future Action Plan – More Jobs, Better Future.

⁶ *Bahrain*: Strategy for Employment and Integration of the National Workforce in the Labour Market in Bahrain. The Government reports that throughout the process of design and adoption of the Strategy, it benefited from detailed comments and advice from an ILO interdisciplinary mission on employment promotion and social protection.

⁷ *Bulgaria*: the Employment Promotion Act.

⁸ *Burundi*: a draft text of a national employment promotion strategy is being examined, after which it will be submitted to the Council of Ministers for adoption.

⁹ *Costa Rica*: an Economic Recovery Plan has been established for the period 2002-06.

¹⁰ *Côte d’Ivoire*: National Employment Plan for 2003-07, introduced in July 2002.

¹¹ *Croatia*: Programme for the Promotion of Employment, adopted in January 2002.

¹² *Cyprus*: maintenance of conditions of full employment, through policies that lead to high and sustainable growth in employment and increased labour market flexibility, is integrated in the Strategic Development Plan for the period 1999-2003.

¹³ *Czech Republic*: the National Action Plan for Employment for 2001, approved by the Czech Republic government on 19 February 2001, by Government Decision No. 165/01.

¹⁴ *Denmark*: National Action Plan for Employment for 2002.

¹⁵ *El Salvador*: a Government programme called New Alliance aims to generate more employment and income opportunities at the national and local levels.

*Estonia,*¹⁶ *Ethiopia,*¹⁷ *Finland,*¹⁸ *Ghana,*¹⁹ *Honduras,*²⁰ *India,*²¹ *Lithuania,*²² *Luxembourg,*²³ *Mexico,*²⁴ *Republic of Moldova,*²⁵ *Morocco,*²⁶ *New Zealand,*²⁷ *Panama,*²⁸ *Peru,*²⁹ *Philippines,*³⁰ *Poland,*³¹ *Portugal,*³² *Romania,*³³ *Senegal,*³⁴ *Thailand*³⁵ and *Ukraine.*³⁶

¹⁶ *Estonia*: Joint Assessment of Employment Priorities in Estonia; and the National Development Plan-Single Programming Document for 2003-06.

¹⁷ *Ethiopia*: National Employment Policy.

¹⁸ *Finland*: the Finnish National Action Plan for Employment, which is produced annually.

¹⁹ *Ghana*: the National Employment Policy Framework.

²⁰ *Honduras*: Poverty Reduction Strategy.

²¹ *India*: employment promotion is a major objective of consecutive Five Year Plans. The growth strategy of the Tenth Five Year Plan emphasizes those sectors that are most likely to create high-quality employment opportunities.

²² *Lithuania*: the National Long-term Development Strategy approved by Resolution No. IX-1187 of 12 November 2002 in the Parliament; and the National Employment Improvement Programme for 2001-04.

²³ *Luxembourg*: the Government's wish to conduct an active employment policy finds its expression in the National Action Plans that are elaborated in close collaboration with the social partners.

²⁴ *Mexico*: National Development Plan 2001-06.

²⁵ *Republic of Moldova*: Law on employment and social protection of jobseekers, adopted on 13 March 2003.

²⁶ *Morocco*: Economic and Social Development Plan 2004-06.

²⁷ *New Zealand*: the Employment Strategy developed in 2000, reviewed in late 2002 and subsequently updated to enhance its focus on the quality and sustainability of employment and on increasing productivity.

²⁸ *Panama*: Economic, Social and Financial Development Plan with Human Capital Investment.

²⁹ *Peru*: Labour Sector and Employment Promotion Plan.

³⁰ *Philippines*: the Medium-Term Philippine Development Plan, 2001-04.

³¹ *Poland*: the National Strategy of Employment Growth and Human Resources Development 2000-06, adopted by the Council of Ministers on 4 January 2000.

³² *Portugal*: the National Action Plan for Employment, which is prepared on a yearly basis.

³³ *Romania*: the National Employment Action Plan.

³⁴ *Senegal*: Employment Action Plan dating from 1999.

³⁵ *Thailand*: Ninth Economic and Social Development Plan.

³⁶ *Ukraine* : the State Programme of Employment of the Population for 2001-2004.

Box I.1
“Full, productive and freely chosen employment”
in European transition countries

The objective of full, productive and freely chosen employment is developed in the second paragraph of Article 1 of the Convention. Under the terms of this provision, employment policy shall aim at ensuring that:

- (a) there is work for all who are available for and seeking work;
- (b) such work is as productive as possible;
- (c) there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin.

The ambition of employment policy – and its difficulty – is precisely to reconcile the three requirements of full employment, productive employment and freely chosen employment which are interlinked, but between which there may be tensions. For example, the type of employment to be promoted has to be productive to make an effective contribution, not only to combating unemployment, but also to growth and economic development, as well as to raising living standards (Article 1, paragraph 1). The promotion of productivity may in certain circumstances appear to have a negative effect on employment levels, but failing to take it into account would mean overlooking the quality of the jobs available and perpetuating a situation of underemployment based on low-skilled and low-paid jobs. The formulation of the employment policy, as required by the Convention, should be an opportunity for determining and re-examining the balance that is to be sought in the national context between these three dimensions.

The example of the transition of Central and Eastern European countries to a pluralistic democratic system and a market economy illustrates in this respect the pertinence of the triple objective as the reference standard for employment policy. During the first phase of transition (1989-95), the governments of these countries showed their commitment, in a context of rapidly rising unemployment, to orienting their new policy in accordance with the objectives of the Convention. They indicated in their reports that unemployment was a result of the breakdown of former trade-offs in which “full employment” had only been achieved at the expense of productivity and living standards, when it did not mask massive underemployment. In this regard, the governments showed their conviction that the market economy was better able to achieve the objectives of the Convention in practice. These governments quickly adopted provisions to establish mechanisms, in consultation with the social partners, for the placement, training and social protection of unemployed persons. In so doing, they offered resounding confirmation that full, productive and freely chosen employment remains an essential aspect of the general interest, of which all democratic governments are necessarily the guarantors.

65. Among the European member States, *Austria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Italy, Lithuania, Netherlands, Poland and Romania* make explicit mention of European Union employment guidelines and action plans.³⁷ Many governments provide additional examples of how their countries are giving expression to an active policy designed to promote full, productive and freely chosen employment. Some spell out their employment strategies in greater detail. *Poland*, for instance, states that its employment strategy takes into account the four European Union pillars on

³⁷ *Czech Republic, Estonia, Lithuania, Poland and Romania* refer to following EU guidelines or to preparing employment action plans as part of the process of seeking to become members of the European Union.

which national employment policies should be based.³⁸ In *Norway*, although adapted to new employment and economic challenges, policy today still builds on the so-called tripartite Solidarity Alternative adopted in 1992. One of its main elements is an active labour market policy aimed at facilitating structural adjustments, reducing adjustment costs and ensuring that the unemployed maintain contact with the labour market.

Box I.2 The European Employment Strategy

The European Employment Strategy (EES) has been designed as the main tool to give direction to and ensure coordination of the employment policies of the Member States of the European Union (EU).

This coordination of national employment policies at EU level was to be built around several components: a yearly Joint Employment Report established by the Commission and the Council. Furthermore, the Commission proposes and the Council adopts yearly Employment Guidelines for the Member States (broadly in a similar manner as in the field of economic and monetary policy), on the basis of which Member States develop national actions plans for employment. Finally, the Commission proposes and the Council adopts recommendations to individual Member States.

At the Lisbon European Council (March 2000), the EU set itself a strategic goal for the next decade: to enable the Union to regain the conditions for full employment and to strengthen cohesion by 2010. The Council considered that the overall aim of the EES should be to raise the overall EU employment rate to 70 per cent and to increase the employment rate of women to more than 60 per cent by 2010. The Stockholm European Council (March 2001) added an additional target: the employment rate should be raised to 50 per cent for older workers by 2010.

Source: European Commission.

66. In *Côte d'Ivoire*, the National Employment Development Plan is built around four groups of strategies that correspond to specific and concrete measures to be taken.³⁹ In *Mexico*, the active employment policy comprises five strategic objectives: creating jobs, promoting human capital development, increasing productivity levels, promoting enterprise competitiveness and increasing the standard of living for workers and their families. In the *Philippines*, employment policy espouses four key strategies: employment generation, employment facilitation, employment enhancement, and employment preservation. *Tunisia* reports that employment is a priority of all sectoral policies and that the country pursues a growth policy that favours market mechanisms and employment creation based on the promotion of private investment and the privatization of public enterprises that show an ability to be competitive.

67. Other countries place their pursuit of an active employment policy more in a legal context. For instance, in *Switzerland*, the labour market re-entry of those seeking employment is the first mission entrusted to the regional placement offices by the Unemployment Insurance Act. The *United States* promotes full, productive and freely

³⁸ The pillars are: (1) improvement of employability by quality development of human resources; (2) development of entrepreneurship; (3) improved adaptability of enterprises and employees to changing market conditions; and (4) strengthening the policy of equal opportunities on the labour market.

³⁹ The first strategy group pertains to the creation and promotion of employment in the organized sector, both public and private; the second group concerns the creation of self-employment and the formalization of informal activities; the third group deals with improvement in incomes; and the fourth strategy group concerns implementation structures and management measures.

chosen employment through many means, including an interrelated set of laws and practice.⁴⁰

68. The reports provided by some countries outline programmes put in place to promote the employment policy goals of Convention No. 122. For instance, to implement *Estonia's* employment action plan, the Ministry of Social Affairs established a programme entitled “Increasing employment, preventing long-term unemployment and exclusion of risk groups from working life”. It aims to expand active labour market policy through improved labour market services, programmes to integrate risk groups into the labour market, and more administratively competent labour market institutions. *Guatemala* refers to the creation of “employment kiosks” where job searchers are able to find the necessary information for obtaining employment or to make direct contact with enterprises that have vacancies.

69. A few countries refer to the creation of new ministries as part of their active policy. For example, *Denmark* has set up the Ministry of Employment that is now responsible for implementing an active labour market policy intended to help both insured and uninsured unemployed persons. As another example, *Oman* established the Ministry of Manpower to educate, train, employ and protect the national labour force and reduce as much as possible dependence on foreign labour. *Colombia* created the Ministry of Social Protection with a view to creating new jobs through a more dynamic economy and mitigating the socio-economic effects on the groups most affected by unemployment.

70. The Committee observes that only a limited number of countries establish from the outset the link between broader economic policy and the adoption and declaration as a major goal of an active policy designed to promote employment. It notes that the timing is crucial if the commitment to achieve this goal is truly to affect the design of economic policy. *Finland* states that it is committed to significantly improving employment as a result of economic growth and stable monetary conditions. *Malaysia* indicates that it has an open and liberal trade policy that creates employment by attracting foreign direct investment into the manufacturing sector. *Australia* points out that the best way to tackle unemployment is to promote sustainable national economic growth and, hence, employment growth. The Government's priorities, therefore, have been to establish economic conditions that encourage, through sound macroeconomic management, business investment and growth. The Government of *China* points out that it has sought to establish a market-oriented employment mechanism, promote employment through economic growth, and guide the development of industries and enterprises capable of offering more job opportunities. This includes the development of labour-intensive enterprises with comparative advantages and market potential, especially service enterprises and small and medium-sized enterprises capable of offering employment to large numbers of people.

Implementation within the framework of a coordinated economic and social policy

71. Central to the employment policy instruments is the belief that the promotion of full, productive and freely chosen employment should be an integral part of economic and social policies and that these, in turn, should operate within a coordinated framework. Article 2(a) of Convention No. 122 specifically calls for measures to be

⁴⁰ The Workforce Investment Act provides grants from the Federal Government to the state governments to offer training and work search assistance to disadvantaged and dislocated unemployed workers. The Wagner-Peyser Act provides for a nationwide system of state employment service offices that assist unemployed workers to find jobs and help employers to find workers to fill their vacancies. The Temporary Assistance to Needy Families Act provides monetary assistance to families who are poor and have dependent children, as well as training, help with childcare expenses, and job placement for the adult family members.

adopted and kept under review within the framework of a coordinated economic and social policy. More recently, the main aim of the Global Employment Agenda is to place employment at the heart of economic and social policies and development.⁴¹

Box I.3 **The ILO, PRSP and employment**

In 1999, the World Bank and the International Monetary Fund adopted a new approach to the reduction of poverty, known as the Poverty Reduction Strategy Paper (PRSP). While the international finance institutions retain their emphasis on macroeconomic stabilization and structural reforms, they will henceforth endeavour to seek the partnership and "ownership" by national stakeholders of poverty reduction policies, through a participative process which takes broadly into account the views of civil society. Clearly, the ILO was bound to be increasingly involved with PRSP in view not only of its traditional focus on poverty, but also because of the significance accorded by its structure to the two major groups in civil society. ILO participation in PRSP was initiated by a formal agreement with the IMF and the World Bank on inter-agency collaboration in five countries, Cambodia, Honduras, Mali, Nepal and the United Republic of Tanzania.

The ILO's distinctive contribution to the PRSP process is its focus on the centrality of employment for poverty reduction. Although this might appear self-evident, it is given little emphasis in many PRSP exercises, with employment often being seen as a by-product of other economic and social policies which do not target it directly. Through its participation in PRSP processes, the ILO endeavours to ensure that employment for poverty reduction is explicitly placed at the centre of macroeconomic and social policies.

The ILO's participation in the PRSP process in Nepal shows how this can be done. A first essential step in moving employment up the policy agenda is for the ILO and its constituents to succeed in convincing the key economic decision-making ministries, the ministries of finance and of planning, which control the PRSP process. In Nepal, it was the National Planning Commission that sought the ILO's recommendations on employment and ultimately endorsed them by their inclusion in the country's Tenth Economic Plan. Second, for employment to be a central concern of macroeconomic policy, there needs to be a mechanism that can undertake a prior evaluation of the employment impact of any macroeconomic policy decision. At the ILO's recommendation, the Government of Nepal is in the process of doing just this through the creation of a consultative committee of economists and social scientists at the highest level. Finally, many developing countries use public works programmes as a means of poverty reduction. Far fewer, however, do so systematically. At the ILO's suggestion, the Government of Nepal has agreed to use "labour-based" or employment-intensive methodologies for all of its public spending on infrastructure building and maintenance. Labour-based methodologies put to good use the factor which is in abundant supply in most developing countries – labour – while maximizing the return of the factor which these countries have in scarce supply – capital. The result is higher total factor productivity than any alternative production method, and in particular more jobs.

72. The Committee notes that some reports bear witness to the importance given to macroeconomic policy. For example, the *United States* indicates that its active policy is developed and implemented within the general framework of macroeconomic policy, central bank policy, tax and fiscal policies, as well as social policy. *Finland* underscores that through the government programme, it is committed to improving employment through economic growth and stable monetary conditions, and with enhanced price stability. The programme is an action plan agreed to by the parties represented in the

⁴¹ GB.286/ESP/1 (March 2003), para. 6.

Government. The Prime Minister then coordinates its implementation.⁴² In *Spain*, one of the objectives of action plans on employment is the coordination of all policies capable of facilitating employment creation and labour market policies. The *United Kingdom* observes that the macroeconomic framework and supply-side policies are interdependent, with many policies requiring cross-department coordination.⁴³

73. *Canada* indicates that in 2001, the Alberta Labour Force Planning Committee released a report, *Prepared for Growth*, which outlines that province's active policy to promote full, productive and freely chosen employment, within the framework of a coordinated economic and social policy. The report provides an outlook to 2005 and presents Alberta's strategy to support the human resources development essential to future growth and prosperity.

74. Some countries mention macroeconomic goals or specific links between macroeconomic performance and employment goals, without making any reference to a coordinated policy framework. Thus, *Croatia* cites increased employment and improved living standards as two main medium- to long-term macroeconomic goals.⁴⁴ *Spain* observes that the correction of macroeconomic imbalances has demonstrated over time its effectiveness for achieving employment growth. *Cameroon* states that the Government is committed to promoting a macroeconomic framework that will enable strong and high-quality economic growth aimed at correcting structural weaknesses in the economy, stimulating economic activity, and creating employment. *Namibia* refers to comprehensive national employment policies that embrace macroeconomic policies for achieving sustainable high rates of GDP growth with prospects for higher absorptive capacity of the unemployed in the mainstream of the economy. *India* states that fiscal and credit policies as well as various poverty alleviation programmes are intended to attain social objectives of employment. *Canada* points out that the federal budgets from 1994 to 2001 implemented a strategy for renewed economic growth and job creation by providing the underlying conditions necessary for private sector growth. Among these conditions were four consecutive years of budgetary surplus, and strategic investments and tax relief.

⁴² The report also points to the Economic Council, chaired by the Prime Minister, as a body for facilitating cooperation between the Government, the Bank of Finland and major interest groups. The Economic Council addresses issues relating to growth, stabilization and incomes policy and questions of a structural nature. Moreover, the Act on public employment services (1295/2002), Chapter 1, section 4, contains provisions on the interaction between public employment policy and economic policy.

⁴³ For example, the Department for Work and Pensions, HM Treasury and the Inland Revenue are all involved in delivering the New Tax Credits programme, designed to make work pay. The same department works in conjunction with the Department for Trade and Industry on tackling low skills, in order to meet their respective employment, skills and productivity targets.

⁴⁴ *Croatia* indicates that it established a Fund for Development and Employment through which its active policy carried out by the Croatian Bureau of Employment is financed.

Box I.4 **Policy coordination in the Netherlands**

In the *Netherlands*, it is through a multi-stage process that the Government ensures the coordination of employment and labour market policies within the framework of a coordinated economic and social policy. This is illustrated by the development of the 2002 National Action Plan. In September 2001, the Government presented the final report of the interdepartmental working group on the future of labour market policy to Parliament. The report concluded that future labour market policies should be more firmly oriented towards reducing benefit dependency and increasing the number of people moving from jobs subsidized under employment schemes into mainstream, unsubsidized work. It also advised the Government to find a clearer system for evaluating the impact of labour market policies, placing greater emphasis on measuring effectiveness.

The Government then asked that the report's recommendations be translated into a number of policy options for the new Government, following the elections in May 2002. The Council for Work and Income presented its vision on the future of the labour market in the April 2002 Work and Income Policy Framework. Additionally, the Socio-Economic Council issued medium- and long-term recommendations on the future of labour market policy.

75. Some countries have focused on the coordination aspect, but more from the structural or inter-ministerial side. In *Panama*, for example, the management of economic and labour policy is carried out at a ministerial level through the Ministry of Economy and Finance and the Ministry of Labour and Labour Development. In *Romania*, the Ministry of Labour and Solidarity is responsible for coordinating the implementation of employment policies, strategies, plans and programmes through the National Employment Agency and the National Board for Vocational Training. For other countries, coordination revolves around the participation of many governmental agencies in the formulation of a major employment plan or strategy. *Denmark*, for example, has set up an inter-ministerial committee that has been commissioned to draw up an action plan entitled "More people in employment". In the *United Kingdom*, the government departments and agencies responsible for employment and economic and social policy all participate actively in the preparation of the annual Employment Action Plan.⁴⁵

Impact on employment of macroeconomic policies

76. Core element 4 of the Global Employment Agenda is "macroeconomic policy for growth and employment: a call for policy integration". It is pointed out that the ultimate success of the ILO's mandate to create and maintain productive and freely chosen employment is "powerfully influenced by other policy spheres, such as the monetary, fiscal and exchange rate policies that constitute the core of macroeconomic policy".⁴⁶

77. In that respect, it is worth recalling that the "Suggestions concerning methods of application" which were adopted together with the instruments of 1964⁴⁷ refer to a series of measures of macroeconomic policy that could be utilized to promote or stabilize employment, including fiscal and monetary policies or the promotion of freer movement of goods, capital and labour between countries.

⁴⁵ The elaboration of this Plan calls for consensus on the different policies and actions it comprises. The departments and agencies concerned, therefore, must approve the Plan and are encouraged not to promote policies that might hinder its effectiveness.

⁴⁶ GB.286/ESP/1, para. 26.

⁴⁷ As an annex to Recommendation No. 122.

78. The Committee also recalls that the report form for the use of countries which have ratified the Convention was revised in 1977 by the Governing Body to include questions on the principal policies and measures taken in areas such as investment policy, fiscal and monetary policies, trade policy, and prices, incomes and wages policies.

79. One indicator of the development and implementation of an active policy within the framework of a coordinated economic and social policy is the extent to which the competent authorities responsible for other policy areas take account of the impact on employment of important decisions in their areas of competence. The fact that more member States did not provide explicit information on this question tends to corroborate the view the Committee has expressed in some of its comments on the application of Convention No. 122, that more progress is required in this area.

80. In the *United States*, the Full Employment and Balanced Growth Act requires national economic policies that give priority to achieving full employment,⁴⁸ while in *Poland* individual economic policies (fiscal, trade, sectoral, regional and rural) are designed to achieve employment growth as well as economic growth. For this reason, all decisions concerning economic restructuring are examined in terms of their employment effects.

81. In *Honduras*, all the policies and programmes that make up the National Economic Plan are the object of coordination between all relevant government entities at national, regional and local levels. In *Indonesia*, in accordance with Presidential Decree No. 228/M, some government departments, in addition to their own specific duties and functions, have an interrelated policy responsibility to promote full and productive employment expansion.⁴⁹

82. An integrated policy approach is taken by some EU countries, for example *Denmark* and *Italy*. In accordance with European employment strategy guidelines, the ministries responsible for policies in the areas outlined above are required to participate actively in the realization of each country's National Action Plan for Employment. The Plan's elaboration calls for consensus to be reached on the various policies and actions that are proposed. The ministries concerned in approving the Plan are encouraged not to promote policies that might hinder its effectiveness. Similarly, a specific objective of the National Plan for Employment in the *Czech Republic* is to devise and implement an employment policy coordinated with the Government's economic, social, education and regional policies. The Plan for 2002 maintains the commitment of policy-makers to develop a comprehensive policy that takes into account the impact of economic and social policies on employment.

⁴⁸ These include policies relating to federal spending, taxing, money and credit, trade, investment and human resources, and investment in economy-stimulating infrastructure.

⁴⁹ The following departments are mentioned: Industry and Commerce; Tourism; Women's Empowerment; and Finance. The report also refers to the Coordinating Ministry of Economy, Finance and Industry, saying that this Ministry sets out and distributes the macroeconomic policy to relevant ministries, such as the Department of Manpower and Transmigration.

Box I.5
Employment and poverty reduction in Ghana

In *Ghana*, the impact on employment of fiscal and monetary policies, trade policy, sectoral policy, and rural and regional development policy is addressed or assessed by the Technical Committee on Poverty (TCOP). The TCOP is chaired by the National Development Planning Commission, which as the technical arm of the Inter-ministerial Committee on Poverty Reduction, is responsible for the formulation of macroeconomic policies and the development-planning framework. The TCOP has three working subcommittees. The one on employment comprises the Ghana Network Advocacy Group (GHANNAG), a technical advisory network for poverty-reducing employment strategies. The membership of GHANNAG spans all sectors of the economy, both public and private. Its main task is to engineer a policy shift in favour of strategies that are pro-employment. The secretariat of this body is based in the Ministry of Manpower Development and Employment, which is responsible for policy formulation and implementation of employment and labour-related issues. The Ministry is involved in direct implementation of employment creation and, as a member of the TCOP, plays an active role in ensuring that poverty reduction programmes formulated nationally have deep employment content.

83. Most country reports have focused on links between particular policy instruments and employment, starting with fiscal policy. Thus, *Panama* refers to the use of public expenditure as an anti-cyclical measure to generate employment. *Finland* indicates that, in order to boost employment, the Government's aim is to reduce taxation during its term in office (1999-2003).⁵⁰ *Romania* reports that in conformity with Directive 12 of the National Employment Action Plan fiscal reforms have been adopted for employment and training, the aim being to stimulate the creation of new jobs, such as through a 20 per cent reduction in taxes on income for small enterprises that generate additional employment. *Luxembourg* indicates that the active employment policy is maintained by the creation of a special fund outside the annual budget that has been known since 1988 as the Employment Fund. *Namibia* states that job creation should be an explicit objective of all macro- and sectoral economic policies and the concern of all ministries, employers and workers. *New Zealand* cites that one of the high-level goals of its "Employment Strategy" is to ensure that macro-economic policies promote sustained economic growth and accompanying job creation. The Committee points out that this is highly consistent with one of the ten core elements of the Global Employment Agenda, i.e. macroeconomic policy for growth and employment: a call for policy integration.

84. *Austria* observes that the anticipated consequences for employment are taken into account when financial and monetary policy decisions are made. This follows from the fact that negative effects of fiscal and monetary policy on employment result in higher state expenditure owing to the increased cost of unemployment benefits and lower tax revenues.

85. As regards rural and regional development policy, *Poland* lists among priority tasks the counteracting of unemployment and social exclusion. In *Finland*, the function of the regional employment and economic development centres is to implement central government measures in support of regional development. This involves various ministries such as the Ministry of Trade and Industry, Ministry of Labour, and Ministry of Agriculture and Forestry. *Romania* reports that it is the task of the Ministry of Development and Planning to favour and coordinate regional development policy at the national level, with the labour market and vocational training policies being the fields of

⁵⁰ The cuts have been made as part of the comprehensive incomes and economic policy settlement and the targets were exceeded.

action for regional efforts and initiatives. In *Lithuania*, the Law on Regional Development establishes as the key objective of national policy for regional development the reduction of socio-economic differences between regions and sectors within regions, including the level of unemployment and other employment and labour market issues. In *Spain*, the policy of balanced regional development has resulted in important infrastructure development, with the creation of an estimated 350,000 jobs. In *Bulgaria*, the Act on Regional Development, dating from 1999, established the legal framework for regional development policy in the country. Regional development boards were created by the Act, and the Employment Promotion Act converted them into employment commissions responsible for the elaboration of regional employment programmes.

86. *Spain* is also among the countries that make reference to sectoral policy, citing agriculture as an area where, in the 1994-99 period, efforts were directed to increasing employment. *Panama* refers in its report to massive direct and indirect employment generation deriving from important infrastructure projects. *Ethiopia* observes that investment policy is used to encourage new investments with wide employment opportunities. *Burundi* mentions a public works and job creation project whose implementation will contribute to the reconstruction of the country and to the reduction of poverty through the creation of many jobs.

Inter-ministerial coordination in the field of employment policy

87. In view of the fact that employment policy covers a much wider range of policy issues than strictly labour market interventions, the design and implementation of employment policy should not be regarded as the exclusive preserve of the Ministry of Labour. As the Governing Body pointed out when it approved the revised report form for the Convention, an active employment policy within the meaning of the Convention involves other aspects of government action than those for which the Ministry of Labour has responsibility. The extent to which other ministries are actively involved in shaping and carrying out employment plans and policy initiatives serves as an important indicator of the seriousness of their commitment to promote full, productive and freely chosen employment.

88. A number of countries have pointed to inter-ministerial cooperation in the actual formulation of their employment plans. For example, in *Spain*, the Action Plans for Employment are designed within the framework of an Inter-ministerial Commission that is directed and coordinated by the Ministry of Labour and Social Affairs.⁵¹ In *Romania*, the National Employment Action Plan is developed by the Ministry of Labour and Solidarity in cooperation with the National Employment Agency and a number of other ministries and institutions.⁵² In *Estonia* too, the most important strategic documents of employment policy, such as Employment Action Plans, involve inter-ministerial cooperation.⁵³ In *Denmark*, elaboration of the National Action Plan for Employment is also the result of inter-ministerial consultation, with the Ministry of Employment

⁵¹ The following departments participate in the Commission: Labour and Social Affairs, Economy and Finance, Education, Culture and Sports, Science and Technology, Public Administration and Environment.

⁵² The following other ministries participate: Public Finance, Development and Planning, Small and Medium-sized Enterprises, Education and Research, Industry and Resources, Agriculture, Food and Forestry, Public Works, and Transportation and Housing. Also involved are the National Statistical Institute, the National Adult Vocational Training Board, the Research Institute on Labour and Social Protection, the Chamber of Commerce and Industry, as well as representatives of employers' and workers' organizations.

⁵³ The participating ministries are: Social Affairs, Economy and Communications, Education and Sciences, Internal Affairs, and Finance.

responsible for coordinating the work involved in drawing up the Plan.⁵⁴ *Indonesia* reports that the authority to design employment policy rests with the Ministry of Manpower and Transmigration in coordination with such ministries as the Departments of Agriculture, Trade and Industry, and Forestry. In *Italy*, a work group chaired by the Minister of Labour prepares the National Employment Plan.⁵⁵ The *United States* reports that it uses interagency work groups and teams to work on various aspects of employment policy.⁵⁶ *Zimbabwe* states that its draft Employment Policy Framework was prepared by an Inter-ministerial Committee of Officials through the Social Services Action Committee. In *El Salvador*, the strategic actions taken by the Ministry of Labour and Social Protection within the framework of promoting active employment policies are concentrated in the National Employment Promotion Plan that is designed in a coordinated manner and with the participation of the Executive Branch.⁵⁷ In addition, the country maintains a permanent inter-ministerial coordinating group for the development of pilot projects whose objective is to strengthen the productive base and promote employment at the local level. In *Peru*, the National Employment Plan is elaborated by an inter-ministerial committee which also includes social actors and is finalized through a consensual process involving all parties concerned.

89. Some countries refer to bodies which, while not inter-ministerial, perform coordinating or, at least, consultative functions in the formulation of employment policy. For example, *Costa Rica* has created within the Labour Higher Council a tripartite commission responsible for preparing the National Employment Policy.⁵⁸ In *Bulgaria*, the Tripartite National Employment Promotion Board serves as a consultative body in the process of elaborating employment policy. The Board discusses and delivers opinions on the drafting and implementation of employment policy and the National Employment Action Plan. In *El Salvador*, in addition to the aforementioned inter-ministerial coordination, the New Alliance is a programme based on four alliances involving inter-institutional coordination.⁵⁹ This broad alliance involves not only the central and local governments in the search for better employment opportunities, but the general population as well.

⁵⁴ The other participating ministries are: Refugees, Immigrants and Integration, Social Affairs and Gender Equality, Economy and Commerce, Education, Finance, and the National Labour Market Authority.

⁵⁵ The following ministries also participate: Economy, Education, Universities and Research, Productive Activities, and Environment, together with the Departments of Civil Service, Innovation and Technology, and the National Commission for Equality and Equal Opportunities of Men and Women.

⁵⁶ While the composition of these work groups varies depending on the particular tasks being addressed, they typically include staff from the Departments of Labour, Education, Health and Human Services, Agriculture, Commerce and Transportation.

⁵⁷ This includes: Ministries of Economy, Agriculture, Public Works, Housing, Environment, and autonomous institutions such as the Vocational Training Institute, the Social Forum for Social Development and the Central Reserve Bank.

⁵⁸ *Costa Rica* also reports that strategic alliances are established with different sectors involved in employment promotion such as chambers of industry, vocational training institutions, trade unions, associations, and other sectors involved with human resources.

⁵⁹ The four alliances are Alliance for Work, for Security, for Solidarity and for the Future.

Box I.6 Interdepartmental coordination in Canada (Alberta)

Canada reports that in Alberta, when designing fiscal, monetary, trade, sectoral, rural and regional development policy, the Government takes the impact on employment into account. As a result, Alberta's labour market continues to outperform all other provinces. In 2001, over a quarter of all employment growth in Canada occurred in Alberta. The province's employment rate led the country and was the highest recorded for the province in two decades. Moreover, Alberta had the lowest annual unemployment rate in Canada.

In order to take into consideration the impact on employment, the competent authorities in the abovementioned policy areas consult with officials from Alberta Human Resources and Employment. For example, the Government of Alberta has established an interdepartmental committee on trade, which includes officials from the authority.

In order to promote inter-ministerial coordination in the field of employment policy, an interdepartmental Labour Force Planning Committee has been formed to: (1) review forecasts of labour supply and demand, by industry and occupation; (2) compile a list of government actions being taken to respond to shortages; and (3) identify and examine potential government strategies to further address labour market needs.

The Interdepartmental Labour Force Planning Committee is led by Human Resources and Employment and includes representatives from Economic Development, Learning, Health and Wellness, Agriculture, Food and Rural Development, Finance, Innovation and Science, Children's Services, Seniors, and Aboriginal Affairs and Northern Development.

90. Other countries report on inter-ministerial cooperation taking place more at the implementation stage. For example, *Croatia* has established a Supervisory and Monitoring Commission for the implementation of the Programme for Promoting Employment.⁶⁰ In *Lithuania*, through the Employment Improvement Programme, the Government obliges ministries and governmental institutions to measure the effects of legal acts and programmes on employment and unemployment reduction. In addition, they are required to provide the Ministry of Social Security and Labour every six months with data on measures implemented and results achieved, along with proposals for supplementing and updating the measures. *Finland* states that implementation of its coordinated labour market policy takes place at the regional level.⁶¹ *Oman* indicates that to ensure the successful implementation of the recommendations of the Symposium on National Labour Force Employment, the Manpower Ministry has sought to establish a genuine partnership and an unprecedented level of cooperation between all the public and private sector parties concerned with the implementation of policies that have an impact on the labour market. To that end, 17 or more joint sectoral committees have been set up, each of which is chaired by one of the ministries involved. In *Australia*, the Ministerial Council of Education, Employment, Training and Youth Affairs comprises representatives of the states, territories, federal Government and ministers responsible for education, employment, training and youth affairs.⁶² *Turkey* reports that the

⁶⁰ The Commission is composed of representatives of the following ministries: Labour and Social Welfare, Science and Technology, Economy, Health, Tourism, and Agriculture and Forestry.

⁶¹ The partners of the Ministry of Labour are the following ministries: Trade and Industry, Finance, Interior, Education, and Social Affairs and Health.

⁶² The Council covers the following areas of responsibility: pre-primary, primary and secondary education, vocational education and training, higher education, employment and linkages between employment/labour market programmes and education and training, adult and community education, youth policy programmes and cross-sectoral matters.

ministries concerned with employment and the world of work⁶³ exchange views on employment and vocational training programmes so as to put their activities in harmony. At an administrative level, it is the State Planning Organization and the Employment Institute that ensure the coordination of employment policies. In *Luxembourg*, inter-ministerial coordination in matters of employment policy is carried out especially within the framework of the Tripartite Coordination Committee and the Employment Standing Committee in which four ministers are chosen according to the particular agenda. *Burundi* reports on a Steering Committee for the Framing of the National Employment Policy appointed on 23 April 2003, with inter-ministerial coordination assured by the Ministry of Labour and Social Security. *Austria* points out that all of the ministries, departments and institutions affected by employment policy guidelines are involved in the production of the implementation report on the National Action Plan for Employment.⁶⁴ *Bulgaria* observes that the Ministry of Labour and Social Policy cooperates with other institutions participating in the implementation of concrete labour market measures.⁶⁵ *Tunisia* refers to the creation in 2001 of a Higher Council for Human Resources Development in order to ensure complementarity between the Ministries of Education and Training, Employment, Higher Education, and Scientific Research and Technology. *Cuba* also reports a coordinated implementation of employment policies and programmes.⁶⁶ The report states that employment policy objectives form part of the Economic and Social Development Plan and that, from the outset, human resources development constitutes the fundamental element without which it is not possible to achieve established economic and social goals.

91. Several countries have pursued coordination through the creation of new structures. *Cameroon* reports that inter-ministerial coordination in the field of employment policy takes place through the newly created National Observatory of Employment and Vocational Training, an institution that brings together 15 ministries and departments directly concerned with employment, job creation and vocational training. In *Poland*, in January 2003, the Ministry of Labour and Social Policy was merged with the Ministry of Economy to form the Ministry of Economy, Labour and Social Policy. In the Government's view, this structural change creates an opportunity for closer coordination of tasks in the sphere of national economic and employment policies.⁶⁷

Mechanisms to monitor progress

92. Article 2(a) of Convention No. 122 calls upon each Member to keep under review the measures adopted for attaining the objectives of full, productive and freely chosen employment. The Committee notes that relatively few countries have reported on mechanisms established for monitoring progress. Among the countries that report on monitoring machinery in place, *Portugal* states that, at the inter-ministerial level, the

⁶³ These are the Ministries of National Education, Labour and Social Security and Industry and Trade.

⁶⁴ Contributions are made by the Federal Ministry for Education, Science and Culture, the Federal Ministry for Social Security and Generations, the Federal Ministry of Finance, the Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Federal Ministry of Economic Affairs and Labour, the Office of the Federal Chancellor, the provincial governments and both sides of industry, specifically the Federal Chamber of Labour (BAK), the Austrian Trade Union Federation (ÖGB), the Austrian Chamber of Commerce (WKö) and the Federation of Austrian Industry (VöI).

⁶⁵ *Bulgaria* makes specific reference to the Ministries of Economy, Agriculture and Forestry, Transport and Communications, Environment and Water, Regional Development, Energy and Energy Resources, and Culture.

⁶⁶ Organizations involved in this coordination are: the Central State Administration of Productive Sector, the Ministries of Labour and Social Security, Economy and Planning, and Education, the Provincial and Municipal authorities, the Union of Communist Youth and the Cuban Women's Federation.

⁶⁷ *Poland* also mentions the Supreme Employment Council as another coordinating body. It is a consultative and advisory body of the Ministry of Labour and its members are representatives of the government administration.

commission responsible for monitoring the implementation of the National Action Plan for Employment works in close collaboration with the ministerial offices involved. *Portugal* also is among the countries that draw attention to participation of the social partners in the monitoring process at the level of the Standing Committee for Social Dialogue. Every six months, reports on the implementation of the Plan are presented and evaluated by the Committee. In 2002, *Romania* created a department within the Ministry of Labour and Social Solidarity to follow the activities and results of all of the ministries, institutions and the social partners, responsible for carrying out measures aimed at achieving full employment as envisaged by the National Employment Action Plan. *New Zealand* draws attention to its Employment Senior Officials Group,⁶⁸ which monitors progress towards achieving the objectives of its Employment Strategy. The Group prepares yearly reports on employment outcomes and six-monthly activities reports on progress achieved, as well as government initiatives and actions that have influenced those outcomes. In *Senegal*, an Employment Policy Overview Committee has been created with the participation of such key ministries as Finance, Economy, Vocational Training, and National Education. In *Luxembourg*, an Employment Committee established under the Ministry of Labour and Employment is responsible for examining regularly the employment and unemployment situation. The Committee monitors the situation and the evolution and functioning of the labour market, notably the optimal utilization of the labour force in conjunction with economic and social policy. In January 2000, the Employment Standing Committee set up an Observatory of Industrial Relations and Employment. The objective of this observatory is to follow national action plans and to monitor quantitatively and qualitatively active measures for preventing and combating unemployment. The *Netherlands* refers to the national yearly review of employment policies that takes place within the framework of the National Action Plan for Employment.

93. More frequently, member States have chosen to place monitoring progress towards the achievement of the full employment goals in the context of data collection and reporting. *Spain* cites the annual publication “Observatory follow-up to the Employment Action Plan”, which provides a synthesis of indicators on the evolution of Spain’s economy and labour market in line with a proposal by the Employment Committee’s Working Party on Indicators. In *Finland*, the Ministry of Labour contributes to the Government’s annual report to Parliament a section on the implementation of labour policy along with responses to comments from Parliament. The report is required to provide descriptions and results of the principal measures by the central Government influencing the employment rate. *Luxembourg* draws attention to the fact that each month a tripartite committee, jointly presided over by the Minister of Economy and the Minister of Labour and Employment, meets to analyse the labour market situation on the basis of statistics furnished by the Employment Administration and the Central Service of Statistics and Economic Surveys. *Cameroon*,⁶⁹ *El Salvador*, *Italy*,⁷⁰ *Namibia*, *Norway*, *Panama* and *Poland* also link the monitoring of progress to labour market statistics or the operation of statistical bodies.

⁶⁸ The Group is chaired by the Department of Labour and comprises senior officials from a large number of ministries, including Social Development, Economic Development, Treasury, Education, Youth Affairs, Women’s Affairs, Pacific Island Affairs, and Research, Science and Technology, as well as the Department of the Prime Minister and the Cabinet.

⁶⁹ *Cameroon* indicates that it wishes to improve the production and dissemination of statistical information to improve its monitoring of progress towards achieving its employment goals.

⁷⁰ *Italy* views the continual development of labour market statistics and their evaluation and use for future National Employment Plans as an ongoing progress check.

94. In the *United States*, monitoring takes the form of Congressional oversight. Each month the Secretary of Labor and the Chairperson of the Federal Reserve Board (the central bank) testify before Congress on the state of labour market data and the state of the economy.

II. Labour market data

Labour market surveys, collection and analysis of data

95. Most of the governments that provided information on labour market data have reported that they carry out labour force surveys. This is the case for *Argentina*,⁷¹ *Australia*,⁷² *Brazil*,⁷³ *Bulgaria*,⁷⁴ *Cameroon*,⁷⁵ *Colombia*,⁷⁶ *Costa Rica*,⁷⁷ *Croatia*,⁷⁸ *Cyprus*,⁷⁹ *Czech Republic*,⁸⁰ *Denmark*,⁸¹ *Estonia*,⁸² *Ethiopia*,⁸³ *Ghana*,⁸⁴ *Honduras*,⁸⁵ *Italy*,⁸⁶ *Lithuania*,⁸⁷ *Malaysia*,⁸⁸ *Mexico*,⁸⁹ *Republic of Moldova*,⁹⁰ *Netherlands*,⁹¹ *Norway*,⁹² *Panama*,⁹³ *Peru*,⁹⁴ *Portugal*,⁹⁵ and *Ukraine*.⁹⁶ *Bahrain* reports that an ILO

⁷¹ *Argentina*: Permanent Household Survey, since 1973.

⁷² *Australia*: the Labour Force Survey is a monthly household survey.

⁷³ *Brazil*: Monthly Employment Survey, since 1980.

⁷⁴ *Bulgaria*: Labour force surveys have been carried out regularly since 1993 and at quarterly intervals since 2000.

⁷⁵ *Cameroon*: the Cameroon Household Survey is the principal labour market survey, last conducted in 1996.

⁷⁶ *Colombia*: the Household Survey is the principal source of labour market information.

⁷⁷ *Costa Rica*: the Household Survey is the principal source of labour market information.

⁷⁸ *Croatia*: the Questionnaire on the Labour Force is an investigation that has been carried out since 1996.

⁷⁹ *Cyprus*: the Labour Force Survey is now carried out quarterly.

⁸⁰ *Czech Republic*: the Labour Force Sample Survey is a continuous survey whose results are released quarterly.

⁸¹ *Denmark*: the Labour Force Survey was carried out annually from 1984-93. Since 1994, it has been carried out on a continuous basis.

⁸² *Estonia*: labour force surveys have been carried out annually since 1997.

⁸³ *Ethiopia*: the Labour Force Survey is carried out on an ad hoc basis.

⁸⁴ *Ghana*: the principal labour market surveys are carried out at five-year intervals.

⁸⁵ *Honduras*: the Household Survey is carried out annually.

⁸⁶ *Italy*: the Labour Force Survey has been carried out on a quarterly basis since 1959.

⁸⁷ *Lithuania*: there were two employment surveys per year from 1998 to 2001; the survey has been carried out quarterly since 2002.

⁸⁸ *Malaysia*: the Labour Force Survey is conducted quarterly.

⁸⁹ *Mexico*: National Household Survey, since 1972; National Population Census and National Employment Survey.

⁹⁰ *Republic of Moldova*: the Labour Force Survey has been carried out on a continuous basis since the fourth quarter of 1998.

⁹¹ *Netherlands*: the Labour Force Survey is carried out on a continuous basis, with the results published quarterly.

⁹² *Norway*: the Labour Force Survey was conducted quarterly until 1996 and has been conducted continuously since then.

⁹³ *Panama*: the Household Survey is the principal source of labour market information.

⁹⁴ *Peru*: Wages and Salaries Survey and Household Survey, since 1996.

⁹⁵ *Portugal*: the Labour Force Survey is carried out on a continuous basis.

⁹⁶ *Ukraine*: the Labour Force Survey is carried out on a quarterly basis.

advisory mission on labour force surveys has been collaborating with the Ministry of Labour and Social Affairs and the Central Statistics Organization with a view to carrying out the country's first comprehensive labour market survey.

96. In a number of countries, the labour force survey is complemented by other surveys or key information sources. In this regard, reference may be made to *Austria*,⁹⁷ *Canada*,⁹⁸ *India*,⁹⁹ *Namibia*,¹⁰⁰ *Philippines*,¹⁰¹ *Poland*,¹⁰² *Suriname*,¹⁰³ *Switzerland*,¹⁰⁴ *United Kingdom*,¹⁰⁵ *United States*,¹⁰⁶ and *Zimbabwe*.¹⁰⁷

97. In the vast majority of countries, while the name may vary, it is the national statistics office that is responsible for data collection and often for its analysis as well. This is the case in *Argentina, Austria, Australia, Brazil, Bulgaria, Cambodia, Cameroon, Canada, Colombia, Costa Rica, Czech Republic, Denmark, El Salvador, Estonia, Finland, Guatemala, Honduras, Indonesia, Italy, Jordan, Lithuania, Luxembourg, Malaysia, Mauritius, Netherlands, Oman, Panama, Peru, Philippines, Poland, Portugal, Romania, Spain, Suriname, Switzerland, Thailand, Ukraine, United Kingdom* and *Zimbabwe*.

98. In some countries, the collection and analysis of labour market data is a shared responsibility. For example, in the *United States*, the US Bureau of the Census is responsible for collecting the data with the assistance of the Bureau of Labour Statistics, which then presents the first analysis of the data. In *Ghana*, the Employment Information Branch of the Labour Department carries out labour market surveys with support from the Ghana Statistical Service and analyses the survey data. In *China*, the National Bureau of Statistics and the Ministry of Labour and Social Security are responsible for

⁹⁷ *Austria*: the Labour Force Survey took place annually each spring until 2003, at which time it became a continuous labour force survey involving a weekly survey of households. Two other surveys are of wage and salary earners and of unemployed people.

⁹⁸ *Canada* reports that from an employment equity perspective, the two major sources of information are the Census of Canada and ad hoc post-censal disability surveys.

⁹⁹ *India*: the National Sample Survey Organization (NSSO) conducts comprehensive labour force surveys every five years. Other major sources of inter-temporal and special data on the work force and unemployment are Employment Exchange Registers, the decadal Census of Population, and the Economic Census of 1998.

¹⁰⁰ *Namibia*: the major survey, the Labour Force Survey, is carried out every three years. Other surveys, such as the 1993 Establishment Survey, the 1993 Informal Sector Survey and the 1999 Child Activities Survey also feed into the country's labour market information system.

¹⁰¹ *Philippines*: the quarterly Labour Force Survey forms part of a survey package that also includes the Annual Survey of Philippine Business and Industry, the Census of Philippine Business and Industry conducted every five years, the annual Employment, Hours and Earnings Survey, the Occupational Wages Survey carried out every two years, and the Labour Cost Survey conducted every four years.

¹⁰² *Poland*: the Labour Force Survey, conducted quarterly, is complemented by the survey of registered unemployment and reports of the Ministry of Economy, Labour and Social Policy.

¹⁰³ *Suriname*: labour force and labour cost surveys are conducted quarterly.

¹⁰⁴ *Switzerland*: the annual Labour Force Survey is complemented by: the Federal Population Census conducted every ten years; the quarterly Employment Statistics carried out every three to four years; the Wages Survey conducted every two years; the quarterly Survey on collective agreements; the Federal Undertakings Census; and an annual data summary on the labour market.

¹⁰⁵ *United Kingdom*: uses a mix of household and employer surveys and administrative data to collect information on jobs.

¹⁰⁶ *United States*: there is a monthly national survey of households that measures employment, unemployment and other relevant data about the United States population. The Current Employment Statistics Survey and the Current Population Survey are respectively an establishment and a household survey, both of which are conducted monthly.

¹⁰⁷ *Zimbabwe*: the Labour Force Survey is carried out every five years, while the Labour Force Indicator Monitoring Survey is conducted every three years.

conducting the relevant labour market surveys. *Turkey* states that labour market statistics are collected by the State Statistics Institute and the Employment Institute.

Uses of data

99. The Committee notes that most reports did not elaborate on the uses of data for monitoring purposes, while others made general references to monitoring performance or progress, conducting regular labour market analyses or preparing reports (although the latter are undoubtedly useful for following employment trends).

100. Still, the Committee noted with interest that in the *Philippines* data from the Labour Force Survey are the basis for employment target setting and monitoring in the Medium-Term Development Plan and the Comprehensive Employment Plan. *Estonia*, in reporting that data are used regularly to monitor the labour market situation, goes on to add that this allows the identification of high-risk groups that need to benefit from special employment measures to be integrated back into the labour market.

Box I.7 **The ILO Key Indicators of the Labour Market**

This reference tool meets the ever-increasing demand for timely, accurate and accessible information on the rapidly changing world of work. Key Indicators of the Labour Market (KILM) provides the general reader, as well as the expert, with concise explanations and analysis of the data on the world's labour markets.

Harvesting vast information from international data repositories, and regional and national statistical sources, this work offers data for over 200 countries or territories for the years 1980, 1990, 1995 and the latest available subsequent five years. The volume employs 20 key labour market indicators allowing researchers to compare and contrast between economies and within regions across time. Using statistical data on the labour force, employment, unemployment, underemployment, educational attainment of the workforce, wages and compensation, productivity and labour costs, labour market flows, and poverty and income distribution as market indicators, it enables users to access the most current information available. Maps and graphics are used throughout to highlight key points.

The KILM interactive software duplicates the printed publication but includes information for all years after 1980, as well as all the basic statistics used to calculate the indicators presented in the book. The third version of the KILM software includes new functionalities. First, it allows users to generate a "country report", thus consolidating all indicators available for one country in one easy-to-view format, namely spreadsheet or printed report. Second, the software includes a mapping function for those who wish to visualize data geographically according to selected data characteristics. An improved "update" capacity allows users to download upgrades every six months so that users can feel confident that they are accessing the latest available labour market information. Finally, users of the software will also be given access to an Internet-based application where they can perform simple queries of the indicators and generate html-based data tables.

101. The *United States* reports that on the first Friday of every month the Secretary of Labor presents the labour force data before the Joint Economic Committee of Congress. The implications of the data on progress towards full employment are discussed at these hearings and in the press. *Bulgaria* reports that the Employment Agency, a unit within the Ministry of Labour and Social Policy, prepares employment and labour market analyses for presentation to the National Assembly, the Presidency, central authorities, foreign embassies, scientific institutes and universities, professional associations and many NGOs.

102. A number of countries report a wide dissemination of labour market information, particularly among policy-makers, often including key government ministries. This is the case for *Austria, Brazil, Cameroon, Croatia, Cyprus, Denmark, Finland, Ghana, India,*¹⁰⁸ *Indonesia, Malaysia,*¹⁰⁹ *Mexico, Netherlands, Nicaragua, Peru, Portugal, Suriname, Turkey, Ukraine, United Kingdom,*¹¹⁰ *United States,*¹¹¹ and *Zimbabwe*.

103. A number of reports make explicit mention of dissemination of the results of labour force surveys to the wider public. At times this is through specific statistical publications; increasingly, however, the information can be accessed through the Internet. *Estonia, Luxembourg, Philippines, Spain* and *Ukraine* refer to the web site of the National Statistical Office, while *Denmark* mentions the Statistics Denmark web site and *Bahrain*, the web site of the Ministry of Labour and Social Affairs. *Finland* also refers to the public nature of its information and indicates that it is disseminated widely in the media both at the national and regional levels.

Assessment of policy impact on employment

104. Labour market data are useful for making comparisons over time and monitoring progress towards the achievement of employment goals. In addition, good data can be used to assess the impact of policy measures and to make adjustments as necessary. They are an essential element for the decision and review of measures to be adopted for attaining the objectives of the Convention, in accordance with its Article 2. In this regard, *Bulgaria, Cameroon, Canada, Cyprus, Denmark, Italy, Netherlands, Norway, Oman, Panama, Philippines, Poland, Portugal, United Kingdom* and *United States* are countries whose reports refer to the use of data to measure employment and labour market progress and, more frequently, to assess the effectiveness of employment and labour market policies and programmes on employment promotion.

105. As a corollary, data can lead to policy changes. However, the Committee regrets that there is not greater data analysis, since such an analysis would surely lead to modification of policies and better effect. Only a few reports comment on the use of data to formulate changes in policy. The *United Kingdom's* report does observe for Scotland that data are used to measure progress on “spending revenue targets”, which are used to measure key policies. *Turkey* observes that the results of labour market and employment surveys serve in evaluating employment policies and programmes, and in introducing new measures. Labour market data aid political decision-makers in preparing legislation and in modifying regulations. The Committee will continue to follow closely developments on data analysis in the context of the regular supervision of Convention No. 122.

106. The Committee notes with interest that several countries have linked use of the data to budget preparations or allocations. *Finland, Malaysia* and *Namibia* have followed this approach.

¹⁰⁸ *India*: the Planning Commission is a key user.

¹⁰⁹ *Malaysia*: principal users include: the Ministry of Finance, Ministry of International Trade and Industry, Ministry of Human Resources, Economic Planning Unit of the Prime Minister's Department, and the Central Bank of Malaysia.

¹¹⁰ *United Kingdom*: among the key users are HM Treasury and the Department of Education and Employment.

¹¹¹ *United States*: among public policy-makers, those at the Federal Reserve Bank are cited. Data also are widely available to economists and analysts in the private sector.

III. Free choice of employment

Freedom of choice and equal opportunities

107. An employment policy in conformity with Convention No. 122 must aim at ensuring that “there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin” (Article 1(2)(c)). Free choice of employment under the Convention therefore has two aspects: the absence of any form of compulsion to undertake work one has not freely chosen, and the opportunity to acquire training and access to a suitable job without discrimination.

108. The absence of forced or compulsory labour as defined by the Forced Labour Convention, 1930 (No. 29), is an obvious prerequisite of freedom of choice of employment. But this provision of Convention No. 122 establishes in addition a positive and dynamic link between training and free choice of employment. It not only guarantees that no constraints are placed on persons obliging them to take up a given job, but also that the employment policy must at the same time actively promote free choice by enabling each worker to train for employment which can subsequently be freely chosen.

109. The employment policy must also aim at ensuring equal opportunities and at eliminating discrimination in employment and training. In that respect, it can be recalled that the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) defines discrimination as any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin – or any other reason specified by the ratifying State – which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation. Ratifying States undertake to declare and pursue a policy with a view to eliminating any discrimination in employment and occupation, including access to vocational training. They must ensure observance of that policy in the activities of vocational guidance, vocational training and placement services under the direction of a national authority. Conventions Nos. 111 and 122 are thus mutually reinforcing, and they share the character of promotional instruments that do not primarily call for enactments, but rather for the adoption and consistent implementation of policies and practical measures to achieve their goals.

110. Similarly, in the context of sex discrimination it should also be recalled that the Equal Remuneration Convention, 1951 (No. 100), requiring application of the principle of equal remuneration for men and women workers for work of equal value, is relevant to the elimination of sex discrimination in employment. It is one of the most widely ratified ILO Conventions and it plays an important role in addressing the problem of the gender-segregated labour market and equal access to employment for women workers.

111. Most countries report that they are in compliance with Article 1(2)(c), generally citing their constitution or legislation. This is the case for *Bulgaria, Costa Rica, Croatia, Czech Republic, Honduras, India, Indonesia, Lithuania, Luxembourg, Mexico, Namibia, Nicaragua, Oman, Panama, Philippines, Poland, Romania, Spain, Suriname, Switzerland, Thailand, Tunisia* and *Turkey*. Typical clauses are: everyone has the right to work or the right to choose freely his/her profession (occupation). Many reports extend this right of freedom of choice to basic education and training. *Finland*, for example, highlights the fact that a central objective of Finnish education policy is to provide all citizens with equal opportunities to receive education, irrespective of age, sex, domicile, economic situation, or mother tongue. Other reports cite the constitutional guarantee of equality of opportunity for all citizens in matters of employment, with some making specific mention of equality of opportunity between men and women.

112. The Committee acknowledges the importance of each country's possessing a solid legal foundation for promoting freedom of choice of employment and equality of access to education, training and employment. Nevertheless, the Committee must emphasize the equal importance of ensuring that legal provisions are given substance through the application of practical measures. In this regard, the Committee notes that several countries have highlighted interesting aspects of freedom of choice. For instance, the *Netherlands* focuses its reply on the flexibility aspect of freedom of choice in employment. In view of the rising number of dual-income households and single persons, people wish to have more choice in dividing their time among work, family responsibilities, training and leisure time at different stages of their lives, without jeopardizing their legal status in the labour market. The Dutch system provides sufficient guarantees, since flexible workers have the same rights as regular workers.¹¹² *Canada's* approach emphasizes mobility. The Labour Mobility Chapter of the 1995 Agreement on Internal Trade enables any worker qualified for an occupation in one province or territory to be granted access to employment opportunities in that occupation in any other province or territory.¹¹³

113. Some countries mention measures aimed at ensuring equality of access to education and/or training. For example, the report of the *Philippines* states that the Free Public Secondary Education Act of 1988 provides free public secondary education to all citizens and promotes quality education at all levels. Moreover, with a view to ensuring equality of access to education and training, the Government provides scholarships to deserving students at all levels of education. In *Denmark*, the Government observes that in order to promote freedom of choice of employment, it has focused its efforts on the objective of lifelong learning. *Oman* indicates that it provides educational, training and employment services to nationals free of charge and without any discrimination. *China* has sought through development of the employment service system to improve access to education and training. The system offers guidance, pre-job and vocational training as well as unemployment insurance.

114. As regards equal access to employment, in the *United States*, job search and information services are available to all individuals, including non-citizens working legally in the country. Jobseekers, together with employers, have access to free, personalized service in almost 2,000 full service one-stop career centres. In *El Salvador*, from the moment workers register in the employment exchange, they have the opportunity to access information on all vacancies that are periodically posted through the employment exchange system, which is coordinated by the Ministry of Labour and Social Protection. In addition, the vocational training system, coordinated by the Vocational Training Institute, relies on a system of public information that permits all workers to know the vocational training that is available throughout the country.

Prevention of discrimination in employment

115. Ending discrimination in the labour market is one of the seven principles or pillars underlying the Global Employment Agenda. It is pointed out that discrimination on any grounds is a violation of human rights and can result in macroeconomic costs. In

¹¹² In the view of the Committee, this is particularly necessary since most part-time workers in the country are women.

¹¹³ This is particularly significant to the approximately 15 to 20 per cent of the country's workers in regulated professional occupations and trades. It means qualifications of workers from one part of the country are recognized and accepted in other parts of the country, with differences in occupational standards reconciled as much as possible. The goal is for people to be licensed and registered based primarily on their competence to do the job, not on where they come from.

addition to the individual victims, the economy as a whole pays the cost through the underutilization of human resources and less productive job matches.¹¹⁴

116. Convention No. 111 is one of the most widely ratified ILO Conventions, and it is the usual practice of the Committee to examine policies and measures designed to prevent discrimination in the framework of the application of that Convention. It therefore refers to the latest surveys it carried out for comprehensive information on the effect given to that fundamental Convention.¹¹⁵ However, the Committee welcomes the valuable information provided in that respect by the *United States*, one of the few Members that have ratified neither Convention No. 111 nor Convention No. 122 (see box I.8).

Box I.8
Equal opportunity enforcement in the United States

The *United States* combines a considerable body of legislation and enforcement machinery. Title VII of the Civil Rights Act of 1964, as amended, prohibits discrimination on the basis of race, colour, national origin, religion or sex by employers with 15 or more employees, employment agencies and labour organizations. The Equal Pay Act prohibits wage discrimination between men and women working in jobs the performance of which requires equal skill, effort and responsibility, and which are performed under similar working conditions. The Age Discrimination in Employment Act (ADEA) of 1967, as amended, prohibits discrimination on the basis of age against persons aged 40 years and older by employers with 20 or more employees. The Rehabilitation Act of 1973, as amended, prohibits employment discrimination against a person with a disability, with a history of a disability, or who is regarded as disabled, by the federal Government, government contractors, and recipients of federal financial assistance. Title I of the Americans with Disabilities Act (ADA) of 1990 prohibits discrimination against a person with a disability, with a history of a disability, or who is regarded as disabled, by employers with 15 or more employees.

To pursue an allegation of discrimination under Title VII of the ADEA, and Title I of the ADA, an individual must file a charge with the Equal Employment Opportunity Commission (EEOC), which will examine the allegation and conduct an investigation if it determines that the charge has merit. The EEOC may urge the parties to mediate their dispute and will offer conciliation if its investigation finds that there is evidence to support the charge. The EEOC has the authority to bring charges and file law suits challenging employment actions in its own name. It also engages in extensive outreach programmes, intended to educate the public – employers and employees alike – as to their rights and responsibilities.

Among other agencies taking measures against discrimination, the Department of Justice, Civil Rights Division, enforces various laws that prohibit discrimination, inter alia, in employment, education and housing. The Commission on Civil Rights collects and studies information relating to discrimination, and submits reports and recommendations to the President and Congress. The Department of Labor administers executive orders and laws that prohibit discrimination and require affirmative action by federal contractors and subcontractors.

117. The Committee also notes the information in some reports on measures taken to prevent discrimination on other grounds than those expressly mentioned in Conventions Nos. 111 and 122.

118. Some countries mention specific programmes aimed at protecting or improving the situation of one or more groups facing discrimination or otherwise disadvantaged. Thus,

¹¹⁴ See, inter alia, GB.286/ESP/1, para. 12.

¹¹⁵ Special Survey, 1996; General Survey, 1988.

Denmark aims to improve integration of ethnic minorities in the public labour market. The Government has introduced a programme under which a certain share of employees in the state sector should be immigrants or immigrant descendants. The Government also encourages municipal and county authorities to continue to recruit more people with a different ethnic background and to remove unnecessary barriers in the system. *Denmark* has also established an equality committee to examine what measures can be taken to promote equal treatment of persons who are victims of discrimination as well as the most effective ways of helping them. *Panama* refers to its programme, “Promotion of equal opportunities in Panama” aimed at preventing discrimination in employment.

119. A few countries report on how they are tackling age discrimination in employment. The *United Kingdom*, for example, is due to introduce legislation against age discrimination by 2006. In the years leading up to the adoption of the legislation, the Government is encouraging employers to adopt the standards set out in the non-statutory code of practice on age diversity in employment, published in June 1999. The code sets the standard for non-ageist approaches to recruitment, training, promotion, redundancy and retirement. Guidance accompanying the code helps employers to realize the benefits of adopting non-ageist employment practices, while workshops for small and medium-sized employers and the Age-Positive Campaign promote the business benefits of age-positive employment practices. *El Salvador* mentions the Law and Regulation on Comprehensive Care for Older Persons that established a National Council for Comprehensive Care for this sector. The Council, which integrates governmental and non-governmental organizations, develops activities aimed at preventing and eradicating discrimination practices in the labour market based on age. In the *Netherlands*, the Government in December 2001 presented to Parliament a Bill on equal treatment irrespective of age in employment, occupation and vocational training. It prohibits discrimination on the basis of age unless it can be objectively justified by a legitimate aim whose means for achievement are deemed appropriate and necessary.

Employment of women, older workers, people with disabilities and other categories of people subject to discrimination

120. In addition to measures to prevent discrimination, Recommendation No. 169 calls for special measures to respond to the needs of categories of persons frequently having difficulties in finding lasting employment, such as certain women, older workers, or people with disabilities.

121. The Committee notes that a large number of countries report on such special measures. It notes, however, that too little evidence of the impact of many of these measures is provided to allow an assessment of whether these targeted measures amount to a comprehensive, consistent and effective approach to promoting the employment of the beneficiaries.

Women

122. The Committee believes that measures taken to prevent discrimination on the basis of sex, both legislative and practical, must figure prominently in any employment policy in keeping with the Convention. For example, the *Philippines* mentions the Strengthening of Prohibition of Discrimination against Women Act that focuses on the terms and conditions of employment, with the aim of preventing discrimination on the basis of sex. In *Australia*, the Equal Opportunity for Women in the Workplace Agency, established under the Equal Opportunity in the Workplace Act 1999, requires private sector businesses, community organizations, non-government schools and trade unions with more than 100 employees, and institutions of higher education, to develop and

implement equal employment opportunity programmes for women. *China* reports on legislation containing special provisions on the protection of women's right to employment.¹¹⁶ *El Salvador* refers to efforts to raise awareness of the protection of the rights of women workers among employers, workers as well as the personnel of public institutions and the administration of justice.

Box I.9
Gender policy and poverty reduction in Burundi

In *Burundi*, the National Gender Policy is viewed as a change instrument. It articulates standards and furnishes directives on actions to be taken in priority sectors identified with a view to redressing certain inequitable situations with regard to women. The policy enumerates the actions that should be taken by the principal actors, along with the institutional measures that ought to be adopted and the strategies that ought to be carried out.

The priority area of "women and poverty" calls for the following strategies and measures: (1) analysis of all policies and programmes from a gender perspective, notably the national poverty reduction strategy; (2) adoption of specific measures permitting women to gain access to employment; (3) development of programmes to improve the living conditions of disabled women; and (4) re-examination of discriminatory laws.

The priority area of "education" calls for the following strategies and measures: (1) introduction of affirmative actions aimed at reducing gender differences; (2) establishing literacy programmes that are accessible to women; and (3) putting in place a system to supervise the integration of the gender dimension in formal and informal educational programmes.

123. *Finland* reports that a commission set up by the Government in December 2000, with the task of reforming the Equality Act, submitted its proposals in November 2002. The specific measures proposed include: an obligation on the part of employers to promote equality; a strengthened ban on sexual discrimination; greater protection for employees complaining of discrimination against retaliatory measures by employers; a right for shop stewards to obtain wage information on employees from the equality ombudsman within two months of a request; and stronger enforcement of the obligation to draw up equality plans at the workplace, along with a requirement that, in the future, such plans should include a statement on wages.

124. *Lithuania* indicates that the Support of the Unemployed Act aims to ensure equal opportunities for parents to combine employment and family obligations. The Act establishes that women and men with children under 8 years of age have equal rights to receive additional employment support and unemployment benefits. In the *United Kingdom*, the Women and Equality Unit works on specific issues on a project basis alongside the Prime Minister's Office and central government departments. It has responsibility across the country for legislation and policy on equality with regard to gender and sexual orientation. In *Denmark*, current government measures are concentrated on the issues of equal pay, the gender-segregated labour market, and reconciling work and family life. Under the Equality Act of 30 May 2000, the equality aspect and the gender mainstreaming approach have been formally introduced in all public planning and administration activity. Moreover, all new relevant legislation is subject to equality screening. *Zimbabwe* reports that it has introduced affirmative action to promote the education, training and employment of women.

¹¹⁶ *China* cites its Constitution, the Labour Law of the People's Republic of China, and the Law of the People's Republic of China on the Protection of the Rights and Interests of Women.

125. Many other reports focus on small enterprise creation and entrepreneurship initiatives for women. *Côte d'Ivoire* draws attention to the National Women and Development Fund, which aims to provide funds to disadvantaged women to help them establish income-generating activities. *Swaziland* refers to the Women in Development Programme, established in the late 1970s, which is intended to train women, particularly in rural areas, in income-generating skills so that they can become economically self-reliant. In *Finland*, all employment and economic development centres now have special advisers for women entrepreneurs, while the maximum amount of the women's entrepreneurship loan has been doubled. *Bulgaria* mentions a programme that operated in the period 1997-2000 called "Creation of economic opportunities for women in the Devin region". With a view to promoting women's entrepreneurship, it established business centres offering a wide range of consultancy services, information, assistance in preparing business projects and vocational training. *Argentina*, *Colombia*, *Estonia*, *Honduras*, *Indonesia* and *Peru* also report on measures to assist women in business.

126. Education and training have a key role to play in enhancing employment opportunities for women. *Costa Rica* has elaborated the Action Plan called "The education system for a culture of gender equality". It is based on a diagnosis of the reality for women in primary and secondary education. *Turkey* refers to a project operated by three departments from 1991 to 1995 whose target group was women from rural areas or shanty towns. It aimed to teach them a trade and to help them acquire the aptitudes and qualifications required by the labour market. Several countries, such as *Finland*, *India* and *Spain* mention vocational or management training initiatives aimed at promoting employment for women. *Spain* also refers to special measures for the integration of women who have been victims of mistreatment and, more generally, to the use of social security funds to encourage the hiring of unemployed women. *India* cites the provision of separate counters for women registrants at larger employment exchanges, accompanied by the posting of women officers.

Box I.10
Gender promotion in Canada (Ontario)

In *Canada*, the Ontario Women's Directorate is working to promote women's employment in sectors and industries where they have been under-represented. Under the Partners for Change (PFC) Programme, the Directorate works in partnership with organizations to achieve the three long-term strategies of: (1) providing young women with information on a full range of career opportunities, including those requiring a foundation in maths, science, and technology; (2) promoting recruitment, retention and promotion of women in growth industries and industries with skill shortages; and (3) promoting women's entrepreneurial success.

Projects have included: inviting women speakers into schools to inspire and motivate students about career options; capacity building for women's community-based groups; training low-income women to become apprentices in skilled trades such as machining, tooling, mould-making and industrial mechanics; information technology training that provides low-income women with government-funded specialized training that will help them qualify for entry-level jobs in IT; and focusing on the demand side, making changes to employment and working conditions that will foster the recruitment and retention of women in occupations/sectors where skill shortages are forecast.

People with disabilities

127. Many countries report on their use of the more conventional labour market measures on behalf of people with disabilities, although these are often adapted to their special needs and requirements. Thus some combination of skill development, counselling or other labour market measures figures in the programmes of *India*,

Lithuania, Mexico, Philippines, Spain and United Kingdom. Within the framework of a rehabilitation targeted on each individual, *Norway* combines information, guidance, placement assistance and schemes specifically designed for disabled jobseekers. *Turkey* points to its Vocational Rehabilitation Centre in Ankara whose mission is to launch projects in that area. *Swaziland* has established three vocational/industrial rehabilitation institutions for the training and placement of disabled persons. *Honduras* and *Zimbabwe* identify credit schemes intended to help disabled persons start their own small business activities. *India* also points to special employment exchanges or special cells in the regular employment exchanges for the placement in employment of the physically disabled.

128. Other programmes are designed with the special needs of disabled people in mind. Thus, in the *United Kingdom*, Work Preparation is an individually tailored programme of employment rehabilitation that enables disabled people to address barriers associated with their disability and prepares them to access the labour market with greater confidence. The broad areas that are addressed during the Work Preparation programmes can be grouped into occupational decision-making, job-finding behaviours and job-keeping behaviours. In *Australia*, people with disabilities will benefit from the changes to Job Network under the new active participation model, dating from 1 July 2003. Job Network members will have the opportunity to get to know the jobseekers and assess their experiences and needs related to their disabilities. Many people with disabilities will receive immediate access to customized assistance consisting of six months of intensive work preparation tailored to the needs of each jobseeker. As part of an individualized job search plan, each person may receive training, work experience and counselling and also benefit from a jobseeker account that will be used to help the jobseeker find work by paying for training, fares, and work-related equipment. In the *United States*, the New Freedom Initiative is a comprehensive programme designed to foster full participation in society by people with disabilities. The Equal Employment Opportunity Commission has developed a programme and short handbook about the Americans with Disabilities Act for presentation to small business owners and employees. *Ukraine* refers to the National Programme of Vocational Rehabilitation and Employment for 2001-05 that aims to promote employment of persons with disabilities as well as other vulnerable and non-competitive population groups in the labour market. It also mentions the All-Ukraine Rehabilitation Centre of Disabled Persons, together with a network of regional centres, established in cooperation with the ILO. In *Luxembourg*, under the programme on workstation adjustment for disabled persons, the Disabled Workers Branch ensures the adaptation of workplaces or the acquisition of didactic material for disabled workers employed by an enterprise. *El Salvador* has created the National Council for Comprehensive Care of Persons with Disabilities within whose framework training, vocational rehabilitation, vocational guidance, self-employment, and local fairs in support of labour integration are provided.¹¹⁷ The country also offers a training programme on information technologies and communication, assistance to employers to facilitate the integration of this population group, and similarly technical and financial assistance for the strengthening of small and micro-enterprises.

129. In *Canada*, in addition to the federal Government's programme for disabled persons, provinces have their own programmes and measures. For example, in Newfoundland and Labrador, the Employability Assistance for People with Disabilities Agreement is designed to assist individuals with a disability to acquire the skills, experience and support necessary to successfully prepare for, enter or remain in the

¹¹⁷ There are currently three regional training centres specially equipped and adapted to the needs of disabled persons and coordinated by the Ministry of Labour and Social Protection.

workforce. Active programmes in employment counselling and assessment, employment planning, pre-employment training, post secondary education, skills training, technical aids and other supports assist individuals in obtaining access to job opportunities. The Alberta Human Resources and Employment Programme assists persons with disabilities in overcoming barriers to employment. Assistance is offered in four areas: workplace supports; financial supports; educational supports; and supportive technology. The Ontario Disability Support Programme assists people with disabilities to remove or reduce barriers to employment. The supports available to help disabled people achieve their employment goals include: employment planning and preparation; employment skills training; assistive devices and supplies; transportation assistance; job coaching services; job maintenance services; and job search support and placement services.

Box I.11

Active measures for disabled persons in Finland

Rehabilitation provided by the Social Insurance Institution of *Finland* (KELA) comprises medical and vocational rehabilitation. KELA is required to arrange vocational rehabilitation and training for people with disabilities on condition that this has not been provided under any other legislation. KELA also supports people in earning a livelihood or practising an occupation by granting support for founding a company or acquiring working tools and equipment. KELA is also required to provide the expensive and advanced technical aids that people with severe disabilities may need for work or study as a form of vocational rehabilitation.

Since 1 April 2002, KELA is also required to arrange vocational training for 16 to 19 year-olds with severe disabilities. A young person who otherwise might receive a disability pension upon turning 16 now receives instead a rehabilitation allowance based on a personal training and rehabilitation plan.

According to employment service legislation, vocational rehabilitation services, comprising counselling services, advisory services and guidance, adult labour market training and various support measures, are arranged by the labour administration for clients with disabilities.

The primary aim of both education policy and disability policy is to guide and integrate people with disabilities into general vocational training institutions. Basic vocational training for people with disabilities leads to a vocational qualification. All three-year training programmes include at least 20 credits worth of practical training. Special vocational training can also be arranged at one of 12 specialist vocational institutions that provide vocational training and rehabilitation for young people and adults with disabilities, chronic diseases or some other need for special support.

130. Perhaps more in the case of people with disabilities than other groups, the Committee observes the use of subsidy schemes to encourage their being hired. *Côte d'Ivoire*, *Estonia* and *Romania* are among the countries that report on such measures. *Croatia* has one such programme, called "A Chance for Us, Also". Co-financing covers 80 per cent of the costs of instruction and the material costs of training, as well as a portion of the salary of the worker for up to 12 months during the period of training. *Spain* operates a fairly detailed set of subsidy and incentive measures to promote the training and employment of persons with disabilities, including subsidies for the adaptation of workplaces to their needs. In *Luxembourg*, the Disabled Workers Branch of the Employment Administration ensures that the costs of training, readaptation and re-education of disabled workers are covered totally or in part. In a related programme, the Director of the Employment Administration is able to provide subsidies to enterprises ranging from 40 to 60 per cent of the cost of the gross salary or reimbursement of social contributions. The *Netherlands* provides a tax credit to invalidity benefit claimants returning to work, while subsidies for employers who hire disabled persons are now

more readily available in the form of reductions in employers' social insurance premiums.

131. The *Netherlands* also reports that the initial evaluation of the Disability (Reintegration) Act was sent to the House of Representatives in February 2001. Virtually all participants completed the programme, and 32 per cent found long-term employment.

132. In the *United Kingdom*, the Access to Work programme provides, subject to an assessment, a contribution towards the additional work costs due to disability. WORKSTEP is a programme of supported employment for those disabled people with more complex needs. In this case, Jobcentre Plus pays grants to agencies, many of which in turn arrange for their disabled clients to work for local employers. *Romania* provides to employers with fewer than 100 employees an amount equal to the gross minimum wage for each disabled person hired for two years or longer.

133. A number of countries, including *Indonesia*, *Jordan*, *Mauritius*, *Oman* and *Romania*, refer to legislation under which employers with a certain sized workforce (varying from 25 to 100) are obliged to employ a percentage of disabled persons (representing 1-4 per cent of the workforce). The Government of *China* requires all enterprises and institutions to hire a certain proportion of disabled persons. Those that fail to do so must contribute to an employment guarantee fund for the disabled. In the five years from 1996 to 2000, more than 1.1 million disabled people were given skill training and another 1.1 million found jobs.

Older workers

134. The Committee takes note of the fact that government reports contain much less information on measures taken on behalf of older workers¹¹⁸ than the two preceding groups. In view of the changing demographic situation of many countries, particularly the more industrialized, this could be seen as a source of concern.

135. A distinction can be made between programmes that aim to improve the existing employment situation of older workers and those that provide alternatives. *Finland* offers an example of the former, and the *United States* of the latter. In *Finland*, the National Programme for Ageing Workers was launched in 1997 and was implemented in 1998-2002 through cooperation between various ministries, the social partners and other partners. The Programme will continue as an integrated part of other workplace development programmes. The goal of the original programmes was to improve the employment rate among older workers. It aimed to change the accustomed way of solving labour market problems, i.e. by pensioning off older employees and, instead, sought to improve well-being at work and achieve the kind of work organization in which older workers could be involved. The average retirement age rose throughout the programme and people's attitudes towards ageing and older people changed.

136. In the *United States*, the Department of Labor's Employment and Training Administration administers the Senior Community Service Employment Programme as authorized by the Older Americans Act. This Programme promotes useful part-time opportunities in community service activities for unemployed low-income persons who are at least 55 years of age and who have poor employment prospects. Programme participants work an average of 20 hours per week, are paid at least the federal minimum wage, and are employed in a variety of community service activities and facilities, including day-care centres, schools and hospitals.

¹¹⁸ The Older Workers Recommendation, 1980 (No. 162), applies to "all workers who are liable to encounter difficulties in employment and occupation because of advancement in age".

137. Some countries promote employment of older workers by extending their access to certain services or benefits. In *Lithuania*, older persons with five years or less to go until their entitlement to an old-age pension are provided with additional labour market guarantees. In situations where there are staff reductions, older workers enjoy the right of priority in retaining their jobs. In cases of unemployment, the payment of unemployment benefits is extended by two additional months, up to eight months. Moreover, workers who have a maximum of two years to go before receipt of their old-age pension, and at least 15 years of service recorded in state social insurance, are eligible for an extended period of payment of unemployment benefits. The country also organizes computer literacy programmes for older workers and, in the Utena region, is implementing a project for the unemployed involving the teaching of information technologies. *Bulgaria* reports on the National Programme for Retirement Assistance that targets unemployed people who have reached the age of retirement but fall up to 12 months short of the length of service required for receipt of a pension. Under the programme, they are eligible for employment and retirement assistance. In *Spain*, workers older than 45 years of age are eligible to participate in all training activities made available through the National Action Plan 2002. These include vocational training and guidance, as well as adaptation and recycling courses. In addition, to encourage companies to hire older workers, the Employment Promotion Programme for 2002 provides allowances towards social security payments. For instance, older workers between 55 and 65 years of age have an allowance of 55 per cent during the first 12 months of a contract, and 45 per cent for the remaining time. If the worker contracted is a woman, the allowance increases by ten points. Similarly, in *Romania*, employers who hire unemployed workers aged 45 years and over for an indefinite period receive for each worker an amount equal to the gross minimum wage.

138. In *Estonia*, a national programme for the elderly was approved for the years 2002-05. The programme aims at facilitating the transition from work to retirement. It promotes employment among people of pre-retirement age, creates conditions for smooth transition from working life to retirement, and fosters working with a decreased workload at retirement age.

Indigenous and tribal peoples and ethnic minorities

139. Several countries report on measures that are specifically designed to promote employment among indigenous and tribal peoples or ethnic minorities. In this respect, the Committee wishes to draw attention to the Indigenous and Tribal Peoples Convention, 1989 (No. 169), and in particular to its provisions on vocational training and education.

140. In *Australia*, the Indigenous Employment Policy aims to improve the employment circumstances and prospects of aboriginal and Torres Strait Islander peoples. The Policy comprises such measures for indigenous Australians as structured training and employment opportunities, a higher level of participation in private sector employment through partnerships with all levels of business, development and expansion of small businesses, and assistance to community development employment projects sponsors to place ready participants in open employment. Under *Australians Working Together*, the Government introduces further assistance for indigenous Australians. Indigenous employment centres offer mentoring, work experience, job search support and access to training. The centres will assist up to 10,000 participants to find work. This programme also makes available increased education and training assistance for 1,600 indigenous secondary school students and is placing 2,300 indigenous students in vocational education and training. In *Canada*, Alberta Learning provides apprenticeship programmes and services to aboriginal communities as well as assistance to the Alberta

Aboriginal Apprenticeship Project. The latter is a joint venture with aboriginal communities and industry aimed at increasing participation in apprenticeship programmes. Moreover, a range of career and employment assistance services are available, including employment counselling, job search training, job placement, labour market information, and case management assistance.

141. In the *United States*, the Employment and Training Administration administers programmes that prepare Native Americans and other indigenous groups, including Alaska Natives and Native Hawaiians, to obtain and retain gainful employment. Programme activities may include on-the-job training, classroom training (including remedial education), work experience, community service employment, and supportive services. There are also programmes to assist migrant and seasonal farm workers. Activities include education and training to prepare farm workers to qualify for employment in occupations that offer better compensation on a year-round, full-time basis. These farm workers are also eligible to receive instruction in English and other basic education.

142. In *India*, over the years a number of special measures have been adopted by employment exchanges to safeguard the interests of jobseekers belonging to scheduled castes and scheduled tribes. These measures include providing vocational guidance and imparting pre-recruitment training, sponsoring suitable candidates against unreserved vacancies, and enlisting the cooperation of scheduled caste and scheduled tribe associations in locating suitable candidates. In addition, 22 coaching-cum-guidance centres for scheduled tribes provide occupational information, vocational guidance and counselling, together with information on job requirements and the types of tests and interviews they are likely to undergo when called by employers.

143. In *Romania*, the government strategy to improve the conditions of the Roma population offers tax incentives to employers who hire Roma and aims to stimulate investments that create employment possibilities for Roma women. The Government also has established structures to prevent institutional and social discrimination against Roma and facilitate their access to employment and services.

144. The *United Kingdom* reports that the New Deal for Young People was the first employment programme to actively promote equality of opportunity and outcome for all ethnic minorities and to adopt a strategy to identify and overcome the barriers to employment faced by young people from those minorities. The programme had helped 47,950 people from ethnic minorities into work as of September 2002. There are 63 action teams in Great Britain that focus on the hardest-to-help groups within employment-deprived areas. People from minority ethnic backgrounds are one of the targeted groups. Action teams provide tailored and flexible ways to help people into work, in-work support for both employers and employees, and assistance using specialist agencies or secondees from other organizations to address individual problems. Action teams have helped more than 11,700 people into work as of October 2002. In addition, a minority ethnic outreach service, launched in April 2002, works with minority ethnic communities to produce new, innovative community-based ways to help people overcome the barriers they face in the labour market.

145. The *Netherlands* has made a considerable investment in helping employers to implement the Employment of Minorities (Promotion) Act and to pursue multicultural personnel policies. The number of companies submitting annual reports in compliance with the Act has increased. A web site has been opened for the general public that gives comprehensive information on the Act and on multicultural personnel policies. It also provides access to the reports submitted by employers.

Entry of young people into employment

146. The need to “develop and implement strategies that give young people everywhere a real chance to find decent and productive work” is a goal of the Millennium Declaration adopted by the United Nations at the Millennium Summit held in New York in September 2000. This goal is directly related to the Global Employment Agenda and it underpins the Youth Employment Network, a global alliance that includes the ILO and the World Bank.¹¹⁹ The High-Level Panel of the Youth Employment Network came up with a straightforward political message comprising four principles: employability; equal opportunities; entrepreneurship; and employment creation.¹²⁰

147. In the context of an overall employment policy, Recommendation No. 169 calls for measures to assist young workers in finding lasting employment. In addition to ensuring the development of a system of vocational guidance and training closely linked with both the educational system and the world of work – which is the primary requirement of Convention No. 142 – it provides for special measures for the integration of young people in employment. Such measures could include, in particular, incentives for enterprises to engage and train young people, programmes under which training and work alternate so as to assist young people in finding their first job, or measures to ease the transition from school to work and to promote opportunities for employment on completion of training.

148. The Committee observes that, with regard to first-time jobseekers and unemployed youth, certain realities have changed little over the years. First, while the scourge of unemployment affects all age groups, generally speaking its burden falls hardest on young people. It is a universal problem, and a particular threat to social cohesion in both industrialized and developing countries. Second, the fight against youth unemployment must form part of overall efforts to create jobs and combat unemployment. Young people, like all other demographic groups, benefit from sound economic policies aimed at stimulating growth with jobs. Lastly, in view of the particular disadvantages many young people face upon entering the labour market, special interventions are still required on their behalf.

149. In view of the persistence of youth unemployment, the Committee has noted information on this question with particular interest, and finds that the major categories of interventions have remained more or less the same over the years. As a result, most measures can still be grouped in the following general categories: (1) school-to-work transition programmes; (2) post-compulsory skill training; (3) subsidized temporary employment, training and work experience schemes; and (4) business-creation schemes.

School-to-work transition programmes

150. Compulsory education may sometimes be criticized for lacking the flexibility to impart the new skills required by enterprises and, more generally, to prepare young people for the world of work. Judging from the reports received, there is considerable recognition of the need to bridge the gap between school and productive jobs. The schools themselves sometimes take initiatives; at other times they come from outside institutions.

¹¹⁹ GB.286/ESP/5, paras. 3-4; and GB.286/ESP/1, para. 32. The 12-member High-Level Panel of the Youth Employment Network met for the first time in July 2001 at ILO headquarters under the chairmanship of United Nations Secretary-General, Kofi Annan. Juan Somavia, Director-General of the ILO, and James Wolfensohn, President of the World Bank, were also present.

¹²⁰ GB.286/ESP/5, para. 9.

151. *Switzerland* has introduced “motivational semesters”, a temporary employment programme for school leavers. Following an examination of a young person’s personal, family and social situation and prior training, along with a battery of tests, the individual enters a programme with an occupational component, where he or she follows an activity based on the practical reality of a trade, as well as a training component, where he or she is initiated into the world of work. In *Finland*, both comprehensive schools and general upper-secondary schools provide a broad-based system of counselling that underpins the student’s development and offers guidance in career planning and choice of further studies. Counselling aims to ensure that every school leaver is aware of the choices for further education that are open to him or her, as well as what the world of work entails, and has a clear plan for his or her own future. In the *Republic of Moldova*, first-time jobseekers, in addition to receiving vocational training, are taught, through job clubs, how to prepare a CV and application letters, search for a job, and behave during an interview with an employer.

152. A number of other countries report on a range of school-to-work transitional activities performed outside the school system. The *United Kingdom* presents a new programme called “The Connexions Service”. Working with schools, the Learning and Skills Council, and local authorities, this service will help first-time jobseekers match the skills acquired at school with the options open to them for further education and in the labour market. Support will include personal advisers. In the *United States*, the Job Corps provides highly structured full-time academic, vocational and life skills training aimed at helping young people begin their careers. Each year it serves about 70,000 enrollees aged 16 to 24 years in 118 residential centres.¹²¹ In *Portugal*, the Integration of the Young in Working Life focuses on four fundamental areas: educational and vocational guidance; educational and vocational training; aid to professional integration; and access to employment. *China* reports on its work preparation system¹²² that combines flexible and varied training arrangements (including full-time, part-time, remote training, etc.) with production practice, part-time work, community service and communal work. *Turkey* organizes training courses for first-time jobseekers, as well as for workers who wish to re-enter the labour market, which offer introductions to working life, skill training, refresher courses, business creation training, etc. These courses are carried out in association with a broad range of institutions and enterprises. *Tunisia* mentions the Initiation to Working Life through Internship, observing that it reduces waiting time for a first job and helps people to use the training they have acquired.¹²³

153. Other countries, including *El Salvador*, *Ghana*, *Guatemala*, *Malaysia*, *Mauritius*, *Ukraine*, and *Zimbabwe*, refer to vocational or career guidance initiatives. In this regard, the *Czech Republic* points to a comprehensive set of vocational guidance services for young people. In that country, the Labour Office Information and Advice Centres provide up-to-date labour market information and organize discussions for basic school students faced with choosing an occupation.

154. Some countries describe transitional measures with a more general application to the unemployed young without special skills or work experience. *Spain* outlines several

¹²¹ Other programmes falling within this framework are the Workforce Investment Act and the Youth Opportunity Grant Programme.

¹²² The target groups are middle-school graduates in urban areas who did not pursue further education, as well as those from rural areas who are planning to engage in non-agricultural work or migrate to cities and towns to work.

¹²³ The report also refers to the National Employment Fund 21-21 established by law in 1999, with a view to facilitating the integration of young people, among other jobseekers, who are having difficulty entering the labour market.

different integration programmes, which vary according to the age and length of unemployment of the participants. Moreover, there exists a Vocational Guidance National Centre, and educational and vocational guidance departments in all secondary schools. *Estonia* reports on a new employment-work practice measure piloted in November 2002, the aim of which is to provide the unemployed with an opportunity to acquire some basic skills along with work habits and experience.

155. *Australia* cites an Internet initiative called Jobjuice. This is a web portal developed specifically to assist school leavers in researching information on careers, training and job opportunities.

Post-compulsory education skills training

156. A distinction usually can be drawn between skill training that takes place during the compulsory years of schooling and that which is made available after the minimum school-leaving age. The report from *Canada*, in presenting the Ontario Youth Apprenticeship Programme, draws attention to a programme that is available to all young people who are full-time secondary-school students, and who have successfully completed at least 16 Ontario secondary-school diploma credits. By providing cooperative education and workplace-based experience in apprenticeship trades to high-school students, thereby allowing them to start an apprenticeship while completing a secondary-school diploma, the programme increases students' awareness of career opportunities and helps them to make successful transitions to work or post-secondary education and skills training.

Box I.12 ***First job in Poland***

In view of the difficulties encountered by school graduates on the labour market, the Government in *Poland* has introduced a programme called *First job*. The focus is on modification of the education system, development of services in the field of vocational information and guidance along with job placement, promotion of self-employment and employment in the small and medium-sized enterprise sector, and dissemination of the idea of voluntary work. Measures include: (1) acquisition of practical skills; (2) financing of a first job by the labour office; (3) preferential loans for business start-up activity; and (4) refund of or exemption from the payment of social insurance contributions upon creating a business. *First job* assigns an important role to vocational counsellors working for labour offices, who are trained to provide professional assistance to unemployed persons in their choosing an occupation, planning a career path, as well as starting and maintaining employment.

Within the framework of *First job*, voivodship labour offices have drawn up detailed schedules of activities initiated in favour of recent graduates as a basis for introducing local activities of particular value. The Ministry of Labour has disseminated them in the form of a *Catalogue of voivodship programmes* and as a *Handbook of good practices*. The Ministry is also operating a web site containing information for school graduates and employers interested in taking part in the programme. In addition, the Ministry of Labour has prepared and sent to all secondary schools a guidebook for secondary-school graduates containing information on local labour markets, jobseeking methods, and education, employment and business start-up opportunities.

In view of the need to increase business start-up opportunities for graduates, the Ministry has also concluded an agreement with a particular bank to provide loans to graduates to finance the costs of starting a business or creating additional jobs. Another agreement with five companies specialized in modern technologies provides for joint implementation of a project for young people aimed at the promotion of telework with use of the Internet.

157. More generally, apprenticeship training and other forms of vocational training in training centres and/or in enterprises remain a major means of further skill acquisition and improvement. Among the countries that refer to vocational training and apprenticeship schemes are *Austria*,¹²⁴ *Côte d'Ivoire*, *Croatia*, *Denmark*,¹²⁵ *India*,¹²⁶ *Indonesia*, *Mauritius*, *Swaziland*, *Switzerland* and *Zimbabwe*.

158. When on-the-job training is combined with off-the-job education in a vocational school, it is frequently called the dual system, an approach which is based on the development of a close relationship between training courses, often in training institutions, and experience gained at the workplace. For example, in *Finland* vocational education is institution-based to a very large extent, but on-the-job training is provided in nearly all fields. In *Australia*, New Apprenticeships combine practical work with structured training, leading to nationally recognized qualifications. In *Côte d'Ivoire*, the Programme of Support to Recruitment combines skills enhancement for employment, a complementary training that aims to enhance employability with a pre-employment internship intended to impart practical experience. In the *United Kingdom*, the Department for Education and Skills offers a programme of workplace learning for young people. A local network of Learning and Skills Councils offers Foundation of Advanced Modern Apprenticeships, aimed at providing quality work-based learning leading to recognized qualifications. *El Salvador* combines 8 to 16 hours per week of theoretical training in training centres with 24 to 32 hours per week in a training enterprise. In *Cyprus*, the Human Resource Development Authority organizes the apprenticeship scheme as well as short courses. Apprentices are employed in industry and receive general education and vocational training on a day-release basis for a period of two years.¹²⁷ *Bahrain*, *Ethiopia*, *Italy*,¹²⁸ *Morocco*, *Nicaragua* and *Spain*¹²⁹ also mention programmes that combine training and work experience.

Subsidized temporary employment, training and work experience schemes

159. In view of the fact that employers may consider it uneconomical to hire young people, particularly those without skills, governments often try to offset a substantial portion of the initial cost through a variety of subsidy and sub-minimum wage arrangements.

160. A number of countries offer illustrations of how this occurs in practice. For example, in *Romania*, employers who hire young graduates for an indefinite period receive an amount equivalent to the national gross minimum wage during 12 months for

¹²⁴ See the next section for an explanation of the subsidy aspect. In addition, to improve the integration into working life of disadvantaged young people with interpersonal problems, *Austria* has amended the Vocational Training Act. It now includes an "integrated vocational training" model, which allows the introduction in the apprenticeship contract of an agreed apprenticeship period up to one year longer than the period specified for the apprenticeship trade in question or, in exceptional cases, up to two years longer.

¹²⁵ The objective is to give virtually all young persons formal education, either in the form of a higher-secondary education or vocational training.

¹²⁶ Vocational education or training is provided through apprenticeships, industrial training, polytechnics and other institutions.

¹²⁷ The Authority subsidizes the days that are spent in school. See the section below on subsidized schemes. The Authority also organizes, in collaboration with the Higher Hotel Institute and the Cyprus Productivity Centre, 12 to 24 week training courses, mainly addressed to unemployed school leavers and aiming to meet needs in occupations where there are significant labour shortages.

¹²⁸ Under new regulations, a minimum training period outside the enterprise of 120 hours per year is required.

¹²⁹ Workshop schools and trade learning centres combine occupational training in an initial phase with further training alternating with work in the second phase.

each person hired. In *Estonia*, for each apprentice participating in work practice, the employer receives an employment subsidy equal to the minimum monthly wage. *Lithuania* is implementing First Step in the Labour Market in which first-time jobseekers are admitted to vacant or subsidized jobs or employed under limited-term employment contracts. In the *Philippines*, the Special Programme for Employment of Students Act helps poor but deserving students to pursue education by encouraging their employment during summer and/or Christmas vacations. Incentives are granted to employers, allowing them to pay only 60 per cent of the students' salaries or wages; the Government pays the remaining 40 per cent through education vouchers. *Austria*, under its apprenticeship-training scheme, offers an annual training premium. Moreover, with a view to simplifying the system, changes in social security legislation are intended to reduce ancillary wage costs. In the future, accident insurance contributions will no longer apply to all years of apprenticeship, and health insurance and unemployment insurance will no longer apply to the first and second years. In *Luxembourg*, the temporary assistant contract, the integration internship and support to apprenticeship offer, through the Employment Fund, various forms of subsidy to participating employers.

161. The Committee recalls that, according to Recommendation No. 169, these measures should be carefully monitored to ensure that they result in beneficial effects on young people's employment and that they are consistent with the conditions of employment established under national law and practice. In several of its comments on the application of Convention No. 122 by individual ratifying countries, the Committee has drawn attention to the need to ensure that measures aimed at reducing the marginal cost of recruitment of young people while enabling them to supplement their initial training are not diverted from their objective. It has emphasized in particular that it is the responsibility of the public authorities to ensure that, in exchange for often lower levels of remuneration and more precarious conditions of employment, the young workers concerned benefit from effective supplementary training which facilitates their long-term employment prospects.

Business creation schemes

162. Self-employment and small business creation are generally viewed as an important part of any overall effort to generate additional jobs for young people. The Committee notes, however, that a relatively small number of countries have included such measures as part of their overall effort to promote employment of first-time jobseekers.

163. The Côte d'Ivoire reports on the fund for the integration of young graduates and workers affected by redundancies in the public and private sectors, which is used to finance the creation of micro- or small enterprises initiated by young people who have completed their studies and are looking for a first job. In Morocco, the Government has created the programme "enterprise incubators" that provides premises to young entrepreneurs for their business projects. Croatia reports on several programmes involving the co-financing of the hiring of young people. Among these is the From the Classroom to the Workshop programme that targets professionally qualified young people without prior working experience. The programme covers the full amount of the young person's net salary for a period of six months along with contributions and taxes on the salary. In Bulgaria, within the framework of a project on enhancement of the employability and promotion of the entrepreneurship of youth, there are plans for the introduction in 2003 of a module on promotion of youth entrepreneurship, which is to offer a range of information, consultation, training and credit facilities and services.

Re-entry into the labour market

164. Core element 7 of the Global Employment Agenda is “Active labour market policies for employment, security in change, equity and poverty reduction”. They have a major role to play in promoting employment of people re-entering the labour force, particularly of women, as well as groups such as displaced workers, disadvantaged groups and the long-term unemployed.

165. *Canada* provides a combination of employment benefits and support measures to assist unemployed individuals to return to work. Employment benefits, which apply to eligible clients,¹³⁰ include targeted wage subsidies, self-employment support, skills development, and job-creation partnerships. Support measures include employment assistance services, research and innovation, and labour market partnerships. *China*, which is encountering large numbers of laid-off workers with closures of state-owned enterprises, has concentrated its efforts on improving and implementing preferential re-employment policies. These include: simplifying registration procedures with industrial and commercial administration authorities; arranging business premises; and reducing or waiving taxes and fees.

166. Training, either alone or as part of a larger package, is the measure that figures most prominently in efforts to help people re-enter the labour market. In the *United Kingdom*, for example, Training for Work is a work-related training programme for unemployed adults aged 25 and over. Those who have been unemployed for six months or longer are eligible to take part, although early entry is available to unemployed people who are particularly disadvantaged in the labour market. The programme aims to help participants move into work by improving their work-related skills through the provision of appropriate training and structured work activity in line with assessed needs. The Government of *Italy* observes that the best solution for facilitating the re-entry of women and men into active life is through training that supports reintegration into the labour market. Adult education includes a wide range of formal (certified education and vocational training) and informal (culture, health and social education, community life training, etc.) educational and training opportunities that provide transferable and certifiable basic competencies in a number of fields. *Bulgaria, Malaysia, Suriname, Tunisia* and *Turkey* also refer to the use of training measures to help people re-enter the labour market.

167. *Switzerland* reports on professional internships. This is a labour market measure that takes the form of temporary employment in a private enterprise or in public administration. It is financed through the use of unemployment insurance, with the aim of encouraging the vocational reintegration of insured persons through the acquisition of work experience. Switzerland also refers to training enterprises, which provide work experience, particularly in the commercial sector, through the purchase and sale of fictitious products with other such enterprises. The objective is to facilitate the entry or re-entry of the participants in the labour market through learning by doing. *Luxembourg* offers vocational reintegration internships, which alternate theoretical and practical training for those seeking employment who are older than 30 years and registered with the Employment Administration. *Spain* operates employment workshops also with the objective of aiding the labour market re-entry of the participants. They offer vocational information, guidance, enterprise training and technical assistance for a period of six to 12 months. The entities involved receive a subsidy. *Indonesia* supports employment in the informal sector through training and microcredit to aid those who wish to re-enter the labour market.

¹³⁰ Eligible clients are those who are either on a current active employment insurance claim, have had a previous claim in the last three years, or have had maternity or parental benefits in the last five years.

168. In *Croatia*, Introduction to Work is a programme that promotes a return to the world of work for persons with prior working experience by co-financing their employment. The gross salary of a worker is subsidized in part for up to 12 months. In the *United Kingdom*, New Deal 50 plus targets people who are aged 50 and over, out of work and on benefits for more than six months. The programme offers an employment credit of £60 per week paid for up to a year to those entering full-time employment, a training grant of up to £750 to support the cost of approved training, employment guidance from a personal adviser and job search help.

Box I.13

Promoting transition to work in Australia and New Zealand

Australia and *New Zealand* offer interesting examples of comprehensive and integrated programmes from which people seeking to re-enter the labour market can benefit. In *Australia*, job search training is available to jobseekers aged between 50 and pensionable age. Those with identified training needs are able to access a training account to assist them to gain work-related skills. New transition to work services help people, including those aged over 50 years, who wish to start work for the first time or who are returning after a long absence. Job search training forms part of Job Network, which commenced operation in May 1998. Job Network comprises a network of about 200 private, community and government organizations in 2,000 sites across Australia, offering five distinct services.

Centrelink is the initial point of contact for most people seeking access to Job Network. Centrelink determines a jobseeker's eligibility for income support, registers jobseekers for employment services and determines their eligibility for Job Network. Centrelink also provides access to facilities such as Australian JobSearch (AJS) touch screens that list job vacancies, as well as free access to computers, printers, photocopiers, fax machines, telephones and relevant newspapers.

While some Job Network members are contracted to deliver single services, others provide a combination of services. Job Network members contracted to deliver intensive assistance and job search training are also required to provide job matching services. Most unemployed people are eligible for job matching, irrespective of whether they are in receipt of income support. Eligibility for job search training and intensive assistance (which accounts for around three-quarters of Job Network programme expenditure) is more tightly defined to ensure that the assistance is directed to those in greater need.

In *New Zealand*, the Ministry of Social Development (MSD) offers a range of employment programmes and services to assist jobseekers into employment. Employment-related case management, provided by work and income case managers, and a tool known as needs based assessment is used to identify jobseekers' barriers. Once such barriers and level of risk are identified, case managers and jobseekers develop a plan, which includes steps on how to reach their employment goal.

As part of the Making Work Pay initiative, MSD has implemented a number of measures to improve the extent to which people benefit from work effort. These measures relate to the tax/benefit interface, barriers to work, costs of work and targeting of assistance measures. For instance, the work start grant can be used by jobseekers to pay for essential costs resulting from starting work, such as job interview costs, relocation costs and safety equipment. The new employment transition grant is a payment made to clients with a dependent child or children during the first six months that they stop their benefit to enter employment. The pathways payment is a one-off lump-sum payment to clients (or their spouses) with a dependent child or children, who are cancelling their main benefit to start paid employment, in order to help meet living expenses in the period between the end of benefit and the first wage or salary payment. In-work support is a tool used to improve a jobseeker's potential to remain in paid employment. Examples of the types of support are conflict resolution, referral to support and service agencies, and liaison with the responsible case manager.

169. For the unemployed seeking to re-enter the labour market, *Luxembourg* offers various programmes that either encourage the unemployed to create their own businesses by converting unemployment benefits or encourage employers to hire the unemployed by granting them tax allowances.

170. Several countries have reported on the labour market re-entry of particular groups. For example, in *Lithuania* people released from prison are provided with help in the form of vocational education and vocational guidance as well as social adaptation, while in the *United Kingdom* help for those leaving custody includes job search support, basic and vocational skills, work support and subsidized jobs. In the *Philippines*, returning migrant workers benefit from a replacement and monitoring centre that serves as a promotion house for their local employment and a means for tapping their skills and potential for national development.

Decent work and the informal economy

171. One of the seven pillars underpinning the Global Employment Agenda is decent work as a productive factor. Decent work, in addition to being seen as an objective of value beyond any narrow economic calculation, is also viewed as a productive factor, i.e. an input into a strategy for productive job creation, development and poverty reduction.¹³¹

172. In the resolution concerning decent work and the informal economy which it adopted at its 90th Session (2002), the International Labour Conference recalled that, as a consequence of the feminization of poverty and discrimination by gender, age, ethnicity or disability, the most marginalized groups tend to end up in the informal economy where decent work deficits are most pronounced. It emphasized the need to eliminate the negative aspects of informality while at the same time ensuring that opportunities for livelihood and entrepreneurship are not destroyed. Considering that informality is principally a governance issue, the Conference called for the adoption of policies and programmes aimed at creating decent jobs and education, skill-building and training opportunities to help workers and employers move into the formal economy. In addition, the resolution concluded that issues related to the informal economy should be mainstreamed in poverty reduction strategies, in particular the Poverty Reduction Strategy Papers (PRSPs).

173. In that respect, Recommendation No. 169 stipulates that the national employment policy should recognize the importance of the informal economy as a provider of jobs, and that employment promotion programmes should be elaborated and implemented to encourage family work and independent work in individual workshops, both in urban and rural areas. It calls for measures to improve access of undertakings in the informal economy to resources, product markets, credit, infrastructure, training facilities, technical expertise and improved technologies. The Recommendation further provides that, while taking measures to increase employment opportunities and improve working conditions in the informal sector, Members should seek to facilitate the progressive integration of the latter into the national economy. The Committee believes that Recommendation No. 189 also provides valuable guidance for the adoption of measures aimed at encouraging job creation or facilitating the integration of informal employment into the formal sector by promoting small and medium-sized enterprises.

¹³¹ GB.286/ESP/1, para. 11. For the ILO, the situation of informal workers and entrepreneurs can be described in terms of seven essential securities which are often denied to them: labour market security; employment security; job security; work security; skill reproduction security; income security; and representation security. See ILO: *Decent work in the informal economy*, ILC, 90th Session, 2002, Report VI.

174. The Committee notes that several governments identify measures in support of the informal economy without, however, elaborating on their contribution to the promotion of decent work. Thus, *Indonesia, Oman and Senegal* mention financial assistance, and *Cameroon, El Salvador, India, Indonesia, Mauritius, Romania and Suriname* refer to training support. In the *Côte d'Ivoire*, the Support Project for the Enhancement of Labour Force Skills aims to train informal economy workers in production and management techniques, with a view to improving their productivity and consolidating their employment and incomes. In *Malaysia*, the Government or local council authorities provide informal sector businessmen or vendors with business premises or proper stalls in cities and towns to aid them in doing business. *Honduras* has developed programmes that try to reduce or overcome the risks faced by urban informal economy activities.

175. *India* reports that in order to take care of the social security and welfare of workers in the informal economy, the Government has adopted a two-pronged strategy, which includes both legislative measures and welfare funds used to provide financial assistance to the workers of particular industries, to be used for the education of their children, health and recreation facilities, and housing construction.

Box I.14

Programmes for the informal sector in the Philippines

The *Philippines* presents a range of programmes and projects that add up to a fairly comprehensive approach to promoting decent work for workers in the informal sector. A Sub-Committee on the Informal Sector (SCIS) under the Social Development Committee (SDC) of the National Economic Development Authority (NEDA) has been established to recommend policies, programmes and projects related to the informal sector that are consistent with national development objectives and priorities. The aim is to ensure mainstreaming of policies and programmes for the informal sector through institutionalization of support of various government agencies and local government units (LGUs).

A project on creation of an enabling environment and capacity building for the growth and protection of the informal sector is intended to enhance the access of poor and vulnerable groups to services and productive resources. Examples of project activities are the establishment of LGU-based one-stop shop/common service facilities in various cities together with the availability of credit/savings packages.

The Action Plan on Social Protection of the Informal Sector encourages membership in the social security system and the Philippine health system (PhilHealth). The Action Plan on Occupational Safety and Health of the Informal Sector focuses on the development of information, education and communication strategies to increase awareness of occupational safety and health problems within their environment, with a view to establishing a hazard-free workplace.

Other projects aim to strengthen the capacity of national government agencies and LGUs to promote, protect and support the informal sector, and to empower and develop sustainability mechanisms for the informal sector. Enabling support could be geared towards entrepreneurial development and multiskilling for project sustainability. The Action Plan on Statistics and Definition of the Informal Sector has as its goal to institutionalize the collection of statistics on the informal sector and to provide regular analysis and monitoring of the sector at both the local and national levels. The Action Plan on Policy and Legal Framework Affecting the Informal Sector is intended to facilitate the introduction of amendments to existing laws concerning the informal sector.

176. The report from *Canada* offers examples of measures that Ontario uses to promote decent work for parts of the informal economy. In September 2000, the Minister of Labour established the Garment Industry Review Committee to report on whether the garment industry required employment standards that differed from those of the

Employment Standards Act, 2000, in order to protect vulnerable workers. At the same time, the Ministry created an enforcement unit of four employment standards officers to deal exclusively with the garment industry so as to enforce more vigorously compliance in that industry. The Committee, comprising equal numbers of employer and union/employee representatives with a neutral chair, was to submit its report to the Minister of Labour early in 2003. The Act also extended coverage to homeworkers – employees who do paid work out of their own homes for an employer – of most of the minimum employment standards, thereby affording them better protection in their employment relationship. Domestic workers also are covered under the general provisions of the Act. They have the same rights whether they work part time or full time, and whether they live in or out of their employers' homes. The general minimum wage rate applies to domestic workers of 18 years of age or older.

177. *Spain* indicates that, as a result of its campaign to supervise the irregular economy and regularize the situation of immigrants, social security affiliation increased in 2001. In *Italy*, the Government also reports on a strategy aimed at regularizing irregular activities in the informal economy so as to achieve a qualitative improvement in employment. *Romania* refers to efforts to combat undeclared work, encouraging its transformation into regular employment. The Government of *Bahrain*, in order to reduce the number of informal sector workers and encourage their movement to the formal sector, reports on a six-month amnesty for workers who have violated employment or immigration regulations. The Government of the *Netherlands* states in its National Action Plan for Employment that it intends to combat undeclared work and encourage the transformation of such work into regular employment. It will make use of relevant means of action, including regulatory measures and tax reform, in consultation with the social partners. The Government of *Denmark* is promoting decent work through a number of initiatives targeted on a better labour market integration of refugees and immigrants.

Re-employment of workers who lose their jobs for economic reasons

178. The Global Employment Agenda's core element 7 on active labour market policies highlights the importance of designing and implementing such policies 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".¹³²

179. Here again, a number of countries offer some combination of labour market information, vocational guidance, training and retraining and job search assistance to help in the reintegration of displaced workers. This is the case for *Canada* (e.g. in Alberta, Ontario and Quebec), *Colombia*, *Estonia*, *El Salvador*, *Guatemala*, *India*, *Poland*, *Romania*, *Suriname*, *Turkey* and *Zimbabwe*. In 1998 *China* began the first phase of the "ten million in three years" re-employment training programme aimed at training ten million laid-off jobless persons in the course of three years. The Government reports that more than 13 million laid-off and unemployed persons nationwide took part in retraining between 1998 and 2000, and the re-employment rate after six months of training had reached 60 per cent. *Romania* has prepared, and made available on the Internet, the Guide of recommendations in case of collective redundancy that covers the actions of employees, labour exchanges, trade unions and municipalities in the event of collective redundancy of an enterprise.

¹³² GB.286/ESP/1, para. 33.

180. For those affected by dismissal, *Austria* offers a comprehensive package of measures (guidance, active jobseeking, training, and business start-ups). It also covers living expenses for those taking part in these measures during the period in which unemployment benefits are being received, and this is extended for up to four years.

181. Many countries see the solution for aiding displaced workers more in terms of facilitating self-employment or business start-ups. In *Ethiopia*, a revolving fund provides interest-free credit to retrenched workers, including ex-servicemen, to aid them in starting small-scale businesses. Similarly, in the *Republic of Moldova*, the Unemployment Fund provides interest-free credit for a period of 12 months to help jobseekers initiate entrepreneurial activity. In the *Côte d'Ivoire*, a reintegration programme finances projects to create micro- or small enterprises. *Guatemala* aids self-employment by offering free advice and workshops through the National Public Employment Service. *Bulgaria*, *Estonia*, *Indonesia*, *Poland* and *Zimbabwe* also have business start-up and subsidy programmes to aid redundant workers.

182. In *Luxembourg*, in addition to various indemnities to compensate for loss of income, workers in receipt of full unemployment benefit can be reintegrated through their participation in public works, for which they receive some additional compensation. *Swaziland* refers to a draft policy document on the development of small and medium enterprises in which the Government is encouraging companies to outsource goods and/or services to retrenched employees. Some large companies have already started outsourcing certain goods and services, previously provided in-house, to their employees affected by retrenchment. In addition, some of these companies, prior to contracting the provision of goods or services, offer their employees business seminars and workshops designed to instil managerial skills.

183. Other countries report on particular institutions or institutional arrangements designed to assist retrenched workers. For example, in the *Philippines*, the quick response team assists workers who have been made redundant by company closures or industrial retrenchment. Each regional team provides employment re-entry opportunities and assistance. For wage employment, redundant workers are assisted through job matching and referrals, while for self-employment, workers may be referred for training and upgrading through the Technical Education and Skills Development Authority. In *Malaysia*, in a programme called Job Fair, employers can have face-to-face contact and on-the-spot interviews with jobseekers. *Switzerland* refers to a transfer organization that helps victims of mass lay-offs through a diversified set of reintegration measures. *Romania* refers to pre-termination services in which the workers whose jobs have been terminated are directed to vacancies communicated by enterprises as well as to other active measures provided by the National Employment Agency.

184. The *United States* operates a network of one-stop career centres through which adults aged 18 years and older and dislocated workers can access services tailored to their needs. Assistance may include assessment of skills and interests, job development and job placement, as well as counselling and training. Dislocated worker employment and training activities are provided under Title I of the Workforce Investment Act. States receive 80 per cent of dislocated worker funds provided under the Act to provide employment and training assistance to dislocated workers.

185. In the *United Kingdom*, the Rapid Response Service aims to provide assistance to those affected by redundancy in particular sectors or particular parts of the country. The Service tailors its response to the needs of employers and the local labour market, in addition to the individuals directly affected. In Scotland, the Partnership Action for Continuing Employment (PACE) framework provides support to those affected by large-scale redundancies. Rapid response teams offer advice, support and guidance in terms of

retraining/upskilling and employment opportunities. In Northern Ireland, staff from the Department for Employment and Learning offers advice and guidance on job opportunities, career choices, training and self-employment initiatives together with advice on benefits and redundancy payments.

186. Some countries centre their report on redundancy payments and other benefit schemes. For instance, in *Australia*, the General Employee Entitlements and Redundancy Scheme is funded by the Commonwealth Government as a safety-net scheme for people who lose their jobs and settlements due to an employer becoming insolvent or bankrupt. The Scheme provides for payments to eligible claimants equivalent to all unpaid wages, annual leave, long-service leave, and payment in lieu of notice and up to eight weeks' redundancy pay, subject to a defined salary cap. *Finland* has replaced its redundancy payment system with a "raised income-related unemployment allowance" payable for the first 150 days of unemployment. This is complemented by an earnings-related training allowance received during labour market training and a daily training allowance offered to the unemployed for self-motivated study. In addition, the Government reports that a great deal of conversion training has been carried out through a project co-funded by the European Social Fund in recent years. *Spain* has in place pre-retirement assistance, in which workers aged 60 years and over who are affected by structural change have their social security paid until they reach retirement with full entitlement. Extraordinary assistance to workers affected by enterprise restructuring aims to maintain employment in cases of social urgency and need.

187. It is also possible to take action in advance of downsizing and worker lay-offs. For example, the report of *New Zealand* indicates that regional staff of the Ministry of Social Development respond to closures and downsizing by working with affected workers to find alternative employment in advance. This involves working closely with human resources managers of the businesses involved in order to assess and profile the skills of the affected workforce.

Policy regarding international migration

188. According to Recommendation No. 169, policies taking into account ILO standards concerning migrant workers should be adopted where international migration takes place, to create more employment opportunities and better conditions of work in countries of emigration so as to reduce the need to migrate for employment, and to ensure that international migration takes place under conditions designed to promote full, productive and freely chosen employment.

189. The Committee acknowledges the complexity of the relationship between international migration policy and active employment policy, which may explain the fact that only few reports addressed the issue in detail.¹³³ The Committee is aware of the upcoming general discussion at the Conference on migrant workers based on an integrated approach (2004), and it hopes that the survey conducted by the Office to prepare that discussion will elicit additional information in this respect.

190. Among the reports that considered the policy relationship, that of *New Zealand* states that the objective of its work visa and permit policy is to contribute to developing the country's human capability base, by facilitating access to global skills and knowledge, while complementing the Government's education, training, employment and economic development policies. The work visa and permit policy comprises three streams that mirror the three streams of residence policy. The three streams are: (1) the

¹³³ The Committee lacked in particular information from countries of emigration for work.

skilled stream; (2) the family stream; and (3) the international/humanitarian stream. Policies in the skilled stream are linked to labour market policy. Within the framework of the skilled stream, general work policy facilitates the entry of people required on a temporary basis to fill shortages where the country's citizens or residents are either not available or cannot be readily trained. The work to residence policy provides avenues for highly skilled people or people with skills in absolute shortage in the country to become residents. The residence policy most explicitly linked to employment policy is the general skills category, the purpose of which is to select migrants who will increase New Zealand's levels of human capability and foster international links.

191. In the *United States*, the Employment and Training Administration administers several employment-based foreign labour certification immigrant and non-immigrant programmes. The major ones are: the permanent labor certification programme; the specialty professional (H1B) worker programme; the temporary agricultural worker programme; and the temporary non-agricultural worker programme. These programmes are designed to allow employers to meet their demand for foreign labour on a temporary or permanent basis while protecting the wages and working conditions of United States workers who are similarly employed. By doing so, the foreign labour certification programmes assist businesses in meeting their needs for workers with the specific skill required by the enterprise. In 2002, the Department of Labor approved approximately 80,000 permanent labour certifications for foreign workers to become employed in the United States. Under the H1B technical skills training grant programme, funds are awarded to workforce investment boards and to business partnerships to provide technical skills training to American workers, so that firms can lessen their dependence on high-skilled foreign workers.

192. In *Australia* the migration and humanitarian programmes are operated separately in order to provide a balance between the country's international humanitarian obligations and the domestic, social, economic and environmental objectives that underpin the setting of the annual migration programme. In recent years the Government has refocused the migration programme to facilitate the entry of highly skilled migrants (particularly those with qualifications and experience appropriate to employment in occupations identified by the Department of Employment and Workplace Relations as being in short supply in the Australian labour market. The 2003-04 Migration (non-Humanitarian) Programme will be in the range of 100,000 to 110,000 persons plus a parent contingency reserve, which should result in net migration of between 80,000 and 90,000 persons. In relation to migration, the Department's key interests are the labour market implications of various migration arrangements (including the labour market experience of migrants) and implications of migration for economic, demographic and labour market outcomes over the shorter and longer terms. Its principal focus within migration is skilled migration under both temporary and permanent arrangements. A major aspect of this focus is the impact of migration arrangements on the employment and training prospects of Australians. There is a need to address the genuine skill needs of industry while, at the same time, ensuring sufficient safeguards and monitoring regimes so as not to impact adversely on the employment and training prospects of Australians.

193. *Lithuania* states that its labour market is rather closed. Nevertheless, agreements on the mutual employment or exchange of individuals are being implemented with a number of other European countries. The labour exchange maintains cooperation with employers and private employment agencies in several European countries. The number of Lithuanian nationals who gained employment abroad through support from the labour exchange stood at 660 in 2002. At the same time, 428 permits for temporary employment were issued to foreign nationals, down from 1,214 in 2000. The migration

of nationals is viewed as helping individuals to improve their foreign language skills, obtain professional qualifications, and become familiar with new technologies with a view to accelerating their application in Lithuania. A majority of nationals return to the country and engage in business, creating new jobs and reducing unemployment in the process.

194. In *Norway*, the Public Employment Service focuses on placement assistance for immigrants and encouraging them to participate in jobseeking activities. Individual plans of action are also used for immigrants who are long-term unemployed. The Service has developed courses and training that are specifically designed for immigrants. In cooperation with municipal educational authorities, it assists immigrants to enter the job market as soon as possible after their settlement. Cooperation between the Employment Service and the social partners aims to find more jobs and training places for immigrants. The Employment Service also seeks cooperation and establishes agreement on placement with public employers. Finally, literacy programmes are undertaken alongside Norwegian language courses and general labour market training.

195. *Switzerland* reports that since June 2002, access to the labour market and residence of nationals of the EU and the European Free Trade Association is governed by the bilateral accord concluded with the EU on the free circulation of people. For nationals of non-member countries, a specific job must exist for which quotas are established each year. It is incumbent upon labour market authorities to examine each case in terms of economic conditions and the labour market situation. The aim is to achieve a lasting and long-term integration of foreigners in the labour market and in society, ensure a steady evolution of the employment rate, and improve the structure of the Swiss labour market.

Prevention of long-term unemployment

196. Many reports refer to labour market measures that have been presented in earlier sections to prevent long-term unemployment or to assist the long-term unemployed. Sometimes they note that the long-term unemployed are given priority attention in the application of these measures. Thus, a large number of countries refer to vocational or skills training or other types of training preparation for the labour market, for example, *Cameroon, Estonia, Finland, Indonesia, Lithuania, Republic of Moldova, New Zealand, Norway, Poland, Portugal, Spain* and *Swaziland*. Guidance, information, or job search skills are cited by *Lithuania, New Zealand, Norway* and *Spain*. Wage and training subsidies, and the use of unemployment insurance or social security systems to partially offset employers' costs figure variously in the reports of *Bulgaria, Estonia, Italy, New Zealand, Poland, Romania* and *Spain*. *Indonesia, Republic of Moldova, Portugal* and *Zimbabwe* mention small enterprise creation or measures to promote self-employment or entrepreneurship, while *Lithuania, Republic of Moldova* and *Namibia* make reference to public works or labour-based works among the programmes that are in place for the long-term unemployed. *Namibia* refers to the promotion of foreign direct investment through export processing zones as part of its effort to address long-term unemployment. *Turkey* reports on the Labour Force Adaptation Project and its programme carried out with World Bank assistance. Within the framework of these two projects, the country has put in place general interest works whose objective is to ensure the satisfaction of the basic needs of the unemployed, while preserving their discipline and work habits during conditions of serious economic crises and natural disasters.

197. Some countries, have identified steps, measures or major initiatives that go even further with the aim of helping the long-term unemployed. *New Zealand* points out that employment-related case management is one of the key tools used by Work and Income to identify jobseekers at risk of long-term unemployment and to assist the long-term unemployed and those at risk in finding employment. In many regions, case managers

specialize in specific groups of long-term unemployed jobseekers and work closely with those individuals to overcome barriers to employment. *Finland* cites its Employment Decree, which entered into force at the beginning of 1998 and has made it possible to start projects with the help of the “third sector” for groups such as the long-term unemployed. The Employment Decree contains provisions on what is called employment policy project support, which can be granted to a municipality, joint municipal board, or other body or foundation for the promotion of employment through projects that arrange new job opportunities for unemployed jobseekers.

Box I.15

New deal for the long-term unemployed in the United Kingdom

The *United Kingdom's* New Deal programmes aim to bring an end to long-term unemployment by giving people the skills, confidence and motivation they need to remain employable in a flexible and ever-changing labour market. Action teams for jobs help jobless people in the most employment-deprived areas of the country to find and remain in work. The teams have the flexibility to provide whatever aid is thought necessary to help people move into work, e.g. debt counselling, help in insuring people's cars, assistance with childcare costs, etc.

All new jobseekers attend a work-focused interview with a jobcentre plus personal adviser. At this interview they are given initial advice on job search and help to identify and address barriers to work. They then agree on a plan to go back to work. People that are still unemployed after six months receive further enhanced, in-depth restart interviews with a personal adviser. These interviews provide additional help by reviewing job search activity, evaluating and exploring options, and agreeing on specific and reasonable job goals.

Under New Deal 25 Plus, people aged 25 and over, who have been claiming jobseekers' allowance for 18 months or longer, are provided with a range of help to meet individual needs in finding work and remaining in sustained employment. This programme involves: a gateway period aimed at helping people into jobs, tackling barriers to work and providing people with the skills they require to succeed in the labour market; a mandatory (for those aged 25-49) full-time intensive activity period where individuals will receive a mix of subsidized employment, work-based training, work experience, help with job search and with moving into self-employment; and follow-through provision to ensure that clients build on their experience. An employer subsidy of £75 per week for up to six months is available throughout the process to help facilitate the transition into work.

198. In the *United States*, the Government recently proposed the provision of approximately \$3.6 billion to states for the establishment of special citizen-managed re-employment accounts to speed up the process of finding a new job. These accounts would be offered to those individuals most likely to exhaust their unemployment insurance benefits when out of work. The accounts would allow participants to purchase public and private re-employment and supportive services at their discretion and offer a cash bonus for quickly obtaining and retaining a job. Allowable uses for account funds would include career counselling, occupational skills training, skills upgrading, childcare, transportation expenses and financial literacy counselling. *Luxembourg* offers a wide range of measures including individual evaluation interviews, different forms of training, and workshops and activities aimed at aiding job search. Job integration seminars allow the unemployed to work in small groups on job search strategies, interview techniques and the preparation of CVs. Job clubs give jobseekers access to newspapers, telephones, fax machines, computers, the Internet, printers, a vast documentation on training possibilities, and counselling.

Chapter II

General, technical and vocational education policy and the promotion of full employment

199. A critical challenge that faces society at the start of the twenty-first century is to attain full employment, sustained economic growth and social inclusiveness in the global economy. Technological changes, changes in financial markets, the emergence of global markets for products and services, international competition, increases in foreign direct investment, new business strategies, new management practices, and new forms of business organization and of the organization of work are among the more significant developments that are transforming the world of work.

200. Many of these developments are dramatically increasing the importance of the application of human knowledge and skills to economic activity. Both from the point of view of the enterprise as economic actor and from the point of view of the individual as citizen and worker, learning and knowledge have reached new heights of importance.

201. This is raising new challenges for education and training systems, and calls for new approaches. Such approaches need to be sensitive and responsive, relevant and adaptable. They need to be all-inclusive and accessible for all social groups, including the disadvantaged. They need to be continuous and geared to lifelong time frames. They need to be affordable, yet effective, and they need to make the most effective use possible of new information technologies.

202. In that respect, Convention No. 142 remains the basic ILO instrument, and it is recognized as a valid blueprint to guide countries in developing their training policies and systems. It requires the adoption and development of comprehensive and coordinated policies and programmes of vocational guidance and vocational training, closely linked with employment, in particular through public employment services. To that end, it requires Members to establish and develop open, flexible and complementary systems of general, technical and vocational education, educational and vocational guidance and vocational training, whether these activities take place within the system of formal education or outside it. In addition, the ratifying Member has to gradually extend, adapt and harmonize its vocational training systems to meet the needs throughout life of both young persons and adults, in all sectors of the economy and branches of economic activity and at all levels of skill and responsibility.

203. Convention No. 142 will be supplemented by a revised Recommendation on human resources development and training, which is scheduled for adoption by the International Labour Conference at its 92nd Session (2004). The conclusions adopted following the first discussion of the item by the Conference at its 91st Session (2003) reflect the increased importance of lifelong learning, information and communication technologies, the role of the social partners, the recognition of prior learning and the strengthening of access to training for disadvantaged groups in the labour market. The

importance of effective systems of labour market information and career guidance is also stressed. Training as a principal means for people to obtain decent jobs and incomes is emphasized.

204. Trends towards new approaches in the spheres of education, training and labour market mediation services, in the context of efforts to address social and economic needs in a context of rapid change are discussed below. The key interest here is the relationship between education and training systems and capabilities, with the goal of attaining full, productive and freely chosen employment.

I. Orienting education and training towards full employment

205. Governments increasingly see educational and training policies as integral parts of broad economic strategies to develop economies and promote employment opportunities appropriate to the changing global economy. The Government of *Cambodia* reports that, within the framework of its coordinated Socio-Economic and Poverty Reduction Strategy, vocational training is seen as crucial to poverty alleviation. In *Estonia*, the National Development Plan includes the development and adjustment of vocational education as one of the priority areas to be pursued. In *Thailand*, the upgrading of labour force skills is one of the key measures taken with a view to attaining the employment targets of the Ninth Economic and Social Development Plan. In *Finland*, growing resources are devoted to education, as a means of meeting the Government's commitment to significantly improve employment. The Government of *Australia* considers that if unemployment is to be tackled, the provision of high-quality education and training is one of the aspects that needs to be addressed.

206. In many countries, training and the upgrading of knowledge are put at the heart of strategies to boost economic development and move towards full employment in a context of ever-stronger global competition. Knowledge and the input of up-to-date skills are key to competing, not only for individual enterprises, but also for whole economies. Indeed many regions and countries now explicitly aspire to becoming innovative "knowledge economies" and to establishing the conditions for lifelong learning.

207. Some countries, including *Malaysia* and *Thailand*, explicitly refer to their aspirations to become knowledge economies. In *Poland*, in the context of the National Development Plan for 2004-06, the Sectoral Operational Programme for Human Resources Development is targeted at the development of a knowledge-based society, and links education and training, including lifelong learning, to improved enterprise adaptability and competitiveness.

208. In *Canada* also, it is recognized that a knowledge-based economy implies an increasing demand for a well-educated and skilled workforce in all parts of the economy. Skill requirements are increasing across all sectors: by 2004, 70 per cent of all new jobs will require some form of post-secondary education, whether a university degree, college diploma or an apprenticeship certification.

209. The information made available to the Committee tends to confirm the view that economic success and the promotion of employment, raising the knowledge content of the economy and general, technical and vocational education policy are no longer considered as separate and divisible spheres, if indeed they ever were.

II. Educational and training policy and legal frameworks

210. Education and training policies, legal frameworks and institutional organization are changing rapidly, with some countries perceiving a need for major overhauls, especially as they move towards promoting knowledge economies and systems of lifelong learning. Circumstances and responses vary, particularly in developing countries in comparison to advanced industrialized economies, and particular countries may perceive specific educational or training weaknesses or needs that require addressing – such as, perhaps, in relation to improving equal opportunities or addressing different language requirements. There are also trends common to all.

Expanding basic education

211. In developing countries in particular, simply expanding basic education may be a major policy goal. The Government of *Ethiopia* reports that expanding the non-formal and formal programmes to provide basic education for all and to meet the demand for skilled labour are the major concerns of the education and training policy. This reflects a desire not only to enhance economic efficiency and employability, but also “to bring up citizens who respect human rights, stand for the well-being of people, as well as equality, justice and peace, endowed with democratic culture”.

212. Basic education has a decisive bearing on an individual’s ability to find and retain a job; the less education individuals have, the more likely they are to be unemployed. General education should provide individuals with the minimum requirements (such as literacy and numeracy) to function productively in the workplace. It should also focus on foundation skills, including the ability to identify, analyse and solve problems, the capacity to learn new skills, computer literacy and a grasp of simple scientific knowledge and technology. Basic education should develop children’s social skills at an early age, as well as an understanding of citizenship and the culture of work, as these skills help them to understand both social rights and responsibilities.

213. Individuals are most employable when they have broad-based education and training, basic and portable high-level skills, including teamwork, problem-solving, information and communications technology (ICT) and communication and language skills, learning to learn skills and competencies to protect themselves and their colleagues against occupational hazards and diseases.

National competency standards

214. Countries and industries need an institutional framework in order to develop coherent competency standards and systems of assessment, recognition and certification. The design of new qualification frameworks is a policy objective in many countries. For example, in *Cambodia*, the Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation has developed a strategy policy for training, which includes the establishment of national competency standards for incorporation in all training curricula. In *Poland*, the Ministry of Economy, Labour and Social Policy is drawing up a set of national standards of vocational qualifications. An electronic database on qualification standards will also be created and made accessible through the Internet.

215. The *Philippines* has established an occupation qualification and certification system that includes a comprehensive educational assessment programme at the tertiary level through which knowledge, skills, attitudes and values gained by individuals from relevant work experience, high-level formal training and informal experience can be recognized, accredited and given equivalencies parallel to those obtained through formal

education. *China* has implemented a system of professional qualification certificates comprising junior, intermediate, senior, technician and senior technician levels and plans to expand the coverage of the system to include all major occupations in the economy, thereby serving as an important link between vocational training and the labour market.

216. Many European countries, as well as countries in Latin America, are introducing their own models for competency standards and mechanisms for recognizing and certifying skills. In *Mexico*, for example, the national tripartite Council on Standardization and Certification of Occupational Competency encourages bipartite standardization committees to develop competency standards recognized by the ministries of education and labour.

Lifelong learning

217. A major policy objective of many governments is to put in place the conditions conducive to lifelong learning.¹ Governments aim to expand opportunities for access to education and training in both public and private institutions. In *Estonia*, the principal objective of the country's educational policy is to develop Estonian society into becoming an open learning environment, where every person and institution can be considered a lifelong learner. Improvements in vocational education and the development of lifelong learning opportunities are seen to play a key role in raising the overall levels of qualification among labour. The Government of *France* will soon table before the Parliament a Bill on lifelong learning. In *Thailand*, in line with the 1997 Constitution and the 1999 Education Act, the Government has launched educational reform with the aim of developing the country into a knowledge-based society, providing basic education for all Thai people for at least 12 years and providing the public with equal access to lifelong education and training. In addition, lifelong education has been emphasized as one of the major areas of educational reform: all forms of learning – in school, out of school and informal learning – have to be integrated so as to prepare people of all ages for self-paced and self-motivated learning throughout life. A flexible transfer system will be launched to facilitate learners' pursuit of knowledge and development of skills throughout life. As part of its Comprehensive Poverty Reduction and Growth Strategy, the Government of *Viet Nam* aims "to create opportunities for all to study on a regular basis, with a view to lifelong learning". The promotion of equal access for all, the reduction of the gender gap and the adoption of special measures to encourage school attendance by women and girls in remote and isolated areas, and in areas inhabited by ethnic minorities are integrated to the strategy.

218. Various factors are driving this common policy objective. One is a recognition of the speed of change of workplace organization and technologies, which is continually revolutionizing skill requirements, demanding a hitherto unprecedented adaptability on the part of workers and an increasing requirement that they have basic competences and opportunities, that allow them to learn continuously. Basic education, and particularly numeracy and literacy, has an important role to play in providing the necessary foundation for further learning. Lifelong learning beyond basic education is seen by many as part and parcel of the flexible economy and the knowledge economy, both of which are now generally perceived as crucial constituents of competitiveness.

219. Also of significance in many countries, especially certain industrialized countries, is a relatively ageing population and workforce which is leading some policy-makers to predict future labour shortages. The encouragement of immigration and cross-border

¹ See also below, paras. 232-246.

labour markets and movement is one solution to this problem. This would be facilitated by the encouragement of universally recognized skill profiles and competency standards.

220. Another response to predicted labour shortages may be a focus of policy on existing unemployed or underemployed labour resources, such as the involuntarily unemployed elderly (including the prematurely retired²), persons with disabilities or the long-term unemployed. Failure to involve such groups is increasingly viewed as a waste of resources, both in terms of their potential contribution to productive activities and their welfare costs as well as giving rise to social exclusion and undermining social cohesion. Creating new opportunities and incentives for disadvantaged people who fall into such categories has taken on a new urgency. To be socially excluded is perceived as being not only unacceptable in itself, but also economically wasteful, and has contributed to the demand for a broader objective of lifelong learning for all.

221. A third contribution to the widespread policy objective of lifelong learning has been the rapid development of new information technologies which are providing not only new opportunities for accessing information, but also new styles of teaching and self-motivated learning. Acquiring knowledge is not only about meeting the changing needs of the economy and making people employable, it is also about acquiring new abilities to live life to the full. Information technologies are opening up huge new possibilities for people to learn what they want at their own pace.

New institutional trends

222. The widespread movement towards educational and training reforms is accompanied by the introduction of new divisions of responsibility between national or higher authorities and local or lower education and training institutions. In a common trend, higher levels are tending to concentrate on strategy and broad policy development, national coordination, developing national education and initial training curricula and providing financial support and incentives for locally implemented education and training.

223. In that respect, the conclusions on human resources development adopted at the 91st Session of the Conference emphasize the importance of this issue, by stating that the new instrument should encourage Members to “establish a national qualifications framework to facilitate lifelong learning, assist enterprises and employment agencies to match skill demand with supply, guide individuals in their choice of training and career, and facilitate the recognition of prior learning and previously acquired skills, competencies and experience. This framework should be responsive to changing technologies and trends in the labour market and leave room for regional and local differences without losing transparency at the national level”.

224. Several countries have recently established national frameworks for human resources development and training that provide overall guidance on reform of education and training systems and institutions. Governments have generally taken the initiative of developing these frameworks, with the support and participation of the social partners. Many of these frameworks have been codified in national legislation, in the form of a single comprehensive Act, as in *Malaysia* (the Human Resources Development Act, 1992) and in *South Africa* (the Skills Development Act, 1998). They can also comprise a set of mutually supportive laws that cover various areas of education and training. These

² For an ageing society such as *Slovenia's*, a culture of lifelong learning is of key importance for the preservation of the labour force's employability and thus the preservation of the economy's competitiveness. At the same time it will relieve the cost of early retirement.

frameworks and laws provide for the establishment of new institutions, or the reform of existing ones, often with enhanced responsibility and participation of the social partners.

225. Typically, the heightened importance placed on education and training, especially in the context of a desire to promote lifelong learning, has been reflected in the creation of high-level training committees, councils or authorities, devoted to formulating appropriate policies and strategies. Amongst such councils, there may be a division of responsibility between those which focus on mainly policy aspects (for training and possibly other economic and social matters), and those which have the responsibility for the high-level planning of training implementation. Often these councils and authorities have a tripartite constitution in their governance.

226. In *Ireland* national training policies (and other socio-economic matters) are decided by consensus and contained in three-yearly agreements drawn up by a socio-economic council. The training policy is implemented through the Training and Employment Authority. Recent legislation provides for a new national institution, the National Training Fund, which finances training. Other countries also have their high-level councils and authorities. In the *United Kingdom*, the Learning and Skills Council is a non-departmental public body, established under the Learning and Skills Act, 2000. Its function is to plan and fund post-16 learning in England, including school sixth-form provision, further education, work-based training and adult and community learning. It has a national office and 47 local offices, known as Learning and Skills Councils. In *Australia*, the Australian National Training Authority is responsible for allocating funds to state and territory training authorities on the basis of guidelines determined by its ministerial council, and for administering any national programmes. In *Lithuania*, vocational training and guidance are organized by the Lithuanian Labour Market Training Authority, an independent public body operating under the Ministry of Social Security and Labour. In *Romania*, important national tripartite institutions dealing with vocational training matters are the National Agency for Employment and a consultative body on policies and strategies, the National Council for Adult Vocational Training.

227. *Madagascar* has recently established a tripartite Labour Advisory Board to advise on the development and implementation of training policies and programmes. *Swaziland* has a similar Board. *Egypt* has a decentralized, tripartite system entitled “local councils for labour force planning” that establishes local entities to coordinate the delivery of training matching community labour market demand. *Bahrain* has established a Higher Vocational Council to coordinate national policy, while a variety of councils for specific industrial branches have been created which propose annual training plans to meet industry needs. These efforts are partially funded by a training levy of 1 per cent of each enterprise’s wage bill.

Box II.1

The National Board of Vocational Training in Thailand

In *Thailand*, the main mechanism for a linkage between policy and skill development planning at the national level is the National Board of Vocational Training Coordination (NBVTC), which is responsible for formulating the skill development plan. Moreover, as a focal point in the skill development scheme NBVTC plays a key role in setting the directions towards skill development among the public and private sectors. The NBVTC was set up according to a Cabinet approval on 4 April 2001; it is composed of either the Prime Minister or Deputy Prime Minister as the Chairperson, the Minister of Labour as the Vice-Chairperson, and the Director-General of the Department of Skill Development as the Secretary to the Board.

The mission of the Board is:

- (1) to determine policy and directions in skill development;
- (2) to integrate the human resource development plan between formal and non-formal education;
- (3) to be a linkage mechanism in terms of the skill development plan between the organizations concerned;
- (4) to promote skill development among public and private sectors;
- (5) to evaluate the performance of organizations concerned according to the human resource development plan.

Decentralization

228. In parallel with new organization and roles at the national level, there is more widespread delegation of certain responsibilities to local levels, with lower and local levels becoming more concerned with effective management, implementation and adjusting broad policies to local needs.

229. Increasingly, such decentralization is accompanying the decentralization of economic development in general, with training activities becoming integrated into local or regional economic development strategies (frequently led by regional or local development agencies) and often incorporated into new local partnership arrangements, typically involving the traditional social partners, but also frequently others.

230. In *Cambodia*, the strategy policy of the Ministry of Social Affairs, Labour, Vocational Training and Youth Rehabilitation includes the decentralization of training management “allowing higher authorities to concentrate on strategy and less on routine operations”. In *Estonia*, vocational education reform focuses on the creation of regional multifunctional vocational training centres whose wide scope of activities sets them apart from other vocational schools: besides providing vocational education, they extend their activities to adult training, training for people with special needs, vocational counselling services, in-service training for teachers and advice in curriculum development.

231. The growth of private provision has been significant. Regional, local and community organizations, including NGOs, increasingly provide education and initial training services. Local communities and parents are often involved in school development, resource management and curriculum development, as they endeavour to make basic education more relevant to local development, social and labour market needs. *El Salvador*’s schools’ programme with community participation has expanded education in rural areas by enlisting and financing community education associations composed of parents elected by the community, which run the schools. The schools follow a centrally determined curriculum and must enrol an agreed number of students, but community education associations hire and fire teachers, monitor teacher performance and equip and maintain schools.

Box II.2
Anticipating training needs at the regional level in Finland

In *Finland*, tripartite anticipation committees for adult labour market training and further vocational training for adults operate in connection with the regional employment and economic development centres. Their task is to anticipate regional labour and training needs.

The function of the regional employment and economic development centres is to implement central government measures in support of regional development. Their aims include that of boosting employment, developing a competitive operating environment, improving the function of the labour market and workforce skills, promoting entrepreneurship, promoting the competitiveness of businesses, promoting technology projects and technology transfer, implementing national and the EU's common agricultural and fisheries policies, and improving the effectiveness of measures generally and customer service specifically.

The aim is to turn the centres into independent government agencies basing their operations on the specific conditions in their own regions, while also standardizing the development and service provision of the centres.

III. Delivery of lifelong learning

232. To keep up with the pace of change, it is necessary to upgrade and change skills throughout working lives. The concept of lifelong learning has come to encapsulate the establishment of attitudes and expectations among people to learn continuously – from childhood to retirement – with the back-up of institutional and enterprise capacity to provide that learning. Public and private institutions and enterprises now both encourage people to learn continuously and create the facilities and programmes to enhance opportunities for that learning. The conclusions on human resources development adopted at the 91st Session of the International Labour Conference stressed that “the realization of lifelong learning is based on the explicit commitment by governments to invest in enhancing education and training at all levels; by the private sector in training employees; and by individuals in developing their own abilities and careers”.

233. Lifelong learning and training strategies create new challenges for policy and programme coordination, financing and the provision of learning opportunities for all.

234. They call for an integrated vision of education and training over an individual's entire lifespan; a wide range of education and training pathways; new settings for learning and training, including formal and informal modes; and an expanded range of partners. They also require new systems of resource allocation; new incentives, including skill recognition, certification and guidance, to motivate individuals to learn; and a change in collective and individual behaviour. This requires new institutional frameworks and major reforms of existing institutions.

235. Many countries are either introducing or preparing lifelong learning strategies. In *Canada* in the Province of Alberta, “Alberta Learning” is developing an overarching lifelong learning policy framework, and the Campus Alberta Policy Framework (April 2002) provides a vision to increase collaborative delivery of and access to lifelong learning opportunities, and supports the development of a true lifelong learning system. In *Poland*, the social partners participate in a Working Group for a Model of Continuous Education established in 2002 at the Ministry of Economy, Labour and Social Policy, to make proposals regarding the form and scope of cooperation with the social partners in respect of lifelong learning, the instruments that would induce employers to invest in

human resource development and how continuous vocational education could be financed. In *Estonia*, with a view to developing a lifelong education strategy, and in order to improve the coordination of adult education at the state level, the Adult Education Council has been formed which provides a venue for cooperation for representatives of ministries of education, social affairs, economics, and of educational institutions and the third sector. In *Lithuania*, the National Education Forum was established in 2001, inter alia, to develop an action plan for establishing the preconditions for lifelong learning, which is included in the new version of the Law on Education and in the Education Guidelines for 2003-12.

236. In the *Republic of Korea*, the Ministry of Education and Human Resources Development announced in 2002 the Comprehensive Plan for Lifelong Education Promotion, which contains 27 major tasks and about 100 detailed actions intended to establish a basis and expand opportunities for lifelong education. Learners will be encouraged to take the initiative to think and learn; lifelong education institutions will be encouraged to form partnerships to cover a wide spectrum of groups and levels; full advantage will be taken of information that is available; and lifelong education will be promoted on a local basis. Lifelong education programmes will be held in local area units through close partnership with local education offices and local government agencies.

237. In many countries lifelong learning is being promoted both through established institutional means, such as colleges and universities, and through the development of new convenient institutional settings in the local community, new flexible means of delivery, such as ICT, and a proliferation of different pathways to further study.

Box II.3

Multiple pathways into tertiary study in New Zealand

In *New Zealand*, alongside the formal tertiary education system, there are a number of programmes designed to create pathways for people into tertiary study and then on to improved employment opportunities. Many of these programmes are vocationally focused and have strong links with the workplace. For example, "Gateway" is designed to enable secondary students to undertake formal workplace learning while they are studying at school, while "Training opportunities" and "Youth training" both provide alternative education and training for those who have left school with little or no qualifications and so have few employment opportunities. "Industry training" complements the formal education system by enabling the skills of the existing workforce to be updated regularly. In Adult and Community Education (ACE) activities, programme delivery is run by a range of providers, including schools, tertiary education institutions as well as community groups. The ACE sector is expected to contribute to achieving national priorities that include the encouragement of lifelong learning.

238. *Oman* is seeking to develop lifelong education using communication techniques and education technology in the adult education stages. A working group has been established to evaluate experience in this field and to draw up a plan and a programme for remote learning education.

239. In *Australia*, the Australian Flexible Learning Framework for the National Vocational Education and Training System 2000-04 is a national collaborative five-year strategic programme for flexible learning in vocational education and training. Through the Framework, the vocational education and training system is driving improved access to and increased take-up of flexible learning, particularly online learning.

240. In *Canada*, the promotion of lifelong education is a widespread policy, in pursuit of which provinces such as Quebec, Alberta, Manitoba and others are developing a number of measures, ranging from the utilization of Internet technologies and distance learning, the encouragement of the spread of literacy through community-based adult and family literacy programmes, and the encouragement of opportunities for adult and continuing education. For example, Manitoba has established a network of adult learning centres throughout the province to enable adults to upgrade their educational qualifications.

241. Access to study is being made more flexible, providing access in new institutional settings, typically alongside the formal education system, and including specially targeted programmes that provide multiple pathways for different social groupings at different stages of life.³

242. In the *United Kingdom*, the Government has established the University for Industry (operating under the brand name of *Learn direct*) to stimulate demand for lifelong learning amongst businesses and individuals, and promote the availability of, and improve access to innovative learning opportunities. The learn direct network has nearly 2,000 learn direct centres offering over 900 courses, of which over 85 per cent are available online. In 2002-03, around 400,000 learn direct learners are estimated to have taken over 900,000 courses. By 2004-05 the University for Industry aims to have targeted 1,000,000 learners who between them will have taken up to 2,000,000 courses.

Private enterprise sector

243. In the private enterprise sector, recognition of the need for workers to continually update their skills and maintain their employability is reflected in the growth of corporate universities whereby enterprises establish specialist training provision to suit their own particular needs, often in association with an established university which can accredit and provide tailor-made courses. New learning approaches utilizing ICT have been increasingly employed. For example, in the *United Kingdom*, British Aerospace launched a corporate university for over 40,000 employees.

244. In that respect, the conclusions on human resources development adopted at the 91st Session of the International Labour Conference consider that the new Recommendation should specifically call on governments to promote “the expansion of workplace-based learning and training, utilizing high performance work practices and on- and off-the-job training, with public and private training providers, and making greater use of information and communication technology, and encourage new forms of appropriate social policies and measures to facilitate participation in training”.

245. In *Malaysia*, the efforts of the Ministry of Human Resources to promote and implement programmes for lifelong learning include the encouragement of the private sector to set up the necessary infrastructure to facilitate lifelong learning. In this regard, the Ministry is urging the private sector to introduce flexible learning approaches in terms of duration of courses, entry requirements, modes of teaching and affordability.

246. Not only do enterprises have a strong interest in ensuring that their own workers keep up to date with the latest ideas and techniques, but they also have an interest in making sure that their suppliers and their suppliers’ workers are also continually

³ An aspect of lifelong learning is the provision of “second chances”. In the *Bahamas*, the Government has established a technical and vocational training centre, offering technical and vocational training in subjects such as carpentry, masonry, electronics, hairstyling, welding, pipefitting and bookkeeping. The aim is to assist those people who may not have excelled at the high-school level, but who nevertheless can be afforded another opportunity to learn a trade or vocation that will enable them to provide for themselves and their families.

updating their skills. This has perhaps become more the case as outsourcing has increased and as enterprises have associated their own competitiveness with those of their supply chains. Consequently, several lead enterprises encourage their suppliers to maintain and update their skills, by cooperating to identify current and future skill needs, deciding together on what training would be required, or even actively training their suppliers' workers or at least providing access to training facilities – sometimes in collaboration with a local public training institution. For example, GKN Sankey Engineering Products uses a cascade training system to improve performance throughout the supply chain by training people from suppliers. Nokia is reported to work at many levels to help its subcontractors keep up with the fast-moving world of telecommunications. Nokia experts, local educators and SME representatives hold brainstorming sessions to analyse future trends in the market and look at what training and educational curricula are required to prepare them.

Box II.4

Information and communication technologies and flexible learning

Information and communication technologies (ICTs) have become an important and increasingly used tool for learning, and are an important enabler of the “learner-centred” flexible approach to lifelong learning. ICTs are being used extensively in both the private and public spheres, as new media for transmitting information, as new means of distance learning, and for the provision of labour market mediation services and careers guidance. Information and communication technologies are providing access to huge new spheres of knowledge, and providing the means and inducement for individuals to engage in flexible, self-motivated learning.

The power of the information revolution is that it can help deliver basic services, including education and training, more efficiently and innovatively. In fact, not putting these technologies to work for the poorest people carries a huge and growing cost. It means missed economic opportunities, and growing inequality within less-developed countries themselves, as rural areas become more isolated and fall further behind. The ILO, among others, has called for intensified efforts by national governments and the international community to bridge the digital divide that threatens to grow even wider, both within and between countries.

IV. Identifying and responding to skill needs

Identifying needs

247. In a fast-changing world the need to ensure that people's skills match emerging employment opportunities has become a priority. In order to capture a full understanding of changing demand, institutional arrangements, such as labour skill observatories, regular surveys and data banks, are established to identify and monitor skill deficiencies and needs, and predict future trends – often at a decentralized regional level, and sometimes inside universities or other educational and research institutions. Such arrangements are increasing both for the labour force in general, and also in respect of categories of the active population with specific needs, such as certain women, youth, people with disabilities and the long-term unemployed.

248. In the *Bahamas*, the Cabinet has approved in principle the establishment of a skills data bank. *Benin* has an Observatory for Employment and Training which collects and analyses labour market information. In *Malaysia*, the Ministry of Human Resources identifies skill needs, including the particular needs of youth, women and people with disabilities, through the Tracer Study. In *Australia*, the Western Australia Department of Training undertakes a monthly, annual and longer-term analysis of labour force survey

data and other key economic and labour market indicators. The data are analysed with the specific intention of monitoring employment growth in the State and informing employment and training policy decisions. The data are also used to identify target groups requiring employment programmes and assistance (e.g. youth and mature jobseekers). Further, the Department regularly undertakes research studies and training needs analyses within particular industries, regions and demographic groups.

249. Often, as in *Cambodia*, *Finland* and *Lithuania*, employment offices perform the surveying function, collecting information from employer clients on their recruitment and training needs, and generally collecting and analysing labour market data and predicting future trends.

Industry involvement, partnerships and feedback mechanisms

250. Mechanisms are also put in place to make the training system more demand driven, and training suppliers more responsive to industry requirements, through the establishment of stronger industry-training supplier linkages, partnership arrangements and a greater involvement of industry in the identification of training needs.

251. In *New Zealand*, the national strategic priorities of the Tertiary Education Strategy 2002-07 include a clear focus on creating stronger linkages between providers and industry and business in order to improve the match between the skills demanded in the labour market and those delivered via education. In *Oman*, training needs have been identified through household and labour force surveys, the establishment of sectoral committees and the creation of a training partnership whereby meetings have been organized between the Government and groups of large firms in the same sectors.

252. In *Australia*, a national network of Industry Advisory Training Boards has been established to provide a channel for advice and information between the vocational education and training system and industry. Each Industry Advisory Training Board provides advice to the Government on training issues, developing industry training plans and developing training packages tailored to the needs of their particular industry.

253. In *Thailand*, there is a strategy to develop cooperative networks between educational and training institutions and business enterprises, both local and foreign, in order to promote exchanges of resources, training cooperation and information necessary for curricula improvement to be consistent with actual market demand.

254. *Cambodia* is also intent upon establishing a demand-driven training system as part of which it intends to develop partnerships between training institutions and workplaces, and to establish industry liaison offices in each training institution in order to establish and maintain linkages with industries.

255. In the *United Kingdom*, a network of Sector Skills Councils licensed by the Government will work with employers, trade unions, the Government and other partners to lead the drive to significantly improve skills and productivity in industry and business sectors across the country.

Disadvantaged groups

256. Not only is there a drive to understand fully changing demand, but employment offices and other agencies are elaborating skill and employability profiles of jobseekers and the disadvantaged to determine their individual training needs. Education and training are major instruments to improve socio-economic conditions and to prevent and combat social exclusion and discrimination, particularly in employment.

257. In order to be effective they must cover everyone, including disadvantaged groups. Therefore, they must be carefully targeted, inter alia, at women and people with special

needs, including: rural workers; people with disabilities; older workers; the long-term unemployed, including low-skilled workers; young people; migrant workers; and workers laid off as a result of economic reform programmes, or industrial and enterprise restructuring.

Adjusting to needs

258. The speed of change is such that a strong need has arisen to ensure that training provision is kept relevant and, where necessary, adjusted to current worker and employer requirements, and that training suppliers are not engaged in providing out-of-date or unemployable skills. Various methods are being utilized to make training more responsive to changing demands.

259. *Monitoring and performance targets* and other compliance conditions in the funding of training contracts between governments and suppliers. Training institutions and other labour market agencies may contract with government funding bodies to meet certain targets as a condition of payment. *Norway* is experimenting with activity and performance-based forms of financing job placement, also involving elements of competition between service providers.

Box II.5 **Performance-based financing of job placement in Norway**

In *Norway*, parties competing to offer placement services for people in need of extra workplace adaptation will be various private providers, local authorities and not-for-profit organizations. The trial will extend over three years, initially limited to three counties. The service providers will be paid for each placement, i.e. payment will be performance-based, plus administrative expenses.

An important element in the Norwegian incentives structure is that parts of the remuneration to providers will be paid only after the jobseeker has held the job in question for a minimum period. This will give providers an incentive to follow up each jobseeker after placement. AETAT (the labour market administration) will be responsible for approving service providers for participation in the trial, and for selecting jobseekers, but will not engage in job placement in competition with the new providers. The trial will be closely monitored by an external evaluator with a view to documenting the experience gained.

260. *Micro-targeting and surveying of the ongoing needs of specific industrial sectors*, and the subsequent formulation and organization of training, and other necessary arrangements to meet those needs. By focusing on the specific needs of enterprises in a particular sector it becomes possible to better appreciate the particular quantitative and qualitative requirements and future expectations of employers. The involvement of employers and worker representatives from the sector helps further to ensure relevancy and the widespread uptake of actions. Such an approach might be linked to a particular policy aim to solve the employment problems of disadvantaged groups. By gaining a clear understanding of employer needs and their recruitment intentions there are greater possibilities of succeeding in placing newly trained workers in employment. Moreover, confidence in the value of such targeted training may increase both employer and worker motivation to take part.

Box II.6 **Targeted analysis and training in Croatia**

In *Croatia*, in the year 2000, a project called "Vocational education and training to combat social exclusion" was financed by the European Training Foundation and implemented by the Croatian Bureau of Employment. The objective of this project was to form local partnerships in Bjelovar-Bilogora and Pozega-Slavonia counties for the training and employment/job placement of young unemployed persons and to extend the results to the national level.

The social partners chose ecological food production as a promising sector in both counties, which they believed would develop in the next five to six years and would create a large number of jobs. As a part of the project, a "training needs" analysis was carried out in the enterprises in these two counties to determine whether there was a need for additional training of employees in the existing enterprises that are concerned with agriculture, and, if there was, what know-how, skills and characteristics were employers looking for in their future employees. Based upon the results of the "training needs" analysis, short training programmes were designed and organized.

It was agreed that in both Bjelovar and Pozega that at least 60 per cent of the unemployed persons who participated in the training programme were to have been employed by March 2002 in order for the programme to be deemed successful. This objective was achieved.

The growth of partnership in Bjelovar-Bilogora county resulted in the initiation of a new project, which was supported by all the local social partners and which is designed to provide training in ecological production to unemployed persons who live on farms.

The intention is to establish local partnerships in other counties in Croatia.

261. *Close linking of training courses and content to specific investment and development strategies* – often on a sectoral basis. Training may be made relevant by linking it to targeted expectations and/or strategies aimed at specific sectors or industries. As innovatory product or manufacturing process measures are introduced new skills are likely to be required and the necessary training needs to be carried out. Introducing all the necessary changes, including training, in an integrated fashion ensures a seamless upgrading process. Such an integrated approach might feature as part of collective bargaining and local and sectoral partnership processes.

262. In the *United States*, training is a central activity of the strategies being carried out by the tripartite-governed Garment Industrial Development Corporation, an intermediary institution established to encourage small clothing manufacturers in New York to move along new higher value adding paths of competing. Annual training for over 1,000 garment workers and management is accompanying the introduction of other practices to help the small firms compete, such as the introduction of quick response technologies and assistance in marketing.⁴

263. *Partnership arrangements* that bring together training institutions, employers and workers' organizations, and possibly others such as local development agencies. In Europe, many countries, including *Austria*, *Ireland* and *Italy*, have introduced decentralized local partnership approaches whereby actors from a range of institutions, including typically the social partners and training institutions, work together to address local employment and development issues in a coordinated fashion.

⁴ B.G. Herman, "Sew what? The New York apparel industry in the global economy: Inevitable decline or possibilities for industrial upgrade", paper presented at the Workshop on Global Production and Local Jobs: New Perspectives on Enterprise Networks, Employment and Local Development Policy, Geneva, 9-10 March 1998, Institute of International Labour Studies.

264. In the *Philippines*, the Technical Education and Skills Development Authority, adopts a policy-oriented, sector-focused, area-based and labour market-driven approach in the identification of skills priorities that should be developed. These skills priorities are generated at the provincial level through various approaches, such as focused group discussions with industry partners, industry studies, surveys, reliance on key informants and other methodologies. The skills priorities, particularly skills shortages, are identified by sector. This information serves as a guide in determining programme supply in training institutions, as well as in resource allocation decisions, such as scholarships and investments. This process is supportive of the thrust to adopt user-led or market-driven strategies in technical education and skills development.

265. *Shift of training funding away from training institutions to workers and employers* to enable them to exercise choice and put market pressure on institutions to supply relevant skills. Some approaches to ensuring relevance emphasize consumer choice through, for example, shifting public funds from training suppliers to training purchasers, which may be individual enterprises, groups of small enterprises or individuals. Eligible clients may be provided with grants or individual training accounts with which they can select the training they wish. The shift of funding away from educational and training institutions to jobseekers and customers may also be accompanied by an opening up of the market for suppliers by encouraging more competition, including both private and public providers. *Australia* offers an example of shifting the balance towards the consumer with its User Choice Programme.

Box II.7 **The User Choice Programme in Australia**

The *Australia* national User Choice Programme was agreed by the Commonwealth, states and territories and implemented by the states and territories progressively since 1998. The user choice policy enables employers and new apprentices to choose a registered training organization, either public or private, according to their needs for off-the-job training and to negotiate aspects of their training.

Under this policy, public funding flows from the state or territory training authority to the chosen provider. The user choice policy is designed to stimulate greater provider responsiveness and flexibility by creating a more direct, demand-driven market relationship by allowing a choice of public or private registered training organizations.

The development of an effective and competitive training market with both public and private providers of training is a key objective of the Australian vocational education and training (VET) system. The user choice policy is designed to improve the choice and customization available to employers and their clients for training under the new apprenticeship system, whether their chosen provider is a public or private provider.

Aspects of training open to negotiation include content (within the framework of the relevant training package or accredited programme) and the timing, location and mode of delivery. When the employer and his or her new apprentice have selected the training provider of their choice, public funds flow to their chosen provider.

Responding to the needs of the disadvantaged

266. Those with low skills, outdated skills or no employable skills are more and more likely to be excluded from the labour market. Disadvantaged groups are also denied opportunities that are central to participation in the social, political and cultural life of society, as a result of their limited access to education, skills training, health care and employment. Their exclusion gives rise to high costs for social security systems and society in general. In addition, the opportunity cost to national economies of having many inactive people is substantial.

267. Motivated by these concerns, governments throughout the world are taking action to promote access of these groups to education, training and skills development in different ways. Women in general, young workers, the long-term unemployed, older displaced workers and people with disabilities are among those specifically targeted by many government training and employment support programmes. In *Honduras*, the National Institute of Technology plays a key role in preparing the young for the world of work through its network of 30 national centres, providing basic occupational skills to over 13,000 young persons annually, as well as providing skills training for women and the unemployed, particularly in developing self-employment opportunities. In *Jamaica*, the Human Employment and Resources Training Trust was established in 1982 to create training and employment opportunities for youth with funding facilitated by a 3 per cent levy on enterprise payrolls and has enabled the country to operate an island-wide network of training institutions that plan and develop targeted training programmes.

268. In *Finland*, specific training can be arranged at vocational institutions specialized in providing vocational training and rehabilitation for young people and adults with disabilities, chronic diseases or some other need for special support. They arrange training leading to basic vocational qualifications and preparatory and rehabilitation training and counselling. In *Australia*, in addition to the existing range of employment services available through the Job Network, jobseekers aged between 50 and pensionable age are able to have access to job search training as soon as they start receiving income support. Those with identified training needs are able to access a training account to assist them to gain work-related skills. New transition-to-work services help people, including those aged over 50 years, who wish to start work for the first time or who are returning to work after a long absence.

269. *Thailand* provides an example of an initiative assisting the disabled. Its training on graphic computers for people with disabilities project aims to upgrade knowledge, ability and skills of disabled people in respect of drawing, designing and use of computer programmes for producing advertisement, media, printing and audiovisual materials. The target group is persons with disabilities who have basic computer knowledge and are capable of being master trainers so that they can transfer graphic computer knowledge to other disabled persons.

270. Training programmes for the disadvantaged include off-the-job classroom-based training, on-the-job training during a work placement or a combination of both. Work experience and on-the-job training provide an opportunity for trainees to demonstrate their abilities to employers. In the case of persons with disabilities, on-the-job training, provided as part of a supported job placement, has been effective in securing placement on completion of training. This option is now favoured in *Australia*, *Canada* and the *United States* and is receiving increased attention in European countries.

271. Training programmes designed to assist persons with disabilities in gaining access to the labour market are a common feature of most national training systems. The Vocational Rehabilitation and Employment (Disabled Persons) Convention (No. 159), and Recommendation (No. 168), 1983, provide the guiding principles through which the employment of such persons can be promoted. Convention No. 159 stipulates that member States, in accordance with national conditions, practice and possibilities, shall formulate, implement and periodically review a national policy on vocational rehabilitation and employment of disabled persons. *Cuba*, for example, established a National Plan of Action in 1995 to assist disabled persons, requiring regional governments to include in their development plans, actions that promote equal opportunity for persons with disabilities. In 2001-05 these activities focus on the areas of access to health and integration into economic and community life. An integrated national system of statistical information on disability and rehabilitation to better

understand the needs of disabled persons and develop appropriate remedial actions has been established on a pilot basis in the province of Cienfuegos with a view to its application nationwide.

272. Training programmes for disadvantaged groups, including the poor, have been effective in improving skill levels and employability. This is particularly true of training that is geared to market opportunities and provided as part of an integrated and targeted set of measures to promote the labour market inclusion of such groups, rather than as a stand-alone programme. Job search training, vocational guidance and counselling and remedial basic education, combined with training in specific skills, can improve prospects of finding a job.

273. In addition to remedial programmes, many governments have introduced measures to improve the relevance, flexibility, accessibility and reach of the mainstream training system. These measures endeavour to ensure that the marginalization of disadvantaged groups is minimized in the long term and that the need for special measures is accordingly reduced. The introduction of competency-based training, involving the recognition of knowledge and skills acquired through practical experience, is likely to improve access to further training of people who have learned informally through practical work.

Assessment of relevance and impact

274. In line with the recognition of changing skill needs to serve dynamic economies, governments have become aware of the requirement to continually monitor and assess the adequacy, relevance and impact of training programmes in relation to employment needs.

275. In *Australia*, an assessment of the performance of the policies and programmes that make up the vocational education and training system is undertaken annually through the Annual National Report of the Australian National Training Authority, which provides an overview of the performance of the system with respect to performance measures of the national strategy such as: the outputs of the system; an assessment of the outcomes achieved for key groups (both students and employers/industry); an assessment of the efficiency of translating government funding for training into skill outputs; and total expenditure on vocational education and training.

276. Assessments are often carried out through surveys which measure the employment results of graduates of training courses. In *Lithuania*, surveys of the efficiency of vocational training for the unemployed are carried out at the national level by the Labour Exchange. In *Finland*, in addition to regular statistical follow-up of employment of persons who have been in labour market training, the Ministry of Labour has funded several studies on the effectiveness of labour market training, while more have also been carried out by other organizations. The results of these studies have on the whole demonstrated that labour market training has a positive impact on the employment potential of those who complete it.

277. At local, sectoral or specific programme level, the effectiveness of training can be evaluated more directly when there is a strong linkage and cooperation between training providers and employers, including feedback mechanisms to constantly transmit needs and failings, and where the narrowness of focus is such that the employment consequences of particular initiatives are immediately obvious to programme managers (see, for example, the case of *Croatia* in box II.6). Building a measure of effectiveness into training and development programmes is one way of ensuring relevance, for example through the determination of targets. It is also argued that making training more market driven is an inherent guarantee of relevance.

Chapter III

The role of labour market services and institutions in employment promotion

278. In parallel with the rise of new educational and training approaches, greater efforts have been made to develop effective labour market mediation, information and careers advice institutions and services, both in the public and private sector.

279. In accordance with the Employment Service Convention, 1948 (No. 88), it is the responsibility of the Government to maintain a free public employment service entrusted with the task of ensuring the best possible organization of the labour market, as an integral part of the national programme for the achievement and maintenance of full employment. The Convention defines the tasks of the employment service, which must include the placement of workers, facilitating occupational and geographical mobility, the collection of data on the labour market and cooperation in the administration of unemployment insurance.

280. The Private Employment Agencies Convention, 1997 (No. 181), requires the formulation and regular review of conditions to promote cooperation between the public employment service and private employment agencies, it being understood that the public authorities retain final authority for formulating labour market policy. The Private Employment Agencies Recommendation, 1997 (No. 188), offers guidance on measures that could be taken in that respect, which could include: the pooling of information; exchanging of vacancy notices; launching of joint projects, for example in training; concluding agreements regarding the execution of certain projects, such as projects for the integration of the long-term unemployed; or the training of staff.

281. With respect to vocational guidance and career development advice, Convention No. 142 requires the gradual extension of vocational guidance systems, including continuing employment information, with a view to ensuring that comprehensive information and the broadest possible guidance are available to all children, young persons and adults, including appropriate programmes for all persons with disabilities. Information and guidance made available must cover in particular the choice of an occupation, vocational training and related educational opportunities, the employment situation and employment prospects.

I. Public employment service

282. The public employment service carries out many labour market functions, but their core function is to provide services to assist workers to find suitable employment and employers to find suitable workers, as provided for by Convention No. 88 (Article 6). In the context of rapidly changing skill requirements, such services play an essential role in ensuring a smooth and equitable functioning of the labour market. Mediation functions in the labour market are carried out in offices variously referred to as employment offices, labour offices or employment exchanges.

283. Such services are making more widespread use of information technologies to collect and present job vacancy information. In the *United States*, in addition to access to a free personalized service in one-stop career centres, jobseekers and employers have access to free online services which include the world's largest employment bank, America's Job Bank. This includes a résumé bank, e-mail notification of jobs/candidates meeting the customer's search parameters and a host of other features.

284. Services provided to jobseekers need to be targeted in relation to particular needs. In *India*, the employment service makes efforts to cater for the special needs of vulnerable groups, such as women, scheduled castes and tribes, persons with disabilities and disabled ex-servicemen.

285. Providing a labour exchange function might be the core service, but many employment services go further. In *Thailand*, their activities include: job-search assistance for job vacancies to the public as well as to special groups; aptitude tests for jobseekers; vocational and career guidance; self-employment promotion; job bazaars or career exhibitions; and mobile services to remote areas. In *Malaysia*, the functions of the Public Employment Service include: the registration of jobseekers and vacancies; job matching and sending lists of matched jobseekers to employers for selection; careers guidance services; labour market information dissemination; seminars and exhibitions. Employment services in many countries also carry out activities related to active labour market programmes. In *New Zealand*, for example, programmes and services available to eligible jobseekers include: employment-related case management; information services; work transition grants; job search assistance; work confidence programmes; work transition grants; work experience; training; self-employment assistance; community employment; and grants and subsidies to overcome disability-related barriers.

286. Particular services may be tailored to the specific needs of disadvantaged groups. In *Finland*, the labour administration's vocational guidance and career planning services help people with disabilities to find suitable training and job solutions and also to work out the requirements of different sectors regarding jobs or training. In *Australia*, in the State of Western Australia, in addition to the Commonwealth's programmes, there are several state-based programmes to assist people to re-enter the labour market, including the *Profit from experience programme*, which is available to all unemployed people aged over 45. This programme provides individualized support for mature jobseekers, including training grants to enable participants to gain specific skills.

287. Such services might include advice or assistance not only in respect of wage employment but also, as in *Cambodia*, in respect of self-employment or small business start-up. In *Zimbabwe*, as well as providing the usual jobseeker/vacancy matching services, the public employment offices provide counselling for self-employment to students, school leavers and jobseekers. Jobseekers are given information on sources of technology and start-up capital and referred to the various government and private agencies for assistance to start self-employment generation projects.

Active labour market policy measures

288. The services provided by the public employment service frequently go far beyond the provision of information to jobseekers and employers. In recent years there has been rapid growth of active labour market policy measures which link the information role to a range of other measures to help workers find employment. Rather than simply provide the unemployed with so-called "passive" labour market measures aimed at providing income security, many countries now favour "active" measures to help unemployed workers to join or rejoin the workforce.

289. In many countries coordination of the system of protection against unemployment with employment policy is realized within the framework of the national employment service, which is often responsible both for ensuring passive support of the unemployed by administering the provision of unemployment benefit on the one hand, and for implementing active labour market measures aimed at improving the employability of the workers concerned on the other hand. In appraising the experience of these countries in applying international social security instruments, the Committee of Experts has considered both types of measures in their interrelation, revealing that, while the particular mix would depend on the actual situation on the national labour market, it tended to be more effective in those countries where passive support for the unemployed was sufficient to sustain their participation in the active labour market programmes.

290. Active labour market policies and measures include: job search assistance and employment services; training and other actions for the long-term unemployed; retraining workers displaced in mass lay-offs; employment and wage subsidies; and public works programmes. They generally target population groups that are disadvantaged in the labour market, such as women, young people, the unemployed, migrants, laid-off workers and workers who run the risk of being laid off as a result of enterprise restructuring and technological change.

291. Active labour market policies have a long tradition in countries such as *Denmark*, *Germany* and *Sweden* and are more or less systematically pursued today in all European Union Member States. In accordance with the European Union Employment Guidelines, each Member State is expected to implement active labour market policy measures that serve at least 20 per cent of the total number of unemployed and strive to achieve the average for the three most successful Member States. In *Finland*, this rate was 22 per cent in 2000, while the average of the three most successful States was 44 per cent.

292. Such policies are also being applied in many transition economies as they address the rise of unemployment resulting from economic restructuring and market-based economic reforms (see, e.g., box III.1 in respect of *Estonia*).

Box III.1 **Active labour market measures in Estonia**

In *Estonia*, one of the priorities of the Estonian labour market policy is the development of active labour market measures to satisfy the needs of risk groups and the requirements of the labour market. The Employment Action Plan defines risk groups as the young (aged 16-24), the disabled, the long-term unemployed, mothers with small children, jobseekers who have lost their skills, people at pre-retirement age, people released from penal institutions and those unable to speak Estonian.

In the framework of the EU Phare 2001 project "Promoting the employment of youth", active measures to better integrate the young in the labour market in Ida-Virumaa, South-east Estonia and islands will be developed and implemented. During the implementation phase of the project, apprentice positions and subsidized jobs will be created at enterprises for students, schemes to motivate employers will be elaborated and vocational counselling will be provided. In addition, in the framework of the same project, employment offices' consultants, specializing in counselling the young, will be trained. As a result of the project, guidelines for the combined implementation of different employment measures corresponding to the needs of the young will be prepared, schemes of active labour market measures for youth and motivation schemes for employers will be designed, training of public employment service staff will be carried out in target regions to deliver the special programme for youth, and piloting will be undertaken of the special schemes for youth.

293. Other countries also are pursuing active labour market measures. For example states in *Australia*, such as Queensland and Western Australia, have programmes to address, among other issues, the effects of restructuring and mass lay-offs. In Queensland, the Worker Assistance Programme is an early intervention programme aimed at assisting workers displaced as a result of large-scale retrenchments or from an industry area where there are limited alternative job prospects. The programme provides skills assessment and recognition, retraining, job search and job preparation. In some situations, the programme also offers relocation assistance and an employer wage subsidy. The Government of Western Australia, in cooperation with the unions, developed the South-west regional forests agreement assistance package to assist workers directly affected by structural change with pre/post-redundancy training, vocational training, employment assistance, travel and relocation assistance, mortgage and rent assistance and special redundancy payments.

294. In East Asia, active measures have played a relatively minor role. However, the financial crisis and the rise in unemployment in the late 1990s suggest that these countries also need to consider active labour market policies in order to respond better to future crises and meet the long-term requirements of development.

295. Evaluations suggest that active labour market measures are likely to be most effective in (re)integrating people into employment when they are part of a package of mutually supportive services that may include remedial education, job training, job search assistance and direct provision of work experience. A first important requirement for success is that the demand for labour is buoyant. Little success can be expected when there is no net job creation. Macroeconomic and microeconomic policies are important factors in improving job prospects because they affect labour demand and supply.

II. Private employment agencies

296. Some of the services provided by public employment services are also provided by private agencies which encompass job placement agencies, personal counselling agencies and temporary work agencies. In *Finland*, the Employment Services Act lifted the monopoly on labour market services in 1994. By 2000, there were 160 private businesses hiring out labour and 1.5 per cent of the labour force was employed on a contract of hire; their activities have increased in recent years. In *Malaysia*, there are more than 600 licensed private employment agencies. In *India*, private placement agencies are reported to be mushrooming in big towns and cities, totalling 769 such agencies at the last count. In the *Republic of Moldova*, where there are currently eight private employment agencies, the State is supporting private employment agencies and creating conditions for their development.

297. Whereas the services of the public employment service are typically free, there is usually a fee for at least some of the services provided by private agencies. In *Ethiopia*, private employment agencies are not allowed to receive any payment from workers. In *Finland*, a private service provider may charge for its services, with the exception of placement, for which individual clients may not be charged.

298. In some cases, it appears that private agencies are more likely to focus on people with higher skills and/or offering more flexible forms of employment, such as temporary workers. For example, in *Namibia*, where the public employment service is free but the private service is chargeable, private agencies tend to provide their service to the more skilled. In *Poland*, the network of 341 authorized private agencies, including 147 for placement abroad, have also catered for a demand for people with higher or precisely defined qualifications, or people willing to work on a basis of more flexible forms of

employment. In the first half of 2002, the share of private placement agencies in the national labour market was 5 per cent.

299. The apparent tendency for private agencies to focus on these types of workers does not preclude the possibility of them also serving more difficult-to-place clients (see, for example, the trials in *Norway* mentioned earlier in box II.3).

Coordination with the public employment services

300. Where there are both public and private employment agencies working in the same country, issues of coordination and cooperation can arise. In practice there appears to be much cooperation, for example, in countries such as *Bahamas*, *Ethiopia*, and *New Zealand*, in respect of the exchange of information, such as the passing on of information on vacancies. In *Poland*, cooperation includes: the exchange of databases on jobseekers; the promotion of a system of budget subsidies for people starting up their own businesses; the joint organization of job fairs and job exchanges; the exchange of job offers which are difficult to fill; and the joint implementation of special programmes addressed to unemployed people. In *Malaysia*, the Manpower Department collects, analyses and disseminates data about job vacancies, jobseekers and placement registration from licensed private employment agencies.

301. In many cases, cooperation and the exchange of information and other activities is informal; in other cases it is formal, regulated and/or the subject of special agreements. In *Lithuania*, 41 private organizations were licensed in 2002 to mediate for employment abroad. With a view to supervising the performance of licence holders and obtaining information necessary for labour market administration, the licence holders are obliged to furnish the labour exchange on a monthly basis with information about their activities. In addition, the National Labour Exchange has signed labour market partnership agreements with 17 private enterprises mediating employment, which are provided with information on Lithuanian market conditions and annual labour market forecasts, and are given opportunities to attend briefings, job club exercises in territorial labour exchanges, meetings with the unemployed and jobseekers, and can announce their activities on the notice boards of the territorial labour exchanges. In the *Republic of Moldova*, the public employment service and private employment agencies are also signing collaboration agreements stipulating that there must be exchanges of information, and that private agencies will receive methodological assistance, as well as assistance in the selection and training of their personnel.

302. In some countries, further formal measures are being taken to establish rights and responsibilities. In the *United Kingdom*, in Northern Ireland work is going on to develop and formalize links between the private employment agencies and the Public Employment Service. This could involve formal service agreements to ensure standards of service and expected outputs focused on clients closest to the labour market. In *Oman*, in order to clarify the role of each party and to ensure transparency, an executive framework has been drawn up for cooperation and coordination between the relevant departments, the public employment offices of the Manpower Ministry and the private placement agencies. The framework addresses issues of coordination between the various parties and sets out the tasks of the private agencies. In *Namibia*, the Employment Services Bill is expected to regulate the activities of private and public employment agencies.

III. Careers institutions

303. In addition to education, training and job placement services, career development services embracing career education, career counselling, employment counselling and educational, vocational and labour market information, have a crucial role to play. Vocational guidance assists individuals to solve issues relating to their career development and vocational choice, and in finding work.

304. Efficient labour market mediation and information services also provide important assistance to employers seeking specific skills. Labour market institutions and employment services therefore provide an important bridge and matching service between labour demand and supply.

305. Labour market information and careers guidance services also contribute to a career development culture and a culture of continuous learning, both of which are important for ensuring employability and facilitating transition from education and training to work or further training. New labour market entrants as well as experienced workers and the unemployed need assistance in making informed decisions about ways to gain and maintain skills and employment. There is an unprecedented demand for career development services to assist in managing change effectively.

Careers institutions and services

306. A large variety of institutions are involved in the provision of career guidance and are likely to fall under the auspices of either ministries responsible for labour and employment issues and labour market mediation services, or ministries responsible for education and training matters. In *Thailand*, the major institutions responsible for providing career development information and services are: the Department of Employment and the Department of Skill Development (Ministry of Labour); the Department of Vocational Education, the Department of Non-Formal Education and the Rajabhat Institutes (Ministry of Education). In *Malaysia*, the major institution responsible for providing career development information and services (including vocational guidance) to prospective and current workers is the Centre for Instructor and Advanced Skill Training. The Centre is comprised of the Vocational Training Research and Development Department, the National Instructor Training Programme Department and the Instructor Skill Development Department. In the *United States*, there are many institutions involved in providing career development information and services, including the entire public and private educational and training community, the Department of Labour and the State and local agencies that provide employment services, as well as many public and private developers and disseminators of information. A wealth of career information is made available via the Internet.

307. The training and education “stream” encompasses schools, colleges, training institutes and other parts of the training and educational system. For example, in *India*, there exist 82 university employment information and guidance bureaux. In *Australia*, in the State of Queensland, each of the 15 technical and further education institutes in Queensland currently provides free dedicated career guidance and counselling services to their students. In addition, by 2006 all senior students who are studying either at school or in the vocational education and training system will have access to 100 new youth support workers, who will be dedicated to easing their transition from school to work or training.

308. The other major stream involves labour market institutions, such as labour or employment offices, careers centres and job placement offices. In *Finland*, for example, employment offices offer both employment services (for jobseeking clients and labour-

seeking employers) and vocational development services for individual clients. The second type of service includes vocational guidance and career planning, educational and vocational information services and vocational rehabilitation. In *India*, vocational guidance services are provided to all categories of clients through 362 vocational guidance units attached to employment exchanges. In *Finland* and *Poland*, as in many other countries, labour offices provide information on occupations, and education and vocational training facilities, as well as information on local employment demand. The offices provide both individual and group counselling where clients are helped to assess their employability and to identify career and vocational development paths. In *Poland*, 52 information and vocational career planning centres are located in labour offices which, amongst other functions, collect, process and disseminate information necessary for career planning.

309. Some countries have institutions focused specifically on international mobility. In *Finland*, the Centre for International Mobility provides guidance and counselling in respect of international mobility. In *Cambodia*, private agencies exist to promote overseas employment in countries such as Malaysia and the Republic of Korea.

Means of providing information

310. A variety of mediums and methods are used to provide careers advice. These can include seminars and modular or customized short-term courses, as in *Malaysia*, where they are advertised “online” and in local papers, face-to-face interviews, pamphlets, and via the Internet, as in the *Bahamas*. In *Zimbabwe*, career days and industrial tours are organized for students, school leavers and other young people in order to provide them with information about occupations and training opportunities and to familiarize them with jobs on the shop floor.

311. In *Finland*, in 2002, vocational guidance in employment offices was provided to almost 38,000 clients, the majority of whom received in-depth personal guidance services. In addition to personal appointments, information on education and vocational matters is also available through participation in education information groups or as self-service access to printed matter in the reading room, to electronic materials through the self-service terminals or through the Internet.

312. An important consideration is the provision of information and advice to people not located close to an advice centre, who are physically unable to attend, or do not have the time. Information technology, television and telephone services can bridge the distance and time divide. In *Canada*, in the Province of Alberta, all three distance-bridging media are used. In *Australia*, “Jobjuice” is a web portal that was developed specifically to assist school leavers’ research information on careers, training and job opportunities. Created by the Department of Employment and Workplace Relations, it includes access to a simple vocational guidance test, occupational information, current job listings, an “online” résumé service, and related Internet links. In *New Zealand*, career development information and services are available in three formats: face-to-face, using the network of career centres, through the Internet¹ or via a free telephone service. Evaluation of the free phone line has shown that it is successful in reaching people who cannot access

¹ “Career Services” operates an Internet site with comprehensive career information, aimed at helping people beginning a career, branching out in a new direction, re-entering the workforce or exploring training options. It contains over 650 general job outlines, each of which includes necessary skills, entry requirements, a salary range and profiles of New Zealanders working in the occupation. It also contains industry overviews and labour market research and statistics. There are over 6,000 links to national and international web sites for information on vacancies, training, funding and career resources. Content on the Internet site can be purchased in CD-ROM format for people who do not have access to the Internet. “Career Services” produces and sells a computer-aided career guidance programme, mostly purchased by schools and tertiary learning institutions.

career information and advice through other means, including target groups such as Maori, women, rural people and persons with disabilities.

Chapter IV

The role of small and medium-sized enterprises in employment promotion

313. Pursuant to Recommendation No. 189, Members should adopt appropriate measures to recognize and promote the fundamental role that small and medium-sized enterprises (SMEs) can play as regards the promotion of full, productive and freely chosen employment, a greater access to income-earning opportunities and wealth creation leading to productive and sustainable employment, and an increased economic participation of disadvantaged and marginalized groups in society.

314. The Recommendation defines a series of fundamental elements in the promotion of SMEs. In so doing, it presents a valuable guide to the components of SME promotion. It covers the major issues of direct interest to SME development and growth.

315. The Committee examines action taken by member States in implementing the various policies, regulations and measures provided for in Recommendation No. 189. Major components on which member States were invited to report include: the definition of SMEs; the adoption of an SME promotion policy and the review of its impact; the various training, financial and business development services offered to SMEs; women entrepreneurship development; programmes to promote entrepreneurship for other categories of the population; measures implemented to improve job quality within SMEs; measures to encourage SME workers and owners to join, respectively, workers' and employers' organizations and for the latter to participate in bodies responsible for SME promotion policies and programmes; and procedures used by countries for collecting data on SMEs and for measuring their employment impact.

I. Definition of SMEs

316. The Recommendation provides that Members should, in consultation with representative organizations of employers and workers, define SMEs by reference to such criteria as may be considered appropriate, taking account of national social and economic conditions, it being understood that this flexibility should not preclude Members from arriving at commonly agreed definitions for data collection and analysis purposes.

317. An agreed definition is desirable for various reasons. Those in charge of carrying out national statistical surveys of industrial and business establishments need guidance on how to group establishments in such surveys. Policies in favour of SME development should be tailored to the characteristics and needs of specific sizes of enterprises, and government agencies and financial institutions responsible for providing financial and business development services and assistance to SMEs are supposed to target such assistance and services to well-defined groups of enterprises.

318. The classification of enterprises can be based on available census surveys that may be complemented by smaller sample surveys by agencies wishing to obtain more precise information on their potential clientele. The large majority of countries use only quantitative classification criteria because they are easier to collect than qualitative criteria. The most commonly used ones are the number of workers, the value of fixed assets and the turnover of the enterprise (or a closely related criterion). The selected criteria should ensure that all enterprises classified within a given range of values exhibit similar characteristics. Although a single classification criterion can be used, this may result in including, within a same-size grouping, enterprises with widely different characteristics. Therefore, many countries use two or more classification criteria jointly.

319. Three main quantitative criteria can be used for defining the size of an enterprise. The number of workers is the easiest classification criterion. It is assumed that enterprises with the same number of workers should exhibit similar characteristics and may therefore be targeted for the same incentives or assistance programmes. The value of fixed assets is less easy to use because enterprises may not have a precise estimate of their fixed assets, or may not wish to provide this type of information. The turnover per enterprise can be more useful for the trade and service sectors where the value of fixed assets may not be as relevant as in the manufacturing sector.

320. Various qualitative criteria can also be used for classifying enterprises, such as the type of ownership, the market supplied, or the type of technology and equipment used. National statistics on these criteria are seldom available, because the collection of such statistics would be a fairly complex and costly exercise. However, sample surveys can be carried out in order to provide complementary information to those involved in SME development with a view to helping them improve the design of their assistance programmes and projects.

321. A large majority of countries use one or more sizes for classifying enterprises. The “small enterprise” category is used the most, closely followed by those of “micro-enterprise” and “medium-sized enterprise”. The SME category (i.e. the category that covers the smallest size up to medium-sized enterprises) is also used by a significant number of countries. There are three equally important combinations of sizes used by the majority of countries. Approximately one-third of countries use a combination of three sizes of enterprise: micro, small and medium-sized. Another third use a combination of two sizes: micro and small enterprises or small and medium-sized enterprises. Finally, one-third of countries use a single-size classification (micro, small or SME), with most of these countries using the small and SME categories.

322. In the case of micro-enterprises, the most common range of employees is from one to five or one to ten, although some countries use a maximum number of 25 or 50. The most common range for small enterprises is from ten or 20 to 50 employees. The maximum number of employees can be as high as 100 or 500, although very few countries use these high maximum numbers. In the case of medium-sized enterprises, the most common range is 50 to 100 or up to 250 employees, with a few countries using lower or higher minimum numbers of employees.

323. In addition to the number of employees, the majority of countries use two other quantitative criteria: the value of fixed assets and that of the turnover. There is a wide diversity among countries in the ranges used for each size of enterprise in relation to these two criteria. Differences can be partly explained by a wide gap in the use of technology and large differences in labour and/or material costs requiring small or large amounts of working capital. Most countries use two or three quantitative criteria, including the number of employees. The most frequently used combination of two criteria is that of the number of employees and the value of turnover.

324. Very few countries reported the use of qualitative criteria for classification purposes. The few reported qualitative criteria include: the form of ownership, the use of local raw materials and labour-intensive technologies, specific groups of enterprises and specific production subsectors.

325. The Committee notes that the information received does not include indications on the reliability and usefulness of the classification of enterprises adopted by the reporting countries. In the absence of information on the methodologies and procedures used for classification purposes, it is not known whether enterprises presenting different characteristics are adequately classified in different groups/sizes.

II. SME promotion policy and review of its impact

326. Recommendation No. 189 recognizes the importance of a policy and legal framework in establishing a supportive environment for the growth and development of SMEs. To create this environment, it recommends that member States adopt and pursue policies that promote an optimal economic environment, especially in areas affecting inflation, interest and exchange rates, taxation, employment and social stability; establish and apply appropriate laws for property establishments, enforcement of contracts, fair competition, and adequate social and labour legislation; and improve the attractiveness of entrepreneurship.

Box IV.1

The ILO's InFocus programme for small enterprise development

The InFocus Programme on Boosting Employment through Small Enterprise Development (IFP/SEED) was established in 1999. Much of the ILO's long-standing work on small enterprises is brought together on a new foundation in which the promotion of job quality is central. The structure of SEED reflects the main components of Recommendation No. 189: key strategies focus on enabling policies, stimulating business development services, enhancing market opportunities and strengthening association building. Gender balance is a concern throughout the programme, whilst substantial efforts are undertaken to promote women entrepreneurs specifically.

A recent evaluation of IFP/SEED commended the significant knowledge base on small enterprises that IFP/SEED represents and the key contribution it provides to capacity building among the constituents. In 2002-03, a portfolio of more than 40 field projects in a variety of technical areas was supported, representing about US\$12 million of technical cooperation resources. These projects are realized through small enterprise specialists and technical cooperation advisers based at ILO field offices. A recent IFP/SEED publication entitled "Decent work and small enterprises" portrays this continuously expanding part of ILO work and highlights its relevance for poverty reduction in the informal economy.

327. In addition to these general measures, the Recommendation provides that policies should be designed to promote efficient and competitive SMEs capable of providing productive and sustainable employment under adequate and equitable social conditions. It addresses five priority areas:

- creating conditions that provide access to credit, foreign exchange and imported inputs and fair taxation, in addition to effective labour laws and regulations and compliance with international labour standards related to child labour;
- removing policy constraints, particularly those arising, among others, from difficulties in accessing credit and capital markets and procurement opportunities;

and inappropriate or overly burdensome registration, licensing and reporting requirements, including those that are disincentives to the hiring of personnel;

- developing a policy and legal framework for SME development based on the collection of national data on the SME sector (covering quantitative and qualitative aspects of employment), the assessment of the impact of existing policies and regulations on SMEs and the review of labour and social law policies and the ways they affect SMEs. Policies that are not directly related to SME development should be assessed as to their impact on SMEs.
- developing policies to address risk and disadvantage: specific policies are required to provide social protection to SMEs and their workers, by means of voluntary schemes and cooperative initiatives;
- the informal economy is growing in industrialized, transition and developing countries alike. To create a supportive environment for the growth of decent work in self-employment and micro-enterprises, specific policies and incentives for assisting and upgrading the informal economy should be designed.

Adoption of an SME promotion policy

328. It appears from the reports received that a large number of countries have an SME promotion policy integrated into a legislative instrument and/or a national SME development plan or strategy, which incorporates at least some of the aspects covered by the Recommendation. The policy often refers to the growing role of SMEs in meeting employment objectives. Only a few countries indicated that they did not have a specific SME policy while others referred only to the fact that a government body is responsible for policies related to the SME sector.

329. Most reporting governments indicate that they have adopted a specific SME promotion policy, frequently through the enactment of legislation. Very few countries report that they do not have a specific SME promotion policy, while others did not provide a specific answer on this issue. Most countries referred to the importance of SMEs for the economy as a whole and for job creation as the main reason for adopting such a policy. This is, for example, the case in *Austria*, which has adopted a law on SME promotion that specifically refers to the job-creation potential of SMEs. Reports from *Argentina*, *Colombia* and *Croatia* also refer to such potential.

330. Some countries that do not specifically mention the adoption of an SME promotion policy have nevertheless established by law a government body, the functions of which are the application of measures implied by the SME promotion policy. This is, for example, the case in *Australia* of the New South Wales Small Business Development Corporation created by an Act of Parliament. Its main functions include, among others: to develop policy objectives for government programmes of assistance to the small business sector; to evaluate such government programmes in the light of those objectives; and to make recommendations for the improvement of such government programmes.

331. While the SME promotion policies of a large number of countries refer mostly to overall monetary, fiscal, regulatory and other policies, those of other countries include more specific measures. This is the case, for example, in *Bulgaria*, where the SME promotion law focuses on granting subsidies in the form of credit guarantees, supporting the improvement of skills and the offer of consultancy services, and supporting cooperation between SMEs.

332. Countries that have not adopted a specific SME promotion policy through legislation refer to other instruments, such as an action plan in the case of *Norway*, or an

SME promotion strategy, as in *Ethiopia*. Whatever the form of the SME promotion policy (action plan, strategy, law), most of them specify the government body responsible for implementing the policy. Some of these bodies cover the whole SME sector, while others focus on some specific types of SMEs such as the handicraft sector in *Sri Lanka*. Depending on the economic structure of the country, the most representative SME sectors or the main problems they face, the SME promotion policy may cover all issues of interest to SMEs or focus on a few issues only: finance (e.g. *Venezuela*), technology, skills and international competition (e.g. *Finland*), or exports (e.g. *Mauritius*).

333. The Committee notes that there seems to be a large diversity among countries on the objectives, content and application modalities of the SME promotion policy. Most countries only refer to the SME sector as a whole. Although some of them mention micro-enterprises, there is no reference to specific policies or measures intended for specific sizes or groups of SMEs. And yet it is widely recognized that policies should be tailored to the specific characteristics and needs of different sizes, groups and types of enterprises. Otherwise, the same policies applied to all SMEs might not achieve their intended purpose in relation to some sizes or groups of enterprises.

334. About half of the reports referred to a statement of the role of SMEs in meeting employment objectives and constraints they may face. However, most of them referred to the role of SMEs in meeting employment objectives – this role often being specifically mentioned in the relevant legislation on SME promotion policy – rather than to the constraints faced by SMEs. In addition to the job-creation potential of SMEs, many reports referred to their impact in relation to other objectives pursued by governments, such as the growth of GDP, improving the competitiveness of SMEs or promoting exports.

335. Although a very large number of reports referred to the implementation of the SME promotion policy, this was often through a mere reference to the institution responsible for its implementation. Only seven countries actually referred to an implementation plan (*Canada, India, Nepal, Peru, Philippines, Poland* and *United States* (Puerto Rico)). The Committee notes, however, that a larger number of countries mentioned that they monitor the implementation of the policy. Several European Union countries referred to an implementation plan, often under the responsibility of a government-appointed body/council. These countries have to report on ten specified areas of SME development under the European Charter for Small Enterprises and additionally, annual reports are required under their National Action Plans for Employment.

336. Only a few countries indicated that they use a system of monitoring and follow-up on the implementation of SME promotion policy. The Government of *Norway* mentioned its annual reporting to the EU Multi-Annual Programme for Enterprises and Entrepreneurship. Additionally, its SME programmes are reviewed in an implementation report and recommendations for action are made annually. In *Poland*, the Ministry of Economy is responsible for implementation of the SME promotion policy. Information is collected on a half-yearly basis. In *Thailand*, quarterly reporting is obligatory. In *New Zealand*, monitoring of programmes occurs on a quarterly basis. In *Estonia*, an analysis of the implementation of the SME promotion and development measures is carried out once a year.

337. A relatively large number of governments indicated that they modified their laws and regulations and/or adopted new ones in line with their SME promotion policy. However, the large majority of countries did not provide specific examples of the latter. Only a few referred to modifying some labour laws (e.g. *Republic of Moldova*). The Government of *Estonia* recognizes that the regulation of business activity must be both

simple and transparent. In this regard, a commitment is made to working with business support institutions to make proposals to governmental agencies to reduce/remove any unnecessary administrative burdens. In *India*, the Development and Regulation Act of 1951 is the most important legal provision aimed at the promotion of small-scale industries. In the *United States*, in Puerto Rico, the Law on the Administrative and Regulatory Flexibility for Small Business has as an objective the revision of regulations applied by government agencies with a view to ensuring that small businesses are not excessively regulated.

Review of the potential impact of policies and regulations on SMEs

338. Few reports directly referred to whether the potential impact on SMEs was reviewed when designing new economic policies. Rather, they indicated modifications of these policies or measures taken to apply the policy.

339. Although fiscal and monetary policies can be of particular importance to SMEs, the Committee notes that no report referred to them. Regarding monetary policies, the reason could be that such policies are very much dependent on the national economy as a whole, as well as on a number of external factors beyond the control of governments. Therefore, it might be difficult to design monetary policies with SMEs specifically in mind. Regarding fiscal policies, it is possible that the reporting governments assumed that they had responded by providing information on the narrower issue of taxation.

340. In relation to taxation, some reports referred to tax rebates and to the simplification of the tax structure. In *Norway*, reform of corporate and capital taxation is under way with the possibility of phasing out the split taxation model and a new tax credit scheme for small enterprises is in operation. Differentiated tax rates operate in many countries. In *Mauritius*, SMEs are entitled to a lower corporate tax rate of 15 per cent instead of 35 per cent, and in *Germany* very small businesses are exempt from local business taxation. Reducing taxes and new methods for tax concessions are two of the areas identified in the reports of *Spain* and the *Netherlands*, where starting entrepreneurs obtain substantial tax deductions in the first three years.

341. Few reports contain information on the promotion of trade opportunities in national and international markets. They referred to action taken to boost exports by SMEs, including financial incentives, export marketing assistance and advisory services. The report from *Australia* indicates that the Government maintains a business environment conducive to export growth, through economic and taxation reforms. In *El Salvador*, the objective of the national “Enterprising El Salvador” programme is not only to improve opportunities for the productive development of micro, small and medium-sized enterprises but also to foster their position in domestic and international markets. In *Mauritius*, the Government supports the budget of the Small and Medium Industrial Development Organization by providing an annual grant to finance projects and programmes for marketing and export development. No reference was to be found in the reports to access to foreign exchange.

342. Few reports referred to plans to simplify legislation on bankruptcy. In *Japan*, a Civil Rehabilitation Law was established with the primary objective of regenerating SME businesses in the light of an increasing number of bankruptcies. In *Thailand*, the bankruptcy law has been amended, and in *Norway*, reform of the bankruptcy laws is under way. In the *Netherlands*, action is currently being taken to update the Bankruptcy Act, in particular with a view to minimizing the costs of bankruptcy.

III. Support measures for the creation and operation of SMEs

343. The promotion of competitive, growth-oriented SMEs capable of generating quality jobs requires a number of mutually supportive conditions. These include: the existence of a strong entrepreneurship culture; qualified SME owners and workers; simplified administrative and other procedures required for the founding and operation of enterprises; easy access to credit and other financial services; and the availability of a wide range of effective business development and support services, easily accessible to entrepreneurs at an affordable cost. The Recommendation emphasizes the importance of these conditions and suggests various measures for their effective application by member States.

Promotion of an enterprise culture

344. The Recommendation recognizes the importance of social and cultural influences on entrepreneurship and the formation of new enterprises by calling for measures to create and strengthen an enterprise culture, meaning an environment that favours initiative, enterprise creation, productivity, environmental consciousness, employment, good labour and industrial relations, and adequate and equitable social practices.

345. Promotion of an enterprise culture is becoming an increasingly important tool for combating the growing problem of unemployment worldwide. In most countries, promoting an enterprise culture primarily means making people aware of the potential of business as an alternative to wage employment in government and the private sector. Awareness-raising campaigns about the value of entrepreneurship for self-development may assist this process. In most countries, these campaigns are complemented by other measures, particularly the inclusion of the topic of entrepreneurship in secondary and higher education curricula and in vocational training schools.

346. The practice of providing education in entrepreneurship is growing fast in industrialized, developing and transition economies.¹ At secondary level, programmes are designed to impart a spirit of entrepreneurship among students through team-based, experiential learning. Activities in the classroom are based on managing a project and are often presented through the simulation of how an entrepreneur operates when setting up and running a small business.

347. The private sector, through trade and employers' organizations, plays an important role in this area through its own education and training programmes. There has also been a rise in public/private sector partnership arrangements at both national and international level. In industrialized countries, these often take the form of strengthened cooperation between education and training authorities, business associations and enterprise boards.

348. Information supplied in the reports tends to confirm the importance attached to this issue in a large number of countries. Many governments report having initiated strong programmes for the promotion of an enterprise culture. Two mutually supportive approaches are used: one focusing on general awareness-raising campaigns (television programmes, newspaper articles, seminars, workshops, etc.) and one focusing on integrating the enterprise culture topic into the curricula of schools and universities as well as vocational training centres. Contributions from the private sector are often sought in relation to one or both approaches. Many countries have initiated innovative training

¹ ILO: Report V(1), *General conditions to stimulate job creation in SMEs*, fifth item on the agenda, ILC, 85th Session, 1997, p. 27.

tools that make entrepreneurship training more attractive to young people (e.g. the virtual firm approach).

349. In *Australia*, in the State of New South Wales, financial support for entrepreneurship development programmes is run by not-for-profit organizations. Other programmes include awareness raising of high-school students and mentoring of young people to help them establish their own business. In *Austria*, much importance is attached to the topic of entrepreneurship education. A multitude of initiatives has already been started in this context. Under the “Pupils found companies” programme, young people aged 15-19 years develop a business idea and found a junior company in their school for the duration of the academic year. In *Canada*, courses related to the enterprise culture and entrepreneurship training are available at the secondary and post-secondary level. In *Croatia*, enterprise culture is seen as an important condition for changing behaviour and creating awareness of the importance of entrepreneurship among young people.

350. In *Finland*, people are encouraged to become entrepreneurs, particularly in the services sector. However, attitudes are difficult to change. Thus, only 2 per cent of the graduates of the Institute for Enterprise Management choose to become entrepreneurs. There are plans to develop further entrepreneurship education in schools, in postgraduate studies and in teacher training. In *Ghana*, the Ministry of Education has included teaching of entrepreneurship in the syllabuses of secondary, vocational and technical schools and institutes. In *Honduras*, enterprise culture in secondary education is promoted and incorporated into the curriculum. *Lithuania* has initiated a Junior Achievement Programme to develop free market principles and entrepreneurship among young people, using teachers and volunteers from the business community. Business topics are compulsory subjects in tertiary-level schools. *New Zealand* has carried out research and a number of initiatives to promote entrepreneurship, including research on attitudes, advertising campaigns to promote the image of entrepreneurship, and enterprise activities in schools and businesses. In the *United Kingdom*, the Government has made funding available so that, by 2005-06, every secondary school will be able to offer the equivalent of five days’ enterprise activities to pupils.

Management training

351. According to the Recommendation, member States should adopt measures to enhance the managerial skills of SME owners by improving their access to small business management training.

352. While some entrepreneurs are aware of the fact that they should improve their skills, others feel that they do not need such training or cannot afford the necessary time and expense. Entrepreneurs usually agree to participate in business training courses where they are subsidized or are a prerequisite for getting a loan or grant.

353. Training in the acquisition of managerial skills usually covers many topics. The most important ones are: identifying business opportunities; preparing a business plan; pricing of goods and services; acquisition of marketing skills; and human resources management.

354. The impact, cost effectiveness, outreach and sustainability of these management training programmes, whether implemented by government agencies, non-governmental organizations or the private sector, are the main issues with regard to access to management training. Management training programmes currently being implemented normally reach less than 1 per cent of the small enterprises that would benefit from such

training, and upscaling is therefore a challenge that needs to be tackled in the delivery of management training.

355. Recently, there has been a shift in the role of governments from direct provision of training to acting as facilitators for the training market in developing countries.² This is arguably due to the bureaucratic structure of government training agencies, the lack of familiarity of the trainers with the needs of SMEs and/or the level of their training skills. In that respect, Recommendation No. 189 asserts that services should be provided “in such a manner as to avoid distorting the market for such services”.

356. Whatever the training provider, it is admitted that the quality, impact and cost-effectiveness of business management training generally depend on the application of the following principles: it should be demand-driven; it should be tailored to the characteristics and needs of the trainees; it should be organized in such a way as to minimize the cost associated with loss of revenues by entrepreneurs attending the training course; and it should make effective use of training tools and methods, such as the ILO Start and Improve Your Business (SIYB) training programme.

357. In the large majority of reporting countries, the SME owners and would-be entrepreneurs are offered the possibility to enhance their managerial capacity, often along with other financial and business development services. Most of the reports indicate that management-training programmes are available to all entrepreneurs wishing to improve their management skills. Governments are usually the main providers of such training either directly or through subsidized training centres. Training is usually provided free of charge or for a low fee. In some cases, a voucher system is used. Employers' organizations, chambers of commerce and other not-for-profit organizations are much involved in management training.

358. Some reports referred to the ILO SIYB training package mentioned above. Public and private sector training organizations offer business management training free of charge or for a subsidized fee. In *Estonia*, “Enterprise Estonia” offers support for advisory services as well as business training at subsidized fees. Micro and small enterprises form the target group. The grant covers a maximum of 50 per cent of the total costs of the advisory services or training. In order to ensure that training is demand-driven and to increase competition among business management training providers, some countries, such as the *Republic of Moldova*, have adopted the training voucher system. Voucher programmes aim to address the training needs of micro-enterprises and demonstrate the commercial potential of training provision. Competition for customers is what stimulates providers to create new courses, identify niche markets as well as seeking new ones. Under this approach, trainees are offered vouchers (free of charge or for a small fee) that they can use for obtaining training from a trainer of their choice.

² *Business development services for small enterprises: Guiding principles for donor intervention*, 2001 edition, prepared by the Committee of Donor Agencies for Small Enterprise Development, p. 5.

Box IV.2 **The ILO SIYB programme**

This programme has been developed by the ILO to meet the need of a suitable and practical management training programme for existing and potential small-scale entrepreneurs in developing countries. The uniqueness of the SIYB programme lies in the fact that the concepts are introduced in a practical, relevant and simple manner. The “Improve Your Business” (IYB) component provides a number of ideas on how to introduce basic management principles to entrepreneurs and stimulate them to apply such practices in their businesses. The “Start Your Business” (SYB) component has been designed for people wishing to start their own businesses. The objective of SYB is to assist potential entrepreneurs to complete a feasibility study that can be submitted to a financial institution. The overall objective of the SIYB programme is to increase the viability of small-scale enterprises through the application of sound management principles. It is designed for organizations engaged in management training and small enterprise development in developing countries: employers’ organizations, private sector associations, NGOs, government-supported small enterprise development organizations, government departments and private consulting companies. The total number of entrepreneurs trained worldwide is conservatively estimated at 180,000 across 83 countries. The SIYB programme has had a large outreach to women entrepreneurs – approximately 45 per cent of the entrepreneurs trained are women.

359. A wide range of different organizations provide business management training. In many cases, countries use a mix of these organizations. In the *United States*, the Small Business Administration provides training through a variety of programmes and resource partners. The main programme is instigated through the Small Business Development Centres. Training is provided through a cooperative effort involving the private sector, the educational community and federal, state and local governments. In *Austria*, the Chamber of Commerce’s Business Promotion Institutes are the largest vocational training and further training institutions. In *Malaysia*, some skills development centres offer business training courses. Various ministries and chambers of commerce offer similar training. The National Entrepreneur Development Institute is extensively involved in providing business management training.

360. Countries have developed an array of business management training tools and approaches. Many countries use the training package developed over the years by the ILO: the Improve Your Business (IYB) modules for training of established entrepreneurs and the Start Your Business (SYB) modules for those intending to create a new business (see box IV.2). Some countries have developed training programmes focusing on specific aspects of the management of enterprises. In *Malaysia*, these include quality management and improvement of productivity. In *Norway*, the FRAM strategy and management programme aims to improve SMEs’ competitive position. The operative goal of the programme is for participating companies to obtain a 5 per cent increase in profitability. Results show that 80 per cent of the participating companies have reached this target.

Access to credit and other financial resources

361. The Recommendation explicitly recognizes the crucial role of financial services in the process of job creation in such enterprises. In particular it states in Paragraph 14 that member States should:

... facilitate access of small and medium-sized enterprises to finance and credit under satisfactory conditions. In this connection:

- (1) credit and other financial services should as far as possible be provided on commercial terms to ensure their sustainability, except in the case of particularly vulnerable groups of entrepreneurs;
- (2) supplementary measures should be taken to simplify administrative procedures, reduce transaction costs and overcome problems related to inadequate collateral by, for example, the creation of non-governmental financial retail agencies and development finance institutions addressing poverty alleviation;
- (3) small and medium-sized enterprises may be encouraged to organize in mutual guarantee associations;
- (4) the creation of venture capital and other organizations, specializing in assistance to innovative small and medium-sized enterprises, should be encouraged.

362. The formulation of these terms derives from best practice in the provision of financial services. The recognition that credit and other financial services should as far as possible be provided on commercial terms to ensure their sustainability emerged from the bitter experience that many countries experienced with providing subsidized credit. In the *Philippines*, by Executive Order No. 138 of 10 August 1999, the Government has made a commitment (partly implemented) to transfer all the subsidized direct credits programmes managed by non-financial government organizations (e.g. Ministry of Agriculture) to government financial organizations (e.g. government-owned banks) with a view to phasing them out. Moreover, it has taken steps to terminate all subsidized credit programmes.

363. The Recommendation suggests a variety of ways in which governments can facilitate access to credit. One recommendation is that governments should seek to provide credit through the establishment of separate specialist institutions such as non-governmental financial retail agencies and development finance institutions. Such separate institutions with specialized skills and a poverty focus would be in a good position to introduce products that were suited to the needs of low-income clients, who often have limited collateral. In *South Africa*, in 1998, the Department of Social Development sought to improve welfare through the provision of financial services to low-income groups. In close cooperation with the ILO and UNDP, the Department of Social Development used its funds to support the activities of existing microfinance organizations. In doing so it has been able to work with organizations that have existing expertise in providing financial services to low-income groups.

364. Another way of overcoming the SME collateral constraint is through the use of mutual guarantee associations (MGAs). The ILO has had a long history of promoting cooperative ventures, and the Recommendation recalls that MGAs can be a very useful tool, providing alternative collateral and access to bank loans at lower interest rates for small entrepreneurs. Finally, the Recommendation encourages the creation of venture capital and other organizations, specializing in assistance to innovative small and medium-sized enterprises. Venture capital differs from credit in that investors own a share of the SME, i.e. they have an equity stake. In *New Zealand*, the Ministry of Economic Development as part of its “Early stage financing programme”, which is delivered by Industry New Zealand, facilitates the development of “angel networks” on a national basis to support businesses with growth potential which may benefit from equity funding and to provide a service to “business angels” who are looking to invest their money and time in growth businesses. In essence it provides a link between investors and developing businesses. It was initiated on the basis of research that suggests that early-stage ventures find it difficult to find appropriate angels.

365. The large number of governments that reported in that respect is indicative of the importance assigned to the issue of financial services. The large majority of countries use a wide variety of approaches for facilitating access by SMEs to financial services.

The most used approaches include: special credit schemes, including microcredit schemes, operated by various types of public and private sector organizations; establishment of banks specifically designated for providing loans to SMEs; and guarantee funds within established banks. Fewer countries, mostly developed ones, reported the use of equity capital and joint ventures as a complement to loans. A number of developing countries, and a smaller number of developed ones, mentioned the offer of grants for specific groups of SMEs. On the other hand, there are almost no references to substitutes for loans, such as subcontracting and leasing. Furthermore, there are no references to credit schemes established by groups of SMEs, such as rotating savings and credit associations – for example the *tontines* in western Africa – or to programmes to promote savings by SMEs.

366. Many reports refer to private providers of credit. In *Australia*, there is a range of private financial providers of start-up or growth funding for small businesses, including venture capital, private investors, and financial institutions such as banks and credit unions. In *Austria*, one of the SME development programmes promotes various SME financial services, such as equity capital guarantee, founding bonuses, young entrepreneur funding initiative, etc.

367. Micro lending is used in many developing countries. In the *Bahamas*, the micro-lending facility is a short-term loan programme, which is designed as a lending facility for Bahamian manufacturers who have been awarded contracts, but need to access additional funds to purchase raw materials for the completion of the contracted goods. In *Ethiopia*, there are a number of successful microfinancing schemes. In *Ghana*, the National Board for Small-Scale Industries (NBSSI) operates two major credit schemes. These provide credit for start-ups and ongoing enterprises in ten regions.

Box IV.3

Access to financial services for job creation, poverty reduction and empowerment

Microfinance refers to the provision of financial services to the poor on a sustainable basis. Access to financial services protects and empowers the poor by giving them choices. Microfinance is an important element of the ILO's employment-promotion and enterprise-development strategies. The Philadelphia Declaration mandates the ILO to consider how financial institutions, markets and policies affect employment and income.

As most private sector operators in developing countries employ less than ten workers, microfinance facilitates the acquisition of assets for accessing markets. Most banks are not poverty-oriented. They do not have a social mission. What distinguishes microfinance from conventional finance is the aim to serve poor people and reduce poverty without perpetual subsidies. It aims at making the market generate desired social improvements. These are threefold: job creation, poverty reduction and empowerment.

Primarily associated with poverty reduction in developing countries, microfinance has now become a global phenomenon. In developing countries, microfinance is a strategy to develop and deepen the financial sector, to make the market more accessible to the poor. By contrast, microfinance in developed countries is a market-oriented social assistance strategy to help economically vulnerable people, particularly the unemployed who want to try self-employment. In developed countries, microfinance is a social service that depends partially on public sector support. The radically divergent markets and operating conditions between developed and developing countries necessitate different enabling environments and policy interventions.

Generally government should not become directly involved in lending and financing decisions. Borrowers are likely to perceive a government loan as a handout and may not feel obligated to repay it, which can undermine the sustainability of a fund. Government involvement in the lending process can result in decisions on loan allocation being made for political purposes, which means that resources may end up in the hands of the influential rather than the needy.

The ILO seeks to enhance the capacity and interest of governments and the social partners to help the poor access vital financial services. This work on the social dimension of finance also involves local alliances with a range of institutions such as central banks and other authorities in designing incentive-based regulatory environments.

368. Many countries, especially developed ones, have initiated a variety of financial services outside the standard bank loans and credit schemes. These include equity capital, joint ventures and capital leasing, among others. In *Canada*, the federal Government partially guarantees loans to most small businesses with annual gross revenues less than Can\$5 million. The Capital Leasing Pilot Project gives SMEs an additional financing option. Both loans and leases operate with an objective of cost recovery. In *Finland*, there are several sources of funding available to SMEs. The main source of public venture capital funding is a state-owned specialist finance company which channels funding into start-ups and enterprise expansion. The Government sponsors a private sector organization that runs the network.

369. Grants are offered to SMEs in many countries, usually for specific purposes. In *Estonia*, non-repayable start-up aid is offered by Enterprise Estonia. It is justified by the fact that, although there is evidence that the commercial banks are beginning to develop a range of financial products that are geared to the needs of SMEs, access to finance for start-ups remains limited. Many countries make use of the guarantee fund approach. In *Lithuania*, the Ministry of Economy has established a guarantee institution with a view to solving the problem of insufficient resources of SMEs. Its function is to provide banks with state guarantees on loans granted to SMEs and partial compensation of loan interest. Under a guarantee issued for a commercial loan, the State finances up to 80 per cent of the granted and outstanding loan in case of the borrower's insolvency.

370. Both grants and interest-free loans are offered in many countries. In *Lithuania*, the Government helps unemployed people to establish their own business. Interest-free loans are granted for a maximum three-year maturity. In *Malaysia*, the Small and Medium Industries Development Corporation facilitates access to financing through the provision of grants and soft loans to SMEs.

Simplifying business registration, licensing and reporting requirements

371. The adoption of policies favourable to enterprise creation as well as the promotion, through various measures, of an enterprise culture should be complemented by an effective simplification of business registration, licensing and reporting requirements. Without such simplification, other measures intended to promote enterprise creation and new jobs could fail to achieve their full impact. In that respect, the Recommendation urges the removal of constraints to the development and growth of SMEs arising from inappropriate or overly burdensome registration, licensing, reporting and other administrative requirements.

372. Burdensome, time-consuming and costly procedures for registering an enterprise or getting a licence can have the adverse effects of slowing down enterprise creation and

generating losses for the government, since enterprises may prefer to remain in the informal economy.

373. A common measure to ease the procedural burden is the establishment of what is commonly called a “single window” or “one-stop-shop” where all registration and licensing procedures can be completed at a single place. Registration and licensing forms can also be simplified and requirements for the smaller SMEs reduced. Strict limits to the time needed for registering or licensing an enterprise can be adopted. The use of information technology, mostly in developed countries, can also have a significant impact on registration, licensing and reporting procedures, including the establishment of web sites where existing or would-be entrepreneurs can obtain full information on these procedures, register their firms online and even make the required payments.

374. All governments reporting on this aspect of their policy toward SMEs referred to various measures intended to simplify registration, licensing, taxation and reporting procedures. Three main measures are commonly mentioned. First, single offices or offices located in the same building, where entrepreneurs can complete all administrative requirements, have been designated. Second, forms have been simplified and only the absolutely necessary information is required. Third, special simplification measures have been adopted specifically for SMEs by many countries.

375. In Australia, the Business Entry Point (business registration, licensing and reporting requirements) can be accessed through the Internet. Business licence information service centres that provide all types of information are available all over Australia. All these measures reduce red tape involved in establishing and running a business. Many countries have enacted laws that require governments to simplify to the greatest extent possible administrative and other procedures. Such laws were enacted, for example, by Austria, Canada, Finland, Honduras, Lithuania and United Kingdom. In the latter country, the Regulatory Reform Act gives the Government a powerful tool to simplify or eliminate over-burdensome, overlapping, over-complex or outdated legislation by way of the Regulatory Reform Order. The Act allows for whole regulatory regimes to be addressed and for substantial and far-reaching changes to be made to existing primary legislation.

376. In Austria, a recent amendment to the Industrial Code extends the possibilities of communicating with the authorities electronically. In Vienna, it is already possible to make a business registration entirely via the Internet in less than one hour. Information technology is also being increasingly used for simplifying administrative and other procedures in other developed countries. In Canada, the Internet offers an impressive array of business simplification initiatives. The Government-On-Line initiative is aiming for full implementation of electronic service delivery by 2004. In New Zealand, the Companies Office in the Ministry of Economic Development allows people to use a web site to register their business, search the register for information, and access forms, fees schedules, training guides and contact details. By 2004, the Internet will be the dominant means of allowing ready access to government information, services and processes (custom processing, tax returns, etc.). In Spain, the objective of the “New enterprise project” is to reduce the time of administrative procedures from between 30 and 60 days to two days. There are also 22 one-stop centres and a simple electronic form to reduce time for establishing an SME.

Box IV.4 **Making policies work at local government level**

The authority over the rules and regulations governing start-up, registration and taxation of small enterprises often rests with local authorities. Much of the effect of enabling policies at national level depends on the will and capacity of municipal governments to make their procedures more simple and the offices more accessible. In Lima, *Peru*, the time for processing a business permit was reduced from 70 days to one hour. This involved simplifying 45 bureaucratic steps to 12, and reshaping the registration office into a unit for business information and counselling. As a result, permits quadrupled in a period of two years. In the *United Republic of Tanzania*, a road-map study with weekly interviews among 115 small enterprises over a period of four months revealed the sheer impossibility of obtaining a licence or register the name of the business. Remote and inaccessible municipal offices, combined with unmotivated and underpaid local staff, caused many starting enterprises to remain informal. The hidden costs of persistent informality can be significant, as credit facilities and market incentives stay out of reach. In addition, the workers in small enterprises cannot obtain adequate legal and social protection.

These examples highlight the importance of sensitizing and training local authorities to translate enabling employment and SME policies into tangible improvements. This can best be addressed by bringing municipal officials together with representatives of small enterprises. The ensuing public-private partnerships can be a conduit for a more integrated economic development process that meets the concern for increased governmental revenues and benefits local entrepreneurs and workers.

377. One of the main purposes of simplification is to reduce the time needed by entrepreneurs for registering their enterprise and other administrative requirements. For example, the Ministry of Economy in *Chile* initiated a study on the administrative burden for registering SMEs. This led to the “simplification of paperwork” programme: maximum one week for all requirements, one single form and only two visits to government offices. In *Estonia*, there is an e-government portal that serves as a common access point for virtual servers and web sites of state institutions and projects. Simplification also applies to taxation and the payment of dues. For example, *Finland* has established an Internet-based payment service system for facilitating contributions by small businesses. Furthermore, the accounting requirements for taxation purposes have been simplified. A few countries have considerably simplified registration and other requirements for the smaller size enterprises. For example, the registration of small-scale industry (SSI) units in *India* is optional.

Access to business development and support services

378. In order to enhance the growth and competitiveness of SMEs, and their potential to create new, quality jobs, the Recommendation provides that consideration should be given to the availability of, and accessibility to, a wide range of direct and indirect support services related to various aspects of business start-up and operation including, among others: preparing business plans, consultancy and information services; advisory services and support regarding technology and modernization; marketing research and assistance; and access to adequate infrastructure. Furthermore, it recommends that enterprise support services should be designed and provided to ensure optimal relevance and efficiency by:

- adapting the services and their delivery to the specific needs of SMEs;
- ensuring the active involvement of SMEs and representative employers’ and workers’ organizations in determining the services to be offered;
- involving the public and private sectors in the delivery of such services;

- decentralizing services to bring them as physically close to SMEs as possible;
- aiming towards sustainability for service providers through a reasonable degree of cost recovery from SMEs and other sources, in order to enhance the employment-creation potential of SMEs without distorting the markets for such services;
- ensuring professionalism and accountability in the management of service delivery; and
- establishing mechanisms for continuous monitoring, evaluation and updating of services.

379. These non-financial services, which are commonly referred to as business development services, include the transfer of information, knowledge and skills and the offer of advice on the various aspects of a business. They may be accessed through informal channels or formal ones; they may be offered by public and private sector organizations, private sector consultants and consulting firms, or be specifically included in a contract between the owner of the enterprise and a supplier or contractor. They may be offered on a commercial basis or institutional basis, free of charge or at subsidized fees.

380. The Committee notes that information provided in the reports on the access to business development services is relatively scarce. Since most countries have bodies that offer business development services, the explanation for that paucity of information may well be that the government departments in charge of the preparation of the reports are unfamiliar with these services or are not aware of the services provided by other government agencies and private sector organizations. While a small number of reports referred to collaboration with private sector bodies and not-for-profit organizations in the delivery of business development services, the large majority of governments that reported referred only to government providers of such services. However, it is also well known that services are provided by many not-for-profit SME development agencies.

381. The information made available to the Committee refers mainly to four major services, namely, information services, which are offered in most cases, and technology, marketing and consultancy services. Very few reports referred to other services, such as assistance in identifying business ideas, in the procurement of materials and in leasing arrangements. None of the reports referred to the diagnosis of enterprises' problems, the promotion of joint ventures or the provision of legal assistance.

382. The report from *Australia* indicates that 79 per cent of SMEs in the country use the Internet for business purposes. New South Wales promotes availability of information on technology and other business needs. In *Canada*, the Business Gateway is part of the Government-On-Line initiative designed to make access to Government of Canada programmes and services for Canadian businesses easier and user-friendlier. In *Croatia*, the Government issues publications on various trades. Information is available from a free phone. In *Mexico*, a virtual business centre, "SME Direct", was established to enhance the competitiveness and business opportunities of SMEs through the design, operation and administration of information systems and the promotion of advisory services.

383. In *Australia*, several projects in Western Australia are designed to improve access to technology for small businesses. In *Austria*, research and development (R&D), information and direct assistance are provided to SMEs with a view to helping them gain access to new knowledge, technology and cooperation partners. In *Estonia*, the Estonia Technology Agency offers direct financial support to market-oriented R&D projects. There are also special technology development programmes and two technology parks have been established. In *Honduras*, a Council of Science and Technology is responsible

for stimulating and promoting development of science, technology and innovation with a view to raising productivity and competitiveness within the SME sector. In *India*, the Government has established technology resource centres, tool rooms and training centres, process-cum development centres and incubation centres, for the benefit of the small-scale industries sector.

384. A package of business development services, including consultancy and information services, is often provided by the same organizations, such as the Regional Business Advisory Centres, which in *Estonia* offer various business support services, such as information, counselling, and training. In *Ethiopia*, a package of services is also offered by training institutes, which includes improving technology, assistance in accessing markets (legal, franchising), SME export programmes and facilitating access to raw materials. In *Lithuania*, business information centres provide information, consulting and training services to would-be entrepreneurs. There are also six incubators that have created many new jobs, as well as five science and technology parks (successful cooperation with scientific and research institutions).

385. Marketing assistance is provided in *Ghana* by the National Board for Small-Scale Industries (NBSSI) through business advisory centres. Market information is provided to clients in collaboration with the Ministry of Trade and Industry, Ghana Export Promotion Council and Gratis Foundation.

386. Although no reference to not-for-profit or private sector business development services providers was made in the reports, a large number of these operate in most countries. The Committee believes it is worth recalling that the ILO has been directly involved in the establishment of such business services providers in a number of countries. Often established as non-governmental organizations under such names as “enterprise development agency”, they offer business management training using the ILO SIYB training package, as well as financial services, in addition to business development services. All these agencies are supposed to achieve full financial sustainability within a given period after their establishment. The ILO experience in the Balkans provides a good illustration of the way these agencies were established and of their achievements to date.

Box IV.5
Enterprise development agencies (EDAs)
in Bosnia and Herzegovina

A number of EDAs were established in *Bosnia and Herzegovina* soon after the war with the objective of creating new jobs through the establishment of micro and small enterprises. Five EDAs were established. They have been established as local NGOs, under a board of directors made up of representatives of the municipal authorities and employers' organizations. The ILO trained the staff of the EDAs and covered the cost, with donor funding, of office equipment and of the rent of offices. It also covered the salaries of the staff for an agreed-upon period, with ILO contribution declining over the life of the projects. The established EDAs offer the full range of business development services in addition to business management training. All of them have also been involved in micro lending, using funds put at their disposal by donors. The issue of full financial sustainability was considered from the start of the projects. EDA management was aware that the ILO financial support will end with the project and strived to achieve financial sustainability before the closure of the latter. Some EDAs engaged in new revenue-generating activities on their own, such as computer and foreign languages skills training. The ILO experience in Bosnia and Herzegovina has been to a large extent successful. Two EDAs have achieved full financial sustainability while contributing to the creation of a large number of micro and small enterprises. Prospects for other EDAs to achieve such sustainability are good.

IV. Promotion of entrepreneurship among women and selected categories of the population

387. Recommendation No. 189 calls on member States to consider “specific measures and incentives for persons aspiring to become entrepreneurs among selected categories of the population, such as women, long-term unemployed, persons affected by structural adjustment or restrictive and discriminatory practices, disabled persons, demobilized military personnel, young persons including graduates, older workers, ethnic minorities and indigenous and tribal peoples”. It further recognizes that the “national socio-economic priorities and circumstances” should be taken into account for the detailed identification of these categories of persons. A specific provision asks member States to “encourage support for female entrepreneurship, recognizing the growing importance of women in the economy, through measures designed specifically for women who are or wish to become entrepreneurs”.

Women entrepreneurs

388. Evidence shows that women’s enterprises tend to be younger and smaller in terms of workers employed and in terms of the presence and value of fixed assets. Women tend to rely more on unpaid family workers and to use less modern technology. Women’s enterprises tend to be concentrated in low investment, less remunerative subsectors which build on their traditional skills, while men tend to be concentrated in more dynamic subsectors. Women tend to register their enterprises less frequently than men and often operate within the home.³ A major obstacle to women fulfilling their potential as entrepreneurs is the fact that many women, although self-employed, are not recognized as entrepreneurs or do not recognize themselves as entrepreneurs and thus are overlooked by institutions and programmes interested in enterprise development.⁴

389. The preparatory work for the Recommendation⁵ identified a series of gender-specific constraints to entrepreneurship: role barriers, where women’s demanding role in the family reduces the time, energy and concentration devoted to operating the enterprise; social and cultural barriers, with negative attitudes towards women in business, restrictions as to the choice of sector, lack of family support and lack of mobility; educational barriers, where women achieve relatively lower educational levels and have limited access to vocational training opportunities relevant to business operation; occupational barriers, inasmuch as women have fewer opportunities in the formal sector for skill development; infrastructural barriers, such as insufficient access to technology, support services, and above all to credit and land; and legal barriers, where independent legal action is difficult for women.

390. The main issues addressed in the reports received include the importance of women entrepreneurship in some countries, such as *South Africa* and *Lithuania*; training for the promotion of women entrepreneurship, access to financial services, and legal protection, for example in *Honduras* and *Malaysia*; and the content of gender-specific support programmes. The report from *Canada* indicates that federal programmes aimed at entrepreneurship development are mainstreamed, although banks and regional

³ SEED Working Paper: *Jobs, gender and small enterprises in Africa and Asia: Lessons drawn from Bangladesh, the Philippines, Tunisia and Zimbabwe*, by Pamela Nichols Marcucci (2001), p. 47.

⁴ International Small Enterprise Programme (ISEP): *Gender issues in micro-enterprise development*, 1999, p. 2.

⁵ Report V(1), General conditions to stimulate job creation in small and medium-sized enterprises, 85th Session, 1997, p. 62.

development agencies have initiated a number of such programmes for the exclusive benefit of women.

391. The number of businesswomen in some countries is as high as or even higher than that of businessmen. However, they tend to be involved mostly in low-investment, less remunerative enterprises. In *South Africa*, women are slightly more likely than men to run any kind of business (11 per cent compared with 8 per cent). Women are, however, concentrated in the subsistence sector of SMEs (42 per cent of entrepreneurs in 1996). In *Lithuania*, the proportion of women out of the total number of enterprise managers increased significantly, from 29.2 per cent in 2000 to 40 per cent in 2001.

392. There are many examples of countries that have promulgated laws to protect women against discriminatory practices and provide avenues for women to assert their rights. Some countries have also adopted laws that specifically target women for special entrepreneurship development programmes. Governments as well as employers' and workers' organizations often collaborate with regard to this issue. In *Honduras*, women are subject to the same legal requirements as men for creating an enterprise or expanding the size of an existing one, but the Government has enacted a law that specifically benefits women involved in business. In the *Republic of Korea*, too, there exists a law on the promotion of women in business. In *Malaysia*, the Government and employers' and workers' organizations play an important role in the promotion of women entrepreneurship and in protecting the rights of women entrepreneurs.

393. Women entrepreneurship development programmes cover a wide variety of activities addressing the main problems and constraints faced by women. The government and women's groups usually initiate such programmes. However there are many examples of private sector involvement in these activities. *Lithuania* is one of the countries that has initiated fairly comprehensive programmes. In *Canada*, various federal programmes and services are tailored to women's needs. The Business Development Bank of Canada has created "Bizlink" teams in its branches to offer women entrepreneurs regional networking opportunities. In *Ghana*, the National Board for Small-Scale Industries has established a Women Entrepreneurship Development Department that caters for the special needs of women entrepreneurs in the micro and small enterprises sector. The Department organizes gender-sensitization seminars, entrepreneurship programmes and "Start your business programmes" for women's groups and girls in secondary, vocational and technical institutions, among others.

394. *Lithuania* has developed a comprehensive women entrepreneurship development programme. The draft National Programme on Equal Opportunities for 2003-04 provides for the following measures: organization of round tables for discussing women in business issues; encouraging organizations and institutions providing support to SMEs to record the sex and age of customers with a view to monitoring the extent to which women enjoy equal opportunities; and information centres for women which are being established with a view to shaping the women employment strategy in the regions. *Mexico* has implemented an entrepreneurship development programme specifically targeted at poor women living in rural areas.

Specific measures for selected groups of the population

395. Information supplied in relation to measures for selected groups of the population concerns young people, indigenous and tribal peoples, persons with disabilities, immigrants and persons in a precarious economic situation.

396. The youth entrepreneurship development programme in *Canada* is mostly sponsored by two not-for-profit private sector organizations. It includes financial

assistance, mentoring, business information, and entrepreneurship skills, and targets people aged between 18 and 34 years. In *El Salvador*, a section of the work plan of the National Council for Older Persons links integrating older persons into employment to micro-enterprise development.

397. Entrepreneurship development for persons with disabilities is implemented in many countries. In *Mauritius*, a “self-employment scheme” for people with disabilities enables this category of people to start a business of their own. The scheme, introduced by the National Council for the Rehabilitation of Disabled Persons, involves financial assistance in the form of grants, coupled with regular monitoring by the project. In *Spain*, the Government initiated the “training on computer graphics for people with disabilities project”. The project objective is to upgrade the skills of disabled people in drawing, designing and using computer programmes for producing advertisements. In *Canada*, the Ontario Disability Support Program provides assistance to people with disabilities to remove or reduce barriers to self-employment. Support includes help to develop business plans, business mentors, tools and equipment.

398. Entrepreneurship development programmes for indigenous and tribal peoples usually include the same types of financial and business development services available for other programmes. However, in view of the fact that these people are often outside the mainstream economy and lack a general knowledge of the business world, they might also need special mentoring by experienced businesspeople. In *New Zealand*, the Maori Business Facilitation Service is a free service for Maori interested in starting up a business. The service is for commercial opportunities only, and targets small to medium-sized businesses. It only covers facilitation and mentoring.

399. Many countries have initiated entrepreneurship development programmes for the benefit of people in a precarious economic situation. One such programme caters for immigrants in *Finland*. In the *Netherlands*, social security includes specific facilities to stimulate entrepreneurship. These facilities are intended for different groups of entrepreneurs: those who find themselves in financial difficulties; persons who receive social assistance and want to start a business; and people who receive social assistance or unemployment benefits and are actually starting an enterprise. In *Spain*, the programme for promoting self-employment for unemployed people aims at helping fund projects that facilitate the transition to self-employment of registered unemployed persons. Another programme is intended for disadvantaged people, including those aged over 45 years, single-parent families, immigrants, women, people with disabilities, and the long-term unemployed.

V. Job quality improvement

400. A policy to promote employment in SMEs in accordance with the Recommendation should not only be concerned with the number of jobs created, but also contribute to the improvement of their quality, especially through the provision of the basic protection available under international labour standards. As stated in its Preamble, the Recommendation is based on the conviction that promoting respect for Conventions on freedom of association, forced labour, discrimination and child labour will enhance the creation of quality employment in SMEs. The Recommendation also calls for measures to extend social protection to workers, promote occupational safety and health and workplace safety training, as well as to address the problems of low productivity and low incomes.

401. While being employed and receiving a fair wage is of paramount importance to SME workers, the importance of job quality tends to receive less attention from the part

of the SME workers, their employers and, to some extent, those responsible for ensuring that relevant labour laws are effectively applied. However, the gradual improvement of job quality is not only possible, but can also prove highly beneficial for the SME workers as well as their employers: there is a wealth of anecdotal evidence showing that the social well-being of the workers is beneficial to the productivity and competitiveness of small businesses.

Fundamental principles and rights at work

402. Freedom of association and the right to collective bargaining are aspects of labour law that should improve job quality within the SME sector. However, few SME entrepreneurs and workers are members of employers' and workers' organizations, especially in developing countries. This is partly due to entrepreneurs' and workers' lack of awareness of the benefits that could be derived from joining such organizations and to the inability of some of the employers' and workers' organizations to broaden their membership by attracting the largest number of SMEs and their workers (e.g. in *Ghana*, *Panama* and *Zimbabwe*). Examples from many countries also indicate that other important reasons for SME workers not joining a union and/or not forming an intra-enterprise union are: fear of losing their job; the fact that many SMEs are not registered and, therefore, workers do not have a formal contract; and the aforementioned reason regarding the small size of SMEs, with small workforces, which does not allow the formation of an intra-enterprise union. In the case of SME owners, other reasons for not joining an SME association or an employers' organization include: not feeling at ease in joining organizations where membership is made up of owners of much larger enterprises; the often high membership cost; the need to be formally registered; and a belief that benefits from membership are of little value.

403. All the countries that provided information on this issue indicated that their labour legislation guarantees freedom of association and the right to collective bargaining in all enterprises, irrespective of size. Some countries indicated some small adjustments in the application of such legislation to SMEs in view of their specific characteristics. Several reports clearly separate the roles played by governments and those played by employers' and workers' organizations: the government guarantees the application of the labour legislation, while the employers' and workers' organizations are mainly involved in promoting membership by SME employers and workers in their respective organizations.

404. Several reports refer to the ratification of the relevant ILO Conventions, without providing more detailed information on their application to workers and employers in the SMEs. For example, the report from *Thailand* indicates that employers and workers or their organizations are entitled by the Labour Relations Act to conclude a collective agreement regarding employment conditions. They also have the right, under the same Act, to bargain collectively when any of the social partners submits a demand for negotiating a new agreement on employment conditions or an amendment to an existing agreement.

405. In most countries, child labour is prohibited by law, but the particular characteristics of SMEs, especially in the informal sector, make labour inspection and thus the enforcement of laws particularly difficult. The issue of child labour is closely related to that of the level of development of countries. Great poverty, high unemployment rates, the relatively high cost of school attendance, and the economic difficulties faced by many SMEs add to the prevalence of child labour in many countries. In many cases, these factors constitute important obstacles to the reduction of child labour. However, there are many other cases where child labour can be eliminated in SMEs that could afford to employ adults. For example, the ILO intervention in *Pakistan*, in collaboration with local industrialists and foreign subcontractors, was successful in

reducing the worst forms of child labour in the football production industry. Public pressure and awareness-raising campaigns in developed countries have also been successful in inducing many multinational firms to pay greater attention to the issue of child labour when dealing with local subcontractors.

406. Some developing countries report difficulties in enforcing child labour legislation, giving as a reason social attitudes concerning the use of children for various jobs. In *Indonesia*, for instance, parents or relatives tend to consider that children are not being employed but are only helping the family. In *Malaysia*, employment of children is reported to be confined to casual employment in places such as food stalls and retail outlets run by the family members. *Thailand* and *Honduras* reported on programmes initiated for the gradual elimination of child labour.

407. Most countries also have legal provisions prohibiting forced and bonded labour. However, as in the case of child labour, enforcement is problematic. Few reports contained information in that respect. In *Thailand*, the Labour Protection Act imposes a number of conditions and dissuasive restrictions that seek to prevent the use of bonded or forced labour.

Social protection

408. Employment is the most important guarantee of social protection in both the organized and the unorganized sectors. Social protection includes mechanisms for health, life, disability and unemployment insurance, as well as pension schemes, childcare, and maternity leave. Although social protection is reportedly one of the main concerns of workers, those in the informal economy have little or no social protection and receive little or no social security, either from their employer or from the government. This may be due to the existing social security systems in many countries, which do not take account of the particular needs of SMEs or exclude enterprises below a certain size. Other systems are open to SMEs, but prohibitive costs prevent the latter from contributing to these schemes.

409. In addition to the relatively high contributions to social protection schemes, burdensome bureaucratic procedures further dissuade workers and employers from contributing to such schemes. The latter are often not adapted to the specific needs of SMEs. In view of the difficulties experienced with many protection schemes, improvements are being sought and countries are experimenting with new approaches. A particularly promising approach is that of voluntary schemes whereby individuals join together to organize their own insurance programmes, sometimes through artisan or self-employed trade associations. Trade unions have also been involved in facilitating the establishment of such self-help schemes, which could reduce costs and the difficulties of compliance and allow people in precarious situations to enjoy a minimum level of social protection.

Occupational safety and health

410. Occupational safety and health (OSH) measures include the creation of adequate working conditions, the prevention of occupational accidents and diseases, the containment of environmental hazards and the promotion of health in the workplace. As in the case of social protection, OSH is given a relatively higher priority than other job quality aspects, and yet working conditions remain inadequate, if not dismal, in many countries, particularly in the informal economy. Many factors contribute to this situation. The most important of these is related to the cost of complying with OSH laws. This cost constitutes an additional investment that may not be affordable by many SME owners. Another factor is that many SME owners are not aware that the application of adequate

OSH measures could actually generate benefits, for instance in terms of higher labour productivity or reduced sick leave, that would offset or exceed compliance costs. Finally, labour legislation in many countries exempts the smaller enterprises, or may be difficult to enforce.

411. In an ILO-commissioned Needs and demands assessment survey on job quality in 11 countries,⁶ it was recognized that not only were working conditions inadequate, but that they also explained, to some extent, the reduced productivity levels in the SME sector. Significantly, it was noted that whilst both employees and employers are aware of the importance of occupational safety and health, employers are not sufficiently aware of the link between investment in OSH and increased productivity, and are thus often unwilling to utilize their funds for this purpose.

412. The effective application of OSH measures can be successfully achieved in both developed and developing countries if there is a political will and if such measures include an active programme of training of SME owners and workers. This is clearly illustrated by the case of *Benin*, one of a number of developing countries that have successfully applied OSH measures, supported by strong legislation. *Thailand* initiated various measures for promoting OSH in SMEs. These include, among others, raising the awareness of entrepreneurs and workers in SMEs regarding occupational health and promoting the systematic medical examinations for workers. In *Honduras*, measures applied by the Secretariat of Labour and Social Security include, among others: organization of joint committees on safety and health in enterprises; training of committees comprising employers' and workers' representatives; and carrying out inspections in order to identify risks and hygiene issues and to improve working conditions.

413. Workplace safety training is an integral part of occupational safety and health. Such training could considerably reduce work-related accidents and sickness for the benefit of both the workers and their employers. Many countries have been successful in improving working conditions in SMEs through effective training programmes in this area

414. In *Benin*, the relevant work services ensure that legislation is respected by SMEs, particularly through information and advice given to workers and employers. Health and safety committees are set up in enterprises that have fewer than 30 workers. Seminars and workshops on OSH are organized for the benefit of management and labour. In *Mexico*, workshops run by the General Directorate for Safety and Health at Work contain a component called "Social responsibility and integrity" which aims to boost enterprise productivity by focusing on conditions of work. In *Thailand*, the Government has initiated a fairly extensive training programme in this area: a "training for trainers' course", using the ILO's work improvement in small enterprises programme (WISE), for the officers in various centres located throughout the country; and a training course on workplace improvement and productivity enhancement through the same WISE technique for the owners of SMEs and their workers, as well as for home-based workers.

415. In *Finland*, measures to improve the quality of working conditions and working life take place at many levels and involve broad-based cooperation between various bodies and organizations. The OSH administration supports employers in performing their functions under the Occupational Safety Act. About 25,000 inspections are carried out annually by the OSH inspectorates, most of them focusing on SMEs. A risk-management project for SMEs has been carried out as a broad-based project, with many

⁶ El Salvador, Ghana, India, Jordan, Panama, Peru, Philippines, Trinidad and Tobago, Uganda, Viet Nam and Zimbabwe.

parties working together. The aim was to integrate safety management with SME management.

VI. Data collection on the quantity and quality of employment in SMEs

416. The Recommendation provides that member States should collect data on the quantity and quality of employment generated by SMEs. Such information would allow governments to design and apply support policies and programmes aimed at both increasing the number of jobs created by SMEs as well as improving job quality in these enterprises.

417. The extent to which new jobs are created by SMEs is often directly linked to the level of support provided by the government and the social partners in terms of policies and programmes that affect SMEs. Data on SMEs is not only important for assessing the effectiveness of existing policies but also for the design of new policies and programmes. In order to create a comprehensive picture, the collected data should be collected on a regular basis and include information and statistics disaggregated by gender, age and other relevant categories.

418. However, the most commonly used methods of data collection – establishment-level surveys and household surveys – do not assess all these elements. The former usually contain accurate information with regard to size, whereas data are weak with regard to job-quality issues, and coverage is often restricted or incomplete. In contrast, the latter contains information with regard to job quality but not enterprise size. Both methods of data collection usually cover only formally registered SMEs. *Guinea* and *South Africa* are among a number of countries that have informal economy surveys. Whilst these cover small enterprises and unregistered enterprises and include job-quality indicators, geographical coverage is restricted and comparison over time is difficult as they are usually one-off surveys.⁷

419. Thus, an important issue concerns the design and coordination of such surveys. It is desirable to design census and sample surveys in such a way that they achieve their intended purpose, while minimizing the cost. Savings may be achieved if the relevant government agency responsible coordinates the collection of data and information carried out by various government agencies and private sector organizations or, alternatively, if existing surveys can be adapted (this is perhaps the most cost-effective and sustainable method).

420. Several reports mentioned the government agency and/or bodies in the private sector involved in collecting data and information on SMEs, but few provided information on the content and periodicity of the surveys.

421. In most cases, the statistical department is the main source of information. Other government agencies or ministries involved in SME promotion are also involved in data collection. In some countries, private sector organizations produce commercial surveys or undertake sample surveys of SMEs. A number of international agencies, such as the ILO, have also carried out surveys in the large majority of developing countries.

422. In *Australia*, the Australian Bureau of Statistics collects data on small businesses every two years. This data covers all private sector businesses with details on the number

⁷ IFP SEED: *Do decent jobs require good policies?* An international research project of ILO/SEED, Consultants' manual, Feb. 2001.

of businesses and their workforces presented by state, industry and number of workers. In addition, various selected statistics are presented on specific topics such as business bankruptcy, legal status of businesses, business performance, employment generation, use of computers and the Internet, training, etc. Within the private sector, a leading source of information on SMEs and their use of technology is the E-business report, which taps into the customer base of Australia's largest telecommunications network. In *India*, the Ministry of Small-Scale Industries conducts the census of small-scale industries.

423. While many countries collect statistical data and information on employment in SMEs, disaggregated by size of enterprise, sector, gender or age of the owners and the workers, very few countries seem to collect data and information on the quality of jobs in SMEs. It is not clear whether such data are available but have not been reported, or whether the information is generally not available. A few countries, however, do collect information on job quality. In *Guatemala*, the collected data provide useful information on the quality of employment and other matters in SMEs. In *Honduras*, detailed investigations on SMEs, their numbers and job quality within these enterprises are carried out by the State and private organizations. In the *United States*, the Bureau of Labor Statistics has two programmes on working conditions and compensation that provide data by size of establishment, although not by enterprise. In *Thailand*, the Department of Business Development annually collects quantitative data on labour protection, labour relations, OSH, structure of the labour force and employment in SMEs. Data are collected by sector, geographical location and enterprise size.

424. The Committee notes that the limited information contained in the reports does not allow it to identify trends in the way countries collect statistical data and information on SMEs. It would seem that a large number of countries limit their data collection activities to employment in SMEs, with few countries collecting data and information on job quality. Finally, the information supplied does not give indications on the use of the collected data for formulating SME policies and support programmes.

VII. Employment impact of SMEs

425. The Recommendation urges governments to adopt measures for the promotion of SMEs in view of their potential to create large numbers of new jobs. In addition, governments are encouraged to monitor their SME promotion programmes and to assess their employment impact and other effects related to the overall objective of these programmes.

426. Measuring the employment impact of SMEs is extremely useful for the formulation of policies and programmes in favour of the SME sector. If impact is measured on a regular basis for various sizes and types of enterprises, and if it is possible to obtain estimates on the effects of SME promotion policies and programmes implemented during previous periods, such measurement could be extremely useful: for adjusting policies and support programmes in line with the characteristics, problems and needs of specific groups or sizes of enterprises and their potential contributions to various socio-economic objectives; for estimating the impact of fiscal and other policies as well as that of regulatory measures on SMEs with a view to determining whether they have achieved their intended impact or whether there is still a need to review and revise them; and for assessing the impact of specific SME support programmes, especially in relation to their cost-effectiveness, outreach and the extent to which they have actually benefited the intended target groups. The measurement of impact raises many known methodological issues. Specialists in this field would be needed for this task. Such measurement would require the active involvement of various government agencies and that of relevant

social partners. These bodies should preferably work under the overall coordination of a committee established by the government for this purpose.

427. Most reports referred only to the employment impact of SMEs, providing statistics on their contributions to job creation by size of enterprise and, for some countries, by SME sector. Very few countries provided information on the contributions of SMEs to GDP or indicated their survival rate. None of the reports provided information on the impact of SME support policies and programmes on their job-creation potential.

428. All the countries that addressed the question emphasized the importance of SMEs in creating new jobs as compared to the larger enterprises. They also indicated that the number of SMEs represents a high to very high proportion of all enterprises. Some countries also indicated that the growth rate of employment in SMEs is usually higher than that in larger enterprises. Information provided by *Canada* indicates that, over the years 1994-2000, the relative contribution of each size of enterprise has varied considerably, and throughout the period each size played a major role in creating jobs at a certain time period. In many countries, the contributions of SMEs to employment, industrial output and exports are significantly greater than that of larger enterprises, even though the contributions of informal sector enterprises are often not included in national statistics. In *China*, there were 35.7 million small enterprises registered in 2000, of which 72 per cent were micro-enterprises with seven or fewer employees. While the number of small enterprises as a proportion of the total number of enterprises has stayed constant at about 98 per cent since 1980, their share of gross national industrial output, employment and exports increased by the year 2000 to, respectively, 77 per cent, 70 per cent and between 40 and 60 per cent.

429. In *Croatia*, 66 per cent of the total number of employees work in SMEs, which have created more than 40,000 new jobs over the past three years. In *Estonia*, 99.4 per cent of all enterprises are SMEs that contribute to over half of the national labour force and two-thirds of jobs in the private sector. During 2000 and 2001, SMEs with up to 249 employees increased the number of their workers, while the larger enterprises (250 or more employees) reduced their workforces. In *India*, the number of workers in the SME sector has grown by 4 per cent over the period from 1997 to 2002.

430. While SMEs create, altogether, more jobs than large enterprises, the net balance of job losses, creation and reallocation can be higher for SMEs than for large enterprises. This is the case in *New Zealand*, although the net employment growth in micro-enterprises (one to five employees) for the year 2001 was higher there (3.4 per cent) than that of the larger firms with over 100 employees (1.1 per cent). Finally, as reported by *Thailand*, the contribution of SMEs to GDP can be relatively less substantial than their contributions to job creation when compared to larger firms.

Chapter V

Involvement of the social partners in the design and implementation of policies

431. The instruments on employment policy and on human resources development both require the consultation of the social partners in the adoption and implementation of the relevant policies and programmes. For its part, Recommendation No. 189 highlights the contribution that could be made by the organizations of employers and workers to the development of SMEs and calls for an improved representation of these enterprises and their workers.

I. Consultations on employment and training policies

432. Under Article 3 of Convention No. 122, representatives of the persons affected by the measures to be taken, and in particular representatives of employers and workers, shall be consulted concerning employment policies, with a view to taking fully into account their experience and views and securing their full cooperation in formulating and enlisting support for such policies.

433. By referring to the “persons affected”, the Convention suggests that, depending on the structure of the economically active population, consideration should be given to the possibility of extending the consultation to representatives of categories that are likely to be affected by employment policy measures, but might not be adequately represented by the employers’ or workers’ organizations. In this connection, when adopting a revised report form on the application of the Convention, the Governing Body included a question on the manner in which representatives of persons working in the rural sector and the informal economy are involved in the consultations.

434. As to the scope of the consultations, it is worth recalling that they should not be limited to employment policy measures in a narrow sense, but should extend to all aspects of economic policy that have an effect on employment. The representative organizations of employers and workers should therefore not be consulted only on labour market or skills training programmes, but their cooperation should also be sought in the framing of more general economic policies that have a bearing on employment promotion.

435. At the same time, it should be borne in mind that this provision requires the consultation of those affected by employment policies, and not necessarily the negotiation of these policies. Although the government must undertake these consultations in good faith and take into account the opinions voiced, it is not required to reach an agreement, since decisions in the area of employment policy ultimately rest with the public authorities.

436. Convention No. 142 also requires the involvement of representatives of employers and workers. In accordance with its Article 5, policies and programmes of vocational guidance and vocational training shall be formulated and implemented in cooperation with employers' and workers' organizations and, as appropriate and in accordance with national law and practice, with other interested bodies.

437. In its comments on the application of both Conventions by countries which have ratified them, the Committee does not fail to emphasize the importance of giving full effect to these important provisions. Although some sort of consultations take place in most countries on employment and training matters, they vary considerably as to their scope and the persons involved. Representative organizations of employers and workers are frequently involved in the design and implementation of training policies and programmes, as well as in the execution of labour market measures, but a tripartite approach to macroeconomic policies is less frequent. In a few countries, however, the Committee has been able to note with interest that employment policies have been developed in the framework of national tripartite agreements. The Committee believes that increased involvement of the representatives of the persons affected is not only essential to ensure the successful implementation of the necessary measures, but can also contribute to improving the quality of social dialogue.

438. In the formulation and planning, and in some cases implementation, of employment and training programmes, there is widespread involvement of employers' and workers' organizations in labour and skills councils, training authorities and in respect of local or sectoral implementation, in regional development agencies and training institutes. Especially at the local or sector levels, it has also become common for other key actors to be involved in employment promotion partnerships.

National level

439. At the national level, the social partners frequently sit on boards or councils dealing with training and/or broader labour and socio-economic issues. In *Thailand*, for example, the social partners are entitled to sit on, amongst other high-level bodies, the National Advisory Council for Labour Development. In *Ethiopia*, a recently established tripartite Labour Advisory Board will be playing an advisory role in the formulation and implementation of policies and programmes. In *Finland*, the social partners are represented in national, regional and local advisory bodies, concerned mainly with the main labour market policy and with employment issues in general, as well as education and training issues. The Tripartite Committee on Labour Policy, which assists the Ministry of Labour, sets out the broad guidelines for employment policy and its implementation and for major development projects.

440. In the *Republic of Moldova*, the Ministry of Labour and Social Protection formulates national employment programmes with the involvement of the relevant ministries, local authorities and the social partners. The national employment programme for the years 2003-05 includes a range of employment promotion and labour market measures, including vocational guidance and training.

441. In *Estonia*, the Ministry of Education prepares the national vocational education and training curricula in cooperation with vocational councils of employers and employees. In December 2000, the Ministers of Education, Social Affairs, Economic Affairs, and representatives of employers' and workers' central organizations, and representatives of the chambers of commerce and industry signed a cooperation agreement for 2001-04. The aim is to ensure that the supply of skilled labour matches labour market needs.

442. In *France*, the social partners participate in working groups on employment and training, which give them an opportunity to express their views when the Government proposes any new action in this field. More specifically, the vocational training policy is established through national interoccupational agreements, the terms of which are generally taken up in the law. In this way, the Bill on lifelong learning, which is currently the subject of consultations with employers' and workers' organizations, should broadly reflect the priorities agreed upon by the social partners in the 2003 Agreement on vocational training.

443. In *Germany*, the tripartite Alliance for Jobs, Training and Competitiveness was established in December 1998. It includes structures for issue-related working groups, as well as for regular high-level conferences among the social partners. In *New Zealand*, consultation with a wide range of stakeholders, including employers' and workers' organizations, is an important part of the policy development process for tertiary education. Recent reviews of youth training and training opportunities, the development of the Tertiary Education Strategy 2002-07, and the review of the industry training scheme have involved these stakeholders. In addition, the board of the Tertiary Education Commission includes a board member from an industry training organization, creating another link between employer interests and tertiary education policy.

444. In *Malaysia*, advisory committees of the Manpower Development Training Institutions are made up of representatives from industry, the private sector and semi-government bodies.

445. In the *Bahamas*, the Local Task Force of the Programme for Management and Labour Cooperation has recently been established. One of its objectives is the formulation and implementation of vocational guidance and training programmes. The Local Task Force, the Joint Tripartite Advisory Committee and the Labour Review Commission are entities currently established to engender participatory social dialogue among the social partners on important economic policies and programmes, as well as other social issues that affect them. The National Tripartite Committee of the Bahamas, in addition to its oversight of the one-stop service centre and skills data bank, will also promote the joint partnership of all stakeholders in the provision of technical and vocational training programmes.

446. In *Lithuania*, the social partners sit on a number of consultative bodies relating to training. At the national level, the Vocational and Education Council, an advisory consultative body to the Ministry of Education and Science and the Ministry of Social Security and Labour, addresses strategic issues of vocational training, and at the ten-county level the social partners are represented on vocational training councils. In addition, the partners are represented on 14 sectoral bodies which act as the principal advisors to the Ministry of Education and Science in enforcing vocational training standards and generating the contents of vocational education and training. At the local level, the social partners participate in the management of training institutions and are involved in activities such as the preparation and updating of curricula and training programmes.

447. In *Oman*, employer and worker representatives sit on more than 17 sectoral-focused committees. Each committee is responsible for a range of labour, training, employment and industrial relations issues pertaining to its sector. The Chamber of Commerce and Industry of Oman and the Employer Council are also represented on a series of councils and committees which formulate employment, education, training and vocational guidance policies and establish the measures and mechanisms for their implementation. In addition, the Manpower Ministry meets regularly with employer councils and professional associations to formulate programmes.

Regional and local levels

448. The social partners are also very much involved at the regional and local levels in relation to education and training in schools and technical institutes. In *Estonia*, the social partners are represented on vocational school councils. In *Lithuania*, they participate in the management of training institutions and are involved in activities such as the preparation and updating of curricula and training programmes.

449. In the *Bahamas*, employers and trade unions work very closely with high schools and the Technical and Vocational Institute and offer financial assistance to workers to pursue courses for their further development and training at the Institute.

450. Increasingly, the social partners are becoming involved in integrated initiatives to promote economic development at the regional, local and sectoral levels. This often involves working in partnership with other key stakeholders, or as partners in coordinated local, regional and sectoral focused development initiatives.

451. In *Australia*, in the State of Queensland, in addition to a ministerial level Advisory Training and Employment Board (with representation of the social partners), and a number of Industry Training Advisory Boards for particular sectors, boards and task forces have been established on a sectoral or spatial basis comprising representatives of state government, industry and workers, and designed to facilitate economic development, and a coordinated approach to improving the skills of the workforce.

452. Within the *United Kingdom*, frameworks for regional employment and skills action have been established in England with sponsorship from the Department of Trade and Industry and the Department for Education and Skills. These are regional frameworks the purpose of which is to draw together all the strategic partners on skills for coordinated action. The partnerships are led by regional development agencies working with their partners in the region (learning skills councils, sector skills councils, the social partners, and others), which come together to pool knowledge and to identify priorities for action on employment and skills. These priorities include meeting the needs of disadvantaged groups in the labour market.

II. Involvement of SME employers and workers and their organizations in the promotion of SMEs

453. Recommendation No. 189 calls upon employers' and workers' organizations to contribute to the development of SMEs in several ways: by articulating to governments the concerns of SMEs and their workers; by participating in councils, task forces and other bodies dealing with important economic and social issues, policies and programmes affecting SMEs; by participating in activities to raise quality and productivity, while promoting ethical standards, gender equality and non-discrimination; and by providing services and advice on workers' rights, labour laws and social protection for workers in SMEs.

Participation of SME workers and employers in workers' and employers' organizations

454. All workers, regardless of the size of their enterprise, should enjoy the same basic right to freedom of association and the right to organize and bargain collectively to

improve the quality of their jobs.¹ In some countries, workers in SMEs have been successful in protecting their rights and improving their situation through membership of various workers' organizations and associations. However, in many other countries, SME workers – particularly those working in micro-enterprises – are rarely members of workers' organizations and have little bargaining power vis-à-vis their employers. The organization of SME workers in associations is difficult for various reasons. These difficulties, although more prominent in the informal economy, also exist in the formal economy and can act as a strong deterrent against workers joining or forming a union out of fear of losing their jobs. Trade unions therefore need to be equipped with the knowledge and skills to reach out to workers in SMEs. Recently, there has been renewed interest in extending outreach. Examples in *South Africa* and *Kenya* clearly show that such an objective can be achieved.

455. In some countries, the establishment of trade unions is permitted at enterprise level, but only in the case of enterprises employing a specific number of employees, which may not be in accordance with the ILO standards and principles on freedom of association. Attempts to accommodate the particular needs of SMEs have led some countries to grant exemptions from the conditions set out in their labour codes. This often results in an increase in the number of workers on precarious contracts.

456. The right to organize of SME employers is equally protected by the standards and principles on freedom of association. In many developing and developed countries, strong organizations of SMEs, including associations of micro-enterprises or artisans, play a useful role in furthering the interests of their members. For example, in *Italy*, the Confederation of Small and Medium-Sized Enterprises, which represents approximately 60,000 enterprises employing over 1 million workers, is heavily involved in improving conditions in SMEs.² Similar examples can be found in other countries.

457. There are, however, large numbers of SMEs that are not members of SME associations or of national employers' organizations. In some cases, this is the result of cultural attitudes that do not favour membership of associations of SMEs. In other cases, small enterprises, particularly micro-enterprises, do not perceive the benefits that could be derived from membership of an association of SMEs. Finally, the smaller enterprises may not feel at ease, or may not be able to afford to associate with the much larger enterprises that are members of employers' organizations. Under these circumstances, the promotion of SME associations and/or encouraging SME owners to join employers' or trade organizations would require two complementary sets of measures. First, employers' organizations, trade associations or chambers of commerce could initiate awareness-raising campaigns among owners of SMEs on the benefits of associating with established organizations and/or in forming new associations. Technical and financial support could also be provided to SMEs interested in forming an association that could represent them in established bodies. Secondly, employers' and trade organizations could review their membership rules and criteria with a view to facilitating membership by SMEs, and particularly the smaller ones.

458. Several reports refer to programmes to encourage workers in SMEs to participate in workers' organizations and/or to encourage SMEs to participate in employers' organizations. Such encouragement can take many forms, and may be provided by the government as well as by employers' and workers' organizations. In a very few cases,

¹ These rights are set out mainly in the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and in the principles of the Committee on Freedom of Association of the ILO Governing Body.

² Support services are provided to SMEs in Italy by the Association of Chambers of Commerce, Industry, Crafts and Agriculture (*Unioncamere*) and the Ministry of Industry, Trade and Crafts.

laws have been enacted that require SME workers and/or SMEs to be members of established organizations. In *Australia*, one of the objectives of the Workplace Relations Act, 1996, is to encourage members to participate in the affairs of employee and employer organizations to which they belong with a view to ensuring that organizations are representative of and accountable to their members.

459. There are many examples of employers' organizations encouraging SMEs to become members. In the *Bahamas*, SMEs are invited by the employers' organization to become members directly or through affiliation. In *Canada*, employers' organizations and sectoral organizations in Manitoba invite broad membership. Information on employers' organizations is also available through business service centres. In *Guatemala*, all SMEs have the opportunity to join the chambers of industry, commerce and construction. In these chambers, they can also group themselves into associations or cooperatives. In *Honduras*, an extensive programme to encourage SMEs to form associations or join an employers' organization includes programmes of technical and financial assistance and awareness-raising about the role of employers' organizations.

460. In many countries, SME workers are also encouraged to form intra-enterprise unions or to join existing unions. In *Estonia*, the role of trade unions in the SME sector is weak and most workers are employed on the basis of individual contracts, although there are plans to improve the situation. In *Honduras*, workers in SMEs are encouraged to organize by facilitating procedures for establishing organizations with a legal constitution and applying for legal personality without cost.

Involvement of workers' and employers' organizations in SME development policies

461. In many countries, employers' and workers' organizations are actively represented in government bodies involved in SME development and are able to influence decisions related to policies and programmes affecting SMEs. However, the information provided in the reports suggests that this is more the case of employers' organizations than that of workers' organizations. In *Canada*, the Canadian Federation of Independent Business represents SMEs in relation to public policy issues such as taxation, labour laws, and public sector spending.

462. The involvement of employers' organizations in government bodies responsible for formulating SME promotion policies and programmes is, in a number of countries, guaranteed by law. This is, for example, the case of *Colombia*, where the law on SMEs specifies that the Minister of Economic Development must invite two representatives of the Micro-enterprise Association and the Small and Medium-Sized Enterprise Association to be permanent members of the relevant council. In *Croatia*, there is significant involvement of employers' and workers' organizations in the formulation of SME policy and programmes. In *Estonia*, the principal mechanism for conducting social dialogue between the Government and entrepreneurs is the SME Advisory Council. The Council consists of selected members of the institutions representing enterprises, the Confederation of Estonian Trade Unions and institutions engaged in supporting enterprises and business education.

Chapter VI

Prospects for ratification and implementation

463. Most of the reports submitted in accordance with article 19 of the Constitution provided information on the prospects for the ratification of the Conventions under review, the obstacles perceived and the assistance from the ILO that might help in overcoming them. Although the survey focuses on Conventions Nos. 122 and 142, useful information was also supplied on the prospects for the ratification of Conventions Nos. 88 and 181.

Conventions Nos. 122 and 142

464. Among the reports from countries that have ratified neither Convention No. 122 nor Convention No. 142, the one from *Kuwait* indicates that provisions of both Conventions conflict with the legislation currently in force. Ratification of these Conventions has yet to be considered in *Benin* and *Namibia*. The Government of *Saint Lucia* states that ratification of Convention No. 122 is not considered a priority. The report from the *United States* indicates that these Conventions have not undergone the necessary tripartite analysis for the Government to determine the feasibility of ratification.

465. Conversely, several reports indicate that even where ratification is not currently contemplated, policies and measures adopted in the national context are broadly in line with the principles set out in the Conventions. According to the Government of *Bahamas*, the objectives, principles and measures contained in current statutes and practices are already operating within the framework of Convention No. 122, and there should be no obstacles to its ratification. The report from *Bahrain* indicates that ratification of both Conventions would be in line with the Government's medium-term agenda of providing meaningful and quality employment to all citizens. It refers in that respect to the national Decent Work Pilot Programme, which includes the goal of the better integration of economic and social policies and the improvement of tripartite arrangements, as well as improved vocational guidance. In *Ghana*, the provisions of the Conventions are reported to be applied adequately in law and practice, and there is no obstacle to the ratification of Convention No. 142. The Government of *Qatar* states that the provisions of Conventions Nos. 122 and 142 are observed in the newly drafted Labour Law. While indicating that their application does not raise problems in terms of law and practice, the report from the *United Arab Emirates* refers to administrative and structural problems which might lead to deferring consideration of ratification, such as the limited capacity of the small body in charge of international labour standards to cope with additional obligations. However, the Government is keen to upgrade that capacity in order to consider new ratifications in the future.

466. The social partners may have differing views on whether ratification is desirable. In *Mauritius*, the Government finds no impediment to the ratification of both Conventions, but the employers consider that the conditions laid down in the instruments are too stringent given the present social and economic development of the country. The Government therefore considers that more intensive consultations on the position of law and practice with regard to the Conventions would be necessary to allow the identification of obstacles, if any, to their ratification. In *Singapore*, the Singapore National Trades Union Congress supports the ratification of Convention No. 122, but the Government's current priority is to study the feasibility of ratifying the ILO's core Conventions, and then to proceed to considering ratification of Conventions Nos. 122 and 142 at the appropriate time.

467. In some countries, recent developments in legislation or policies appear to pave the way for a re-examination of the Conventions, such as in the *Syrian Arab Republic*, where they will be reconsidered in consultation with social partners in the light of recent enactments on employment matters. In *Trinidad and Tobago*, Convention No. 122 is already on the agenda of the "144" Tripartite Committee and, in view of the emphasis now given to Convention No. 142 in connection with employment policy, it will be recommended that it be included on the Committee's agenda and examined along with Convention No. 122.

468. Useful indications were also provided in reports from countries that have ratified one or the other Convention. Among the countries party to Convention No. 122, the Government of *Estonia*, which ratified it in 2003, states that ratification of Convention No. 142 is currently being discussed by the Tripartite Estonian ILO Council. Ratification of Convention No. 142 is also being considered in *Jamaica*. According to the report from *Mozambique*, there is no obstacle to ratification since the provisions of Convention No. 142 are already observed in practice, and the delays in ratification are only due to the workload of the Parliament. The Government of *China* states that it will give active consideration to the ratification of Convention No. 142, while the Government of *India* does not deem it feasible to ratify it at the present stage. It considers that the systematic expansion of vocational training has to be deferred until the different sectors, particularly the rural sector, are better organized and closer coordination is established between the educational activities under the purview of different agencies. In *Panama*, ratification of Convention No. 142 has not yet been considered in view of the budgetary constraints restricting the supply of training.

469. In other countries also, the ratification of Convention No. 142 is subject to the implementation of relevant programmes and reforms. The Government of *Madagascar* reports that, once the current National Employment Development Programme has been completed, it will be in a position to consider ratification of the Convention. In *Morocco*, ratification will be considered as soon as the vocational training system is made fully compliant with the principles of Convention No. 142.

470. As to countries that have ratified Convention No. 142, but not Convention No. 122, the report from *Lithuania* indicates that ratification of the latter has been approved by the Tripartite Board, and that it was due to be referred to Parliament in 2003. The Government of *Argentina* stated that it intended to examine ratification of Convention No. 122. In *Egypt*, it is reported that the provisions of the Convention are applied without difficulty.

471. The report from *Mexico* explains that ratification has not been contemplated in view of discrepancies between the provisions of the Convention and domestic law. According to the Government of *Switzerland*, the detailed information requested on an

unratified instrument is such that it raises concerns as to the restrictions on policy options that would result from ratification.

472. Several reports contain indications of the kind of assistance from the ILO that would most help overcome obstacles to the ratification of the instruments or difficulties in their implementation. The Government of *Burundi*, which is considering ratifying Convention No. 122, would expect the ILO to assist in assessing the employment situation and formulating an employment policy. Youth training in job creation and self-employment, as well as productivity enhancement in SMEs, are mentioned in the report of *Ghana*. In *Malawi*, where the Government is interested, yet hesitant about proceeding to ratification, technical assistance could cover policy formulation, legislation and the drawing up of relevant programmes. The report of *Mozambique* mentions the design of programmes and projects and SME development training as the areas in which ILO assistance would be most valued. In *Nigeria*, where no obstacles to ratification are otherwise identified, assistance in the establishment of an employment data system and capacity building for employment exchanges would be welcome. Training in policy development and action planning, as well as data collection and analysis are mentioned by the Government of *Trinidad and Tobago*, which considers that ILO technical expertise in these fields would provide valuable support to its efforts to promote full, productive and freely chosen employment.

Conventions Nos. 88 and 181

473. Most reporting countries are already parties to the widely ratified Convention No. 88 and their reports did not refer to any specific difficulties in applying it. Among non-ratifying countries, *Croatia* reports that, following recent changes, legal persons other than the Bureau of Employment are now allowed to engage in employment service activities. In this respect, the Committee recalls that Convention No. 88 requires the maintenance of a free public employment service, but not its monopoly on activities relating to job placement.

474. According to the report from *Qatar*, although it has not ratified the Convention, the operation of employment services in the country is guided by the provisions of Convention No. 88. In *Trinidad and Tobago*, it is also reported that the activities of the public employment service are conducted in keeping with the provisions of Convention No. 88. Ratification may be considered in *Malawi*.

475. In contrast, several reports refer to aspects of national policy, law and practice that are perceived as obstacles to the ratification and implementation of Convention No. 181. In some instances, the very subject of the Convention may not be consonant with the Government's policy of not allowing the operation of private employment agencies, as in *Cuba* and the *Syrian Arab Republic*.¹

476. *Austria* does not plan to ratify Convention No. 181, since the protection of workers is spelled out much more precisely in national law, which fundamentally deviates in its approach from the Convention.² In *Sweden*, after thorough consultations with the employers' and workers' organizations, it was not found possible to ratify Convention No. 181.

¹ Both countries have ratified the Fee-Charging Employment Agencies Convention (Revised), 1949 (No. 96), of which they have accepted Part II (Progressive abolition of fee-charging employment agencies conducted with a view to profit and regulation of other agencies).

² In addition, the Government considers that essential elements, such as the protection against placement in positions detrimental to health, or the ban on placement in companies affected by strikes or lock-out, are resolved in an unsatisfactory manner in the Convention when compared with the Austrian legislation.

477. In a number of countries, the provision in Convention No. 181 preventing private employment agencies from charging fees or costs to workers appears to be considered as a major obstacle to ratification. The report from *Canada* indicates that, while the national situation is compatible in many respects with the requirements of the Convention, there remain differences with its provisions on the definition of private employment agencies and the charging of fees to jobseekers. The Government of *India* refers to its statement to the Parliament when submitting the 1997 instruments, which concluded that the country was not in a position to meet the requirements of the Convention regarding the prohibition of charging fees to workers.³ The Government of the *Republic of Korea* reviewed the possibility of ratifying the Convention and concluded that it would be difficult, since the provision stipulating that employment agencies shall not charge commission to workers runs counter to the provisions of the Employment Security Act. Recalling that its policy is not to ratify a Convention unless national law and practice fully comply with its provisions, or the Convention allows the relevant exceptions, the Government of *New Zealand* does not propose to ratify the Convention because it would be unable to meet its specific requirements with regard in particular to the prohibition of fees being charged to workers. In addition, it is not considered necessary to regulate in this area since a free employment service is provided. In *Switzerland*, it was found at the time of its submission to the competent authorities that the Convention was not compatible with the provision of the Employment Service Act allowing the private agent to charge registration and placement fees to the worker.

478. In that respect, the Committee wishes to draw attention to the flexibility allowed by the relevant provisions of Convention No. 181. Although it prohibits the charging to workers of fees or costs, the Convention leaves the possibility to the ratifying State, where it is in the interest of the workers concerned and after consultation of the most representative organizations of employers and workers, of authorizing exceptions to this prohibition in respect of certain categories of workers, as well as specified types of services provided by private employment agencies. Bearing in mind the built-in flexibility of the Convention, as well as its importance for the protection of workers' rights in the operation of private employment agencies, the Committee encourages a further tripartite consideration of its ratification prospects in the national context.

479. For its part, the Government of the *United Kingdom* endorses in general the content of the Convention and welcomes its underlying aim, which broadly accords with its own approach to regulation in seeking to provide fair treatment to all workers. It does not believe that ratification will result in significant additional cost to the industry. Subject to further examination of certain aspects, the Government intends to ratify the Convention. In *Poland*, a comparative analysis carried out recently shows that the legislation does not fulfil all the requirements of the Convention. The alignment of the legislation in this regard was therefore included in the Programme of Cooperation with the ILO for 2002-03, and it is assumed that results of this cooperation will allow for the ratification of Convention No. 181.

480. The ratification of Convention No. 181 is also being considered by the Government of *Bulgaria*. In *Estonia*, it is currently on the agenda of the Tripartite Estonian ILO Council. The report of *Ghana* indicates that, with the enactment of a Labour Bill allowing the operation of private employment agencies, ratification is foreseeable.

³ In that statement, the Government referred in particular to the operation of private employment agencies governed by the Emigration Act, 1983, to consider that charging fees for providing certain services is unavoidable, and that over-regulation in that respect would be counterproductive as it would only add to the burden of jobseekers and increase corruption.

481. *Suriname* is in the process of ratifying the Convention, which has already been brought before the State Council. In *Lithuania*, where the Employment Improvement Programme 2001-04 provides that private employment agencies must be regulated in accordance with Convention No. 181, its ratification has been approved by the Tripartite Board and was due to be referred to Parliament in 2003.

Final remarks

482. The Committee welcomes the decision by the Governing Body that its request for reports under article 19 of the Constitution should cover the instruments on employment promotion, thereby affording an opportunity to the bodies supervising the application of standards to contribute to any forthcoming general discussion based on an integrated approach on the theme of employment. The Committee considers in this respect that it was appropriate to provide it with the opportunity of examining in the same survey not only the effect given to the 1964 and 1984 instruments on employment policy, but also the aspects of Convention No. 142 and Recommendation No. 189 relating to the promotion of full, productive and freely chosen employment.

483. The Committee believes that with the expected adoption in 2004 of a new Recommendation on human resources development and training, the Organization should have a full, coherent and up-to-date set of standards to guide member States in the implementation of the relevant policies, as well as the Office in its operational activities in support of these policies.

484. This examination of national practice confirms the many close links between the instruments on employment policy, human resources development and the creation of employment in small and medium-sized enterprises. In most countries, pursuit of the objective of full, productive and freely chosen employment involves, among other measures, the implementation of policies to achieve a constant improvement in the skills of the population of active age through the development of open, flexible and complementary systems of initial and further education and training available to all women and men, as envisaged by Convention No. 142. Furthermore, the attention paid to the role of small and medium-sized enterprises in the creation of quality jobs often leads to the establishment of a political and legal framework that is conducive to their development, as advocated by Recommendation No. 189.

485. The field of employment also appears to be one of those in which the interaction between the Organization's standards-related and practical activities is particularly productive. It was the intensification of activities in support of job creation in newly independent countries that led to the adoption in 1964 of a Convention setting forth the general principles of employment policy and specifying the mandate conferred upon the ILO in this field by its Constitution. The implementation of its technical cooperation programme of employment promotion then allowed the Organization to identify the emergence of a number of essential factors and to advocate, in a supplementary instrument, more effective ways of taking into account, for example, the situation of the informal economy and the role of international economic cooperation in the context of structural adjustment. Similarly, the growing volume of the ILO's practical activities in a field that was only partially covered by sectoral standards led directly to the adoption of the 1975 instruments on vocational guidance and training. More recently, it was largely because the approach endorsed by Recommendation No. 150 no longer provided a relevant reference point for technical advisory and cooperation activities that it was decided to replace it by a new instrument. The ILO's activities to promote the

development of small and medium-sized enterprises also broadly inspired the provisions of Recommendation No. 189, which are intended to guide member States in the adoption of measures of proven effectiveness. This series of instruments now provides normative reference points for the Global Employment Agenda, which guides the ILO's technical analysis, advisory and cooperation activities in the field of employment.

486. The Committee recognizes that to achieve the goal of full, productive and freely chosen employment, more and better jobs must be created. It therefore welcomes the efforts of the member States to encourage new business formation and expansion. The Committee highlights the need for more countries to undertake efforts, as some already do, to provide a more supportive environment for enterprises, in particular SMEs, including through the reduction of the costs of registration and licensing, the upgrading of basic infrastructure, and the upholding of the rule of law.

487. Based on its examination of the reports it had before it for its General Survey, the Committee observes that the validity of the objective of full, productive and freely chosen employment is almost universally acknowledged and that most countries indicate that they have adopted policies designed to pursue this objective in its three dimensions. At the same time, however, the Committee is bound to note the persistence of limitations in relation to the full implementation of the principles set forth in these instruments. These limitations relate in particular to the integration of employment objectives as priorities in overall economic and social policies, the insufficient attention paid to evaluating the results of employment policy and to the varying degrees of involvement of the social partners in these policies.

488. The objective of full, productive and freely chosen employment unquestionably requires its incorporation as a priority, as part of a coordinating strategy, in all economic and social policies. In the context of its supervision of the application of Convention No. 122 by the countries which have ratified it, the Committee has consistently pointed out that it is particularly important to place employment promotion as a central objective in *all* macroeconomic policy-making, including monetary, financial, trade and development policies. In this respect, the Committee considers that the emphasis that is currently being placed on structural reform with a view to achieving more flexible markets, including the labour market, in the context of the globalized economy, should not be allowed to detract from the important role that can still be played by shorter term policy measures to promote economic activity that creates employment.

489. The Committee further notes the growing recognition among international institutions involved in macroeconomic and development policies that, while the task of achieving harmony among these policies at the national level falls primarily on governments, action at the national level alone is insufficient to address the challenge of achieving full employment. International coordination is therefore a necessary and important element in increasing the effectiveness of national policies.

490. The Committee observes that when employment objectives appear to be inadequately reflected in overall economic and social policies, it may be because they have been considered as an after-thought. The Committee considers that it is essential from the outset for employment objectives to be included "as a major goal" in the formulation of economic and social policy if these objectives are truly to be an integral part of the policies that are adopted. Moreover, early consideration of how best to achieve employment objectives facilitates the design of a coordinated framework for implementing these policies. The Committee encourages governments, in consultation with the social partners, to ensure that the competent authorities responsible for other policy areas are aware of their obligation to consider employment objectives when formulating economic and social policy.

491. Moreover, it sometimes appears that insufficient attention is paid to evaluating the results of labour market, training and SME policies. This inadequacy may be related to the difficulties encountered in certain countries in the compilation and analysis of relevant data on employment in light of trends in relation with global demand. The reinforcement of labour market information capacities would appear to be an essential prerequisite in such countries for the adoption of correctly targeted measures, the results of which can be evaluated. The Committee notes that few member States reported on mechanisms established to monitor progress once economic and social policies have been approved. Similarly, few reports mentioned the use of data as the basis for formulating changes in policy. The Committee highlights the need to monitor progress and to analyse data, as even the best-designed policies can have unexpected effects, can become outdated due to changing circumstances, or may need to be modified to achieve maximum benefit.

492. The Committee notes that in the past decade there has been a growth in international trade and a greater role for the multilateral trade system, including global organizations, regional trade associations and bilateral trade agreements. Whatever the longer term impact of these developments, it is apparent that in the short term individual countries may experience sudden shifts in employment patterns as a consequence of changing trade patterns. As such, the need to analyse data and to monitor trends on a continuous basis is critical for it permits governments and their social partners to anticipate labour market repercussions and to have the capacity to respond rapidly to sharp changes in employment.

493. The Committee observes that the Employment Policy Convention, 1964 (No. 122), imposes a legal obligation on the ratifying State to pursue an active policy designed to promote full, productive and freely chosen employment. The Committee points out that while Convention No. 122 does not dictate a result in terms of employment levels, it does mandate a process for developing and actively pursuing this policy. In this regard, the Committee notes the uneven levels of compliance with the provisions of the instruments calling for consultation with all the persons affected, and in particular the representatives of employers and workers, in the formulation and implementation of employment and training policies. In particular, the participation of persons working in the rural sector and the informal economy in the implementation of measures is still very uncommon. Moreover, the involvement of employers and workers in SMEs in the formulation and implementation of SME support measures is still inadequate in many countries. The Committee considers in this respect that it is the joint responsibility of governments and the representative organizations of employers and workers to ensure that representatives of the most vulnerable and marginalized groups of the active population are associated as closely as possible with the formulation and implementation of measures of which they should be the prime beneficiaries.

494. In the view of the Committee, priority could be given to these aspects in an increased effort by the ILO to provide technical assistance. For its part, the Committee intends to continue contributing to the improved understanding and application of the instruments through the pursuit of its regular dialogue with the countries that have ratified one or other of these Conventions. In this respect, it suggests that the adoption by the Governing Body of new report forms on the application of Conventions Nos. 122 and 142, reflecting more closely the interdependence of the instruments on employment promotion, including Recommendation No. 189, would reinforce the pertinence of this dialogue for the Organization's activities in the field of employment, while at the same time facilitating the task of governments and the supervisory bodies.

495. By making the essential objective of full, productive and freely chosen employment central to all economic and social policies – as is also the chief intent of the Global Employment Agenda – the instruments under examination have a critical role to play in combating poverty and promoting social cohesion. While leaving great latitude to Members in the choice of the measures to be taken, these instruments embody the conviction that broad social dialogue is the best guarantee of the effectiveness of employment policies. They are therefore closely related to the mandate of the Organization and its tripartite approach to achieving the objective of decent work for all women and men. The Committee notes that the ILO's core mandate since its founding, embodied in the recognition that true social stability and progress are built on a foundation of full, productive and freely chosen employment, has proven to be of enduring value.

Appendix I

Text of the instruments reviewed by the survey

Convention No. 122

Convention concerning Employment Policy *

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Forty-eighth Session on 17 June 1964, and

Considering that the Declaration of Philadelphia recognises the solemn obligation of the International Labour Organisation to further among the nations of the world programmes which will achieve full employment and the raising of standards of living, and that the Preamble to the Constitution of the International Labour Organisation provides for the prevention of unemployment and the provision of an adequate living wage, and

Considering further that under the terms of the Declaration of Philadelphia it is the responsibility of the International Labour Organisation to examine and consider the bearing of economic and financial policies upon employment policy in the light of the fundamental objective that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”, and

Considering that the Universal Declaration of Human Rights provides that “everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment”, and

Noting the terms of existing international labour Conventions and Recommendations of direct relevance to employment policy, and in particular of the Employment Service Convention and Recommendation, 1948, the Vocational Guidance Recommendation, 1949, the Vocational Training Recommendation, 1962, and the Discrimination (Employment and Occupation) Convention and Recommendation, 1958, and

Considering that these instruments should be placed in the wider framework of an international programme for economic expansion on the basis of full, productive and freely chosen employment, and

Having decided upon the adoption of certain proposals with regard to employment policy, which are included in the eighth item on the agenda of the session, and

* Ed.: This Convention came into force on 15 July 1966.

Having determined that these proposals shall take the form of an international Convention,

adopts this ninth day of July of the year one thousand nine hundred and sixty-four the following Convention, which may be cited as the Employment Policy Convention, 1964:

Article 1

1. With a view to stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment, each Member shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment.

2. The said policy shall aim at ensuring that –

- (a) there is work for all who are available for and seeking work;
- (b) such work is as productive as possible;
- (c) there is freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in, a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin.

3. The said policy shall take due account of the stage and level of economic development and the mutual relationships between employment objectives and other economic and social objectives, and shall be pursued by methods that are appropriate to national conditions and practices.

Article 2

Each Member shall, by such methods and to such extent as may be appropriate under national conditions –

- (a) decide on and keep under review, within the framework of a co-ordinated economic and social policy, the measures to be adopted for attaining the objectives specified in Article 1;
- (b) take such steps as may be needed, including when appropriate the establishment of programmes, for the application of these measures.

Article 3

In the application of this Convention, representatives of the persons affected by the measures to be taken, and in particular representatives of employers and workers, shall be consulted concerning employment policies, with a view to taking fully into account their experience and views and securing their full co-operation in formulating and enlisting support for such policies.

Article 4

The formal ratifications of this Convention shall be communicated to the Director-General of the International Labour Office for registration.

Article 5

1. This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Director-General.

2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Director-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

Article 6

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

Article 7

1. The Director-General of the International Labour Office shall notify all Members of the International Labour Organisation of the registration of all ratifications and denunciations communicated to him by the Members of the Organisation.

2. When notifying the Members of the Organisation of the registration of the second ratification communicated to him, the Director-General shall draw the attention of the Members of the Organisation to the date upon which the Convention will come into force.

Article 8

The Director-General of the International Labour Office shall communicate to the Secretary-General of the United Nations for registration in accordance with Article 102 of the Charter of the United Nations full particulars of all ratifications and acts of denunciation registered by him in accordance with the provisions of the preceding Articles.

Article 9

At such times as it may consider necessary the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall examine the desirability of placing on the agenda of the Conference the question of its revision in whole or in part.

Article 10

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides –

- (a) the ratification by a Member of the new revising Convention shall ipso jure involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 6 above, if and when the new revising Convention shall have come into force;
- (b) as from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

Article 11

The English and French versions of the text of this Convention are equally authoritative.

Recommendation No. 169

Recommendation concerning Employment Policy

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Seventieth Session on 6 June 1984, and

Noting the existing international standards contained in the Employment Policy Convention and Recommendation, 1964, as well as in other international labour instruments relating to certain categories of workers, in particular the Workers with Family Responsibilities Convention and Recommendation, 1981, the Older Workers Recommendation, 1980, the Migration for Employment Convention and Recommendation (Revised), 1949, the Migrant Workers (Supplementary Provisions) Convention, 1975, and the Migrant Workers Recommendation, 1975,

Recalling the responsibility of the International Labour Organisation, resulting from the Declaration of Philadelphia, to examine and consider the bearing of economic and financial policies upon employment policy in the light of the fundamental objective that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”,

Recalling that the International Covenant on Economic, Social and Cultural Rights, adopted by the United Nations General Assembly in 1966, provides for the recognition of inter alia “the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts”, and for the taking of appropriate steps to achieve progressively the full realisation of, and to safeguard, this right,

Recalling also the provisions of the Convention on the Elimination of All Forms of Discrimination against Women, adopted by the United Nations General Assembly in 1979,

Recognising, in the light of increasing interdependence within the world economy and of low economic growth rates in recent years, the need to coordinate economic, monetary and social policies at the national and international levels, to strive for the reduction of disparities between developed and developing countries and for the establishment of the new international economic order, in order to make the fullest possible use of resources for development and for the creation of employment opportunities, and thus to combat unemployment and underemployment,

Noting the deterioration of employment opportunities in most industrialised and developing countries and expressing the conviction that poverty, unemployment and inequality of opportunity are unacceptable in terms of humanity and social justice, can provoke social tension and thus create conditions which can endanger peace and prejudice the exercise of the right to work, which includes free choice of employment, just and favourable conditions of work and protection against unemployment,

Considering that the Employment Policy Convention and Recommendation, 1964, should be placed in the wider framework of the Declaration of Principles and Programme of Action adopted in 1976 by the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour, and of the resolution concerning follow-up to the World Employment Conference adopted by the International Labour Conference in 1979,

Having decided upon the adoption of certain proposals with regard to employment policy which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation supplementing the Employment Policy Convention and Recommendation, 1964, adopts this twenty-sixth day of June of the year one thousand nine hundred and eighty-four the following Recommendation, which may be cited as the Employment Policy (Supplementary Provisions) Recommendation, 1984:

I. GENERAL PRINCIPLES OF EMPLOYMENT POLICY

1. The promotion of full, productive and freely chosen employment provided for in the Employment Policy Convention and Recommendation, 1964, should be regarded as the means of achieving in practice the realisation of the right to work.

2. Full recognition by Members of the right to work should be linked with the implementation of economic and social policies, the purpose of which is the promotion of full, productive and freely chosen employment.

3. The promotion of full, productive and freely chosen employment should be the priority in, and an integral part of, economic and social policies of Members and, where appropriate, their plans for the satisfaction of the basic needs of the population.

4. Members should give special attention to the most efficient means of increasing employment and production and draw up policies and, if appropriate, programmes designed to facilitate the increased production and fair distribution of essential goods and services and the fair distribution of income throughout the country, with a view to satisfying the basic needs of the population in accordance with the Declaration of Principles and Programme of Action of the World Employment Conference.

5. In accordance with national practice, the policies, plans and programmes referred to in Paragraphs 3 and 4 of this Recommendation should be drawn up and implemented in consultation and co-operation with the organisations of employers and workers and other organisations representative of the persons concerned, particularly those in the rural sector covered by the Rural Workers' Organisations Convention and Recommendation, 1975.

6. Economic and financial policies, at both the national and international levels, should reflect the priority to be attached to the goals referred to in Paragraphs 3 and 4 of this Recommendation.

7. The policies, plans and programmes referred to in Paragraphs 3 and 4 of this Recommendation should aim at eliminating any discrimination and ensuring for all workers equal opportunity and treatment in respect of access to employment, conditions of employment, wages and income, vocational guidance and training and career development.

8. Members should take measures to combat effectively illegal employment, that is employment which does not comply with the requirements of national laws, regulations and practice.

9. Members should take measures to enable the progressive transfer of workers from the informal sector, where it exists, to the formal sector to take place.

10. Members should adopt policies and take measures which, while taking account of national law and practice, should –

- (a) facilitate adjustment to structural change at the global, sectoral and enterprise levels and the re-employment of workers who have lost their jobs as a result of structural and technological changes; and
- (b) safeguard the employment or facilitate the re-employment of workers affected in the case of sale, transfer, closure or relocation of a company, establishment or equipment.

11. In accordance with national law and practice, the methods of giving effect to employment policies might include negotiating collective agreements on questions having a bearing on employment such as –

- (a) the promotion and safeguarding of employment;
- (b) the economic and social consequences of restructuring and rationalisation of branches of economic activity and undertakings;
- (c) the reorganisation and reduction of working time;
- (d) the protection of particular groups; and
- (e) information on economic, financial and employment issues.

12. Members should, after consultation with the organisations of employers and workers, take effective measures to encourage multinational enterprises to undertake and promote in particular the employment policies set forth in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 1977, and to ensure that negative effects of the investments of multinational enterprises on employment are avoided and that positive effects are encouraged.

13. In view of increasing interdependence within the world economy, Members should, in addition to the measures taken at the national level, strengthen international co-operation in order to ensure the success of the fight against unemployment.

II. POPULATION POLICY

14. (1) While ensuring that sufficient employment opportunities exist, development and employment policies might, where appropriate and in accordance with national law and practice, include population policies and programmes designed to ensure promotion of family welfare and family planning through programmes of information and voluntary education on population issues.

(2) Members, particularly developing countries, in collaboration with both national and international non-governmental organisations might –

- (a) pay particular attention in their population policies and programmes to educating actual and potential parents on the benefits of family planning;
- (b) in rural areas, increase the number of health facilities and community centres offering family planning services and the number of trained personnel to provide these services; and
- (c) in urban areas, pay particular attention to the urgent need to develop appropriate infrastructures and improve living conditions, especially in slum areas.

III. EMPLOYMENT OF YOUTH AND DISADVANTAGED GROUPS AND PERSONS

15. In the context of an overall employment policy, Members should adopt measures to respond to the needs of all categories of persons frequently having difficulties in finding lasting employment, such as certain women, certain young workers, disabled persons, older workers, the long-term unemployed and migrant workers lawfully within their territory. These measures should be consistent with the provisions of international labour Conventions and Recommendations relating to the employment of these groups and with the conditions of employment established under national law and practice.

16. While taking account of national conditions and in accordance with national law and practice, the measures referred to in Paragraph 15 of this Recommendation might include, inter alia –

- (a) general education accessible to all and vocational guidance and training programmes to assist these persons to find work and to improve their employment opportunities and their income;

- (b) the creation of a training system linked with both the educational system and the world of work;
- (c) counselling and employment services to assist individuals to enter the labour market and to help them to find employment which corresponds to their skills and aptitudes;
- (d) programmes which create gainful employment in specific regions, areas or sectors;
- (e) programmes of adjustment to structural change;
- (f) measures of continuing training and retraining;
- (g) measures of vocational rehabilitation;
- (h) assistance for voluntary mobility; and
- (i) programmes for the promotion of self-employment and workers' co-operatives.

17. (1) Other special measures should be taken for young people. In particular –

- (a) public and private institutions and undertakings should be encouraged to engage and to train young people by means appropriate to national conditions and practice;
- (b) although priority should be given to integrating young persons into regular employment, special programmes might be set up with a view to employing young people on a voluntary basis for the execution of community projects, in particular local projects having a social character, bearing in mind the provisions of the Special Youth Schemes Recommendation, 1970;
- (c) special programmes should be set up in which training and work alternate so as to assist young people in finding their first job;
- (d) training opportunities should be adapted to technical and economic development and the quality of training should be improved;
- (e) measures should be taken to ease the transition from school to work and to promote opportunities for employment on completion of training;
- (f) research on employment prospects should be promoted as a basis for a rational vocational training policy; and
- (g) the safety and health of young workers should be protected.

(2) The measures referred to in subparagraph (1) of this Paragraph should be carefully monitored to ensure that they result in beneficial effects on young people's employment.

(3) These measures should be consistent with the provisions of international labour Conventions and Recommendations relating to the employment of young persons and with the conditions of employment established under national law and practice.

18. Incentives appropriate to national conditions and practice might be provided in order to facilitate the implementation of the measures referred to in Paragraphs 15 to 17 of this Recommendation.

19. In accordance with national law and practice, full and timely consultations should be held on the formulation, application and monitoring of the measures and programmes referred to in Paragraphs 15 to 18 of this Recommendation between the competent authorities and the organisations of employers and workers and other organisations concerned.

IV. TECHNOLOGY POLICIES

20. One of the major elements of national development policy should be to facilitate the development of technology as a means of increasing productive potential and achieving the major development objectives of creation of employment opportunities and the satisfaction of basic needs. Technology policies should, taking into account the stage of economic

development, contribute to the improvement of working conditions and reduction of working time, and include measures to prevent loss of jobs.

21. Members should –

- (a) encourage research on the selection, adoption and development of new technologies and on their effects on the volume and structure of employment, conditions of employment, training, job content and skill requirements; and
- (b) encourage research on the technologies most appropriate to the specific conditions of countries, by ensuring the involvement of independent research institutes.

22. Members should endeavour to ensure by appropriate measures –

- (a) that the education and training systems, including schemes for retraining, offer workers sufficient opportunities for adjusting to altered employment requirements resulting from technological change;
- (b) that particular attention is given to the best possible use of existing and future skills; and
- (c) that negative effects of technological changes on employment, working and living conditions and on occupational safety and health are eliminated to the extent possible, in particular through the incorporation of ergonomic, safety and health considerations at the design stage of new technologies.

23. Members should, through all methods suited to national conditions and practice, promote the use of appropriate new technologies and assure or improve liaison and consultation between the different units and organisations concerned with these questions and the representative organisations of employers and workers.

24. The organisations of employers and workers concerned and undertakings should be encouraged to assist in the dissemination of general information on technological choices, in the promotion of technological linkages between large-scale and small-scale undertakings and in the setting up of relevant training programmes.

25. In accordance with national practice, Members should encourage employers' and workers' organisations to enter into collective agreements at national, sectoral or undertaking levels on the social consequences of the introduction of new technologies.

26. Members should, as far as possible and in accordance with national law and practice, encourage undertakings, when introducing into their operations technological changes which are liable to have major effects upon workers in the undertaking –

- (a) to associate workers and/or their representatives in the planning, introduction and use of new technologies, that is to inform them of the opportunities offered by and the effects of such new technologies and to consult them in advance with a view to arriving at agreements;
- (b) to promote a better organisation of working time and a better distribution of employment;
- (c) to prevent and mitigate to the greatest extent practicable any adverse effects of the technological changes on workers; and
- (d) to promote investments in technology that would encourage, directly or indirectly, the creation of employment and contribute to a progressive increase in production and the satisfaction of the basic needs of the population.

V. INFORMAL SECTOR

27. (1) National employment policy should recognise the importance as a provider of jobs of the informal sector, that is economic activities which are carried on outside the institutionalised economic structures.

(2) Employment promotion programmes should be elaborated and implemented to encourage family work and independent work in individual workshops, both in urban and rural areas.

28. Members should take measures to promote complementary relationships between the formal and informal sectors and to provide greater access of undertakings in the informal sector to resources, product markets, credit, infrastructure, training facilities, technical expertise and improved technologies.

29. (1) While taking measures to increase employment opportunities and improve conditions of work in the informal sector, Members should seek to facilitate its progressive integration into the national economy.

(2) Members should take into account that integration of the informal sector into the formal sector may reduce its ability to absorb labour and generate income. Nevertheless, they should seek progressively to extend measures of regulation to the informal sector.

VI. SMALL UNDERTAKINGS

30. National employment policy should take account of the importance of small undertakings as providers of jobs, and recognise the contribution of local employment creation initiatives to the fight against unemployment and to economic growth. These undertakings, which can take diverse forms, such as small traditional undertakings, co-operatives and associations, offer employment opportunities, especially for workers who have particular difficulties.

31. After consultation and in co-operation with employers' and workers' organisations, Members should take the necessary measures to promote complementary relationships between the undertakings referred to in Paragraph 30 of this Recommendation and other undertakings, to improve working conditions in these undertakings, and to improve their access to product markets, credit, technical expertise and advanced technology.

VII. REGIONAL DEVELOPMENT POLICIES

32. In accordance with national law and practice, Members should recognise the importance of balanced regional development as a means of mitigating the social and employment problems created by the unequal distribution of natural resources and the inadequate mobility of the means of production, and of correcting the uneven spread of growth and employment between regions and areas within a country.

33. Measures should be taken, after consultation and in co-operation with the representatives of the populations concerned and in particular with the organisations of employers and workers, with a view to promoting employment in underdeveloped or backward areas, declining industrial and agricultural areas, frontier zones and, in general, parts of the country which have not benefited satisfactorily from national development.

34. Taking account of national conditions and of each Member's plans and programmes, the measures referred to in Paragraph 33 of this Recommendation might include, inter alia –

- (a) creating and developing growth poles and growth centres with good prospects for generating employment;
- (b) developing and intensifying regional potential taking into account the human and natural resources of each region and the need for coherent and balanced regional development;
- (c) expanding the number and size of medium-sized and small towns in order to counterbalance the growth of large cities;
- (d) improving the availability and distribution of and access to essential services required for meeting basic needs;

- (e) encouraging the voluntary mobility of workers within each region and between different regions of the country by appropriate social welfare measures, while making an effort to promote satisfactory living and working conditions in their areas of origin;
- (f) investing in improvements to the regional infrastructures, services and administrative structures, including the allocation of the necessary staff and the provision of training and retraining opportunities; and
- (g) promoting the participation of the community in the definition and implementation of regional development measures.

VIII. PUBLIC INVESTMENT AND SPECIAL PUBLIC WORKS PROGRAMMES

35. Members might implement economically and socially viable public investment and special public works programmes, particularly with a view to creating and maintaining employment and raising incomes, reducing poverty and better meeting basic needs in areas of widespread unemployment and underemployment. Such programmes should, where possible and appropriate –

- (a) pay special attention to the creation of employment opportunities for disadvantaged groups;
- (b) include rural and urban infrastructure projects as well as the construction of facilities for basic-needs satisfaction in rural, urban and suburban areas, and increased productive investments in sectors such as energy and telecommunications;
- (c) contribute to raising the standard of social services in fields such as education and health;
- (d) be designed and implemented within the framework of development plans where they exist and in consultation with the organisations of employers and workers concerned;
- (e) identify the persons whom the programmes are to benefit, determine the available manpower and define the criteria for project selection;
- (f) ensure that workers are recruited on a voluntary basis;
- (g) ensure that manpower is not diverted from other productive activities;
- (h) provide conditions of employment consistent with national law and practice, and in particular with legal provisions governing access to employment, hours of work, remuneration, holidays with pay, occupational safety and health and compensation for employment injuries; and
- (i) facilitate the vocational training of workers engaged in such programmes as well as the retraining of those who, because of structural changes in production and employment, have to change their jobs.

IX. INTERNATIONAL ECONOMIC CO-OPERATION AND EMPLOYMENT

36. Members should promote the expansion of international trade in order to help one another to attain employment growth. To this end, they should co-operate in international bodies which are engaged in facilitating sustainable and mutually beneficial increases in international trade, technical assistance and investment.

37. Bearing in mind their responsibilities in relation to other competent international bodies Members should, with a view to ensuring the effectiveness of employment policies, adopt the following objectives:

- (a) to promote the growth of production and world trade in conditions of economic stability and growing employment, within the context of international co-operation for development and on the basis of equality of rights and mutual advantage;

- (b) to recognise that the interdependence between States, resulting from the increasing integration of the world economy, should help to create a climate in which States can, wherever appropriate, define joint policies designed to promote a fair distribution of the social costs and benefits of structural adjustment as well as a fairer international distribution of income and wealth, in such a way as to enable developing countries to absorb the increase in their labour force, and the developed countries to raise their levels of employment and reduce the adjustment cost for the workers concerned;
- (c) to co-ordinate national policies concerning trade and structural change and adjustment so as to make possible a greater participation of developing countries in world industrial production within an open and fair world trading system, to stabilise commodity prices at remunerative levels which are acceptable to both producers and consumers, and to encourage investment in the production and processing of commodities in developing countries;
- (d) to encourage the peaceful resolution of disputes among nations and negotiated arms reduction agreements which will achieve security for all nations, as well as the progressive transfer of expenditure on armaments and the reconversion of the armaments industry to the production of essential goods and services, especially those which satisfy the basic needs of the population and the needs of developing countries;
- (e) to seek agreement on concerted action at the international level with a view to improving the international economic system, especially in the financial sphere, so as to promote employment in developed as well as developing countries;
- (f) to increase mutual economic and technical co-operation, especially between countries at different levels of economic development and with different social and economic systems, through exchange of experience and the development of complementary capacities, particularly in the fields of employment and human resources and the choice, development and transfer of technology in accordance with mutually accepted law and practice concerning private property rights;
- (g) to create conditions for sustained, non-inflationary growth of the world economy, and for the establishment of an improved international monetary system which would lead to the establishment of the new international economic order; and
- (h) to ensure greater stability in exchange rates, a reduction of the debt burden of developing countries, the provision of long-term, low-cost financial assistance to developing countries and the adoption of adjustment policies which promote employment and the satisfaction of basic needs.

38. Members should –

- (a) promote the transfer of technologies with a view to enabling developing countries to adopt, on fair and reasonable commercial terms, those which are most appropriate for the promotion of employment and the satisfaction of basic needs; and
- (b) take appropriate measures for the creation and maintenance of employment and for the provision of training and retraining opportunities. Such measures might include the establishment of national, regional or international readjustment funds for the purpose of assisting in the positive adjustment of industries and workers affected by changes in the world economy.

X. INTERNATIONAL MIGRATION AND EMPLOYMENT

39. Members, taking account of international labour Conventions and Recommendations on migrant workers, should, where international migration takes place, adopt policies designed –

- (a) to create more employment opportunities and better conditions of work in countries of emigration so as to reduce the need to migrate to find employment; and

- (b) to ensure that international migration takes place under conditions designed to promote full, productive and freely chosen employment.

40. Members which habitually or repeatedly admit significant numbers of foreign workers with a view to employment should, when such workers come from developing countries, endeavour to co-operate more fully in the development of such countries, by appropriate intensified capital movements, the expansion of trade, the transfer of technical knowledge and assistance in the vocational training of local workers, in order to establish an effective alternative to migration for employment and to assist the countries in question in improving their economic and employment situation.

41. Members which habitually or repeatedly experience significant outflows of their nationals for the purpose of employment abroad should, provided that such measures are not inconsistent with the right of everyone to leave any country including his own, take measures by means of legislation, agreements with employers' and workers' organisations, or in any other manner consistent with national conditions and practice, to prevent malpractices at the stage of recruitment or departure liable to result in illegal entry to, or stay or employment in, another country.

42. Developing emigration countries, in order to facilitate the voluntary return of their nationals who possess scarce skills, should –

- (a) provide the necessary incentives; and
- (b) enlist the co-operation of the countries employing their nationals as well as of the International Labour Office and other international or regional bodies concerned with the matter.

43. Members, both countries of employment and countries of origin, should take appropriate measures to –

- (a) prevent abuse in the recruitment of labour for work abroad;
- (b) prevent the exploitation of migrant workers; and
- (c) ensure the full exercise of the rights to freedom of association and to organise and bargain collectively.

44. Members, both countries of employment and countries of origin, should, when it is necessary, taking fully into account existing international labour Conventions and Recommendations on migrant workers, conclude bilateral and multilateral agreements covering issues such as right of entry and stay, the protection of rights resulting from employment, the promotion of education and training opportunities for migrant workers, social security, and assistance to workers and members of their families wishing to return to their country of origin.

Convention No. 142**Convention concerning Vocational Guidance and Vocational Training
in the Development of Human Resources ***

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Sixtieth Session on 4 June 1975, and

Having decided upon the adoption of certain proposals with regard to human resources development: vocational guidance and vocational training, which is the sixth item on the agenda of the session, and

Having determined that these proposals shall take the form of an international Convention,

adopts this twenty-third day of June of the year one thousand nine hundred and seventy-five the following Convention, which may be cited as the Human Resources Development Convention, 1975:

Article 1

1. Each Member shall adopt and develop comprehensive and co-ordinated policies and programmes of vocational guidance and vocational training, closely linked with employment, in particular through public employment services.

2. These policies and programmes shall take due account of –

- (a) employment needs, opportunities and problems, both regional and national;
- (b) the stage and level of economic, social and cultural development; and
- (c) the mutual relationships between human resources development and other economic, social and cultural objectives.

3. The policies and programmes shall be pursued by methods that are appropriate to national conditions.

4. The policies and programmes shall be designed to improve the ability of the individual to understand and, individually or collectively, to influence the working and social environment.

5. The policies and programmes shall encourage and enable all persons, on an equal basis and without any discrimination whatsoever, to develop and use their capabilities for work in their own best interests and in accordance with their own aspirations, account being taken of the needs of society.

Article 2

With the above ends in view, each Member shall establish and develop open, flexible and complementary systems of general, technical and vocational education, educational and vocational guidance and vocational training, whether these activities take place within the system of formal education or outside it.

Article 3

1. Each Member shall gradually extend its systems of vocational guidance, including continuing employment information, with a view to ensuring that comprehensive

* Ed.: This Convention came into force on 19 July 1977.

information and the broadest possible guidance are available to all children, young persons and adults, including appropriate programmes for all handicapped and disabled persons.

2. Such information and guidance shall cover the choice of an occupation, vocational training and related educational opportunities, the employment situation and employment prospects, promotion prospects, conditions of work, safety and hygiene at work, and other aspects of working life in the various sectors of economic, social and cultural activity and at all levels of responsibility.

3. The information and guidance shall be supplemented by information on general aspects of collective agreements and of the rights and obligations of all concerned under labour law; this information shall be provided in accordance with national law and practice, taking into account the respective functions and tasks of the workers' and employers' organisations concerned.

Article 4

Each Member shall gradually extend, adapt and harmonise its vocational training systems to meet the needs for vocational training throughout life of both young persons and adults in all sectors of the economy and branches of economic activity and at all levels of skill and responsibility.

Article 5

Policies and programmes of vocational guidance and vocational training shall be formulated and implemented in co-operation with employers' and workers' organisations and, as appropriate and in accordance with national law and practice, with other interested bodies.

Article 6

The formal ratifications of this Convention shall be communicated to the Director-General of the International Labour Office for registration.

Article 7

1. This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Director-General.

2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Director-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

Article 8

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

Article 9

1. The Director-General of the International Labour Office shall notify all Members of the International Labour Organisation of the registration of all ratifications and denunciations communicated to him by the Members of the Organisation.

2. When notifying the Members of the Organisation of the registration of the second ratification communicated to him, the Director-General shall draw the attention of the Members of the Organisation to the date upon which the Convention will come into force.

Article 10

The Director-General of the International Labour Office shall communicate to the Secretary-General of the United Nations for registration in accordance with Article 102 of the Charter of the United Nations full particulars of all ratifications and acts of denunciation registered by him in accordance with the provisions of the preceding Articles.

Article 11

At such times as it may consider necessary the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall examine the desirability of placing on the agenda of the Conference the question of its revision in whole or in part.

Article 12

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides –

- (a) the ratification by a Member of the new revising Convention shall ipso jure involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 8 above, if and when the new revising Convention shall have come into force;
- (b) as from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

Article 13

The English and French versions of the text of this Convention are equally authoritative.

Recommendation No. 189

**Recommendation concerning General Conditions to Stimulate
Job Creation in Small and Medium-Sized Enterprises**

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Eighty-sixth Session on 2 June 1998, and

Recognizing the need for the pursuit of the economic, social, and spiritual well-being and development of individuals, families, communities and nations,

Aware of the importance of job creation in small and medium-sized enterprises,

Recalling the resolution concerning the promotion of small and medium-sized enterprises adopted by the International Labour Conference at its 72nd Session, 1986, as well as the Conclusions set out in the resolution concerning employment policies in a global context, adopted by the Conference at its 83rd Session, 1996,

Noting that small and medium-sized enterprises, as a critical factor in economic growth and development, are increasingly responsible for the creation of the majority of jobs throughout the world, and can help create an environment for innovation and entrepreneurship,

Understanding the special value of productive, sustainable and quality jobs,

Recognizing that small and medium-sized enterprises provide the potential for women and other traditionally disadvantaged groups to gain access under better conditions to productive, sustainable and quality employment opportunities,

Convinced that promoting respect for the Forced Labour Convention, 1930, the Freedom of Association and Protection of the Right to Organise Convention, 1948, the Right to Organise and Collective Bargaining Convention, 1949, the Equal Remuneration Convention, 1951, the Abolition of Forced Labour Convention, 1957, and the Discrimination (Employment and Occupation) Convention, 1958, will enhance the creation of quality employment in small and medium-sized enterprises and in particular that promoting respect for the Minimum Age Convention and Recommendation, 1973, will help Members in their efforts to eliminate child labour,

Also convinced that the adoption of new provisions on job creation in small and medium-sized enterprises, to be taken into account together with:

- (a) the relevant provisions of other international labour Conventions and Recommendations as appropriate, such as the Employment Policy Convention and Recommendation, 1964, and the Employment Policy (Supplementary Provisions) Recommendation, 1984, the Co-operatives (Developing Countries) Recommendation, 1966, the Human Resources Development Convention and Recommendation, 1975, and the Occupational Safety and Health Convention and Recommendation, 1981, and
- (b) other proven ILO initiatives promoting the role of small and medium-sized enterprises in sustainable job creation and encouraging adequate and common application of social protection, including Start and Improve Your Business and other programmes as well as the work of the International Training Centre of the ILO in training and skills enhancement,

will provide valuable guidance for Members in the design and implementation of policies on job creation in small and medium-sized enterprises,

Having decided upon the adoption of certain proposals with regard to general conditions to stimulate job creation in small and medium-sized enterprises, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this seventeenth day of June of the year one thousand nine hundred and ninety-eight the following Recommendation which may be cited as the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998.

I. DEFINITION, PURPOSE AND SCOPE

1. Members should, in consultation with the most representative organizations of employers and workers, define small and medium-sized enterprises by reference to such criteria as may be considered appropriate, taking account of national social and economic conditions, it being understood that this flexibility should not preclude Members from arriving at commonly agreed definitions for data collection and analysis purposes.

2. Members should adopt measures which are appropriate to national conditions and consistent with national practice in order to recognize and to promote the fundamental role that small and medium-sized enterprises can play as regards:

- (a) the promotion of full, productive and freely chosen employment;
- (b) greater access to income-earning opportunities and wealth creation leading to productive and sustainable employment;
- (c) sustainable economic growth and the ability to react with flexibility to changes;
- (d) increased economic participation of disadvantaged and marginalized groups in society;
- (e) increased domestic savings and investment;
- (f) training and development of human resources;
- (g) balanced regional and local development;
- (h) provision of goods and services which are better adapted to local market needs;
- (i) access to improved quality of work and working conditions which may contribute to a better quality of life, as well as allow large numbers of people to have access to social protection;
- (j) stimulating innovation, entrepreneurship, technology development and research;
- (k) access to domestic and international markets; and
- (l) the promotion of good relations between employers and workers.

3. In order to promote the fundamental role of small and medium-sized enterprises referred to in Paragraph 2, Members should adopt appropriate measures and enforcement mechanisms to safeguard the interests of workers in such enterprises by providing them with the basic protection available under other relevant instruments.

4. The provisions of this Recommendation apply to all branches of economic activity and all types of small and medium-sized enterprises, irrespective of the form of ownership (for example, private and public companies, cooperatives, partnerships, family enterprises, and sole proprietorships).

II. POLICY AND LEGAL FRAMEWORK

5. In order to create an environment conducive to the growth and development of small and medium-sized enterprises, Members should:

- (a) adopt and pursue appropriate fiscal, monetary and employment policies to promote an optimal economic environment (as regards, in particular, inflation, interest and exchange rates, taxation, employment and social stability);
- (b) establish and apply appropriate legal provisions as regards, in particular, property rights, including intellectual property, location of establishments, enforcement of contracts, fair competition as well as adequate social and labour legislation;
- (c) improve the attractiveness of entrepreneurship by avoiding policy and legal measures which disadvantage those who wish to become entrepreneurs.

6. The measures referred to in Paragraph 5 should be complemented by policies for the promotion of efficient and competitive small and medium-sized enterprises able to provide productive and sustainable employment under adequate social conditions. To this end, Members should consider policies that:

(1) create conditions which:

- (a) provide for all enterprises, whatever their size or type:
 - (i) equal opportunity as regards, in particular, access to credit, foreign exchange and imported inputs; and
 - (ii) fair taxation;
- (b) ensure the non-discriminatory application of labour legislation, in order to raise the quality of employment in small and medium-sized enterprises;
- (c) promote observance by small and medium-sized enterprises of international labour standards related to child labour;

(2) remove constraints to the development and growth of small and medium-sized enterprises, arising in particular from:

- (a) difficulties of access to credit and capital markets;
- (b) low levels of technical and managerial skills;
- (c) inadequate information;
- (d) low levels of productivity and quality;
- (e) insufficient access to markets;
- (f) difficulties of access to new technologies;
- (g) lack of transport and communications infrastructure;
- (h) inappropriate, inadequate or overly burdensome registration, licensing, reporting and other administrative requirements, including those which are disincentives to the hiring of personnel, without prejudicing the level of conditions of employment, the effectiveness of labour inspection or the system of supervision of working conditions and related issues;
- (i) insufficient support for research and development;
- (j) difficulties in access to public and private procurement opportunities;

(3) include specific measures and incentives aimed at assisting and upgrading the informal sector to become part of the organized sector.

7. With a view to the formulation of such policies Members should, where appropriate:

- (1) collect national data on the small and medium-sized enterprise sector, covering inter alia quantitative and qualitative aspects of employment, while ensuring that this does not result in undue administrative burdens for small and medium-sized enterprises;

(2) undertake a comprehensive review of the impact of existing policies and regulations on small and medium-sized enterprises, with particular attention to the impact of structural adjustment programmes on job creation;

(3) review labour and social legislation, in consultation with the most representative organizations of employers and workers, to determine whether:

- (a) such legislation meets the needs of small and medium-sized enterprises, while ensuring adequate protection and working conditions for their workers;
- (b) there is a need for supplementary measures as regards social protection, such as voluntary schemes, cooperative initiatives and others;
- (c) such social protection extends to workers in small and medium-sized enterprises and there are adequate provisions to ensure compliance with social security regulations in areas such as medical care, sickness, unemployment, old-age, employment injury, family, maternity, invalidity and survivors' benefits.

8. In times of economic difficulties, governments should seek to provide strong and effective assistance to small and medium-sized enterprises and their workers.

9. In formulating these policies, Members:

(1) may consult, in addition to the most representative organizations of employers and workers, other concerned and competent parties as they deem appropriate;

(2) should take into account other policies in such areas as fiscal and monetary matters, trade and industry, employment, labour, social protection, gender equality, occupational safety and health and capacity-building through education and training;

(3) should establish mechanisms to review these policies, in consultation with the most representative organizations of employers and workers, and to update them.

III. DEVELOPMENT OF AN ENTERPRISE CULTURE

10. Members should adopt measures, drawn up in consultation with the most representative organizations of employers and workers, to create and strengthen an enterprise culture which favours initiatives, enterprise creation, productivity, environmental consciousness, quality, good labour and industrial relations, and adequate social practices which are equitable. To this end, Members should consider:

(1) pursuing the development of entrepreneurial attitudes, through the system and programmes of education, entrepreneurship and training linked to job needs and the attainment of economic growth and development, with particular emphasis being given to the importance of good labour relations and the multiple vocational and managerial skills needed by small and medium-sized enterprises;

(2) seeking, through appropriate means, to encourage a more positive attitude towards risk-taking and business failure by recognizing their value as a learning experience while at the same time recognizing their impact on both entrepreneurs and workers;

(3) encouraging a process of lifelong learning for all categories of workers and entrepreneurs;

(4) designing and implementing, with full involvement of the organizations of employers and workers concerned, awareness campaigns to promote:

- (a) respect for the rule of law and workers' rights, better working conditions, higher productivity and improved quality of goods and services;
- (b) entrepreneurial role models and award schemes, taking due account of the specific needs of women, and of disadvantaged and marginalized groups.

IV. DEVELOPMENT OF AN EFFECTIVE SERVICE INFRASTRUCTURE

11. In order to enhance the growth, job-creation potential and competitiveness of small and medium-sized enterprises, consideration should be given to the availability and accessibility of a range of direct and indirect support services for them and their workers, to include:

- (a) business pre-start-up, start-up and development assistance;
- (b) business plan development and follow-up;
- (c) business incubators;
- (d) information services, including advice on government policies;
- (e) consultancy and research services;
- (f) managerial and vocational skills enhancement;
- (g) promotion and development of enterprise-based training;
- (h) support for training in occupational safety and health;
- (i) assistance in upgrading the literacy, numeracy, computer competencies and basic education levels of managers and employees;
- (j) access to energy, telecommunications and physical infrastructure such as water, electricity, premises, transportation and roads, provided directly or through private sector intermediaries;
- (k) assistance in understanding and applying labour legislation, including provisions on workers' rights, as well as in human resources development and the promotion of gender equality;
- (l) legal, accounting and financial services;
- (m) support for innovation and modernization;
- (n) advice regarding technology;
- (o) advice on the effective application of information and communication technologies to the business process;
- (p) access to capital markets, credit and loan guarantees;
- (q) advice in finance, credit and debt management;
- (r) export promotion and trade opportunities in national and international markets;
- (s) market research and marketing assistance;
- (t) assistance in product design, development and presentation;
- (u) quality management, including quality testing and measurement;
- (v) packaging services;
- (w) environmental management services.

12. As far as possible, the support services referred to in Paragraph 11 should be designed and provided to ensure optimum relevance and efficiency through such means as:

- (a) adapting the services and their delivery to the specific needs of small and medium-sized enterprises, taking into account prevailing economic, social and cultural conditions, as well as differences in terms of size, sector and stage of development;
- (b) ensuring active involvement of small and medium-sized enterprises and the most representative organizations of employers and workers in the determination of the services to be offered;

- (c) involving the public and private sector in the delivery of such services through, for example, organizations of employers and workers, semi-public organizations, private consultants, technology parks, business incubators and small and medium-sized enterprises themselves;
- (d) decentralizing the delivery of services, thereby bringing them as physically close to small and medium-sized enterprises as possible;
- (e) promoting easy access to an integrated range of effective services through “single window” arrangements or referral services;
- (f) aiming towards self-sustainability for service providers through a reasonable degree of cost recovery from small and medium-sized enterprises and other sources, in such a manner as to avoid distorting the markets for such services and to enhance the employment creation potential of small and medium-sized enterprises;
- (g) ensuring professionalism and accountability in the management of service delivery;
- (h) establishing mechanisms for continuous monitoring, evaluation and updating of services.

13. Services should be designed to include productivity-enhancing and other approaches which promote efficiency and help small and medium-sized enterprises to sustain competitiveness in domestic and international markets, while at the same time improving labour practices and working conditions.

14. Members should facilitate access of small and medium-sized enterprises to finance and credit under satisfactory conditions. In this connection:

(1) credit and other financial services should as far as possible be provided on commercial terms to ensure their sustainability, except in the case of particularly vulnerable groups of entrepreneurs;

(2) supplementary measures should be taken to simplify administrative procedures, reduce transaction costs and overcome problems related to inadequate collateral by, for example, the creation of non-governmental financial retail agencies and development finance institutions addressing poverty alleviation;

(3) small and medium-sized enterprises may be encouraged to organize in mutual guarantee associations;

(4) the creation of venture capital and other organizations, specializing in assistance to innovative small and medium-sized enterprises, should be encouraged.

15. Members should consider appropriate policies to improve all aspects of employment in small and medium-sized enterprises by ensuring the non-discriminatory application of protective labour and social legislation.

16. Members should, in addition:

(1) facilitate, where appropriate, the development of organizations and institutions which can effectively support the growth and competitiveness of small and medium-sized enterprises. In this regard, consultation with the most representative organizations of employers and workers should be considered;

(2) consider adequate measures to promote cooperative linkages between small and medium-sized enterprises and larger enterprises. In this connection, measures should be taken to safeguard the legitimate interests of the small and medium-sized enterprises concerned and of their workers;

(3) consider measures to promote linkages between small and medium-sized enterprises to encourage the exchange of experience as well the sharing of resources and risks. In this connection, small and medium-sized enterprises might be encouraged to form structures such

as consortia, networks and production and service cooperatives, taking into account the importance of the role of organizations of employers and workers;

(4) consider specific measures and incentives for persons aspiring to become entrepreneurs among selected categories of the population, such as women, long-term unemployed, persons affected by structural adjustment or restrictive and discriminatory practices, disabled persons, demobilized military personnel, young persons including graduates, older workers, ethnic minorities and indigenous and tribal peoples. The detailed identification of these categories should be carried out taking into account national socio-economic priorities and circumstances;

(5) consider special measures to improve communication and relations between government agencies and small and medium-sized enterprises as well as the most representative organizations of such enterprises, in order to improve the effectiveness of government policies aimed at job creation;

(6) encourage support for female entrepreneurship, recognizing the growing importance of women in the economy, through measures designed specifically for women who are or wish to become entrepreneurs.

V. ROLES OF ORGANIZATIONS OF EMPLOYERS AND WORKERS

17. Organizations of employers or workers should consider contributing to the development of small and medium-sized enterprises in the following ways:

- (a) articulating to governments the concerns of small and medium-sized enterprises or their workers, as appropriate;
- (b) providing direct support services in such areas as training, consultancy, easier access to credit, marketing, advice on industrial relations and promoting linkages with larger enterprises;
- (c) cooperating with national, regional and local institutions as well as with intergovernmental regional organizations which provide support to small and medium-sized enterprises in such areas as training, consultancy, business start-up and quality control;
- (d) participating in councils, task forces and other bodies at national, regional and local levels established to deal with important economic and social issues, including policies and programmes, affecting small and medium-sized enterprises;
- (e) promoting and taking part in the development of economically beneficial and socially progressive restructuring (by such means as retraining and promotion of self-employment) with appropriate social safety nets;
- (f) participating in the promotion of exchange of experience and establishment of linkages between small and medium-sized enterprises;
- (g) participating in the monitoring and analysis of social and labour-market issues affecting small and medium-sized enterprises, concerning such matters as terms of employment, working conditions, social protection and vocational training, and promoting corrective action as appropriate;
- (h) participating in activities to raise quality and productivity, as well as to promote ethical standards, gender equality and non-discrimination;
- (i) preparing studies on small and medium-sized enterprises, collecting statistical and other types of information relevant to the sector, including statistics disaggregated by gender and age, and sharing this information, as well as lessons of best practice, with other national and international organizations of employers and workers;
- (j) providing services and advice on workers' rights, labour legislation and social protection for workers in small and medium-sized enterprises.

18. Small and medium-sized enterprises and their workers should be encouraged to be adequately represented, in full respect for freedom of association. In this connection, organizations of employers and workers should consider widening their membership base to include small and medium-sized enterprises.

VI. INTERNATIONAL COOPERATION

19. Appropriate international cooperation should be encouraged in the following areas:

- (a) establishment of common approaches to the collection of comparable data, to support policy-making;
- (b) exchange of information, disaggregated by gender, age and other relevant variables, on best practices in terms of policies and programmes to create jobs and to raise the quality of employment in small and medium-sized enterprises;
- (c) creation of linkages between national and international bodies and institutions that are involved in the development of small and medium-sized enterprises, including organizations of employers and workers, in order to facilitate:
 - (i) exchange of staff, experiences and ideas;
 - (ii) exchange of training materials, training methodologies and reference materials;
 - (iii) compilation of research findings and other quantitative and qualitative data, disaggregated by gender and age, on small and medium-sized enterprises and their development;
 - (iv) establishment of international partnerships and alliances of small and medium-sized enterprises, subcontracting arrangements and other commercial linkages;
 - (v) development of new mechanisms, utilizing modern information technology, for the exchange of information among governments, employers' organizations and workers' organizations on experience gained with regard to the promotion of small and medium-sized enterprises;
- (d) international meetings and discussion groups on approaches to job creation through the development of small and medium-sized enterprises, including support for female entrepreneurship. Similar approaches for job creation and entrepreneurship will be helpful for disadvantaged and marginalized groups;
- (e) systematic research in a variety of contexts and countries into key success factors for promoting small and medium-sized enterprises which are both efficient and capable of creating jobs providing good working conditions and adequate social protection;
- (f) promotion of access by small and medium-sized enterprises and their workers to national and international databases on such subjects as employment opportunities, market information, laws and regulations, technology and product standards.

20. Members should promote the contents of this Recommendation with other international bodies. Members should also be open to cooperation with those bodies, where appropriate, when evaluating and implementing the provisions of this Recommendation, and take into consideration the prominent role played by the ILO in the promotion of job creation in small and medium-sized enterprises.

Appendix II

Ratifications of Conventions Nos. 122 and 142

Employment Policy Convention, 1964 (No. 122)

Adopted at the 48th Session of the ILC

Date of entry into force: 15.07.1966

94 ratifications

Algeria	12.06.1969	Antigua and Barbuda	16.09.2002
Armenia	29.07.1994	Australia	12.11.1969
Austria	27.07.1972	Azerbaijan	19.05.1992
Barbados	15.03.1976	Belarus	26.02.1968
Belgium	8.07.1969	Bolivia	31.01.1977
Bosnia and Herzegovina	2.06.1993	Brazil	24.03.1969
Cambodia	28.09.1971	Cameroon	25.05.1970
Canada	16.09.1966	Chile	24.10.1968
China	17.12.1997	Comoros	23.10.1978
Costa Rica	27.01.1966	Croatia	8.10.1991
Cuba	5.02.1971	Cyprus	28.07.1966
Czech Republic	1.01.1993	Denmark	17.06.1970
Djibouti	3.08.1978	Dominican Republic	29.03.2001
Ecuador	13.11.1972	El Salvador	15.06.1995
Estonia	12.03.2003	Finland	23.09.1968
France	5.08.1971	Georgia	22.06.1993
Germany	17.06.1971	Greece	7.05.1984
Guatemala	14.09.1988	Guinea	12.12.1966
Honduras	9.06.1980	Hungary	18.06.1969
Iceland	22.06.1990	India	17.11.1998
Islamic Republic of Iran	10.06.1972	Iraq	2.03.1970
Ireland	20.06.1967	Israel	26.01.1970
Italy	5.05.1971	Jamaica	10.01.1975
Japan	10.06.1986	Jordan	10.03.1966
Kazakhstan	6.12.1999	Republic of Korea	9.12.1992
Kyrgyzstan	31.03.1992	Latvia	27.01.1992
Lebanon	1.06.1977	Libyan Arab Jamahiriya	27.05.1971
Madagascar	21.11.1966	Mauritania	30.07.1971
Republic of Moldova	12.08.1996	Mongolia	24.11.1976
Morocco	11.05.1979	Mozambique	23.12.1996
Netherlands	9.01.1967	New Zealand	15.07.1965
Nicaragua	1.10.1981	Norway	6.06.1966
Panama	19.06.1970	Papua New Guinea	1.05.1976
Paraguay	20.02.1969	Peru	27.07.1967
Philippines	13.01.1976	Poland	24.11.1966
Portugal	9.01.1981	Romania	6.06.1973
Russian Federation	22.09.1967	Senegal	25.04.1966
Serbia and Montenegro	24.11.2000	Slovakia	1.01.1993
Slovenia	29.05.1992	Spain	28.12.1970
Sudan	22.10.1970	Suriname	15.06.1976
Sweden	11.06.1965	Tajikistan	26.11.1993
Thailand	26.02.1969	The former Yugoslav Republic of Macedonia	17.11.1991
Tunisia	17.02.1966	Turkey	13.12.1977
Uganda	23.06.1967	Ukraine	19.06.1968
United Kingdom	27.06.1966	Uruguay	2.06.1977
Uzbekistan	13.07.1992	Venezuela	10.08.1982
Yemen	30.01.1989	Zambia	23.10.1979

Human Resources Development Convention, 1975 (No. 142)

Adopted at the 60th Session of the ILC

Date of entry into force: 19.07.1977

62 ratifications

Afghanistan	16.05.1979	Algeria	26.01.1984
Antigua and Barbuda	16.09.2002	Argentina	15.06.1978
Australia	10.09.1985	Austria	2.03.1979
Azerbaijan	19.05.1992	Belarus	3.05.1979
Bosnia and Herzegovina	2.06.1993	Brazil	24.11.1981
Cuba	5.01.1978	Cyprus	28.06.1977
Czech Republic	1.01.1993	Denmark	5.06.1981
Ecuador	26.10.1977	Egypt	25.03.1982
El Salvador	15.06.1995	Finland	14.09.1977
France	10.09.1984	Georgia	22.06.1993
Germany	29.12.1980	Greece	17.10.1989
Guinea	5.06.1978	Guyana	10.01.1983
Hungary	17.06.1976	Iraq	26.07.1978
Ireland	22.06.1979	Israel	21.06.1979
Italy	18.10.1979	Japan	10.06.1986
Jordan	23.07.1979	Kenya	9.04.1979
Republic of Korea	21.01.1994	Kyrgyzstan	31.03.1992
Latvia	8.03.1993	Lebanon	23.02.2000
Lithuania	26.09.1994	Luxembourg	21.03.2001
Mexico	28.06.1978	Republic of Moldova	19.12.2001
Netherlands	19.06.1979	Nicaragua	4.11.1977
Niger	28.01.1993	Norway	24.11.1976
Poland	10.10.1979	Portugal	9.01.1981
Russian Federation	3.05.1979	San Marino	23.05.1985
Serbia and Montenegro	24.11.2000	Slovakia	1.01.1993
Slovenia	29.05.1992	Spain	16.05.1977
Sweden	19.07.1976	Switzerland	23.05.1977
Tajikistan	26.11.1993	United Republic of Tanzania	30.05.1983
The former Yugoslav Republic of Macedonia	17.11.1991	Tunisia	23.02.1989
Turkey	12.07.1993	Ukraine	3.05.1979
United Kingdom	15.02.1977	Venezuela	8.10.1984

Appendix III

Reports requested and received

Members	Convention No. 122	Recommendation No. 169	Convention No. 142	Recommendation No. 189
Afghanistan	----	----	<i>Ratified</i>	----
Albania	----	----	----	----
Algeria	<i>Ratified</i>	----	<i>Ratified</i>	----
Angola	----	----	----	----
Antigua and Barbuda	<i>Ratified</i>	----	<i>Ratified</i>	----
Argentina	Received	Received	<i>Ratified</i>	Received
Armenia	<i>Ratified</i>	----	----	----
Australia	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Austria	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Azerbaijan	<i>Ratified</i>	----	<i>Ratified</i>	----
Bahamas	Received	Received	Received	Received
Bahrain	Received	Received	Received	Received
Bangladesh	----	----	----	----
Barbados	<i>Ratified</i>	----	----	----
Belarus	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Belgium	<i>Ratified</i>	Received	Received	Received
Belize	Received	Received	Received	Received
Benin	Received	Received	Received	Received
Bolivia	<i>Ratified</i>	Received	Received	Received
Bosnia and Herzegovina	<i>Ratified</i>	----	<i>Ratified</i>	----
Botswana	----	----	----	----
Brazil	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Bulgaria	Received	Received	Received	Received
Burkina Faso	----	----	----	----
Burundi	Received	Received	Received	Received
Cambodia	<i>Ratified</i>	Received	Received	Received
Cameroon	<i>Ratified</i>	----	----	----
Canada	<i>Ratified</i>	Received	Received	Received
Cape Verde	----	----	----	----

Members	Convention No. 122	Recommendation No. 169	Convention No. 142	Recommendation No. 189
Central African Republic	----	----	----	----
Chad	----	----	----	----
Chile	<i>Ratified</i>	----	----	----
China	<i>Ratified</i>	Received	Received	Received
Colombia	Received	Received	Received	Received
Comoros	<i>Ratified</i>	----	----	----
Congo	----	----	----	----
Costa Rica	<i>Ratified</i>	Received	Received	Received
Côte d'Ivoire	Received	Received	Received	Received
Croatia	<i>Ratified</i>	Received	Received	Received
Cuba	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Cyprus	<i>Ratified</i>	----	<i>Ratified</i>	----
Czech Republic	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Democratic Republic of the Congo	----	----	----	----
Denmark	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Djibouti	<i>Ratified</i>	----	----	----
Dominica	----	----	----	----
Dominican Republic	<i>Ratified</i>	----	----	----
Ecuador	<i>Ratified</i>	----	<i>Ratified</i>	----
Egypt	Received	Received	<i>Ratified</i>	Received
El Salvador	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Equatorial Guinea	----	----	----	----
Eritrea	----	----	----	----
Estonia	<i>Ratified</i>	Received	Received	Received
Ethiopia	Received	Received	Received	Received
Fiji	Received	Received	Received	Received
Finland	<i>Ratified</i>	Received	<i>Ratified</i>	Received
France	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Gabon	----	----	----	----

Members	Convention No. 122	Recommendation No. 169	Convention No. 142	Recommendation No. 189
Gambia	----	----	----	----
Georgia	<i>Ratified</i>	----	<i>Ratified</i>	----
Germany	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Ghana	Received	Received	Received	Received
Greece	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Grenada	----	----	----	----
Guatemala	<i>Ratified</i>	Received	Received	Received
Guinea	<i>Ratified</i>	----	<i>Ratified</i>	----
Guinea-Bissau	Received	Received	Received	Received
Guyana	----	----	<i>Ratified</i>	----
Haiti	----	----	----	----
Honduras	<i>Ratified</i>	Received	Received	Received
Hungary	<i>Ratified</i>	----	<i>Ratified</i>	----
Iceland	<i>Ratified</i>	----	----	----
India	<i>Ratified</i>	Received	Received	Received
Indonesia	Received	Received	Received	Received
Islamic Republic of Iran	<i>Ratified</i>	Received	Received	Received
Iraq	<i>Ratified</i>	----	<i>Ratified</i>	----
Ireland	<i>Ratified</i>	----	<i>Ratified</i>	----
Israel	<i>Ratified</i>	----	<i>Ratified</i>	----
Italy	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Jamaica	<i>Ratified</i>	Received	Received	Received
Japan	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Jordan	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Kazakhstan	<i>Ratified</i>	----	----	----
Kenya	----	----	<i>Ratified</i>	----
Kiribati	----	----	----	----
Republic of Korea	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Kuwait	Received	Received	Received	Received

Members	Convention No. 122	Recommendation No. 169	Convention No. 142	Recommendation No. 189
Kyrgyzstan	<i>Ratified</i>	----	<i>Ratified</i>	----
Lao People's Democratic Republic	Received	Received	Received	Received
Latvia	<i>Ratified</i>	----	<i>Ratified</i>	----
Lebanon	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Lesotho	----	----	----	----
Liberia	----	----	----	----
Libyan Arab Jamahiriya	<i>Ratified</i>	----	----	----
Lithuania	Received	Received	<i>Ratified</i>	Received
Luxembourg	Received	Received	<i>Ratified</i>	Received
Madagascar	<i>Ratified</i>	Received	Received	Received
Malawi	Received	Received	Received	Received
Malaysia	Received	Received	Received	Received
Mali	----	----	----	----
Malta	----	----	----	----
Mauritania	<i>Ratified</i>	----	----	----
Mauritius	Received	Received	Received	Received
Mexico	Received	Received	<i>Ratified</i>	Received
Republic of Moldova	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Mongolia	<i>Ratified</i>	----	----	----
Morocco	<i>Ratified</i>	Received	Received	Received
Mozambique	<i>Ratified</i>	Received	Received	Received
Myanmar	Received	Received	Received	Received
Namibia	Received	Received	Received	Received
Nepal	----	----	----	----
Netherlands	<i>Ratified</i>	Received	<i>Ratified</i>	Received
New Zealand	<i>Ratified</i>	Received	Received	Received
Nicaragua	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Niger	Received	Received	<i>Ratified</i>	Received
Nigeria	Received	Received	Received	Received

Members	Convention No. 122	Recommendation No. 169	Convention No. 142	Recommendation No. 189
Norway	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Oman	Received	Received	Received	Received
Pakistan	----	----	----	----
Panama	<i>Ratified</i>	Received	Received	Received
Papua New Guinea	<i>Ratified</i>	----	----	----
Paraguay	<i>Ratified</i>	----	----	----
Peru	<i>Ratified</i>	Received	Received	Received
Philippines	<i>Ratified</i>	Received	Received	Received
Poland	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Portugal	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Qatar	Received	Received	Received	Received
Romania	<i>Ratified</i>	Received	Received	Received
Russian Federation	<i>Ratified</i>	----	<i>Ratified</i>	----
Rwanda	----	----	----	----
Saint Kitts and Nevis	----	----	----	----
Saint Lucia	Received	Received	Received	Received
Saint Vincent and the Grenadines	----	----	----	----
San Marino	----	----	<i>Ratified</i>	----
Sao Tome and Principe	----	----	----	----
Saudi Arabia	Received	Received	Received	Received
Senegal	<i>Ratified</i>	Received	Received	Received
Serbia and Montenegro	<i>Ratified</i>	----	<i>Ratified</i>	----
Seychelles	----	----	----	----
Sierra Leone	----	----	----	----
Singapore	Received	Received	Received	Received
Slovakia	<i>Ratified</i>	----	<i>Ratified</i>	----
Slovenia	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Solomon Islands	----	----	----	----
Somalia	----	----	----	----

Members	Convention No. 122	Recommendation No. 169	Convention No. 142	Recommendation No. 189
South Africa	----	----	----	----
Spain	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Sri Lanka	----	----	----	----
Sudan	<i>Ratified</i>	----	----	----
Suriname	<i>Ratified</i>	Received	Received	Received
Swaziland	Received	Received	Received	Received
Sweden	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Switzerland	Received	Received	<i>Ratified</i>	Received
Syrian Arab Republic	Received	Received	Received	Received
Tajikistan	<i>Ratified</i>	----	<i>Ratified</i>	----
United Republic of Tanzania	Received	Received	<i>Ratified</i>	Received
Thailand	<i>Ratified</i>	Received	Received	Received
The former Yugoslav Republic of Macedonia	<i>Ratified</i>	----	<i>Ratified</i>	----
Togo	----	----	----	----
Trinidad and Tobago	Received	Received	Received	Received
Tunisia	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Turkey	<i>Ratified</i>	Received	<i>Ratified</i>	Received
Turkmenistan	----	----	----	----
Uganda	<i>Ratified</i>	----	----	----
Ukraine	<i>Ratified</i>	----	<i>Ratified</i>	----
United Arab Emirates	Received	Received	Received	Received
United Kingdom	<i>Ratified</i>	Received	<i>Ratified</i>	Received
United States	Received	Received	Received	Received
Uruguay	<i>Ratified</i>	----	----	----
Uzbekistan	<i>Ratified</i>	----	----	----
Venezuela	<i>Ratified</i>	----	<i>Ratified</i>	----
Viet Nam	----	----	----	----
Yemen	<i>Ratified</i>	----	----	----
Zambia	<i>Ratified</i>	----	----	----

Members	Convention No. 122	Recommendation No. 169	Convention No. 142	Recommendation No. 189
Zimbabwe	Received	Received	Received	Received

Note: In addition, a total of six reports have been received in respect of the following non-metropolitan territories:
United Kingdom (Isle of Man and Jersey).