



## Employment Policies

### The Challenge

A world in which nearly 200 million are unemployed and 40 per cent of the labour force and the families they support live on less than US\$2 each day is a major challenge. Productive employment has stagnated and even in countries with steady economic growth employment creation has not kept pace, especially for youth and new entrants to the labour market. Moreover, the quality of new jobs is a matter for concern: many are of a precarious and informal nature, earning low wages.

In the next 10 years, 600 million jobs are needed in order to absorb the newcomers in the labour market (40 million annually) and to reduce the backlog of the unemployed of 200 million.

For three decades since the 1980s employment was not central to national development plans and economic policies. Most national strategies emphasized export and foreign direct investment oriented industrialization, while the structural adjustment programmes led by the Bretton Woods institutions included macro-economic stability, tight public spending, low inflation, deregulated finance and labour market flexibility. Policy-makers saw job creation as a residual outcome of private-sector-driven economic growth. Yet mounting evidence that growth alone is not a sufficient condition to create adequate decent and productive jobs has demonstrated that patterns of growth and economic policies matter.

The last decade has seen new national policy frameworks in developing countries, either in the shape of Poverty Reduction Strategies in Least Developed Countries or Development Plans and Strategies in emerging economies. Increasingly, these overarching policy frameworks include more deliberate goals and efforts to increase productivity and jobs and to allocate resources.

The global economic and financial crisis has aggravated and revealed the underlying job deficits and highlighted the need to address structural imbalances, as recognized in the new Strong, Sustainable and Balanced Growth Framework adopted by the G20 and the Global Jobs Pact adopted by the International Labour Conference (ILC) in 2009. The 2010 ILC discussion on Employment has endorsed a rethinking of macroeconomic policy frameworks to

accommodate more employment-oriented growth and macro policies. There is a new emphasis on the need for a more inclusive and job-rich growth and a fair globalization.

Policy coherence across a range of economic, financial, social and labour market policies and policy coordination amongst main players, for reaching employment goals remain major challenges. To overcome this, countries need to espouse economic strategies, including macro-economic and sectoral policies that explicitly target employment and to put in place an efficient monitoring and evaluation mechanism to measure the effectiveness of policies and enable adjustments.

### The ILO Response

The objective of full and productive employment was already stated in the ILO Constitution and the 1944 Philadelphia Declaration, with the Employment Policy Convention, 1964 (No. 122) further articulating it. In addition, all ILO work on employment derives its current mandate from the Global Employment Agenda (2003), the ILO Declaration on Social Justice for a Fair Globalization (2008) and the Conclusions of the Recurrent Item discussion on Employment.

Many countries seek ILO support in the formulation, implementation and review of national employment policies, in strengthening their links to national development plans/strategies and in promoting social dialogue on policy options and priorities.

National employment policies seek to explicitly link growth and economic strategies to employment creation, and diagnose the challenges and opportunities for productive job creation. The ILO helps countries to review, formulate and implement these policies through the Global Employment Agenda's comprehensive lens, adapted to suit specific contexts. It does this through a global team of employment specialists working in partnership with governments and organizations of employers and workers. Employment trends and opportunities and constraints for quality job creation in the country are identified and the evidence is used as the basis for negotiating and prioritizing policy responses; these are then articulated in the national employment policy. This process is an opportunity to promote coherence among the various government ministries, to

encourage tripartite dialogue (among governments, employers and workers) and to gain momentum and consensus on the best way to achieve employment gains in a given context.

Employment policies generally include recommendations about agreed national or sectoral employment targets and the means of delivering them, analysis of the macro-economic framework, adjustments to labour market policies and institutions, growth sectors and sectoral investment strategies (the demand side of labour), enterprise development including Small and Medium Enterprises, and human resource capacity issues (the supply side of labour), improving the quality of employment and promoting international norms and standards. After the 2008-09 recession, such advice is crucial for promoting job recovery and the protection of the most vulnerable as advocated in the Global Jobs Pact (GJP).

The ILO tracks its work on national employment policies, and the extent to which employment issues are included in national development plans, through a database system which allows rapid global oversight and access to information about specific countries. Policy-oriented research deepens analysis and understanding of what policies work better in delivering productive employment and decent work in countries at different levels of development and promote cross-country assessment of good practices.

A major emphasis is laid on capacity-building of governments, employers' and workers' organizations at the country level and through the annual Employment Policy Course at the International Training Centre of the ILO, Turin, Italy.

ILO work focuses on the following priorities:

- promoting the centrality of employment in national development and economic strategies through technical advisory services for the review and formulation of national employment policies and the follow-up to the GJP;
- ensuring tripartite consultations, capacity-building and validation as a core element in the formulation and review of employment policies;
- continuing to engage in policy debates and reviews of development paradigms at the global level through reinvigorated research;
- reviewing and renewing diagnostic tools and methodologies for employment targeting and employment impact monitoring;
- particularly after the crisis, supporting countries in accelerating recovery and job creation following the guidelines of the GJP.

## Key Tools and Resources

In addition to the above-mentioned ILO standards:

Employment Policy Recommendation, 1964 (No. 122).

International Labour Office (ILO). 2005. *Decent work and poverty reduction strategies: A reference manual for ILO staff and constituents* (Geneva).

—. 2006. *Implementing the Global Employment Agenda: Vision document* (Geneva).

[http://www.ilo.org/employment/Whatwedo/Publications/lang--en/docName--WCMS\\_103335/index.htm](http://www.ilo.org/employment/Whatwedo/Publications/lang--en/docName--WCMS_103335/index.htm)

—. 2009a. *Protecting people, promoting jobs: An ILO report to the G20 Leaders' Summit, Pittsburgh, 24-25 September, 2009* (Geneva).

[http://www.ilo.org/public/libdoc/jobcrisis/download/protecting\\_people\\_promoting\\_jobs.pdf](http://www.ilo.org/public/libdoc/jobcrisis/download/protecting_people_promoting_jobs.pdf)

—. 2009b. *Guide on the new Millennium Development Goals employment indicators: Including the full set of Decent Work Indicators* (Geneva).

—. 2010a. *Accelerating a jobs-rich recovery in G20 Countries: Building on experience*, report to the Meeting of G20 Labour and Employment Ministers, April, 2010 (Geneva).

[http://www.ilo.org/public/libdoc/jobcrisis/download/g20\\_report\\_accelerating.pdf](http://www.ilo.org/public/libdoc/jobcrisis/download/g20_report_accelerating.pdf)

—. 2010b. *Report of the Committee for the Recurrent Discussion on Employment*, International Labour Conference, 99th Session, 2010 (Geneva).

—. 2011. *Social partners and their engagement in National Development Plans – Lessons learnt from a decade of implementation of Poverty Reduction Strategies* (Geneva).

—. 2012. *Guide for the formulation of National Employment Policies* (Geneva, forthcoming).



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