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The global economic and employment situation and policy options

Purpose of the document

The Governing Body is invited to review the current global economic and employment situation and the contribution that employment and social policy can make to continued economic recovery and growth, and to provide guidance regarding the future activities of the ILO in this area.

Relevant strategic objective: Employment with the other strategic objectives.

Policy implications: Yes.

Legal implications: None.

Financial implications: None.

Follow-up action required: Yes.

Author unit: Office of the Deputy Director-General for Policy (DDG/P) and the Research Department.

Related documents: None.

Executive summary

While the global economy has recovered from the depths of the crisis, growth remains below pre-crisis trend levels and is uneven across countries and regions. Continued volatility in financial markets has negatively affected growth in some emerging economies. The global employment rate stands at 55.7 per cent, a percentage point below the pre-crisis rate. Employment growth had been stronger in many emerging and developing economies than in developed countries over the past few years, but more recently the negative spillover from advanced to emerging economies has led to employment growth deceleration in most countries and regions. Policy-makers, for example at the G20 level, have responded by shifting emphasis from fiscal consolidation to strengthening growth and employment. They have sought ways to stimulate growth in consumption, investment and targeted government spending where fiscal space permits, in addition to placing ongoing emphasis on exports and structural reforms. Labour market policies are seen as potential tools to increase household incomes and consumption, which in turn could help stimulate investment. The ILO has actively engaged in policy dialogues in the G20 and in the post-2015 development agenda debate and is developing a joint research agenda on job creation with external partners, including the World Bank.

I. Macroeconomic headwinds in the global economy and labour markets

1. Global growth has not returned to pre-crisis levels and remains well below the trend growth rate of 4.2 per cent that prevailed from 2000 until the crisis in 2007. The most recent International Monetary Fund (IMF) projection for global economic growth for 2013, at 3.1 per cent, has been revised downward, continuing the pattern of downward revisions of forecasts that has prevailed since 2011.¹ Most emerging and developing economies continue to grow, but at a slower pace than before the crisis; in some cases the slowdown has been marked. There have been recent welcome improvements in some economic data from several advanced economies, but the overall recovery in the United States, Europe and Japan remains weak, even when compared with recessions induced by previous financial crises. The anticipated tapering of monetary stimulus by central banks in those advanced economies that are showing greater strength has created uncertainty in financial markets, with potentially negative effects on some emerging and developing economies. Parts of South Asia and South-East Asia in particular have seen significant capital outflows and currency depreciation over recent months, thereby affecting economic growth and employment prospects.
2. There are intense ongoing debates over the range of causes of slower global economic growth. However, there is a broad consensus that one factor dominates: namely, that there is a deficit of global aggregate demand. Private households have been unable to support a stronger recovery in consumption, particularly in those economies where wages have stagnated for years or even decades and in countries where the debt that was used to compensate income shortfalls must now be repaid. This factor is particularly prominent in large advanced economies where consumption is the largest component of economic activity, often two-thirds or more of total gross domestic product (GDP). Due to the size of these economies, their consumption deficits weigh heavily on global aggregate demand. This in turn leads to reluctance by firms to invest, despite high average profitability and historically low average interest rates, because there is excess capacity in many sectors and

¹ IMF: *World Economic Outlook Update*, 9 July 2013 (Washington, DC).

sources of new demand are not clear.² This reluctance to invest has been exacerbated by some banks' reluctance to lend, reflecting their own weak balance sheets. The inadequate access to credit is especially problematic for small businesses, which rely heavily on bank credit for operations and expansion, and in some European countries. At the same time, governments in most advanced economies have engaged in fiscal tightening to address debt worries. As a result, the public sector is reducing demand at the same time as the private sector in many countries. Some economies are partly offsetting the deficit of domestic demand through increased exports, but at the global level only some countries can benefit from this strategy, and in the context of flat demand, only at the expense of others.

3. The main response to these challenges in the United States, the Eurozone, Japan and some other countries has been a continued and coordinated effort by central banks to support economic growth through accommodative monetary policies. However, four key factors are reducing the effects of these measures on growth in the real economy:
 - First, relatively high public debt levels have increased sovereign borrowing costs and created the risk of contagion in sovereign debt premiums. This has led many advanced economies to prematurely tighten fiscal budgets, putting strong brakes on public spending and thus working at cross purposes with monetary stimulus.³
 - Second, high private debt levels, unemployment, underemployment and stagnating wages have led many private households to deleverage and postpone consumption.
 - Third, the lack of demand and uncertainty about short- and medium-term economic prospects has led many firms to postpone investment and hiring.
 - Fourth, in the advanced economies in particular, banks and other lending institutions still carry significant non-performing assets, including sovereign debt, on their balance sheets, hampering them from expanding credit. As banks continue to experience difficulties of their own, financing remains unavailable for some firms that wish to expand, particularly small and medium-sized enterprises.
4. The expansion of money supply and low interest rates has not been sufficient to overcome these constraints on the real economy. By way of illustration, table 1 shows the persistence of deleveraging and low investment by firms in many regions, despite policy-induced low interest rates. The initial impact of the crisis over 2008–09 led to a reduction in gross fixed capital formation in all regions and countries with available data except China. The recovery up to the fourth quarter of 2012 shows that investment growth is still negative in the EU27 countries, flat in developed East Asia and still quite low in other regions and countries.
5. There were significant capital flows into emerging and developing economies during the period of monetary easing by advanced economies. The Bank for International Settlements estimates that US\$3.4 trillion flowed into emerging markets in the first quarter of 2013, an unparalleled surge of 8 per cent for that quarter. However, table 1 indicates that this inflow did not result in significant increases in gross fixed capital formation in the real economy of those countries. Now, as the US and perhaps other central banks plan to begin tapering the monetary easing, the outflow of capital has destabilized exchange rates and balance of payments in a number of developing countries, as mentioned above.

² For a discussion of investment patterns, see ILO: *World of Work Report 2013: Repairing the economic and social fabric*, International Institute for Labour Studies (Geneva, 2013).

³ IMF: *World Economic Outlook*, 1 Apr. 2013 (Washington, DC).

Table 1. Average quarterly growth rate of gross fixed capital formation, by region and selected countries, for impact and recovery period (per cent)

Averages of regions and selected countries	Impact	Recovery
	Q2 09–Q2 08	Q4 12–Q4 09
European Union (27 countries)	-4.01	-0.18
Developed East Asia ¹	-2.38	0.31
South Africa	-0.36	1.08
United States	-4.1	1.09
Latin America ²	-3.55	1.36
India	-0.67	1.58
South-East Asia and the Pacific ³	-0.75	1.74
Russian Federation	-4.13	1.88
China ⁴	5.29	2.54 ⁵

¹ Japan, Republic of Korea. ² Argentina, Brazil, Chile, Mexico. ³ Australia, Indonesia, New Zealand. ⁴ Calculation based on annual growth rates data taken from the World Bank World Development Indicators (WDI). ⁵ Calculation based on last available data: 2011.

Source: ILO's calculation based on Organisation for Economic Co-operation and Development (OECD) statistics.

6. Recovery from the crisis in sub-Saharan Africa and developing Asia and Latin America has recently slowed, in part due to these and other macroeconomic headwinds from the advanced economies. While data on the components of growth for specific periods during and following the crisis is more limited for many developing countries, it is clear that the recovery in consumption in the developing world has been muted. For instance, Argentina, Indonesia, Poland and South Africa have not seen the share of consumption in GDP recover to pre-crisis levels. A number of developing countries have seen some recovery in exports, although it has been far from uniform and generally below pre-crisis levels. Investment growth rates have recovered faster than in the advanced economies, in the range of 1–2 per cent per quarter over 2009–12, compared to earlier contractions; however, in most developing countries investment growth is slower than in the pre-crisis period. Given the weaker growth of private sector components of aggregate demand, some developing countries are again using public stimulus to compensate. However, public debt, which varies between a range of –0.6 per cent of GDP for Central and Eastern Europe to –5 per cent for the Middle East and North Africa, limits the space for stimulus in some regions.
7. In some advanced countries facing the most severe fiscal crises, the shortfall in overall demand and reduced tax receipts has been so strong that public indebtedness has actually increased rather than declined despite severe cuts in public expenditure, triggering further cuts and threatening to become a vicious circle. In Greece, for instance, 25 per cent of economic activity has been lost since the beginning of the crisis, the largest fall of an economy outside wartime periods in recent history. The cost of adjustment in many Eurozone countries has cascaded onto the labour markets, both through efforts to increase exports by reducing labour costs and through reductions in public employment. The lack of exchange rate flexibility in the Eurozone prevents external devaluation to raise exports and reductions in wages have been seen as a form of “internal devaluation”. These competitiveness-induced cuts in the private wage bill have dovetailed with the public expenditure cuts in the public sector wage bill. Hence the dual costs of adjustment have fallen largely on the labour market and had the effect of reducing household income and domestic consumer demand. This also subtracts from global aggregate demand.

8. As a consequence of the above factors, the global employment rate stands at 55.7 per cent, almost a full percentage point below the pre-crisis rate. Employment growth is projected to decline gradually over the medium term (see table 2) and, at the global level, will remain half a percentage point below rates experienced during the 1990s. In emerging and developing economies the situation is somewhat more positive, with employment rates in 13 of 28 countries with available information surpassing their pre-crisis levels and an additional 11 countries showing some improvement. In the early years immediately after the financial crisis, some divergence between high and low employment-growth countries was observed as discussed in *Global Employment Trends 2013: Recovering from a second jobs dip*. However, the negative spillover from advanced to emerging economies has led to a general tendency for employment growth deceleration in most countries and regions.

Table 2. Average employment growth

	1992-95	1995-2000	2001-05	2006-10	2011-15	2016-18
World	1.7	1.6	1.7	1.2	1.4	1.2
Developed economies and European Union	0.4	1.1	0.6	0.3	0.4	0.5
Central and South-Eastern Europe (non-EU) and CIS	-0.3	0.1	1.0	0.8	0.7	0.0
East Asia	1.4	1.1	1.0	0.5	0.7	0.2
South-East Asia and the Pacific	2.7	2.1	1.7	2.0	1.7	1.4
South Asia	2.4	2.0	2.7	0.8	1.9	1.8
Latin America and the Caribbean	3.2	2.3	2.5	2.1	1.9	1.6
Middle East	3.5	3.2	4.8	3.4	3.0	2.4
North Africa	2.4	2.6	3.2	2.7	1.8	1.9
Sub-Saharan Africa	3.2	2.6	3.0	2.9	3.1	3.1

Note: Average employment growth rates per five-year averages.

Source: ILO, *Trends Econometric Models*, July 2013.

9. Global unemployment remains substantially above its pre-crisis level. Revised unemployment figures for 2012 show that 196 million people were looking for work, with unemployment expected to reach 202 million in 2013. The global unemployment rate will tick upwards from 5.9 per cent of the global labour force in 2012 to 6 per cent in 2013. The crisis has led to the loss of 32 million jobs over the past five years, of which about half were in the advanced economies and the European Union (table 3). The crisis has continued to afflict developing countries as well. Sub-Saharan Africa accounts for 4.5 million jobs lost, while the rest of the developing world accounts for another 11.9 million. This is despite the fact that average employment growth over the crisis period in sub-Saharan Africa, at 2.9 per cent per annum, has been well above average global employment growth at 1.2 per cent per annum. Average employment growth has been below 1 per cent in East and South Asia and Central and South-Eastern Europe, about 2 per cent for South-East Asia and the Pacific, Latin America and the Caribbean, and about 3 per cent for North Africa and the Middle East.

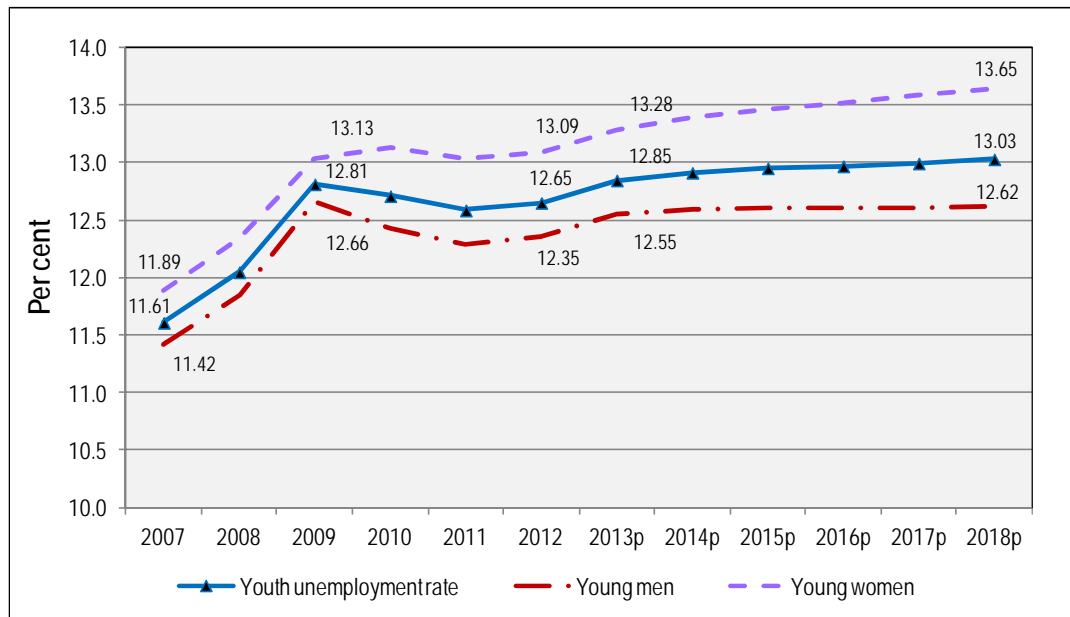
Table 3. Jobs lost to the crisis by region, 2007–13 (millions)

World	32.2
Developed economies and European Union	15.8
EU28	10.1
United States	4.9
Central, South-East Europe (non-EU) and CIS	0.6
East Asia	8.0
South-East Asia and the Pacific	-1.6
South Asia	0.5
Latin America and the Caribbean	1.2
Middle East	1.9
North Africa	1.3
Sub-Saharan Africa	4.5

Source: ILO, *Trends Econometric Models*, July 2013.

10. Little reduction in the global unemployment rate is foreseen over the medium term, with the projected rate expected to remain broadly at its 2013 value over the next five years, half a percentage point above its pre-crisis level. At the same time, the number of jobseekers will continue to grow as the total global labour force expands. On average, there will be 2.5 million more unemployed every year until 2018 under current projections. Male unemployment is expected to increase slightly to 5.7 per cent this year and 5.8 per cent in 2014, below the peak crisis level. In contrast, women's unemployment stands at 6.4 per cent, growing to 6.5 per cent next year, which is above the peak crisis level.
11. Due to the length of the crisis and slow recovery, long-term unemployment has increased in many countries, particularly in the hardest-hit labour markets. For example, long-term unemployment increased by more than 20 per cent in Ireland and Spain. Many of those unable to find a job drop out of the labour market. This loss in labour force participation may become structural in some countries, with long-term effects on the labour market and growth.
12. Young people continue to be particularly affected by the slowdown in activity. After some improvement in the global youth unemployment rate since the end of 2009, the number of young jobseekers appears set to jump up again in 2013 (see figure 1). The youth unemployment rate is expected to reach 12.8 per cent, as high as during the peak of the crisis in 2009, and will continue to rise, reaching 13 per cent in 2015. Due to demographic changes and different educational choices, youth cohorts on the labour market will become smaller over the next five years. As a consequence, despite a rising youth unemployment rate, the number of young jobseekers will stabilize at around 73 million worldwide, 4 million more than prior to the crisis in 2007. Young women are particularly affected by the crisis, with youth female unemployment rates projected to rise to an all-time high of 13.6 per cent globally by 2015.

Figure 1. Global youth unemployment (15–24 years old)



Note: p = projected.

Source: ILO, *Trends Econometric Models*, July 2013.

- 13.** It should be noted that in certain crisis countries, employment losses have been more pronounced for the group of young adults aged 25–34 than for youth aged 15–24.⁴ These young adults are often the first to face job losses in crisis times, as a consequence of their lower seniority and experience, while they sometimes cannot benefit from specific youth labour market programmes or retraining offers, making a return to employment for this age group particularly challenging.
- 14.** Regional youth unemployment rates show large variations. In 2012, youth unemployment rates were highest in the Middle East and North Africa, at 28.3 per cent and 23.7 per cent, respectively, and lowest in East Asia (9.5 per cent) and South Asia (9.3 per cent). Between 2011 and 2012, regional youth unemployment rates increased in all regions except Central and South-Eastern Europe (non-EU) and the Commonwealth of Independent States (CIS), Latin America and the Caribbean, and South-East Asia and the Pacific. Progress on reducing youth unemployment is observed in Azerbaijan, Indonesia and the Philippines.
- 15.** In countries and regions with high poverty levels and high shares of vulnerable employment, the youth employment challenge is as much a problem of poor employment quality as one of unemployment. For instance, the South Asian and sub-Saharan African regions present relatively low youth unemployment rates, but this is linked to high levels of poverty, which means that working is a necessity for many young people. In India, there is evidence that youth unemployment rates are higher for families with incomes over the US\$1.25 poverty line than for those with incomes below this line.

⁴ Organisation for Economic Co-operation and Development (OECD): *Employment Outlook 2013* (Paris).

II. Diverging trends in employment quality and incomes

16. While the integration of the global economy means that spillovers from recession in the EU and slow growth in other large advanced economies have significantly affected other economies at all stages of development, there are notable differences in the evolution of job quality among countries and regions. There are also differences in the evolution of job quality across sectors and income groups within countries.
17. In a number of advanced economies the global crisis has been accompanied by deterioration in the quality of employment. The *World of Work Report 2012* showed that between 2007 and 2010 the incidence of involuntary part-time and involuntary temporary employment increased in 85 per cent and 80 per cent, respectively, of the advanced economies analysed. Since 2010, involuntary part-time and involuntary temporary employment has increased in many countries where employment growth has resumed. The shares of involuntary part-time employment increased in half of the labour markets that performed best in terms of overall employment rates and the shares of involuntary temporary employment increased in a third of these markets in that period. There has been an increase in phenomena such as zero-hours contracts that create employment relationships in which all economic risk is borne by the employee.
18. In most advanced economies, income inequalities have widened over the past two years, thereby resuming the trend that preceded the onset of the global financial crisis. Evidence also suggests a widening of wage inequalities, following a brief pause in the immediate aftermath of the crisis. The highest incomes recently resumed their upward trend in most advanced economies for which information is available.
19. In emerging and developing countries, the share of informal employment remains high, standing at more than 40 per cent in two-thirds of countries for which data are available. In this respect, the policy challenge for emerging and developing countries is to consolidate earlier gains, notably by facilitating the transitions to the formal economy and building adequate and sustainable social protection systems.
20. One positive trend that has persisted through the crisis is the reduction of poverty and narrowing of income inequalities in the majority of emerging and developing economies for which data exist. In these countries, poverty has declined and the middle-income group is expanding. In 2013 more than 42 per cent of all employees in developing countries were in the group defined as middle class (based on a definition of income between US\$4 and US\$13 per day at purchasing power parity) or in the group with incomes above that level. This represents an impressive gain from the 24.8 per cent share held by this group a decade earlier. Poverty reduction and the rise of the global middle class have continued throughout the crisis, albeit at a slower pace than during the previous decade.
21. Most of the reduction in poverty has come from the fast-growing countries in East and South-East Asia, but other regions have also seen a gradual increase in average earnings and a reduction of working poverty. These improvements are still fragile, and it must be noted that poor and vulnerable people still represent the majority of the population in emerging and developing countries. The average Gini coefficient of income inequalities is still over 40 in the majority of developing and emerging countries and over 50 in many Latin American and African economies.
22. The rise of the middle class in emerging and developing countries has provided welcome support for aggregate demand at the global level. These groups contribute substantially to economic growth through higher demand and investment in the education and skills of their households. Indeed, the rise in the middle class has fuelled consumption growth in

these countries, which has partly offset the slowdown in exports as demand from advanced economies has weakened. In commodity-dependent countries, consumer demand has partially compensated for the deceleration or fall in commodity prices. At the same time, it has contributed to some progress on rebalancing international trade flows between advanced and emerging economies, a factor that is believed to lead to a more stable recovery of the world economy and may eventually lead to sustainable employment growth.

III. Policy responses and options to address the employment challenges

23. At the global level, weak consumer and aggregate demand is holding back investment in the real economy. Thus, two of the four main components of macroeconomic activity are underperforming. A third component, government spending, has been constrained in many countries by high debt levels, increased borrowing costs or fears of financial contagion that would affect the cost of servicing sovereign debt. In some countries with manageable debt levels, fiscal consolidation has nonetheless become the preferred political option. The final macroeconomic component, net exports, cannot be increased by all economies in the global economic system. With low overall demand, the economies that gain export share have done so mainly at the expense of other economies. Therefore the challenge to policy-makers is to reverse what has become something of a vicious circle of weak demand leading to weak investment, which both reduce government revenue, leading to reductions in government spending. Reliance on increased net exports in the face of deficient domestic demand poses the risk of beggar-thy-neighbour export strategies.
24. The policy debate on how to stimulate faster economic growth and job creation has dominated discussion in global economic policy forums in 2013, including in the G20 and at the meetings of international financial institutions. The G20 discussion under the Russian Federation presidency has been strongly focused on these issues.⁵ In recognition of the need to coordinate macroeconomic and employment policies in order to achieve the goals of stronger and sustainable growth and job creation, the Russian Federation for the first time convened a joint meeting of G20 Finance Ministers with G20 Employment and Labour Ministers to explore the challenges and potential policy responses.
25. The joint communiqué issued by the Ministers after their meeting is instructive as to the evolution of policy options under consideration.⁶ The Ministers concluded that:

Coordinated and integrated public policies are crucial to achieving strong, sustainable, and balanced growth, and restoring confidence in the global economy. We strongly support current efforts to find the right balance between labour demand and labour supply, while ensuring adequate social protection through a comprehensive and coherent policy package. Given the high relevance of long-term investment for growth and employment, we support measures to provide better access to financing sources, including for small and medium-sized enterprises, tailored to national circumstances.

⁵ Under the Russian Federation presidency, the discussion has also included Ethiopia as current chair of the African Union, Senegal as current chair of the New Partnership for Africa's Development, Brunei Darussalam as current chair of the Association of Southeast Asian Nations (ASEAN), Kazakhstan representing the Commonwealth of Independent States and the Eurasian Economic Community, Singapore as president of the Global Governance Group, and Spain.

⁶ The G20 Labour and Employment and Finance Ministers' communiqué, 19 July 2013, Moscow.

We will maintain supportive macroeconomic environments, which are conducive to job creation, investment, and business development, in order to allow the private sector to play its role as a driver of employment and growth.

26. The G20 Ministers agreed that:

Different country circumstances inevitably mean that the appropriate mix of policies will need to be tailored to meet country specific situations, and there is no single answer for how best to promote growth and jobs. Nevertheless, we agreed that at a broad level the following policies should be foremost in our considerations as we continue to support economic and employment growth in our countries:

1. Integrated macroeconomic, financial, and labour market policies that foster growth and employment.
2. Fostering a sound domestic investment and business climate, especially for SMEs, start-ups, and venture business.
3. Delivering reforms to foster growth and job creation, address labour market segmentation, reduce informality, and promote inclusive labour markets, while fully respecting workers' rights and social protection.
4. Implementing policies to increase labour force participation, including among youth, women, older workers, and people with disabilities, as well as reducing structural unemployment, long-term unemployment, underemployment, and job informality.
5. Implementing labour market and social investment policies that support aggregate demand and reduce inequality, such as broad-based increases in productivity, targeted social protection, appropriately set minimum wages with respect to national wage-setting systems, national collective bargaining arrangements, and other policies to reinforce the links between productivity, wages, and employment.
6. Promoting well-targeted cost-effective and efficient labour activation programs, focused on skills training and upgrading, especially for the vulnerable groups, and fostering youth employment, including by youth guarantee approaches, promoting vocational training and apprenticeships, and facilitating exchange of best practices among the G20 countries and the social partners on activation policies.

We have a strong commitment to achieving higher productivity and improving living standards through appropriate macroeconomic and labour market policies. Investments in human capital and adequate social protection are central to our agenda. We recognize the importance of establishing nationally determined social protection floors, and of modernizing the social protection systems to raise their coverage, effectiveness, efficiency, adequacy, and sustainability. Our social protection policies should incentivise work for those who are able, supporting them to find and stay in employment.

27. At the G20 Summit in September, the G20 Leaders endorsed the Ministers' recommendations and agreed:

... to mobilize, coordinate and integrate, our national policies (macroeconomic, financial, fiscal, education, skills development, innovation, employment, social protection) to promote the creation of quality jobs, while increasing productivity with full respect for Fundamental Principles and Rights at Work, to ensure higher employment levels and a sustained decline in unemployment, underemployment and informal employment.⁷

The G20 Leaders called on the Ministers "to continue to collaborate to promote quality job creation and job-rich and sustained growth".

⁷ G20 Leaders' Declaration, 6 Sep. 2013, St Petersburg.

28. The emphasis by the G20 Leaders and Ministers on the need to coordinate macroeconomic and labour market policies is welcome, and echoes the position taken by the ILO and the Governing Body over recent years. The range of policy options included in these statements and the G20 Labour and Employment Ministers' Declaration track closely with ILO policy positions and recommendations. The inclusion of representatives of regional groups of countries in the G20 deliberations broadens the relevance and increases the legitimacy of the conclusions reached.
29. The discussions and conclusions represent a significant evolution of the international policy dialogue on how to address employment challenges. The recognition of the need to address both the supply and demand sides of the labour market is an important innovation compared to earlier discussions, and the acknowledgement that labour and social policies also have an effect on aggregate demand and overall macroeconomic results is a sound foundation for further progress.

IV. ILO action to promote inclusive growth and decent work

30. The Director-General and the Office have increased efforts to advance concrete policy options and promote coordinated action in a number of international forums since the Governing Body discussed these issues at its 317th Session in March 2013. These include intensified engagement with the international financial institutions, particularly the World Bank. The Director-General and the President of the World Bank have agreed to develop a joint research agenda that will focus on job creation and productivity. Furthermore, in light of the Oslo Declaration adopted by the Ninth European Regional Meeting,⁸ the Office is reinforcing its assistance to constituents on specific crisis-related challenges identified in respective countries of the region, including those immediately affected by the Eurozone crisis.
31. The ILO has played a more active role in the G20 this year, in particular in the preparations for the joint meeting of G20 Employment and Labour Ministers and Finance Ministers and in the Sherpa discussions leading to the Leaders' Summit.
32. As reported in GB.319/INS/4 on the post-2015 sustainable development agenda, the Office played an active role in advocating that employment creation and decent work should be an explicit goal of the development framework beyond 2015. Working together with constituents and field offices, the Office intervened in multiple forums and produced two concept notes that influenced the course of the discussions. The report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda appointed by the UN Secretary-General included as one of its 12 illustrative goals to "create jobs, sustainable livelihoods and equitable growth".⁹ The Secretary-General's report to the 68th session of the United Nations General Assembly on the Millennium Development Goals (MDGs) points out that "emphasizing inclusive growth, decent employment and social protection" has been essential to drive progress on the existing MDGs. The report notes that: "Inclusive economic growth with decent employment and decent wages has proven to be a

⁸ See GB.319/INS/6.

⁹ Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, available at: http://www.un.org/sg/management/pdf/HLP_P2015_Report.pdf.

prerequisite for achieving the Millennium Development Goals, particularly Goal 1.”¹⁰ The report goes on to list a number of key factors that will be needed to achieve post-2015 goals, including to “[p]romote inclusive and sustainable growth and decent employment”. The report notes that “[d]ecisions on the shape of the next agenda rest with Member States”, suggesting that the coordinated efforts by the Office and constituents to include decent work in the new development framework should begin to shift to the country level.

33. Translating sound policy options into concrete action at the country level and coordination at the international level are nonetheless still formidable challenges. In the coming months, the Office plans to increase its analytical work on the evidence base for policies that promote improvements in the quantity and quality of employment and the role of social protection. It will continue to assist constituents, including the social partners, in national-level policy debates. It will maintain its higher level of participation in global policy forums and deepen its collaboration with partners on analytical work.

Point for guidance

34. The Governing Body is invited to review the current global economic and employment discussions and the contribution that employment and social policy can make to continued economic recovery and growth, and to provide guidance regarding the future activities of the ILO in this area.

¹⁰ Report of the Secretary-General to the 68th session of the United Nations General Assembly, *A life of dignity for all: Accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015*, available at: <http://www.un.org/Docs/journal/asp/ws.asp?m=A/68/202>.