

**FOR DEBATE AND GUIDANCE**

## FIRST ITEM ON THE AGENDA

**Implementation of the Global  
Employment Agenda: An update**

1. This paper provides a regular update on the implementation of the Global Employment Agenda (GEA). At the March 2005 session, the Office had invited tripartite constituents from Argentina and Ghana to address and interact with the Committee on their experiences in making decent employment central in their economic and social policy-making. Given the interest generated and the view expressed to continue to share and learn from first-hand country experiences, the Office has invited constituents from the Philippines, which has drawn upon the concept of decent work to tackle its formidable employment challenges, to share its experience in prioritizing employment goals in its development strategy. As a background to this presentation, the paper briefly reviews recent economic and labour market developments in the Philippines and measures taken by policy-makers and the social partners, with ILO support, to make decent work an explicit priority objective of the country's development efforts.
2. The follow-up to the implementation of the Plan of Action adopted by the African Union Extraordinary Summit of Heads of State and Government on Employment and Poverty Alleviation in Africa held in Ouagadougou, Burkina Faso, in September 2004 is now gaining momentum. Given the interest expressed by the Committee to be kept abreast of developments in the March 2005 session, when a progress report in this regard was submitted, the paper includes some of the major initiatives and plans supported by the ILO to give concrete shape to the Plan of Action adopted at the Summit.
3. The Committee had also expressed an interest to be kept informed of support being provided by the Office to countries in developing employment strategies and policies within the overall framework of the GEA and in relation to its ten core elements. To provide a snapshot of country-level activities, the paper provides information on the number of countries developing national employment agendas and the core elements of the GEA in support of decent work country programmes (DWCPs) being developed by the tripartite constituents with ILO technical support.
4. The paper also provides, at the request of the Committee, a brief review of how the discussions on the core elements of the GEA have been reflected in the analytical and advisory work of the Office.

## Promoting decent work in the Philippines: A common agenda

5. In the Philippines, the decent work concept has achieved prominence as a guiding principle for employment goals and aspirations. The Medium-Term Philippine Development Plan (MTPDP) for 2001-04 included a chapter on “Promoting full, decent and productive employment”. The MTPDP for 2004-10 further renewed emphasis for “labor policies to be guided by the principles of providing decent and productive employment”.
6. The major challenge facing Philippines at the start of the MTPDP is to create decent jobs to a labour force that is growing at around 3 per cent and an unemployment rate of well over 8 per cent<sup>1</sup> at the end of 2004. Unemployment is largely an urban problem and roughly two in every three unemployed are urban residents. The majority of the unemployed are young people aged 15-24 years who are unskilled and inexperienced but better educated than the employed workforce. With policies to stimulate economic growth seriously constrained by an unsustainably high budget deficit and an extremely high ratio of government debt to GDP of around 80 per cent, the country still managed a reasonable economic growth rate in the past two years of over 4 per cent. This economic growth, together with supporting measures to facilitate employment growth helped improve labour market conditions. Yet, this was still below the needed increase to meet the plan target of creating 1 million jobs in 2005 which would require a steep acceleration in the rate of job creation.
7. Although tackling the domestic employment and labour market situation still remains a major challenge, especially in view of difficulties in implementing economic reforms to reduce the budget deficit and rising oil prices, the Government has been quite successful in assisting Filipinos to find employment overseas with almost half a million overseas Filipino workers (OFWs) being placed in the first half of 2005. This has clearly helped ease the pressures on the domestic labour market. In addition, workers’ remittances at around US\$10 billion in recent years, a significant 10 per cent of GNP, provide much needed balance of payments support and augment incomes of families with members working overseas. During January-April 2005, remittances reached US\$3.1 billion, a striking 17.2 per cent growth on comparable levels a year ago. Demand for health professionals and caregivers has been increasing especially in industrialized countries with ageing populations such as the United States and Europe.
8. The Philippine “National Plan of Action for Decent Work 2005-07: A common agenda”, drawn up by the tripartite constituents with ILO technical support, is aligned to the strategic goals expressed in the MTPDP for 2004-10 and is the contribution of the ILO and its constituents to the country’s development agenda. There is special attention in the plan to policies and projects to create and retain jobs, and to ways to mobilize economic and social actors around those projects. At the same time, there is common recognition that the choices on what needs to be done to address the deficits in decent work should be based on participation, dialogue and consensus building. The current plan of action for decent work takes off from a strong foundation of continuity from the groundwork and achievements of the previous action programme launched in 2002.

<sup>1</sup> The Philippines has recently revised its definition of the unemployed, to bring it in line with the standard ILO definition, as persons 15 years old and over who are without work and seeking work, while the earlier definition included certain categories of workers that were not available for work. Under the new definition the level of unemployment is near 8 per cent as compared to the earlier estimate of over 11 per cent.

9. Under the plan of action, the following five main areas of support have been identified to create more decent employment opportunities in the Philippines, namely: (i) employment creation in micro-enterprises, SMEs and promotion of entrepreneurship, in particular for youth, women and displaced workers (GEA core elements 5 and 7); (ii) lifelong skills development and training (core element 6); (iii) local employment promotion (core elements 10 and 5); (iv) competitiveness, productivity and sectoral restructuring (core elements 1, 6 and 7); and (v) participation in the labour market, particularly youth, women, displaced workers and returning OFWs (core element 7).
10. Major initiatives under the five main areas include: the Training for Rural Economic Empowerment (TREE) project funded by the United States Department of Labor and Employment; the recently launched project to promote youth employment, supported by the Canadian International Development Agency (CIDA); the Action Programme to Improve Competitiveness of the TCF (Textile, Clothing and Footwear) sectors through the Promotion of Decent Work; the Local Development and Decent Work initiative, and the Philippine adaptation of the Generate Your Business Ideas (GYB) and Start Your Business (SYB) modules.
11. The project on “Promoting Youth Employment in the Philippines: Policy and Action” aims to facilitate employment opportunities for young women and men in the formal economy and reduce decent work deficits for young people in the informal economy through effecting changes in government policies at national and local levels, using social dialogue and implementing action programmes with key youth target groups including school leavers, young people with low-skill jobs or unemployed youth in the informal economy. The ILO is also assisting the Department of Labor and Employment to monitor the impact on its textile, clothing and footwear industry of the Post-MFA (Multifibre Arrangement) regime which came into effect at the beginning of 2005 and in devising measures to increase competitiveness and provide safety nets for redundant workers.

## **Follow-up to the Extraordinary Summit of Heads of State and Government of the African Union on Employment and Poverty Alleviation in Africa**

12. At the March 2005 session, the Office presented the framework for the overall strategic response that will guide ILO technical support to the follow-up to the Summit. It pointed out that interventions will be at the national, regional, continental and global levels with the ILO continuing to support the mainstreaming of the Decent Work Agenda into national development plans and frameworks. At the regional level, the ILO will be part of the African Union process to reinforce the regional economic communities (RECs) which will take the lead in the follow-up process. At the continental level, the ILO will work closely with the African Union Commission, the Labour and Social Affairs Commission and the social partners in the follow-up mechanisms including the institutionalization of the Social Partners Forum. At the global level, efforts would be directed in supporting the mainstreaming of employment strategies and policies in development partners’ frameworks and plans for development assistance.
13. More specifically, at the regional level, the African Union Commission is organizing a consultative meeting of the RECs in September 2005. This will be a joint initiative with the ILO which aims to encourage and strengthen implementation modalities for the Ouagadougou Declaration on Employment and Poverty Alleviation in Africa and Plan of Action for promotion of employment and poverty alleviation.

14. At the subregional level, the ILO Subregional Office for Southern Africa in Harare will organize a conference on “The Youth Employment Challenge in the Southern African Context” in October 2005. Tripartite leaders and youth representatives from nine countries will be brought together to brainstorm on the challenges, scope, characteristics and causes of youth unemployment in the region. The expected outcomes from the meeting will be subregional and national action plans for employment creation and poverty reduction and an ILO-supported programme. This conference is timely given the importance and urgency of addressing youth employment in initiatives, such as in the Millennium Declaration, the Youth Employment Network and the 93rd Session of the International Labour Conference.
15. An East African Subregional Ministerial Conference on the follow-up to the African Union Extraordinary Summit was held in Zanzibar in May 2005. The Secretary-General of the East African Community, ministers and permanent secretaries attended the conference. The ministers agreed to take action in 14 areas to facilitate the implementation of the Declaration, Plan of Action and Follow-up Mechanisms adopted by the Summit. The ILO was mandated to support the follow-up process and this provides the ILO with an opportunity to work with an institution that is committed to address employment and labour issues in the subregion.
16. At the national level, in Côte d’Ivoire, a seminar entitled “Which national employment policy to fight poverty and ensure sustainable peace in Côte d’Ivoire” was held in July 2005 to validate the National Plan of Employment Development 2005-09 (*Plan National de Développement de l’Emploi (PNDE)*), with technical and financial support of international partners, including the ILO. It was attended by participants from national ministries, professional associations, trade unions, NGOs and civil society. The main outcome of the seminar was the adoption of the PNDE, whose objective is to create 3 million jobs from 2005 to 2009 in order to significantly reduce unemployment and poverty. The conclusions from the seminar should form the basis on which the Ivorian Government will define a new employment policy with ILO support.
17. At the national level, the ILO is placing additional resources for the follow-up at the country level, with concrete proposals to be implemented during 2005, jointly supported by the field and headquarters’ technical units, in the following four main areas, namely:
  - youth employment action plans, policies and programmes in Côte d’Ivoire, Kenya, United Republic of Tanzania, Uganda, Egypt and at the subregional level in southern Africa and Central Africa;
  - improving labour market information and analysis capacity in Mali, Madagascar, Mauritius, Seychelles and Algeria;
  - capacity building, including for the tripartite constituents, and technical support to make employment essential to development frameworks in Burkina Faso, Côte d’Ivoire, Ghana, Mali, Senegal, Ethiopia, Kenya, United Republic of Tanzania, Uganda, Sudan, Morocco and at the subregional level in Central Africa;
  - crisis response: skills development, job creation and income generation in a post-conflict context in Côte d’Ivoire and Sudan.
18. Another initiative being undertaken with ILO support as a follow-up to the Summit and the African Social Partners Forum is the proposal to create a Pan-African think tank for strategic thinking, analysis and formulation of proposals to benefit decision-makers from the private and public sectors to promote development of the private sector to stimulate employment creation in Africa. This will be discussed at a Conference to be organized in Tunis in December 2005.

19. A more complete report on the results of these initiatives, as well as on continuing support provided by the ILO at the continental, regional and global level, will be reported to the Committee at its March 2006 session.

## **GEA in support of the decent work country programmes (DWCPs)**

20. The Decent Work Agenda provides the overall framework for the ILO's work. After developing DWCPs in a selected number of pilot countries the aim now is to move towards integrated DWCPs, developed with active participation of constituents and with ILO technical support which define priorities and targets.
21. The GEA, as the employment pillar of the Decent Work Agenda, feeds into and draws upon the decent work strategic framework. Its principal objective is to contribute to the Organization's efforts to promote decent work. Employment issues figure prominently in the drawing up of DWCPs, and in many countries employment concerns have served as the entry point for developing a coherent national strategy on decent work.
22. The real value added of the GEA in developing DWCPs is that it provides the framework for making employment central in economic and social policy-making by examining in detail key policy areas which have a critical impact on employment outcomes. As a general policy document it can be used as a basis for developing an analysis of employment problems in a country and identifying possible remedies. The GEA also serves as a platform in bringing out the key linkage between growth, employment and poverty reduction;<sup>2</sup> its ten core elements ensure a coherent approach to tackling problems of unemployment and poverty. In some cases, the constituents, based on pressing economic imperatives, may want the DWCP to focus on selected sectors and/or selected core elements of the GEA. This policy package would if supported by concrete action programmes and projects, provide a strong impetus for the generation of decent work. But as implementation of the DWCP progresses, the need to broaden the sectoral and micro interventions as they relate to the broader overall economic policy environment would become increasingly apparent. In this case, the DWCP as a policy package encompassing selected elements of the GEA can be widened in its scope by the tripartite constituents, to take into account a broader macro policy perspective.
23. As the ILO proceeds with more country employment analysis, this should itself feed back into enriching the general framework of the GEA. Also, as specific elements of the GEA are operationalized, the DWCP should provide a useful opportunity to verify the validity of ILO technical support in relation to "needs" as found in the DWCP. This iteration should be of great value both to DWCP and to ILO support programmes and policy packages.
24. The case studies which have been presented to the Committee since the adoption of the GEA in March 2003 provide examples of how the GEA framework has been used in developing comprehensive national employment strategies (China, Islamic Republic of Iran, Pakistan) which have then, as in the case of Pakistan, helped the tripartite constituents identify the key issues to be addressed and developed in the preparation of the Pakistan DWCP. Similarly, country studies presented (Ethiopia and Egypt), where emphasis was

<sup>2</sup> That the creation of decent work is the most effective means of attacking poverty and ensuring equitable development is discussed in the Report of the Director-General, *Working out of poverty*, Report IA, ILC, 91st Session, 2003. The GEA's contribution to the ILO's engagement with the Poverty Reduction Strategy Papers (PRSPs) process is outlined in document GB.294/ESP/5 being discussed at this session.

initially placed on developing active labour market policies in support of decent work (GEA, core element 7), are now being extended, as in the case of Ethiopia, with active participation of policy-makers and the social partners, to develop a comprehensive employment strategy which would then serve as a major building block of the DWCP being developed for Ethiopia.

#### **GEA as the employment pillar of decent work: Country-level support**

Since the adoption of the GEA by the Governing Body in March 2003, the GEA framework has been used in a number of countries to develop comprehensive employment strategies that would embed decent work in the countries' poverty reduction and development strategy. These countries include Albania, Argentina, Azerbaijan, China, Croatia, Islamic Republic of Iran, Iraq, Kazakhstan, Kyrgyzstan, Mauritius and Pakistan. In Ghana, the Presidential Employment Summit to be held at end-November 2005 will debate and discuss the comprehensive employment strategy prepared with technical support by the ILO, to come up with concrete programmes and projects to accelerate the pace of job creation and skills development in the face of increasing global competitiveness. Work for developing comprehensive employment strategies is ongoing in Djibouti, Estonia, Niger, Republic of Moldova and Serbia and Montenegro and is being initiated in Burkina Faso, Cameroon, Ethiopia and Libya. A comparative study within the framework of the GEA has been undertaken for Argentina, Brazil and Mexico with the aim of analysing differences in the employment performance among the three countries and how employment can be made a central aim of economic policy. The results of the study were discussed with the tripartite constituents and employment specialists in each of the three countries during May 2005 and will be published later this year.

A review of ongoing activities at the national level on the core elements of the GEA showed that in mid-2005 the ILO was working with constituents in 71 countries, mostly in the developing world and economies in transition. In terms of individual core elements covered, although these were in many cases combined with other elements to develop coherent policy packages, the number of countries covered were: knowledge and skills (55), decent employment and entrepreneurship (53); productive employment for poverty reduction (47); labour market policies (41); macroeconomic policies (including microfinance and financial sector reforms) (24); occupational safety and health (24); trade and employment (23); technology (22); and sustainable development (17).

25. The presentation on Argentina by senior policy-makers and the social partners, at the Committee's March 2005 session, was a good illustration of how a country moved from responding to an economic crisis to stabilize the employment situation in the short run, to developing an integrated DWCP covering the medium term with priority being placed on a number of the core elements of the GEA to develop an integrated policy package. The ILO's response in providing assistance to Indonesia after the tsunami disaster is a good example of how the ILO is helping countries give high priority to employment and income-generation activities and projects as part of the immediate response to a crisis situation (see box).

#### **The employment agenda in Aceh**

The earthquake and subsequent tsunami that hit the Indonesian province of Aceh on 26 December 2004 resulted in more than 125,000 dead, almost 40,000 still missing, 700,000 people displaced and devastating damage to personal property and vital public infrastructure. The immediate response of the ILO was swift and twofold. A rapid assessment of the disaster estimated 600,000 people to have lost their livelihoods, thus increasing the unemployment rate from 6.8 per cent in the region prior to the tsunami to more than 30 per cent. The second action constituted the formulation of the ILO's response to provide direct and concrete support. A programme was designed centred around the creation of employment with the following components:

1. provision of employment services;
2. vocational training and skills development;
3. enterprise development and microfinance;
4. labour-based infrastructure development;
5. child labour prevention;
6. local economic recovery and development.

The start of a first employment service centre in the provincial capital of Banda Aceh provides the nexus for ILO operations. At present these operations have been extended to three additional centres. As of mid-July, approximately 40,000 Acehnese have been registered out of which 1,000 had been directly matched with existing job vacancies. The registration of jobseekers also allows for mapping available skills and competencies in the province, which, measured up to with the reconstruction needs and other employment opportunities, facilitates the prioritization of vocational training needs. As a result of this, the ILO has started the provision of short-cycle vocational training, mainly in the form of skills related to the construction sector, which enhances the expertise of individuals to secure livelihoods. A third component to directly and indirectly assist victims and other inhabitants of the province to secure their livelihoods is through the ILO's Start Your Business programme. To support the use of labour-intensive technology as widely as possible in the reconstruction of infrastructure, the ILO provides training to staff of organizations involved in "cash-for-work" schemes on concrete works and masonry skills and on debris clearing for supervisors. In addition, the ILO has its own pilot activity to combine the reconstruction of roads with a labour-based approach, focusing on maximizing the use of local labour, native building techniques and subcontracts to local micro- and small enterprises (MSEs).

## Discussions in the Committee on Employment and Social Policy on the core elements of the GEA

26. The discussions in the Committee on the core elements of the agenda as elaborated in the papers presented by the Office have been used to sharpen and modify the ILO's technical advisory services to constituents. The paper and discussion in the ESP Committee on core element 7, *Active labour market policies*,<sup>3</sup> resulted in an ILO publication reviewing the role of active labour market policies in developed, transition and developing countries in the context of the search for new securities in a globalizing economy.<sup>4</sup> The review was also a first response to some of the points raised in the ESP Committee on the paper presented by the Office. The discussion had identified some key areas on which ILO work should focus in particular: the role ALMPs could play in developing countries; the integration of ALMPs in a broader framework for coping with the consequences of globalization; the nexus between labour market flexibility and security and the role of labour market policies; the importance of evaluation of ALMP measures; and the use of ALMPs for vulnerable groups. The publication and related work on these issues has been widely disseminated amongst policy-makers and the constituents. In addition the continuing work on labour market flexibility and security has permitted discussions with other multilateral organizations, including the World Bank, the European Union Commission and the Organisation for Economic Co-operation and Development (OECD) on the issue of new labour market institutions for a globalizing economy.
27. The discussion in the ESP Committee on core element 7 has also subsequently influenced ILO technical advisory services, such as the work on labour market intermediation in Algeria, Morocco and Tunisia. In these countries, the existing systems have been analysed and recommendations have been made for changes in close collaboration with the constituents.
28. The discussion in the Committee on the Office's presentation of core element 5, *Promoting decent employment through entrepreneurship*<sup>5</sup> in March 2004, has reinforced the Office's work under this core element in a number of areas highlighted by the Committee. The need

<sup>3</sup> GB.288/ESP/2.

<sup>4</sup> P. Auer, U. Efendioglu and J. Leschke: *Active labour market policies around the world. Coping with the consequences of globalization*, ILO, Geneva, 2005.

<sup>5</sup> GB.289/ESP/1.

to increase attention to the potential of cooperatives has been followed up with a substantial campaign to promote Recommendation No. 193: it has subsequently been presented in three regional meetings and three national meetings; translated into four more languages bringing the total to 33; and advisory services on its implementation provided to six countries. In South Africa, the Recommendation has been used to revise the national cooperative development policy and cooperative legislation.

29. In the area of promoting an enabling environment for employment growth in MSEs, a cross-sectoral ILO working group, including both headquarters and field units, is in the process of compiling lessons learned and good international practice with regard to how to strike an effective balance between appropriate protection of workers in MSEs and the need to reduce excessive administrative and regulatory burdens. In another area highlighted by the Committee, the promotion of an entrepreneurial culture among young women and men, is being proactively followed up through the global dissemination of the *Know About Business* (KAB) programme. KAB has become part of the official national curriculum for vocational training institutions in several countries, including Kazakhstan and Kenya. As suggested by the Committee, the Office has made special efforts to work with the UNDP on follow-up to the UNDP report on “Unleashing Entrepreneurship: Making Business Work for the Poor”. A comprehensive strategy for private sector development has been developed by the ILO and the Ministry of Trade and Industry of the United Republic of Tanzania, in close collaboration with the UNDP and UNIDO.
30. Also, as suggested, efforts to enable constituents to support job creation through SMEs have been intensified. A DVD entitled “Reaching out to SMEs – A toolkit for employers’ organizations” has been developed with the International Organisation of Employers (IOE). This is a multilingual compilation of tools and approaches that can help organize, provide services to, and strengthen advocacy for SMEs. An additional effort has also been made to replicate more widely the successful SYNDICOOP concept, originally developed in eastern and southern Africa, which fosters collaboration between trade unions and cooperative structures to support informal economy operators organize themselves, upgrade their operations and move towards formality.
31. In the area of *productive employment for poverty reduction and development*, core element 10 of the GEA, a number of activities have been undertaken following up on the discussions at the ESP Committee at its March 2004 session. At the global and regional levels, the alliance with the UNDP has continued and become stronger. This has made it easier for the ILO to undertake advocacy and advisory work on employment for poverty reduction at both global and country levels. Country-level technical advisory work on integrating employment into a development plan has started in Viet Nam. More such county-level work is envisaged. In an effort to find practical ways of incorporating the employment concern into future PRSPs, an exercise has been launched on how employment could be integrated into their basic policy framework in relation to specific policy measures and allocation of development resources. In response to the call for adopting a more integrated approach of using various ILO instruments at the country level, a technical cooperation project on operationalizing pro-poor growth has been formulated and submitted for donor funding.
32. With regard to core element 4 on *Macroeconomic policy for growth and employment*,<sup>6</sup> the work of the Office is being geared to reflect the consensus that the ILO should be focused on assessing the employment and social implications of macroeconomic policies; that this should be done more at the country level; and that workers’ and employers’ groups need to be further supported to ensure their better participation in macroeconomic decision-making

<sup>6</sup> GB.291/ESP/1.

and in the PRSP process. In this context, the Office is undertaking some focused research to expand and empirically validate some of the ILO's concerns and positions with regard to employment implications of alternative macroeconomic policies.<sup>7</sup> These views are also embedded in a position paper being jointly prepared by the ILO and the Economic Commission for Africa.<sup>8</sup> A proposed agenda for a forthcoming Caribbean Employment Forum is being designed to reflect, among other issues, how productive employment generation could be seen as a central objective of macroeconomic policies.

33. The investigative work on "Trade, foreign investment and productive employment in developing countries", as suggested in the discussion on the Office paper elaborating on core element 1, *Promoting trade and investment for productive employment and market access for developing countries*,<sup>9</sup> is being followed up by subregional studies with particular focus on trade and employment policy, starting with the work being carried out in preparation for the forthcoming Caribbean Employment Forum. In a series of country papers, being prepared with technical support by the ILO, policies for maximizing the employment benefits of trade and foreign direct investment are being emphasized.

## Conclusions

34. The implementation of the GEA, since its adoption in March 2003, has been guided by the discussions in the Committee on its overall framework and the elaboration of its core elements, as well as through a learning-by-doing process based on country experiences. Its main objective of assisting the tripartite constituents in making decent employment central in economic and social policy is indeed a challenging one. But progress to date indicates that the GEA is proving to be an effective platform for this task.
35. As the DWCP, developed in close consultations with the tripartite constituents and ILO technical assistance, become the main operational framework of the ILO's work at the country level, the GEA can increasingly be drawn upon to provide the analytical support in making decent employment a central goal of national policy-making and poverty eradication strategies.
36. The Committee is invited to comment on the report with a view to giving guidance on the future development and implementation of the GEA.

Geneva, 26 September 2005.

*Submitted for debate and guidance.*

<sup>7</sup> See, for example, A. Bhaduri: *Macroeconomic policies for higher employment in the era of globalization*, Employment Strategy Paper, Nov. 2005 (forthcoming).

<sup>8</sup> *Employment-friendly macroeconomic policies for Africa*, 2005 (draft).

<sup>9</sup> GB.291/ESP/2.