



FOR DEBATE AND GUIDANCE

FIRST ITEM ON THE AGENDA

Employment strategies for decent work country programmes: Concepts, approaches and tools for implementing the Global Employment Agenda

“Vision” document on operationalizing the employment component of decent work country programmes

Introduction

1. At the November 2005 session of the Committee on Employment and Social Policy (ESP), the Executive Director of the Employment Sector proposed to present to the Committee a “vision” document of the Office work on employment for the 2006-07 biennium and beyond at its March 2006 session.
2. The ILO vision of the employment challenges facing countries and the global economy, as well as the ILO and its constituents, is contained in the concept of decent work. The goal of this vision is to achieve full and productive employment and decent work for all, including women and young people. Working towards this goal is the fundamental mission of the ILO. This vision and related challenges are contained in a number of key documents: in those explaining and elaborating the concept of decent work,¹ in the Employment Policy Convention, 1964 (No. 122),² and in the Global Employment Agenda

¹ See the successive Reports of the Director-General to the International Labour Conference: *Decent work* (1999); *Reducing the decent work deficit: A global challenge* (2001); *Working out of poverty* (2003).

² In 1964, ILO Members adopted Convention No. 122 on employment policy which states that “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”. To date, 95 member States have ratified this Convention.

(GEA).³ Other documents, such as the report of the World Commission on the Social Dimension of Globalization,⁴ and successive *World Employment Reports* are also relevant to this vision.

3. In this sense, this document is not about that overarching and well-established vision rather, the focus of the “vision” presented here is on thinking strategically about how to improve the contribution of the Employment Sector to the broader Decent Work Agenda, particularly since the decent work country programmes (DWCPs) will be the main vehicle for ILO policy advice and capacity building. Accordingly, this paper deals with both conceptual and operational issues about how to better translate the decent work vision into reality, particularly as regards national employment strategies (NESs).
4. As the GEA states, implementation policies fall in two categories: those that can be addressed by national policies, and those that need a global policy response. This document focuses mainly on the former, although it also comments on the Sector’s role in promoting the centrality of employment goals in global social and economic policy frameworks.
5. This document also builds upon the very rich debates and discussions in the ESP Committee on the core elements of the GEA and the Office’s experience in implementing the Agenda since its adoption in March 2003.
6. Specifically, the objective of this document is to provide operational focus to the GEA as the employment component of the DWCPs.
7. As a result it is expected that the document, and the actions and processes described in it, will:
 - encourage relevant government authorities and social partners to better design and implement NES, as well as the Employment Sector personnel and ILO field offices to better deliver capacity building and policy advice, as part of the goal of achieving full and productive employment and decent work for all;
 - stimulate and facilitate further strategic thinking and dialogue with constituents, in particular ESP Committee members, as well as within the Sector and the Office, about the challenges of refining the ILO approach to employment strategies, better designing and implementing NESs and about the contribution that the Office activities on employment can make to the Decent Work Agenda;
 - contribute to better position and focus the work of the Employment Sector and more effectively communicate it;
 - provide a framework that could be the basis for better monitoring and assessing the impact of ILO policy advice and tools for employment creation.

³ The 24th Special Session of the United Nations General Assembly in 2000 recognized “the need to elaborate a coherent and coordinated international strategy on employment to increase opportunities for people to achieve sustainable livelihoods and gain access to employment, and in this connection support(ed) the convening of a world employment forum by the International Labour Organization in 2001”. In response to this, in 2003, the Governing Body adopted the Global Employment Agenda (GEA) whose principal purpose is to place employment at the heart of economic and social policies, and contribute to the efforts to promote decent work.

⁴ Report of the World Commission on the Social Dimension of Globalization, *A fair globalization: Creating opportunities for all* (2004).

8. In order to make them more manageable and operational for country-level work, this document clusters the ten core elements of the GEA into six main policy areas, and further breaks down each policy area into sub-areas. However, this should not be seen as a one-size-fits-all list of prescriptions but as a flexible checklist of key issues to think about and to be prioritized and adapted to the specificities of each particular situation and initial conditions based on social dialogue.
9. The document is organized in six sections. Section I puts the employment challenge facing the world and the ILO in perspective. Section II describes the summary vision of the main components of employment strategies: the basic concepts, the six key policy areas and the ILO tools. Sections III-V discuss these components in more detail. Section VI discusses the main implementation challenges and reviews some processes that the Employment Sector has recently put in place or is strengthening to achieve better focus, improve performance and promote continuous learning and knowledge management on employment issues.

I. The context: Globalization, change and the challenge in the employment area for the ILO today

10. The employment deficit remains a daunting challenge at the beginning of the millennium. One-third of the world's labour force is either unemployed, underemployed or belongs to the working poor.⁵ The number of jobs created as much as their quality are priority concerns in most regions and countries.
11. As the new biennium begins, the demands on the ILO to provide knowledge and information, policy advice and capacity building on employment policies and labour markets have increased massively as a result of multiple forces, among them:
 - the accelerating pace of change brought about by globalization with its simultaneous tendencies towards greater interdependence, integration and competition, but also increased risks of exclusion and marginalization;
 - the need to balance flexibility (both for individuals and for the economy as a whole in order to reinforce competitiveness) with security (flexicurity);
 - the growth of the informal economy, part-time work and new forms of employment in many countries;
 - the accelerated pace of economic restructuring, including the movement away from agriculture into manufacturing and services in the developing world and industrial restructuring in developed countries;
 - the growing acceptance of the idea that employment and labour market issues are a decisive, but neglected, link between economic growth and poverty reduction; and
 - most importantly, the fact that decent work is not an abstract idea but a real need and very concrete demand from people around the world.

⁵ Over 530 million women and men of working age live in families with a per capita income of less than US\$1 a day. About 1.4 billion workers survive on less than US\$2 a day, half the world's workforce.

12. These and other forces are driving economic and institutional change in the world of work and, along with the explicit efforts of the ILO, have turned decent work into a global goal. Thus, the new reality in 2006 is that decent work is no longer simply an idea the ILO and the social partners are advocating but is increasingly becoming a central objective of national governments, the United Nations system, other international organizations and the development cooperation community.
13. A result of these forces and, at the same time, by itself an additional source of demands on the ILO, was the 2005 United Nations World Summit Outcome where leaders defined decent work as a national and global goal in the following terms: “We strongly support fair globalization and resolve to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of our relevant national and international policies as well as our national development strategies, including poverty reduction strategies, as part of our efforts to achieve the Millennium Development Goals.” Furthermore, “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all, and its impact on sustainable development” has been chosen as the theme of the 2006 High-Level Segment of the Economic and Social Council (ECOSOC).
14. In sum, this placing of decent work at the centre of national economic and social policies in developed countries, and national development strategies in developing countries, as well as of international policies, including poverty reduction strategies, defines a clear new direction. The ILO has succeeded in making decent work a global goal. Now the challenge is how to make it happen in reality, and particularly at the national level, how to effectively advocate, operationalize and prioritize the components of the ILO’s Decent Work Agenda in particular country circumstances, how to enhance cooperation with constituents and within the Office, how to coordinate with other agencies, and how to further promote the momentum that is clearly gathering around decent work as a global goal. In other words, it is now imperative to initiate a dynamic process of implementation. Challenges can be identified at two levels.
15. First, there is a conceptual or analytical challenge. What is happening can be characterized as a paradigm shift in the making.⁶ Although the analytical features of this new decent work paradigm are only starting to take shape, a number of elements can be briefly noted:
- Analytically, instead of seeing employment as a residual outcome of growth and macroeconomic reforms, the new trend is to view decent work as a productive factor, “an input into a strategy for productive job creation, development and poverty reduction, rather than an output alone”.⁷ This leads in turn to view individuals, and specifically the poor, as the creators of wealth and growth, to view them as actors, who can improve their own well-being and are empowered in the process. This emphasis on people/individuals, on their participation, organization and their representative organizations at local, national and global levels, leads to a new balance between a traditionally technocratic view of policy, and an institutionally and politically more sophisticated view of good process, good governance, empowerment, inclusion and social dialogue, which are now seen as causal factors themselves for good economic, social and equity outcomes. It is also in line with modern theories of

⁶ Evidence of this shift was apparent in the Conference, Work Ahead: The Link Between Jobs and Poverty Reduction, organized by the Ministry of Foreign Affairs, Sweden, Saltsjöbaden, 24-25 November 2005.

⁷ GB.286/ESP/1, para. 11.

innovation and productivity that emphasize the role of workplace practices and lifelong learning.⁸

- Taking individual people as a starting point is not only inherent to democracy but also fully consistent with a values-driven framework and a human rights and standards perspective, and therefore with the ILO premise that labour is not a commodity and that the qualitative and quantitative dimensions of employment (decent work) are inseparable. The integration of values and economics poses important “new paradigm” questions which have traditionally been at the heart of ILO concerns, such as the economics of labour rights, the implications of labour standards on employment, business ethics and corporate social responsibility.
- The international development community is discovering “the employment route to poverty reduction”. The decent work vision is becoming central to and is heavily influencing the development debate and development cooperation. This means that economic authorities in the fiscal, monetary and trade policy fields and development cooperation agencies are beginning to abandon the old practice of seeing full and productive employment as an afterthought and incorporating more explicitly employment concerns and social dimensions in the policy formulation stage and in the evaluation of policy choices. It also means that there is a heightened desire for integrated analysis and policy, for a more “holistic” approach to policy coherence. However, policy frameworks often continue to be fragmented and compartmentalized. The conceptual and analytical challenge here is how to better integrate employment and labour market analysis with macroeconomic analysis and investment climate analysis, in specific country-level work, towards the goal of decent work and to effectively influence the national and international policies on poverty reduction strategies (PRSPs and PRSS).

16. Secondly, there is a practical challenge. What has happened is that the issues that constitute the main mission of the ILO have been elevated to an unprecedented level of international, regional and national priority. This requires the ILO to improve the effectiveness and impact of its policy advice, its tools, and its capacity-building activities. The urgency of the challenge is exacerbated by the fact that the field is becoming increasingly crowded and competitive with more players providing cooperation and advice on all four areas of decent work. While this is in itself a positive development, it challenges the ILO to adapt and to strategically reposition its work in this rapidly changing intellectual and development cooperation environment. These analytical and practical challenges call upon the ILO to:

- (a) better package and communicate the considerable knowledge it already has on employment issues;
- (b) strengthen the knowledge and information base in terms of basic statistics and indicators about the labour market and key trends and be in tune with the rapidly changing reality;
- (c) be strategic as regards its investment in the “core competencies” and corresponding research priorities and policy approaches and in communicating and using research in policy advice;
- (d) improve learning processes and the deriving of lessons from country and project experience;

⁸ See D. Ashton, and J. Sung, (2002): *Supporting workplace learning for high performance working*, ILO.

- (e) manage knowledge effectively between headquarters and the field, and with specialized academic and practitioners' networks globally; and
 - (f) strengthen its capacity to measure and analyse the impact of policy interventions on the quantitative and qualitative dimensions of employment.
17. Therefore, over the next few months and years, the Office aims to reposition its work, expertise and resources by implementing appropriate processes in these and other relevant areas to meet the analytical and practical challenges of supporting ILO constituents in their fundamental objective of achieving full and productive employment and decent work for all.
18. To conclude, the constituents and the Office will need to focus on improving the design and implementation of NESs, refining and better communication of the approach to employment strategies and their evaluation, adapting to the rapidly changing environment and stimulating thinking on how to strategically reposition the analytical and practical work on the role of NESs as a key foundation of DWCPs. Contributing to this process is the main motivation of this document.

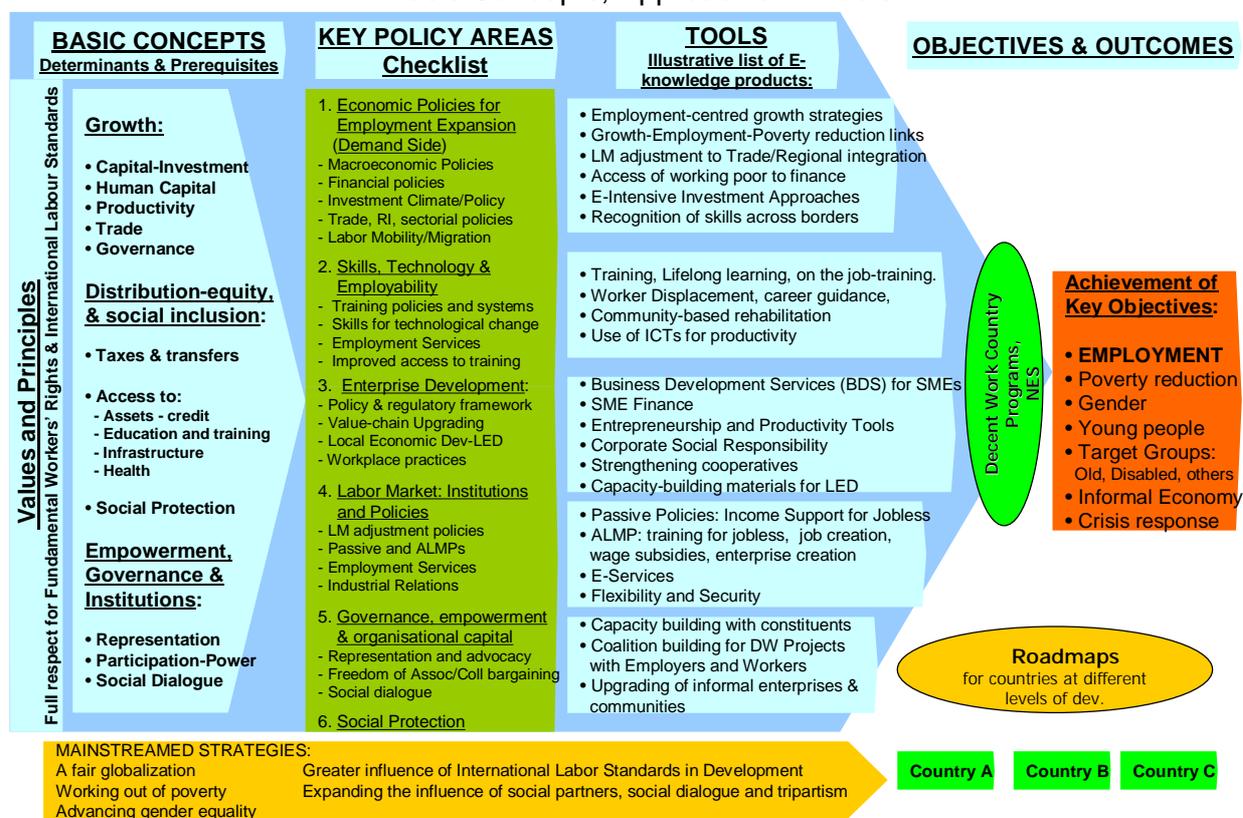
II. The policy framework in one page: Employment strategies for DWCPs based on the GEA

19. Providing an integrated, workable and user-friendly operational framework for identifying and categorizing the ILO's basic principles, approaches and guidelines for employment policy is an important step in repositioning and focusing the work of the ILO on employment, and for helping countries identify and act upon their own priorities. Therefore, taking the objectives and contextual elements described in section I into consideration, and building on the ten core elements of the GEA, graph 1 presents the employment policy framework for DWCPs in one page.⁹ The graph has four columns: "basic concepts", "key policy areas", "tools" and "objectives and outcomes".

⁹ This graph has been developed and refined in close and broad-based dialogue with Employment Sector staff and with constituents. It has also benefited from Office-wide consultations, and will be further validated based on consultations with field specialists.

Graph 1

Employment Strategies for DWCPs based on the GEA: Basic Concepts, Approach and Tools



ILO, Executive Director, Employment Sector, January, 2006

A. Objectives and outcomes

20. This column suggests the combination of objectives or results that an NES, in the context of a DWCP, may wish to achieve: more and better jobs, poverty reduction, equal opportunities for women and for young people, targeting specific groups historically disfavoured in the labour market such as older workers, disabled persons, indigenous peoples, disadvantaged population groups and workers in the informal economy. The graph also highlights the ILO approach of integrating decent and productive employment into responses to conflict situations and natural disasters, emphasizing the fact that employment provides the bridge between the development and collective security agendas.

21. Ideally, an NES should define not only the general and specific objectives to achieve, but should do so to the extent possible by defining specific quantitative and measurable targets for each objective, and by incorporating mechanisms for monitoring and evaluation. Quantitative and measurable targets would facilitate the monitoring of progress and the evaluation of the links between specific policy interventions and employment outcomes. Accordingly, the Office will give priority to research that contributes to develop approaches and methodologies to evaluate the impacts of employment policy instruments and to enhance the capacity of constituents to achieve measurable results in national strategies, programmes and projects.

22. The elements in the graph do not constitute a one-size-fits-all approach, but should be prioritized and adapted to each country's specific circumstances based on social dialogue.

23. Lessons learned from NESs and employment policy instruments in different countries will provide potentially useful roadmaps for countries at different levels of development.

B. Basic concepts: Main determinants and prerequisites

24. The “basic concepts” column lists the building blocks or pillars of the approach: values and principles, in particular the pursuit of fundamental principles and rights at work and the international labour standards; economic growth; distribution, equity and social inclusion; and governance, empowerment and institutions. Besides being foundational concepts or premises, these pillars provide strategic orientation and practical guidance in the design and elaboration of employment strategies. In other words, they constitute determinants and prerequisites of a comprehensive approach to employment creation, and there are important interdependencies among these mutually reinforcing dimensions.

C. Key policy areas: A checklist

25. One further step towards concreteness, the second column of the chart contains a clustering of the ten core elements of the GEA into six main areas of policy intervention, including key sub-areas. The objective is to make the policy approach more transparent, manageable, practical and operational. These six main policy areas are:

- economic policies for employment expansion (the demand side);
- skills, technology and employability;
- enterprise development;
- labour market institutions and policies;
- governance, empowerment and organizational capital;
- social protection (included for completeness, this area is the responsibility of Sector III, with whom, as with other sectors, the Employment Sector works closely).

26. In addition, the policy framework distinguishes demand-side and supply-side measures, macro- and micro-level interventions, as well as quantitative and qualitative aspects. Section IV elaborates further on this checklist and on the ways the Employment Sector is planning to refine it and use it in its work and capacity building with constituents for GEA implementation.

D. Tools

27. The third column of the graph contains an illustrative list of tools, or in some cases further sub-areas of policy intervention, where the ILO has developed specific instruments or employment knowledge and information products. A separate document has been prepared that contains the full list of policy tools and instruments presently in use in the Employment Sector, with a brief description of each one and references as to where to go for further information.

III. Basic concepts: Determinants and prerequisites

A. Values and principles

28. Values and principles permeate all the elements of an employment strategy and constitute the first building block of a comprehensive employment strategy. This means that the objective of employment policy is not just to create more jobs but to ensure that working conditions in both existing and new jobs fully respect fundamental principles and rights at work. The international labour standards, developed and maintained by the ILO, have grown into a comprehensive system of instruments on work and social policy, backed by a supervisory system designed to address all sorts of problems in their application at the national level. They are the legal component of the ILO's strategy for governing globalization, promote sustainable development, eradicating poverty, and ensuring that people can work in dignity and safety.¹⁰ Many of the international Conventions and Recommendations adopted by the International Labour Conference (ILC) provide guidance of particular relevance for the work of the Employment Sector. The appendix contains a listing of these instruments, grouped under the five key policy areas for employment strategies.

B. Good quality economic growth

29. Economic growth is the second building block for an employment strategy. A high rate of economic growth can be an engine to expand the demand for jobs. Even though the relationships between growth and job creation (employment intensity of growth) and growth and poverty reduction are complex and far from automatic,¹¹ a high growth rate creates a more favourable environment to achieve employment and poverty reduction objectives. By providing more total resources, economic growth widens opportunities for decent work, makes economic choices and adjustment processes less painful and, in developing countries, enhances opportunities to facilitate the transition from the informal to the formal economy.

30. Growth, however, has its critics. There is a strand of anti-growth literature concerned with the impact of growth on the environment and on poverty. However, the debate should not be centred on whether one is in favour of growth or against it. The question should be, what policies to put in place to promote *good quality growth*: growth that is sustainable, friendly to the environment, that increases living standards for the present and future generations, and that is inclusive, shared equitably, with more social justice and solidarity. This is the type of growth embedded in the vision presented in graph 1.

31. The modern economics of growth recognizes five main sources of growth, listed in graph 1: investment, human capital, productivity, trade/integration and institutions/governance.¹² Traditionally, economists only considered the first three of these elements,

¹⁰ See ILO (2005): *Rules of the game: A brief introduction to international labour standards*, ILO, Geneva.

¹¹ The Employment Sector is engaged in research to better understand the apparent weakening of the employment intensity of growth and draw relevant policy lessons.

¹² For recent reviews of and contributions to this literature see D. Rodrik. (2003): *In search of prosperity. Analytic narratives on economic growth*, Princeton University Press, Princeton, New

and the “growth accounting” literature provides abundant evidence that these three factors are crucial and indeed explain a good part but not all the differences in rates of growth of income between countries. Recent research shows that other factors are as important as determinants of growth: trade or integration to large markets on the one hand, and institutions, governance and politics, on the other. A good quality growth strategy requires policies in the five main potential drivers of economic growth.

32. A sound investment climate is based on all five areas, and investments are not only a driving force for growth but also for job creation. Therefore a strategic focus on the links between employment and creating a sound investment climate is key to developing a national employment strategy.
33. In sum, employment (and poverty reduction) strategies must be concerned with economic growth for which they must contemplate appropriate policies in the five main potential drivers of economic growth. However, the other “basic concepts” or “prerequisites” of graph 1 condition this objective to be not just any kind of growth or growth at all costs, but instead good quality, sustainable growth.

C. Distribution, equity and social inclusion

34. Values of social justice require explicit policies for distribution, equity, ending discrimination in the labour market and promoting social inclusion. Taxes and transfers are among the traditional instruments to take care of some equity aspects, and they continue to be important. However, more recently, based on the work of Amartya Sen and others, a new approach to equity has emerged based on human capabilities and *equality of access* to productive assets, education and basic services, such as infrastructure (including water) and health. Equity principles for employment policy mean *addressing all sources of discrimination* in labour markets and in society at large, and putting emphasis on *investing in people*, especially the most vulnerable – in their education, skills training, lifelong learning, access to quality jobs, finance, health and safety – and encouraging their entrepreneurial initiative.
35. Similarly, social programmes must be seen not just as safety nets to protect consumption capacity or incomes but as investments in human capital. Social protection is a productive factor: it helps people cope with life risks, it is a tool in the management of change and it helps stabilize economies. This approach to social policy more clearly makes social policy a part of an overall development strategy.
36. A means to achieve social justice and equity is empowerment, participation and representation of the most vulnerable and discriminated against. This dimension is so important that it is treated here as the fourth building block in its own right.

D. Governance, institutions and empowerment

37. A unique strength of the ILO and of its policy development and implementation approach is tripartism. The ILO is based on social dialogue as an overarching value and uses this to develop and articulate consensus and implement policy at the global, regional, national and local levels. It is via social dialogue and by promoting participation, representation and empowerment of individuals and representative organizations that the ILO creates the

Jersey; E. Helpman (2004): *The mystery of economic growth*, Belknap Press of Harvard University Press, Cambridge, Mass.; OECD (2004): *Understanding economic growth*, Palgrave MacMillan, New York.

processes and institutions to mobilize social actors, manage conflict, promote social inclusion, and ensure adhesion to and permanent strengthening of the visions and programmes adopted. And this applies as much to global issues, as to national programmes and local initiatives.

- 38.** Not only is social dialogue inherent to the ILO, but the ILO has developed a variety of specific tools to empower people and improve governance at the global, regional, national and local levels. For instance, poverty is not just a matter of income: insecurity and voicelessness are also part of its profile. Therefore, providing organization and participation opportunities to the poor is a way in which the ILO and social partners empower the poor and promote the incorporation of the informal economy into the economic mainstream. Employability is a concept focused both on peoples' competencies and qualifications enhancing the individual's capacity to make use of education, training and job opportunities, and on the responsibility of the public sector to provide equal access to these opportunities. Social, legal and political empowerment of people contributes to human development, it is thus not a result of economic growth but a way to promote growth and wealth creation while at the same time going a long way in achieving equity, social justice and fair globalization.
- 39.** Employment policy should take fully into account the experience and views of the social partners and secure their cooperation in formulating, implementing and evaluating employment policies, including the opinions and participation of those working in the rural sector and informal economy. Social dialogue is the cornerstone of credible and effective employment policy formulation and implementation at every level.

E. Interdependence between basic concepts and the role of the State

- 40.** The market economy does not automatically guarantee growth, social justice, or even economic efficiency. Government, political systems and social dialogue play an important role in balancing these interdependencies. Specific examples include:
- Increased spending on education can raise schooling levels among poor children but it will not raise their expected future income, if low growth limits job creation, or if continuing ethnic, racial, or gender discrimination bias opportunities against them or keep wages low for unskilled poor households.
 - Social investment will not raise incomes if poor people cannot accumulate physical and financial capital, or if economic volatility and downturns force periodic erosion of their limited assets.
- 41.** Managing and balancing these interdependencies is the work of the political system, the State and other institutions. In the past, economic reform programmes frequently aimed at reducing the size of the public sector, and often correctly because, frequently, state sectors were obstacles to growth due, among other factors, to inefficiencies, bad quality of public services and corruption. However, economic policies should not only focus on an agenda of reducing the State. They should concentrate on modernizing and strengthening the capabilities of the State, without which making development policy is almost impossible or ineffective, whether it is employment, social or macroeconomic policy or trade negotiations.
- 42.** The idea that the State must simply "get out of the way" is wrong. The State with its institutions, transparent regulations and enabling facilities, is a crucial partner for business and communities to grow. Countries need strong, efficient state institutions, as well as

strong and dynamic markets – not one to the detriment of the other – to achieve good economic and social results. In this regard, one challenge for the Employment Sector is to strengthen its capacity, via information, analysis and policy guidelines, to provide policy advice to state decision-makers, as well as social partners, for design and implementation of employment-centred strategies.

IV. The key policy areas: A checklist

43. As mentioned, in order to make the ILO policy approach to employment issues more transparent, manageable, practical and operational, it is useful to group the core elements of the GEA into six key policy areas and further break down each policy area into key sub-areas. This more detailed breakdown or checklist is summarized in table 1. The last column of the table contains the cross reference and correspondence between each one of the six key areas and the relevant core elements of the GEA.

Table 1. National employment strategy: Checklist of key policy areas

Key policy area/sub-area	GEA core element number
A. Economic policies to influence the demand side	1, 2, 3, 4, 5, 10
1. Macroeconomic policies	
2. Financial policies	
3. Investment policies and investment climate, including infrastructure	
4. Trade and regional integration	
5. Sectoral policies: industrial, services, agriculture, environmental industries and services	
6. Labour mobility and migration	
7. Employment intensity of growth	
B. Skills and employability	2, 3, 5, 6, 9
1. Training policies and systems	
■ Vocational training policy review and development	
■ Management of training institutions and systems	
■ Investment in training	
■ Core work skills	
■ Workplace learning, on-the-job training and apprenticeship	
2. Technology	
■ Improving training delivery through ICT	
■ Improving the capacity to innovate and invest	
■ Improving access to ICT to reduce the skills gap	
3. Employment services development and reform	
■ Reform of public employment services	
■ Role of private employment agencies	
■ Career guidance	

Key policy area/sub-area	GEA core element number
4. Improved access to training and employment opportunities <ul style="list-style-type: none"> ■ Youth ■ Women ■ Informal economy workers ■ Persons with disabilities and other vulnerable groups 	
C. Enterprise development	2, 3, 5, 6, 9, 10
1. An enabling business environment: the national or cross-cutting themes <ul style="list-style-type: none"> ■ Governance and political conditions ■ Infrastructure ■ Regulations and the cost of doing business ■ Entrepreneurship ■ Access to finance 	
2. Value chain upgrading and clustering	
3. Local economic development	
4. Promoting good workplace practices	
5. Targeting groups of enterprises and entrepreneurs <ul style="list-style-type: none"> ■ SMEs ■ MNEs ■ Cooperatives ■ Entrepreneurs in the informal economy 	
D. Labour market institutions and policies	5, 6, 7, 8, 9, 10
1. Institutions and policies, including wages	
2. Labour market adjustment policies and programmes	
3. Passive and active labour market policies	
4. Employment services	
5. Industrial relations	
E. Governance, empowerment and organizational capital	1-10
1. Representation, participation and advocacy	
2. Freedom of association/Collective bargaining	
3. Institution building	
4. Social dialogue	
F. Social protection (Sector III)	7, 8, 9

44. It is of interest to note that policy instruments in key policy area “A” affect mainly the demand side of employment strategies, areas “B” and “C” are mostly related with the supply-side elements, and areas “D”, “E” and “F” are crucial for the interplay and the dynamics between labour demand and labour supply. However, these distinctions are not always clear-cut and there are important and complex interdependencies between these areas.

45. The more detailed checklist of table 1 has been produced based on intensive and broad-based dialogue with Employment Sector experts in each major area who were presented with the challenge of how best to list, distinguish and describe the key issues and sub-

issues that are relevant when approaching the challenge of designing NESs, based on their practical and research experience with employment strategies.

46. The result is the detailed checklist presented in table 1. This checklist is still work in progress. The Employment Sector is working on a substantive document which will further develop and refine this checklist, and for each item and sub-item briefly comment on the main issues, refer to the state of knowledge and summarize a number of main policy messages, including elaborating on key interdependencies among the different elements. After appropriate consultations with constituents, the plan is to publish this document. Such a document can be useful in several ways:
- as a way of packaging and communicating effectively ILO knowledge on employment issues of relevance for national-level policy-making;
 - as an annotated checklist of key issues, governments and social partners should consider when approaching the challenge of designing NESs in an integrated and coherent way;
 - as a capacity-building instrument; and
 - as a vehicle for employment specialists and social partners to engage locally with relevant and diverse government authorities across a number of areas to advocate in favour of making employment central to economic and social policies and explain the multifaceted challenges of achieving this objective.
47. In other words, the checklist will contribute to give effect to the GEA at the national level. This will be complemented by a document containing the full list of the broad range of ILO employment policy instruments, categorized under each one of these key policy areas, as described in section V.

Uses of the checklist

48. The exercise of drawing up a checklist, such as the one presented in table 1, has three potential uses that should be distinguished:
- (a) *As a reference guide:* As suggested above, it can be an instrument to facilitate social dialogue about the key issues governments and social partners should consider when approaching the challenge of designing NESs in an integrated way. For this purpose, the checklist should be seen not as a one-size-fits-all list of prescriptions, but as a flexible and comprehensive list of key areas and sub-areas where policy interventions might be useful for employment policy, with the precise policy mix to be prioritized, sequenced and adapted to the specificities of each particular country, taking into account the initial conditions of the country, its resource and structural constraints, and based on social dialogue.
 - (b) *As a basis to develop methodologies for impact assessment of employment policies:* A well thought out breakdown of policy areas and sub-areas provides a necessary first step to develop a comprehensive methodology for impact assessment of integrated employment policies, as suggested in the modalities for the evaluation of the GEA document.¹³

¹³ GB.295/ESP/1/3.

- (c) *As an instrument to think strategically about the Office's core competencies in the employment area:* It helps in the Office's ongoing effort to strengthen policy advice and capacity building. The factors leading to decent work creation are manifold, complex and interdependent. For this reason, when discussing a comprehensive policy framework for NESs, and in line with the integrated approach to economic and social policies foreseen in the Decent Work Agenda and the GEA, the ILO must point to all those that are important even if some of them are not areas in which the ILO has extensive expertise. Some items in the checklist fall in this category. Core competencies in the Employment Sector include the areas of labour market institutions and policies; skills and employability; enterprise development; and selected macroeconomic and demand-side issues such as investment policies and investment climate, trade and regional integration and their effects on employment and labour markets adjustment, and sectoral policies with key influence on the employment intensity of growth. Fiscal, monetary and exchange rate issues are also important for competitiveness, social investment and employment creation in general and, in particular, country circumstances. Work on these areas will be coordinated closely with other parts of the Office to meet the requests from constituents for support in these areas under the integrated approach to DWCPs.

V. ILO instruments and tools

49. The ILO has developed and continually works on improving specific instruments and tools for policy advice and capacity building of government authorities, workers' and employers' organizations and specific target and beneficiary groups, as part of employment-promoting strategies. An annotated and comprehensive list of instruments and tools has been developed, classifying instruments under each one of the five key policy areas under the responsibility of Sector II and including a brief description of each as well as to where to go for more information. This full list will be part of a future publication. Copies of this list are available upon request. Furthermore, special efforts will be devoted to expand the tool set by studying tools already developed by employers' organizations, workers, governments, and by developing new policy tools that address the rapidly changing environment and policy challenges.

VI. The challenge of implementation

50. Given the magnitude of the global, regional and national demands and the relatively scarce resources, the next phase of implementation of the GEA in the context of DWCPs poses challenges in several dimensions. This section enumerates and briefly comments on the main strategic orientations as well as a few managerial-level measures introduced or envisaged to enhance the Office's effectiveness and impact at the national level.

A. Strategic orientations

1. *Role of the ESP Committee in implementation*

51. This document is an important step in strengthening the ongoing GEA implementation process, by presenting to the ESP Committee the main ideas about the way the Office is planning to refocus and reposition its work in support of DWCPs, further engaging the Committee in strategic dialogue on these plans, providing expanded opportunities for the Committee to define the next stage of its own work, describing the main steps being taken to better define and communicate the fundamentals of the ILO approach to employment strategies (such as the checklist of key policy areas and the corresponding list of tools) and

providing a basis on which to build better monitoring and evaluation. It is hoped that this will allow a dynamic working relationship between the ESP Committee and the Office and will also energize collective efforts of the constituents among themselves and with the Office to enter into the next stage of dynamic GEA implementation, globally, regionally and nationally.

2. Decent work country programmes

52. Decent work and the GEA are global goals rooted in each country, because it is in countries that decent work policies and programmes can significantly impact on people's lives. The DWCPs will be the main delivery vehicles for the 2006-07 programme and budget. This means that the national application of the GEA will also be framed within the DWCPs. The Office will emphasize with government authorities and social partners the need for NESs to define not only general and specific objectives but, to the extent possible, also specific quantitative and measurable targets and guidelines for each objective, with a view to increased policy effectiveness and facilitating monitoring and evaluation.

3. Priorities and focus for the work of the Office

53. The 2006-07 programme and budget defines overall priorities and outcomes, including indicators. The ongoing process of the DWCPs complements this by defining country-specific priorities and needs based on national consultations among constituents. Regional employment forums and summit meetings have adopted follow-up action plans that place specific demands on the ILO and the Sector. The international commitment to the millennium development agenda and the Poverty Reduction Strategy (PRS) process and their country-level application widens constituents' demand for ILO support. Achieving focus and managing these multiple and increasing sources of demand is a key aspect of the challenge of implementation. This is a continuum process in which the Office is guided by the advice of the ILC and the Governing Body and consultations with governments and the social partners, facilitated by ACTRAV and ACT/EMP.

54. In the light of the above, for 2006 onwards, the priority areas are the following:

- *Employment as central to economic and social policies:* Guidance from the United Nations Millennium Summit, the ILC and the Governing Body as well as the strategic framework defined by the Director-General, clearly puts "Employment as central to economic and social policies" as a global priority for the Employment Sector for 2006 onwards. This is the basic objective contained in paragraph 47 of the 2005 World Summit Outcome. It is also the central objective of the GEA, corresponds to Strategic outcome 2a.1 of the programme and budget, and embodies the Employment Sector contribution to the DWCPs as the main delivery vehicle for capacity building at the national level. The present paper is a contribution to more effectively implement this objective and it displays how the other outcomes of the Employment Sector (outcomes 2a.2, 2b.1, 2b.2, 2b.3) are seen and their corresponding strategies are to be shaped as a means to achieve this fundamental priority.
- *Youth employment:* Because of its importance for the vast majority of the population living in developing countries, the opportunities this issue provides for developing policy coherence around employment generally and with other institutions, the priority given to it in the Millennium Development Goals (MDGs), in the 2005 World Summit Outcome, and by the June 2005 ILC resolution concerning youth employment, youth employment will receive high priority for the period 2006-07. Youth employment is emerging as a priority concern in numerous DWCPs. This issue has its own operational outcome in the programme and budget (Outcome 2a.3). Work

in this area will follow the strategic orientations defined in the “Conclusions on promoting pathways to decent work for youth”, adopted by the ILC in June 2005. A particular focus will be to support countries and constituents in the development and implementation of national action plans for youth employment and to continue ILO engagement in the Youth Employment Network (YEN).

- *Informal economy*: A majority of people in the world today work in the informal economy, and in many countries informal work has been growing more rapidly than formal employment. High priority to this subject is consistent with following up on the resolution concerning decent work and the informal economy adopted at the 2002 ILC and with the priority given to this subject in the 2006-07 programme and budget in making it an InFocus Initiative to bring together work by programmes across the Office. Work in this area will follow the strategic orientations defined in the conclusions of the 2002 ILC on the informal economy.
 - *Meeting the special needs of Africa*: The general United Nations priority to Africa was reaffirmed by world leaders in the United Nations outcome document, where it was pointed out that Africa “is the only continent not on track to meet any of the goals of the Millennium Declaration by 2015”. The Employment Sector will give particular priority to follow-up on the African Union Extraordinary Summit Plan of Action for Promotion of Employment and Poverty Alleviation, 2004, working closely with the field offices and experts in support to constituents in African countries.
55. A number of initiatives will be led and supported by the Employment Sector as part of Office-wide work, such as crisis response, the InFocus Initiative on corporate social responsibility and social finance. The latter is in accordance with the document on the ILO policy statement: “Microfinance for decent work”¹⁴ that calls the Office to operationalize the ILO policy on microfinance and integrate it into the DWCPs.
56. Implementation of these priorities requires further promoting the centrality of employment goals in the global social and economic policy frameworks. This is done by activities such as advocating employment-centred strategies and policies with other international agencies and actors, coordination and cooperation around specific issues, monitoring and analysing global trends via key indicators and flagship publications, and work with other parts of the Office including providing research and technical inputs to global policy dialogue and forums.

4. **Focus countries**

57. To achieve greater focus, learn from experience, and demonstrate the validity of the ILO’s integrated approaches to employment creation, the system of implementation will start with a limited list of countries. This does not exclude working with other countries but it means that the intensity of work in focus countries will be higher, critical mass in a number of related and interdependent issues must be achieved, progress will be more closely monitored and lessons explicitly drawn. Decision on focus countries will be strongly influenced by the strength of tripartite commitment. In other countries, the practice of building on particular entry points to broaden engagement and policy advice will be continued to the extent that resources allow it. The integrated and high-intensity approach to the DWCPs and NESs will be applied to an ever-widening group of countries, as resources in headquarters and the field allow. Attention will be devoted also to balance work and research in developing and developed countries, since some developed countries

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have significant requirements and in many areas they offer useful lessons on policies and tools.

5. Work with constituents and partners at the national level

58. Giving effect to the GEA and DWCPs at the national level, particularly in those countries that wish to put decent work at the centre of their economic and social policies, will require a special effort by the ILO and social partners to engage the highest levels of economic and social policy-making, as well as lower technical and local government levels, and to coordinate with other local development agencies and donor institutions. This will require strong commitment and leadership by national social partners in those countries, as well as from the ILO field offices and in headquarters. It will involve engaging government authorities with competence across the broad range of issues which are relevant for employment strategies, as suggested by the checklist of key policy areas. Both field offices and headquarters will have to allocate human and financial resources for this high level/broad spectrum of engagement in countries where integrated approaches will be tested. This is the fundamental reason why it is not possible to envisage this type of engagement simultaneously across many countries, and there is a need to define an initial group of countries for this type of high intensity work, as well as a phased approach to gradually engage in a growing number of countries.

6. Research and knowledge management

59. Knowledge and research play a crucial role in the four pillars of graph 1, by underpinning the technical work and adding value to the basic concepts and approaches, key policy areas, technical support and policy advice tools provided at the country level. More focused research and improved knowledge management would produce refined concepts in times of paradigm shift, more operational methodologies, sharper policy messages and continuous improvement in tools, all of which are key to continue to deliver practical and concrete value added to ILO constituents and increase the development effectiveness of the NESs. There are four main areas the Office is reviewing for improvement in this respect:

- *Basic statistics:* The information base needs to be strengthened in terms of basic statistics and indicators about the labour market and key labour market trends. The Employment Sector will work with other parts of the House towards this goal.
- *“Upstream research”:* The analytical challenge mentioned in section I requires improvements in a number of areas: (a) better integration of employment and labour market analysis with macroeconomic analysis and with investment climate analysis; (b) refining analysis and policy packages for trade, technology and globalization-induced labour market adjustment; (c) better understanding of the relationship between particular policy interventions and employment/decent work outcomes (measurable results). Upstream research in the Employment Sector will tackle these challenges.
- *Learning from projects:* Additionally, no matter how many projects the Office is able to support in countries, the global impact will be modest unless lessons are learned and turned into policy advice that would allow scaling up and replicability. This leads to the question of how to improve project design and performance to achieve this objective. The Employment Sector will make specific efforts to frontload projects with conceptual framework and build in the analysis necessary to extract lessons from them in terms of replicability, scaling up and policy advice. This can make a major

contribution to shaping, or adding important nuances, to the checklist of key policy areas and issues and the arguments and values that the ILO supports.

- *Continuous improvement of ILO tools:* How to structure and manage the process of innovation on employment-knowledge tools; what processes are being used to combine expertise and disciplines to face particular areas of challenge, e.g. informal economy, role of skills in cluster development, etc., are areas of ongoing attention in the sector.

7. Identifying and strengthening core competencies

- 60.** The ILO must be the leading global agency in some core competencies related to the world of work and labour markets. For this purpose the Employment Sector is assessing its core competencies and considering the priority of each one of them. For each core competency, a cycle of five mutually reinforcing activities is being promoted as a mechanism to promote learning and improve performance: (1) knowledge resources and information; (2) research; (3) policy advice; (4) capacity building/technical assistance; and (5) networking.
- 61.** For instance, given its importance for national growth, employment and productivity strategies, and in light of the global “knowledge revolution”, the area of skills in relation to technology and employability is one where work at the ILO needs to be strengthened, particularly by incorporating the technology, innovation and knowledge dimensions more explicitly into the programmes in the area of skills and employability.

8. Assessment and evaluation

- 62.** Improved evaluation of: (a) the impact of ILO interventions; and (b) the use of the GEA framework by constituents in national-level work, is a subject on which, at the request of the ESP Committee, a separate paper has been presented. This is a very important area. Beyond suggested modalities to better achieve (a) and (b), the Employment Sector plans to refocus part of its policy research agenda on better understanding of the relationship between particular policy interventions and employment/decent work outcomes and methodologies for measurable impact assessments of policy instruments.

B. Managerial-level measures

1. Regional focal points

- 63.** To operationalize the GEA, headquarters needs a strong connection with the field and vice-versa. In November 2005, the Employment Sector established a system of regional and subregional focal points covering all countries, regional offices and subregional offices. For each regional office, subregional office and corresponding country clusters, there is a focal point in the Employment Sector. A document has been issued that contains not only the list of focal point persons at headquarters, but the employment specialists in the field, providing transparency as to how the “regional employment teams” are integrated and facilitating communication and consultations not only between headquarters and the field, but with constituents.

2. Outcomes and outcome coordinators

64. In addition to focal point persons with geographic responsibility, the Employment Sector has persons responsible to ensure achievement of the outcomes defined in the 2006-07 programme and budget. The process of setting priorities and committing resources involves close consultations and dialogue between “outcome coordinators” and “regional focal points”.

3. Coordination and collaboration with the field and with other sectors

65. Effective implementation and sustained impact of the Sector’s work requires strong coordination and collaboration with the field structure. The Sector will seek to continuously improve its capacity to effectively support the work of the field structure which has primary responsibility for providing direct services to member States and constituents within the framework of the DWCPs. While this process is, to some extent, institutionalized through the strategic management process and the IRIS system, the Sector will be providing additional support for the process in a number of ways, including well-structured consultations, joint work planning, the introduction of a shared online resource platform and ensuring that relevant documentation is available in the main working languages of the Office.

66. Within the Sector, team work among departments will be encouraged through joint work centred on research, tools development and, with the field, design, advisory services and implementation and evaluation of technical assistance.

67. Another important aspect of effective implementation will be to facilitate work across the different sectors in Geneva. In addition to the necessary cooperation involved on the InFocus Initiatives on the informal economy and on corporate social responsibility, and to being the home of the focal points for crisis response and social finance mentioned above, joint work items will be encouraged in other relevant areas.

4. Fund-raising

68. Fund-raising and public-private partnerships are important ways to expand the resource envelope of the Employment Sector in pursuit of the priority areas and strategic outcomes of the Sector. The Sector will work closely with other parts of the House and donor governments and agencies to mobilize much-needed additional resources.

Final remarks

69. This document has presented a number of ideas and strategic orientations about how the Employment Sector is planning to refocus and reposition its work to meet the analytical and practical challenges of supporting ILO constituents in their fundamental objective of achieving full and productive employment and decent work for all and entering into the next stage of the GEA and DWCP implementation. These include:

- dynamic partnership with the ESP Committee;
- stronger and closer relationships with tripartite constituents at field level and with ILO field structures;

- working with an initial group of focus countries in NESs, youth employment national action plans and informal economy programmes in the context of the DWCPs and pursuit of high-level/broad spectrum policy-making engagement in these countries;
 - priority to meeting the special needs of Africa;
 - priority to operationally relevant research that explores the relationship between policy interventions and employment/decent work outcomes (measurable results);
 - development of the GEA into an operational framework to give effect to the GEA at the national level (checklist of key policy areas, list of employment policy tools);
 - improved evaluation of the GEA implementation as an operational framework and of its policy impacts;
 - better packaging and communication of the considerable knowledge the Office already has and continues to develop on employment issues;
 - contributing to Office-wide efforts to strengthen the knowledge and information base in terms of basic statistics, indicators and labour market trends;
 - contributing to Office-wide efforts to further position the ILO as the leading global agency in core competencies related to the world of work and labour markets;
 - improving processes of learning and extraction of lessons from country and project experience; and
 - strengthening global partnerships and networks.
- 70.** The ESP Committee might wish to comment and provide guidance to the Office on these strategic orientations and the best ways for tripartite constituents and the Office to work towards their achievement.

Geneva, 8 February 2006.

Submitted for debate and guidance.

Appendix

Instruments adopted by the International Labour Conference of particular relevance for the work of the Employment Sector

I. Economic policies for market expansion and increase in labour demand

- Employment Policy Convention, 1964 (No. 122), and Employment Policy Recommendation, 1964 (No. 122).
- Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169).
- Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168), and Employment Promotion and Protection against Unemployment Recommendation, 1988 (No. 176).

II. Skills, technology and employability

- Human Resources Development Convention, 1975 (No. 142).
- Human Resources Development Recommendation, 2004 (No. 195).
- Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159) and Vocational Rehabilitation and Employment (Disabled Persons) Recommendation, 1983 (No. 168); Vocational Rehabilitation (Disabled) Recommendation, 1955 (No. 99).
- ILO code of practice on managing disability in the workplace, 2002.

III. Labour market policies

- The employment policy standards, including vocational rehabilitation and security of employment (listed above).
- Standards related to labour market access for groups traditionally discriminated against:
 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and Discrimination (Employment and Occupation) Recommendation, 1958 (No. 111);
 - Older Workers Recommendation, 1980 (No. 162); *
 - Special Youth Schemes Recommendation, 1970 (No. 136); *
 - instruments addressing the needs of persons with disabilities (listed above);
 - Indigenous and Tribal Peoples Convention, 1989 (No. 169), and Indigenous and Tribal Populations Recommendation, 1957 (No. 104);
 - ILO code of practice on HIV/AIDS and the world of work, 2001;
- Standards addressing equal remuneration:

* Instrument has been given interim status by the Governing Body.

- Equal Remuneration Convention, 1951 (No. 100), and Equal Remuneration Recommendation, 1951 (No. 90).
- Instruments concerning migration policies:
 - Migration for Employment Convention (Revised), 1949 (No. 97), and Migration for Employment Recommendation (Revised), 1949 (No. 86);
 - Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143);
 - Migrant Workers Recommendation, 1975 (No. 151).

IV. *Enterprise and cooperatives development*

- Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189).
- Promotion of Cooperatives Recommendation, 2002 (No. 193).

V. *Improved governance*

- Instruments related to building institutions for employment promotion include:
 - Employment Service Convention, 1948 (No. 88), * and Employment Service Recommendation, 1948 (No. 83);*
 - Private Employment Agencies Convention, 1997 (No. 181), and Private Employment Agencies Recommendation, 1997 (No. 188).
- Instruments providing guidance on governance issues related to multinational enterprises and their impact on economic and social development include:
 - Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, 1977 (amended 2000).

VI. *Underpinning all of the five areas are the instruments contained in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up*

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87).
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98).
- Forced Labour Convention, 1930 (No. 29).
- Abolition of Forced Labour Convention, 1957 (No. 105).
- Minimum Age Convention, 1973 (No. 138).
- Worst Forms of Child Labour Convention, 1999 (No. 182).
- Equal Remuneration Convention, 1951 (No. 100).
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

* Instrument has been given interim status by the Governing Body.