



Fifth item on the agenda: Skills for improved productivity, employment growth and development (general discussion)

Report of the Committee on Skills

1. The Committee on Skills held its first sitting on 28 May 2008. It was originally composed of 180 members (78 Government members, 50 Employer members and 52 Worker members). The composition of the Committee was modified six times during the session and the number of votes attributed to each member adjusted accordingly.¹

2. The Committee elected its Officers as follows:

Chairperson: Mr C. Armitage (Government member, New Zealand) at its first sitting

Vice-Chairpersons: Mr C. Renique (Employer member, Netherlands) and
Ms H. Yacob (Worker member, Singapore) at its first sitting

Reporter: Mr N. Ying (Government member, Jamaica) at its seventh sitting

¹ The modifications were as follows:

- (a) 28 May: 180 members (78 Government members entitled to vote with 50 votes each, 50 Employer members with 78 votes each and 52 Worker members with 75 votes each);
- (b) 29 May: 209 members (90 Government members entitled to vote with 589 votes each, 57 Employer members with 930 votes each and 62 Worker members with 855 votes each);
- (c) 30 May: 205 members (97 Government members entitled to vote with 2,891 votes each, 59 Employer members with 4,753 votes each and 49 Worker members with 5,723 votes each);
- (d) 5 June: 180 members (107 Government members entitled to vote with 1,276 votes each, 29 Employer members with 4,708 votes each and 44 Worker members with 3,103 votes each);
- (e) 6 June: 170 members (108 Government members entitled to vote with 13 votes each, 26 Employer members with 54 votes each and 36 Worker members with 39 votes each);
- (f) 9 June: 166 members (108 Government members entitled to vote with 104 votes each, 26 Employer members with 432 votes each and 32 Worker members with 351 votes each).

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3. At its seventh sitting the Committee appointed a Drafting Committee, chaired by Mr C. Armitage (ex officio) and composed of the following members: Ms S. Donovan (Government member, United States), Mr P. Mackay (Employer member, New Zealand), Ms V. Miletic (Government member, Slovenia), Mr R. Mohmad (Government member, Iraq), Mr S. Morotoba (Government member, South Africa), Mr T. Parkhouse (Employer member, Namibia), Ms M. S. Payssé (Government member, Uruguay), Mr C. Renique (Employer member, Netherlands), Ms S. Saidi (Employer member, France), Mr S. Manene (Worker member, South Africa), Mr P. Tolich (Worker member, New Zealand), Mr J.-C. Tricoche (Worker member, France), Ms L. van Westerlaak (Worker member, Netherlands), Ms H. Yacob (Worker member, Singapore), Mr P. Zurawski (Employer member, United States) and the Reporter, Mr N. Ying (Government member, Jamaica) (ex officio).
 4. The Committee had before it Report V, prepared by the Office for a general discussion of the fifth item on the agenda: “Skills for improved productivity, employment growth and development”.

Introduction

5. In his opening statement, the Chairperson highlighted that the Committee was providing a forum for the exchange of views so as to reach conclusions formed by consensus that could guide the ILO and its constituents in the future. The issue of skills for improved productivity, employment growth and development was a critical factor in responding to economic and social challenges. The discussion would not only clarify the Committee’s understanding of the links between skills, productivity, employment growth and development, but also provide a blueprint for action. He referred to the suggested points for discussion contained in Report V, and these were adopted by the Committee to guide the discussion.
6. The representative of the Secretary-General noted that the topic of the general discussion had been adopted at the 295th Session of the Governing Body and that the background report was intended to inform and inspire a discussion of the key policy challenges and responses based on shared experiences across countries and among the social partners. The report stressed that a low-wage, low-skill, low-productivity strategy was not compatible with a dynamic process for economic development, poverty reduction and decent work; investment in skills and education helped pivot an economy towards increased productivity and growth, contributing to the creation of more and better jobs.
7. She emphasized that the report applied the principles of effective skills development policy to support decent work, as articulated in the Human Resources Development Recommendation, 2004 (No. 195). The report also drew on the findings of the *World Employment Report 2004–05*, which had concluded that there was a virtuous circle between enhanced productivity, employment growth and poverty reduction. The report for this Committee explored how skills development could contribute to this virtuous circle. For most countries, the main problem was not unemployment, but work that was insufficiently productive to yield a decent income.
8. Countries that had succeeded in linking skills development to productivity and employment addressed three objectives. First, they sought to improve the match between demand and supply of skills, including extending better access to training especially for women, people with disabilities, those in the informal economy and rural communities. Second, skills development policies aimed at helping workers and enterprises adjust to change. New products, markets and technologies could result in some skills being made redundant, but lifelong learning could help maintain workers’ employability and

enterprises' sustainability. These short- to medium-term objectives were matched with a third long-term objective, to sustain a dynamic development process by anticipating and delivering the skills needed in the future. To sustain technological change, encourage domestic and foreign investment, and ensure competitiveness and job growth, skills development policies needed to be forward-looking, integrated into national development strategies and be part of the responses to global drivers of change, such as the introduction of new technologies, changes in trade patterns and climate change.

9. Meeting these ambitious objectives required coordination at several levels: to overcome the gaps between basic education, vocational training and lifelong learning; to strengthen communication between employers and training providers; and to link skills development policies with industrial, investment, trade and technology policies. Institutions to support this level of coordination, social dialogue and effective systems of labour market information to forecast skills needs, and inter-ministerial cooperation under national development frameworks were crucial.
10. The report examined the links between skills, productivity and employment at the level of the individual, the enterprise and from a national perspective. In many developing countries, for example, skills development policies needed to address skills gaps in high growth and high-productivity sectors and regions, as well as promote formalization in the growing informal economy. Pertinent for both developing and developed countries, the Human Resources Development Recommendation, 2004 (No. 195) recognized that expanding lifelong learning should be based on shared commitments: with governments investing in basic education and pre-employment training, and creating the conditions to enhance education and training at all levels; by enterprises training their employees; and by individuals developing their own competencies and careers.
11. In conclusion, she underlined the three themes that recurred in the report as essential factors in using skills development to promote productivity and employment growth. Chief among these was achieving policy coherence to integrate skills development within far-reaching national development agendas that reflected societies' aspirations for extending decent work. Second, the role of workers' and employers' organizations, including social dialogue, were important in creating a broad commitment to education and training, strengthening support for the reform of training systems, and providing channels of communication of information. Workers' and employers' organizations could also be instrumental in maintaining an equitable and efficient distribution of the benefits of improved productivity. Third, in promoting gender equality as an underlying principle of decent work, it was necessary to have effective skills development policies that were aimed at overcoming barriers that confronted women in accessing training and in obtaining more productive work on the basis of that training were necessary.

General discussion

Point 1. How can skills development contribute to decent work, productivity and employment growth and what are the key challenges for governments, employers' and workers' organizations in this respect?

12. The Worker Vice-Chairperson appreciated that the report had built on previous efforts in addressing the same subject. The Conclusions concerning human resources training and development adopted at the 88th Session of the International Labour Conference identified education and training as a central pillar of decent work. The Human Resources

Development Recommendation, 2004 (No. 195) established a link between skills development, employment growth and development. Similarly, the general discussion on promoting youth employment at the 92nd Session of the International Labour Conference had emphasized the key role played by education, vocational training and lifelong learning in improving youth employability. The conclusions on the promotion of sustainable enterprises adopted at the 96th Session of the International Labour Conference had recognized the importance of high-quality education, training, lifelong learning and the role of social dialogue in human resources development. The Global Employment Agenda adopted at the 286th Session of the Governing Body provided further guidance for the current discussion, in particular Core element 6 (employability by improving knowledge and skills) and Core element 7 (active labour market policies for employment, security in change, equity and poverty reduction).

13. The critical importance of skills development could not be over-emphasized, in particular its relevance in ensuring that workers remained employable, were responsive to change and could perform better paying jobs to improve their living standards. Ultimately what mattered to workers with regard to skills development was how it benefited them, and their families, and enabled them to improve their lives and find jobs if they were displaced. She underlined the need to avoid defining skills development too narrowly, focusing primarily on enterprise productivity improvements. Skills development should be viewed more holistically.
14. The focus on the concept of the virtuous circle relied heavily on the experience of developed countries. What the report lacked, however, was a more thorough discussion of the situation in developing countries, and how the analytical framework applied to them. For example, in India, a small group of highly skilled workers coexisted with a large number of casual, low-skilled informal economy workers. Skills development strategies were needed that could address both the formal and informal economies.
15. The report rightly recognized that skills development in isolation was not likely to raise productivity or create jobs, and that employment and productivity growth had to be promoted in unison. She noted the lack of coherence at the national level, whereby different ministries adopted different objectives and goals. Along with skills development, technological and market changes, there were other significant productivity enhancers such as improved logistics, the creation of industrial districts, efficient public services and a well-developed tertiary sector.
16. From the worker's perspective, enhancing productivity through skills development was valuable if productivity gains were translated into better working conditions, as promoted by the Decent Work Agenda. The example of export processing zones (EPZs) showed that high productivity could be accompanied by poor working conditions and violations of core labour standards. Highly skilled workers achieving increased productivity could also experience a decrease in job quality. The major challenge at present, beyond that of unemployment, came from underemployment, evidenced by people in jobs that were not commensurate with their levels of education, skills or experience.
17. The Workers' group supported the view that collective bargaining was a key instrument to ensure that workers, including the low-skilled, received a fair share of productivity gains. The experience of many countries had shown that productivity growth that did not result in increased wages or employment growth was unsustainable. Collective bargaining processes at the national, sectoral and enterprise levels should include lifelong-learning strategies for workers, requiring effective implementation of the right to freedom of association and the creation of enabling conditions for collective bargaining. A sustainable increase in labour productivity required the creation of quality jobs. In an increasingly competitive climate, improving the motivation of workers would contribute to the success

and competitiveness of enterprises. The Workers' group agreed that high-performance workplaces (HPWs), where management enabled and encouraged workers to maximize their potential both in their own interests and in those of the enterprise were useful. Training and gain-sharing were an integral part of HPWs. However, the negative short-term impact of productivity gains on both employment quality and quantity should not be underestimated. The displacement and reintegration of low-skilled workers in declining industries was also of concern.

18. The Workers' group stressed that the overall responsibility for creating the enabling framework to meet current and future skills needs rested with governments. Clear national policies and financial means were needed. The provision of a training infrastructure and the creation of incentives for companies to invest in human capital were essential. Governments were also responsible for providing universal, good quality primary and secondary education as well as pre-employment training, which supported continuity towards starting a job. Employers needed to contribute financially to skills development, offer work experience opportunities and appreciate that training provided a means for workers to advance in their careers.
19. The Workers' group was concerned with the situation faced by developing countries, where increasing the coverage, quality, diversity and access to training remained key challenges. There was a double challenge for skills development in developing countries: meeting the demand for skills in high technology sectors while at the same time improving the productivity of economic activities in the informal economy. For high technology sectors, multinational enterprises could facilitate the duplication of skills acquisition across countries, especially in developing countries. To improve the productivity of the informal economy, addressing the training needs of workers had to be done within the overall objective of supporting the formalization of employment.
20. Promoting the expansion of workplace learning and training was a key challenge in mitigating the negative impacts of change. Mechanisms to enhance the portability of skills were critical. Another issue was to ensure more effective access to education, training and lifelong learning for women, migrants, the young, the low-skilled, persons with disabilities, ethnic minorities as well as for workers in small and medium-sized enterprises (SMEs) and in rural communities. Creating incentives for enterprises to invest in training that might not be immediately relevant for their short-term productivity objectives presented a further challenge. Because women had different career paths from men due to maternity and childcare responsibilities, a discussion on skills development should acknowledge that women had different needs in terms of training. The effective implementation of ILO standards such as the Equal Remuneration Convention, 1951 (No. 100), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Workers with Family Responsibilities Convention, 1981 (No. 156) and the Maternity Protection Convention, 2000 (No. 183) was key.
21. In order to sustain dynamic development processes, the Workers' group believed that it was important to stimulate and diversify local or regional markets. The report did not sufficiently analyse the dynamics between skills development policies and local economic development strategies, nor did it consider skills development in the context of regional integration. While a detailed discussion of export-oriented models of development was presented, such models required solid and efficient government policies, including for skills development, and respect for trade union rights, in order to ensure that benefits were fairly shared by all. Foreign direct investment (FDI) could contribute to development processes, especially in the case of transfers of technologies to domestic enterprises. However, developing countries faced some difficulty in ensuring that FDI contributed to national skills development strategies, fostered domestic capacities and stimulated

domestic markets. The Workers' group also had reservations concerning the World Trade Organization's *Aid for Trade facility*, and felt this had to be discussed in tripartite forums.

22. The Workers' group believed that skills development was important for improved productivity, employment growth and development, provided that the essentials were in place. Change should be effected through social dialogue, with unions playing a central role in identifying training needs and motivating workers to take part in training activities.
23. The Employer Vice-Chairperson welcomed the Committee's debate, which demonstrated the growing interest of the ILO in the employment and enterprise pillar of the Decent Work Agenda, and fitted very well with earlier ILC discussions on the Human Resources Development Recommendation, 2004 (No. 195), youth employment and sustainable enterprises. A well-qualified labour force was one of the most vital conditions for a good business climate. A broad, integrated approach at government level for developing employment and productivity was necessary, but should focus not just on skills development but equally on other structural policies on technology, trade, the labour market and investment. The report provided rich evidence showing the complexity of the education, productivity and employment nexus, and a clear insight on effective policies. Its key messages included that: poverty reduction required not just more jobs but more productive jobs; education and productivity went hand-in-hand with high employment; and training needed to deliver the skills that were in demand in business development.
24. A first contribution of the report was in showing the complex relations between skills development, productivity and employment growth; a second one was the attention given to change and innovation at all levels: national, enterprise and individual. A third new element was on dialogue and cooperation, and the question of how stakeholders interact. Active labour market policies linked to social security systems and using flexicurity approaches were increasingly important.
25. The three main objectives of skills development policies that were linked to productivity and employment were: meeting skills demands; adjusting to change and mitigating pain and costs; and sustaining a dynamic development process. The first two focused on labour market needs, whereas the third was more strategically oriented on innovation, technological change, new markets and emerging occupations. The Employer Vice-Chairperson raised the issue of productivity gains, stating that not all such gains could be attributed to skills development. There were many types of benefits and many stakeholders. Approaches for improving productivity in the informal economy and assisting formalization included business coaching, microfinance and upgrading apprenticeship. Employers' organizations played a supporting role in providing training for SMEs, while multinational enterprises could provide the leading edge on improved technology.
26. The Employer Vice-Chairperson stressed the need for greater efforts by each tripartite actor on linking skills development to productivity and growth, but also for strong interaction, including social dialogue. The social partners should find more examples of public-private partnerships like apprenticeship schemes. Finally, he stressed the good opportunities of working on the principle of shared responsibilities for skills development between government, employers and workers at all levels: national, enterprise and individual.

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27. The Government member of Peru, speaking on behalf of GRULAC,² emphasized that high quality training not only promoted employment, but also decent work, social inclusion and competitiveness. In order to become competitive, countries needed to have productive structures, systems, technology and investment in capital. Improving skills in the workplace would continue to contribute to adoption of changes in the labour market.
28. The Government member of Slovenia spoke on behalf of the European Union and other countries,³ stating that the report provided a broad overview of how countries could develop their skills base for increased productivity and improved living standards and growth. She stressed the need for high quality education and investing in human capital for a more competitive and productive economy and to promote social cohesion. This public benefit justified providing incentives to public and private organizations for investing in skills development. Policies should also ensure a better match with labour market needs, and be synchronized with technology, trade, economic, and other policies. Sharing relevant information between government departments within countries and internationally could improve labour matching and skills development. Literacy and numeracy, and soft skills such as communication and customer service, were of key importance in increasing employability and productivity, and reducing inequality. New means of financing skills development were needed, for example the EU Social Fund. Demographic, technological and climate change were creating challenges for skills. Responses should be linked to the needs of the labour market, both in the short term and in response to longer-term forecasts. She addressed the need to support developing countries to design and implement comprehensive labour market training approaches, with a particular focus on women and young people. A key feature for developing countries was recognition of non-formal and informal learning, which was particularly relevant for the informal economy. Systems to test and validate such learning were crucial (e.g. the EU common principles for validation). There were many opportunities for cooperation, between trainers and employers and between employers and unions to propose training, address it in collective bargaining and create opportunities for on-the-job training.
29. The EU supported an integrated flexicurity approach, including lifelong learning strategies, and a modern, sustainable social protection system, that helped workers stay adaptable and employable throughout their careers. Gender equality should be part of all strategies. Migration could benefit both sending and receiving countries when there was recognition of skills and qualifications. Qualification frameworks facilitated transition from school to work, and contributed to the recognition of the skills of international migrant workers. The EU saw training as a human right, and was willing to cooperate with others to achieve positive outcomes.
30. The Government member of the United States, speaking on behalf of a group of IMEC countries⁴ observed that the ILO was well placed to speak on skills and productivity, drawing on recent related forums. The discussion was unique in having the objectives of

² Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay and Bolivarian Republic of Venezuela.

³ Albania, Armenia, Bosnia and Herzegovina, Croatia, Georgia, former Yugoslav Republic of Macedonia, Republic of Moldova, Montenegro, Norway, Switzerland, Turkey and Ukraine.

⁴ Including Australia, Canada, Finland, Germany, Japan, Netherlands, New Zealand, Norway, Poland, Portugal, Turkey and United States.

supporting both productivity and growth, and in its specific focus on improved access to jobs, mobility, adjustment, improving individual productivity and earnings, and supporting economic development strategies. She summarized the three objectives the Office report had identified in countries: to meet skills demand; mitigate adjustment costs; and sustain development. She suggested that a fourth objective should be added: to create an enabling environment for businesses to generate employment and development. While countries had varying challenges, there were common needs, including the need for basic education to equip individuals for work and more general purposes; for a skilled and agile workforce that could respond to changing needs; and for governments, employers and workers to value lifelong learning as a means to ensure ongoing employability, and therefore to work together. Skills served as a positive driving force for national development and a means to respond to external pressures; as a business strategy, increased productivity would be a key to improving living standards. Labour market information was necessary, as were strategies to harness underutilized skills among individuals who had been trained but had not had opportunities to use their skills in work.

31. For the IMEC group, skills training was a key element of fundamental principles and rights at work. Several challenges were particularly important in IMEC countries: an ageing workforce; ensuring that individuals made positive choices to work in areas relevant to labour market demands; understanding current and future labour market needs, and using training to address them; making skills development available to disadvantaged groups; and providing institutional arrangements to help governments, employers and workers to formulate responses.
32. The Government member of Trinidad and Tobago, speaking on behalf of CARICOM countries ⁵ referred to the discussion and adoption of the Human Resources Development Recommendation, 2004 (No. 195). He described the instrument as very forward-looking, balanced, comprehensive and responsive, placing people at the centre of development. The approach of the Recommendation was very relevant to the countries of CARICOM, which in 2004 established a single market including labour mobility. This demanded coordination of labour standards and training, and the development of flexible and responsive training and qualification systems. The Caribbean region had therefore developed a regional qualification framework, promoted lifelong learning, developed a seamless education and training system, and launched initiatives to make skills training available to all.
33. CARICOM now sought to connect skills development with entrepreneurship to further develop the Caribbean economy. For example, Barbados and Jamaica had already established productivity councils, and Trinidad and Tobago has introduced on-the-job training to provide experience to school leavers. Technological, trade and climate changes were of great importance to the region. Technology was crucial for establishing and maintaining a presence in the global market, while climate change, particularly rising sea levels and weather patterns, were critical for tourism-dependent economies.
34. The Government member of Jamaica added that, while productivity was paramount for development and improving the quality of life for people, it could be hard to motivate all parties in a drive for productivity. External factors such as rising prices for oil and food, global downturns and the end of preferential market access had an impact on local economies, prompting them to make drastic shifts such as moving from agriculture to financial, tourism and IT services. Productivity initiatives needed to be integrated and coherent, addressing five key areas: social dialogue to ensure full participation and

⁵ Including Bahamas, Barbados, Jamaica, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

commitment to a goal of world-class productivity; macroeconomic policies and other factors to attract foreign and domestic investment to job-creating activities; training commensurate with internationally recognized certification; achievement of international productivity standards in the public and private sectors; and effective labour-management cooperation. Governments needed to ensure that skills training systems produced people with the skills needed at the workplace, particularly that they were continuously responsive to changes in technology and other global drivers of change, such as climate change, and that international standards and best practices were implemented and constantly monitored.

35. The Government member of Thailand noted that her Government had organized a tripartite discussion of the report, with the support of the ILO office in Bangkok. The social partners, particularly the employers, saw it as “good business” to invest in the skills of the workforce, while relying on the education system to provide basic skills. Worker representatives at the meeting had called for the ratification by Thailand of Conventions Nos 87 and 98. The Department of Skills Development of the Ministry of Labour developed skills standards, provided skills testing and collated labour market information to identify needs. Thailand had a skills mismatch, with graduates unable to meet the needs of employers, thus limiting potential productivity. In response, the Government had introduced mechanisms to undertake more training, with tax incentives and compulsory contributions to a skills development fund. She acknowledged the centrality of gender equality in promoting decent work. Thailand’s active labour market policies included strategies to ensure that vulnerable groups could develop their skills, with the aim of reducing the percentage of the population under the poverty line to 6 per cent. Thailand’s “Sufficiency Economy” principles were highly consistent with decent work.
36. The Government member of India shared his country’s initiatives, including setting up a National Skills Development Mission, under which the following were being established over the next five years: 15,000 industrial training institutions; 100 polytechnics; and 10,000 additional vocational educational schools. Ten million people were to be trained each year, at a cost of \$5 billion. Another initiative was a new National Skills Development Policy, developed with the support of the ILO, to systematically address skills gaps. Public investment had increased by 11 times in the past year, from only \$250 million to \$2.75 billion in the current budget. This was complemented by a new model of public-private partnership, with the establishment of new institutions and the active participation of the social partners. A new approach to modular employment skills was training over 1 million people per year.
37. The Government member of the Islamic Republic of Iran agreed that upgrading skills of workers was an important part of active labour market policies to reduce job loss. Working with enterprises to transform marginal activities into decent work, and using skills training to reach out to the informal economy, which was characterized by low earnings and poor working conditions incompatible with decent work, were effective ways to approach the challenges of high unemployment in the informal economy. Skills were crucial to a range of development strategies, which could move economies towards higher value added production, thus increasing returns on investment and therefore making higher wages possible. Plant and equipment improvements to increase productivity could result in higher wages, improved benefits, shorter hours of work and better conditions. Schools and enterprises needed to cooperate in the development of skills policies that were consistent with trade, investment and other development policies.
38. The Government member of New Zealand supported linking skills development systems to current and future labour market needs. Basic legal provisions on minimum wages, health and safety, and employment relations provisions were imperative for a sustained economy and decent work, and for creating an enabling environment for skills development. Skills accumulation was important, but such skills had to be appropriate to meet current and

future needs, and had to be used in the right way. Workplaces significantly influenced how skills were developed, used and retained; while workplace practices, technology, work organization and culture affected whether workers and managers were able to achieve their potential or not. Lastly, she underscored the benefits of social dialogue and partnership for skills development and utilization.

39. The Government member of Australia saw productivity improvements as a cornerstone of its reform agenda, aimed at building a more productive and socially inclusive society through improved policies in education, training, workplace relations and workplace participation. A crucial element in formulating a skills development policy was the perspective of potential participants. Complex factors could lead to a variety of labour market failures above and beyond inadequate labour market information and lack of access to skills development. Some research suggested that students' non-financially-driven interests were key in influencing their skills development preferences. In trying to match skills supply and skills demand, it was important to understand and plan around the non-financial motivations of potential trainees, just as it was to communicate labour market information to them. An important tension existed regarding the right mix of core and technical skills to equip students at different stages of skills development. Whereas technical skills might be most useful and efficient to meet existing skills shortages, core skills might be more useful and efficient for mitigating future adjustment costs. Analysing the many possible ways of carving the skills development policy "space" would be valuable. Intersections of the possible approaches, including policy orientations most relevant for skills development of disadvantaged youth in developing countries, should be considered.
40. The Government member of Turkey stressed that her Government was fully conscious of the necessity to give greater importance to vocational training in order to benefit from the potential of Turkey's overwhelmingly young population. Starting in 2006, the country's Institute for Vocational Training had been charged with establishing a national skills development system that was in harmony with the European Union. It was expected that the Institute's efforts would lead to considerable progress in responding to the skills needs of business, while also supporting lifelong learning requirements. In addition, the National Assembly had recently adopted employment legislation, modifying a number of previous laws. The legislation provided for representation by government departments and the social partners in determining skills development needs.
41. The Government member of Canada stated that partnerships and collaboration were key to strengthening the linkages between basic education, vocational training and apprenticeship strategies, and lifelong learning. Helping citizens prepare for and adapt to changes in the economy required a multi-partner approach domestically and internationally. Social dialogue and cooperation at the workplace were important to achieving this goal. Canada was committed to enhancing the participation of under-represented groups in the labour force, and improving their skills levels to raise their standards of living and help counter, among other issues, the challenges of ageing populations and emerging skills shortages. Integration of under-represented groups into the labour force required specifically targeted, proactive employment strategies and programmes. Canada was working actively to ensure a flexible labour market that provided opportunities for at-risk workers, and supported economic growth in their communities. The ILO should continue technical cooperation on skills development components of Decent Work Country Programmes, and partner with other international organizations working on the issue.
42. The Government member of Iraq supported the idea that skills development contributed to improved productivity, employment growth and development. He welcomed the focus on targeting marginalized groups, and noted the differing challenges faced by those entering the labour market for the first time and those who lost employment. He underlined the

importance of on-the-job training, distance learning and other forms of training and skills development programmes, which should encompass both sexes.

43. The Government member of Argentina believed that there was a need to be proactive and to have a clear understanding of what training could deliver. There was also a need for vocational training systems that guaranteed lifelong learning and for skills development policies and strategies to be formulated on the basis of social dialogue. Governments had a responsibility to guarantee initial education and, together with the social partners, ensure equal access to high quality training for both men and women. Scientific education, as well as training on labour and environment issues, should also be addressed. Workers needed to demonstrate commitment for their own training as well. Difficulties existed, for example, in coordinating skills development and macroeconomic policies, or in ensuring that skills developed matched with labour market needs, but these could be overcome. Social policies should also be put in place to support skills development for those with learning difficulties. Resources were required to support all this, but with the right coordination, effective skills development policies could enhance decent work opportunities. The Inter-American Centre for Knowledge Development in Vocational Training (ILO/CINTERFOR) had important roles to play in this.
44. The Government member of China reported that his Government had adopted an employment promotion law focusing on skills development, including for rural workers. Public and private cooperation was encouraged. China encouraged training institutions to work with the Government in setting up partnership committees on skills development and was developing policies to encourage businesses to invest more in their human capital. His Government attached great importance to strategies that supported the re-employment of those who found themselves unemployed, including rural migrants. He highlighted the high success rate of a Start and Improve Your Business (SIYB) programme launched with ILO support.
45. The representative of the European Commission noted a number of key challenges facing the labour markets of countries in the EU. Climate change, the move towards a low carbon economy, globalization, technological changes and demographic trends with an ageing population were key concerns. These challenges put pressure on countries to modernize their labour markets. Matching skills demand and skills supply, inclusiveness and adaptability were the three areas where action was needed. First, skills matching was essential. For the labour market to function properly, it was important that individuals had the skills and qualifications that were in demand. This included skills for “green jobs”, jobs in more innovative and high technology sectors, and skills for the growing services sectors. Forecasts, at local, regional, national as well as international levels, were needed to identify short- and long-term bottlenecks. Public and private employment services as well as the social partners, in particular employers, had an important role to play in this regard. Second, it was necessary to achieve inclusive labour markets, where individuals were most in need of more education and training, such as low-skilled and disadvantaged groups. Alongside increasing the quantity of jobs, it was important to ensure high quality jobs through the expansion of career possibilities, skills development and gender equality. Third, was the need for labour markets to be adaptable. Individuals needed education and training, including vocational training, throughout their lives to meet the demand for adaptability caused by rapid change. Flexicurity was the way the EU aimed to cope with the modernization of labour markets, globalization and an ageing population. It facilitated transitions, and involved a combination of flexible and reliable contractual arrangements, comprehensive lifelong learning and skills development.
46. The representative of the International Federation of University Women appreciated the attention the Committee gave to gender equality. She noted that women and men were often differently treated in law, policy and practice, and that much of the work done by

women, whether paid or unpaid, was undervalued and not recognized. She confirmed that women faced social and cultural barriers in accessing education and training, but asserted that women often showed great creativity and innovation in developing strategies to secure their livelihoods. She suggested that the often unpaid work of women in the informal economy was a source of best practice models for non-traditional, lifelong learning training strategies, and called for mechanisms to ensure that skills acquired through informal means be recognized.

Point 2. What policies and measures can best support skills development for sustainable enterprise development and productivity at the workplace and along value chains? What is the role of governments and the social partners in promoting these policies and measures and how can the ILO support their efforts?

47. The Employer Vice-Chairperson stressed the need for governments to provide an enabling environment for enterprise development, competitiveness and sustainability. Skills development strategies related to three business contexts: inter-firm alliances; SMEs; and high-performance workplace strategies. Inter-firm alliances were not only business networks, but also networks for skills development. Smaller firms and leading enterprises alike could benefit from knowledge exchanges. Leading firms played an important role in skills development in developing countries, as one company in India that had trained over 30,000 women entrepreneurs in business skills. Alliances with schools, universities and training institutions also provided opportunities for school–business cooperation, giving a new dimension to vocational and higher education. These alliances formed the core of clusters that facilitated innovation.
48. Employers welcomed the attention paid to SMEs in the report, given their special position as subcontractors in many value chains. Contrary to some misconceptions, outsourcing did not always mean fewer jobs, but also new employment and entrepreneurship opportunities. Particularly important was the support larger firms and employer organizations provided to SMEs that lacked organizational and financial resources to develop and deliver courses. Such support could include the establishment of bipartite funds, courses, or cooperation with schools. The ILO Bureau for Employers' Activities and the International Organisation of Employers (IOE), with support from the ILO International Training Centre in Turin, had developed an instrument for better outreach to SMEs. While much SME training was informal, systems of assessment of prior learning could help in providing recognition for the outcomes. Apprenticeship systems needed government support through incentives and an enabling regulatory framework. High-performance workplace strategies helped productivity improvement and workers' involvement was important. However, while there was indeed a relationship between work organization and gain-sharing, it was noted that there were many ways to involve employees in gain-sharing and many kinds of reinvestment of productivity benefits to retain jobs and to create new opportunities and new jobs.
49. On the role of governments and the social partners, the Employers' group considered that governments' responsibilities included: provision of good basic education; quality assurance of development and training at both the national and regional levels; providing tax incentives or training credits to enable SMEs to provide training; mechanisms for skills recognition; and ensuring that soft skills were included in the curriculum. Employers' responsibilities included: providing enterprise-level training; participating in social dialogue; informing young people about entrepreneurship; and promoting apprenticeship

schemes. Workers' representatives and organizations were well placed to motivate workers to participate in training and develop their productivity.

- 50.** The Worker Vice-Chairperson emphasized that promoting skills development and productivity should not be considered in isolation from the context of the ILO's Decent Work Agenda. She referred to the conclusions concerning the promotion of sustainable enterprises (ILC, 2007), which had stated that "Human resource development in sustainable enterprises should be based on social dialogue and workers' participation. Sustainable enterprises view skilled workers as a major source of competitive advantage and view employees both as assets and agents for change. The development of relevant skills and competencies and their effective use ensure high productivity and competitiveness of enterprises".⁶ The Workers' group noted that collective bargaining had been used to upgrade construction workers' skills in Argentina, as well as referring to a pending Dutch tripartite agreement linking multinational enterprises, international labour standards and training.
- 51.** She called for a holistic view of skills development and productivity improvements, citing the importance of workplace safety and health, and the link between a learning culture within an organization and its ability to adapt well to change and innovation. A good example was the New Zealand centre for high-performance work, a joint initiative of two unions to bring shop-floor knowledge into improving work practices that resulted in increased productivity and growth among participating enterprises.
- 52.** Workers' organizations were interested in encouraging workers to participate in reskilling and training, to achieve better rewards, greater recognition, improved quality of working life and enhanced employability in the face of change. This was particularly important for low-skilled and low-income workers. Employers also benefited from workers' training in terms of higher productivity, competitiveness and worker commitment. Governments could assist unions in playing this role, as in a British programme that supported union learning coordinators to assist workers in participating effectively in enterprise training programmes that they might otherwise be unable to access due to language or other barriers.
- 53.** Recognizing that new labour market entrants frequently lacked the experience needed to enter the labour market, the Workers' group called on governments to provide incentives for enterprises to take trainees and enable them to gain practical experience. She added that workers needed to see practical returns on investing in training in terms of recognition and greater job security. The example of Singapore, where union-sponsored training helped older workers to gain skills that enabled them to continue working in restructured jobs, was relevant. It was also important to provide rewards in terms of improved wages, since better-skilled workers contributed to improved productivity.
- 54.** The Workers' group stated that the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) provided guidance on training local workforces and other issues concerning good corporate behaviour and citizenship. They called on the ILO to assist governments and the social partners to implement the MNE guidelines more effectively. MNEs had a particular responsibility to their workers across global value chains. The Workers were concerned that seeking competitiveness purely through lowered costs was unsustainable and inconsistent with decent work. The Workers' group supported efforts to increase skills development in small

⁶ Conclusions concerning the promotion of sustainable enterprises, International Labour Conference, June 2007, para. 13.

enterprises, particularly through improved government incentives. An expansion of the ILO's Small Enterprise Development Programme (SEED) would be helpful to countries in their efforts to further boost employment through small enterprise development.

55. Points raised by Government members in individual and group statements addressed a number of recurring themes. The IMEC statement⁷ and several speakers, including the Government members of Greece and Trinidad and Tobago noted the links to the previous ILC discussion on sustainable enterprises and the role of SMEs in job creation, and the contribution skills training could make to improving the productivity and job creation potential of such enterprises.
56. Another important theme was the complementary roles for governments, employers, workers and other stakeholders in developing effective skills training and job matching systems, along with the need to build effective institutions to support the exercise of social dialogue and collaborative action. As the Government member of Trinidad and Tobago put it, there was a need for a non-combative, non-discriminatory approach to national discussions.
57. The Government members of Australia and the United States noted the important role of employment services in both generating information on labour market needs and informing individual choice. The Government members of Algeria, Argentina, Egypt, Jamaica and South Africa provided examples of how their governments had established institutions and frameworks for dialogue, such as Algeria's 2006 economic and social development pact, Egypt's tripartite skills council and South Africa's sectoral education and training authorities. Other Government members noted significant investments in skills development and mechanisms such as training levies.
58. There was agreement among most speakers that employers had an important role to play in investing in workers' skills and participating in processes to identify skills needs. The need for incentives such as loans, assistance with training costs, relief for social security payments and similar approaches was acknowledged. There was also general agreement on the need for workers to contribute to overall skills improvement through investing their time in developing their core skills and competencies. Efforts on the part of governments, employers and workers were all needed to promote lifelong learning.
59. Government speakers agreed on the need for coherent and integrated policies ranging from education reform to skills strategies. Close linking with economic policy was important to ensure that skills supplied matched those demanded in the labour market. The Government members from Egypt, Namibia, South Africa and Trinidad and Tobago, among others, noted initiatives their Governments were taking to review a range of policies touching on the central issues of skills and productivity. The Government member of Uruguay added that policies for regional integration also had to take into consideration the skills and human resource implications; to that end, the countries of MERCOSUR had established a high-level regional strategy group on the topic.
60. The issues of regional integration and globalized production were also noted in a number of comments on issues of skills recognition. The Government members of Egypt and Jamaica were among those speaking on this issue, commenting on the need to have high quality skills training and robust, internationally recognized systems of certification that would support portability of skills, while the Government member of South Africa also

⁷ Australia, Canada, Germany, Finland, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Portugal, United Kingdom and United States.

raised concerns about the need for means to address the loss of high-skilled individuals from less to more developed countries.

61. The critical role of effective labour market information in driving effective skills training was addressed by most speakers. The Government member of the United States, for example, discussed how an expansive understanding of local regions and their assets was needed to develop effective training plans.
62. Among the other points noted by speakers were the need to have an integrated and comprehensive understanding of the barriers to effective skills training and productivity improvements in order to ensure that responses were adequate. Government members of Greece, Iraq and Trinidad and Tobago and others noted the need to address a range of areas, from ensuring workers were physically healthy and had the resources necessary to improve their skills, to the benefits of corporate social responsibility. Speakers also stressed the benefits of having a clear national objective, such as South Africa's commitment to host the 2010 FIFA World Cup, or Trinidad and Tobago's objective of being a developed country by 2020, to act as the focus bringing together different government ministries and social partners to address skills development issues, with accountability at the highest level.
63. The role of the ILO was clearly seen to be one of facilitating the exchange of best practices on skills development for enterprise sustainability and on financing training and retraining, especially for displaced workers, also including follow-up to the conclusions concerning the promotion of sustainable enterprises (ILC, 2007). The Government member of Namibia expressed her interest in learning from others, as her country was at an early stage of development, just in the process of establishing a national tripartite productivity centre.

Point 3. How can governments, workers' and employers' organizations ensure that skills development helps to manage global drivers of change, such as technology, trade and climate change?

64. The Worker-Vice Chairperson remarked that skills development needed to keep pace with the rapid speed of change. Global drivers of change were running ahead of skills development, and this led to disruption and displacement, bringing to the fore the need for policy coherence. The rapid obsolescence of skills called for advanced planning on skills needs and social dialogue to manage change. The certification of skills was important in this respect, especially to include skills recognition schemes for informal economy workers to enable them to shift to the formal economy. She stressed that core skills were an essential foundation for further learning, but that the nature of needed core skills changed over time as countries developed. The portability of skills was especially relevant to the discussion of the drivers of change. Increasing worker displacement made the recognition of skills even more important, and highlighted the need for effective labour market policies. In this regard, governments should look towards establishing 'one-stop shops' where displaced workers could receive a wide variety of information concerning jobs, training, social protection and career advice. Worker displacement also brought to the fore the need for some form of compensation for job losses. The affordability of training was a major issue, and she noted that the Workers' group was generally concerned about the growing privatization of education and training. Noting that many countries had large agricultural sectors, she emphasized that there was a need to strengthen skills in rural economies, a particularly salient point given the anticipated impacts of climate change. The ILO should further investigate the employment impacts of climate change and their implications for skills development.

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65. The Employer Vice-Chairperson remarked that there were other drivers of change not covered by the report, such as demographic trends, the food crisis, and the corporatization of agricultural activities. The ILO should consider investigating the characteristics and skills development implications of these change factors as well. He remarked on the importance of information networks in this regard, referring to Finland's global intelligence network financed by the Government and employers. In many countries there was a mismatch between skills and demand and, for example, he referred to the efforts of the Netherlands in encouraging individuals to become scientists and engineers, for which there was a labour shortage. Investments in training should be relevant to the demand for skills, and he questioned programmes that emphasized university enrolment to the detriment of much-needed vocational skills. Developing countries needed to build basic systems of education and training, but policies should not lose sight of the fact that many disadvantaged groups needed improved access. Remarking that social protection was a pillar of the Decent Work Agenda supported by the Employers' group, he stressed that increasing employment security rather than job security should be a priority. Recalling the Human Resources Development Recommendation, 2004 (No. 195), he stated that a common agenda could be forged not just between workers' and employers' organizations but also at the enterprise level. This was needed not just to survive change but to initiate change as well. While foreign direct investment could assist with the development of skills programmes, the reverse was also true, in that countries with strong educational systems could have greater success in attracting foreign investment. Climate change represented an enormous challenge for enterprises, and industry would play a pivotal role in mitigating and adapting to adverse effects, including through skills development. The adaptation process required a wide range of policies and programmes at national and international levels, and the ILO could play a facilitating role.
66. Government members' interventions focused on two main issues: the opportunities generated by the global drivers of change and how best to take advantage of them; and the adverse impacts and how best to mitigate them. Climate change required the adaptation of a number of policies, including skills policies.
67. The statement on behalf of the IMEC ⁸ group raised the need for core skills to empower workers to respond and adapt to change, a point echoed by the Government member for Greece. Another fundamental good practice was the need to effectively coordinate policies and responsibilities for training, and to ensure their relevance. The Government members of Canada and Kenya provided examples of tripartite and sectoral bodies to coordinate skills and productivity initiatives, to assure quality of training and to determine priorities for action. The IMEC group's point on the need to enhance leadership abilities was also seen as relevant to both seizing opportunities and minimizing risks.
68. Furthermore, in terms of the opportunities, the IMEC group called for countries to be forward-looking in identifying new developments and appropriate responses, and for there to be research into the short- and long-term employment implications of change. The Government members of Argentina, Brazil, Mexico and Uruguay called for development to be linked to more value-added activities, especially in agriculture, identifying the critical role of education and training in being able to make this transition. The Government member of Greece added that knowledge societies took the lead in creating wealth and jobs while reducing inequalities.

⁸ Australia, Austria, Belgium, Canada, Czech Republic, France, Finland, Germany, Italy, Japan, Netherlands, New Zealand, Norway, Poland, Portugal, Turkey, United Kingdom and United States.

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69. The Government members of Canada and Poland added examples of the importance of information in enabling individuals and economies to take advantage of new opportunities. Canada had a programme to increase participation of individuals and enhance their mobility through better labour market information, while Poland's national database of more than 6,000 public and private training institutions helped jobseekers find training relevant to employment.
70. In terms of mitigating the negative impacts of change, Government members shared a range of examples and information. The IMEC group described lifelong learning, adherence to the Declaration on Fundamental Principles and Rights at Work and its Follow-up, and the need for governments, workers and employers to work together, as key policies to minimize economic and social dislocation. The Government member of Bolivarian Republic of Venezuela pointed to the examples of her own country, as well as Bolivia, Cuba and Ecuador, which had each forged strategic alliances to address poverty, recognizing the need to use skills development to address exclusion of many social groups, as well as redistribution of wealth. Social dialogue was another important instrument for mitigating adjustment costs, according to Argentina, Brazil, Mexico and Uruguay.

Point 4. What policies and institutions can best encourage the early identification of skills needs to feed into national and sector development strategies and to ensure workers' employability? What is the role of governments and the social partners in promoting such policies and institutions and how can the ILO support their efforts?

71. The Employer Vice-Chairperson emphasized the high cost of mismatches between the demand and supply of skills, which necessitated the effective early identification of skills requirements. In many countries there was a tendency to overvalue university education and undervalue vocational training, which led to some of those mismatches. Better qualitative and quantitative information on which skills were relevant for the labour market was needed. Governments should build an effective labour market information system through active dialogue with the social partners. They should undertake comprehensive national data collection and regular labour market research to support career guidance, employment services and lifelong learning. This could be complemented by bipartite institutions or employers' organizations assessing the requirements for specific sectors. However, the speed of change required more qualitative data and less institutionalized approaches to research. One example could be new job profiles based on sectoral and enterprise forecasts that were rapidly converted into new curricula. But since it took lead-time to produce such profiles, another option was to ensure a good balance between robust core curricula and modules that could be easily adapted to changing or regional requirements. Skills identification needed long-term planning, accompanied by short-term monitoring so that trends and changes could be signalled early on.
72. Forecasting could also be linked to nationally defined strategic choices by governments, in dialogue with business. The examples of Finland, Hong Kong (China), Ireland, Netherlands and Singapore indicated that public-private coordination of strategy and investment in research could accelerate the development of strategic existing or emerging sectors. Spin-offs from multinational enterprise (MNE) activities could also enrich national skills bases, for example, export processing zone (EPZ) operations where connected to domestic firms. Countries with well-developed education systems – important components of skills development strategies – could attract foreign direct investments and enable new technology-based learning processes. The role of the ILO was focused on providing

examples of good practice in the identification of skills requirements – including for SMEs – around the world. The ILO International Training Centre in Turin could also play a role.

- 73.** The Worker Vice-Chairperson confirmed the importance of early identification of training needs to ensure efficient skills development policies; she identified three means to facilitate this. First, effective social dialogue at enterprise and sectoral levels was crucial. In enterprises, workers had to be involved in future business plans so that they could best contribute to the process of early identification; in sectors, bipartite institutions had proven to be useful for early identification. It was important to ensure that recommendations were translated into concrete action. Second, early identification would be further encouraged through social infrastructure – that is, well-funded and efficient vocational training and educational institutions with social partner representation. Third, a framework on skills development was needed that would define the role of the social partners through collective bargaining. Several policies could contribute to early identification; an enabling environment for collective bargaining was important because having early identification as a topic for negotiations would contribute to the virtuous circle of skills development, productivity, decent work and development.
- 74.** In addition to identifying new skills, there was a need for attention to declining sectors, as well as assessing opportunities for displaced workers' retraining or redeployment to emerging sectors. Compensatory mechanisms should be considered to ensure that brain drain did not undermine developing countries' skills development efforts. Early identification needed to apply to all workers, including low-skilled and informal economy workers, and should encompass regional perspectives to accompany regional integration processes. MNEs were often leaders in innovation, and needed to play important roles in early identification, while working closely with host countries and funding skills development. Early identification could contribute to job security and the ability of companies to retain talent, enabling workers to acquire skills to perform higher value added jobs. The ILO's role was to collect information on good practices regarding early identification of skills, and disseminate this to member countries.
- 75.** Contributions from Government members addressed a number of specific points within the overall theme of early identification. The statement on behalf of the IMEC⁹ group and that from the Government member of Uruguay, speaking on behalf of her country, as well as Argentina, Brazil and Mexico, emphasized the complementary roles of the social partners, in the context of social dialogue, for identifying and acting on short- and long-term skills needs. Employers had the capacity to identify their needs and to participate in training provision, while workers' organizations, in addition to representing members' interests, could promote and encourage participation. The Government member of Bahamas added that the responsibility for participation and dialogue extended within governments as well, where many ministries and departments had information relevant to projecting skills needs.
- 76.** Most speakers agreed that governments had the central responsibility for gathering, analysing and disseminating information to inform skills training policy and delivery. The IMEC group called for governments to better understand the dynamics of skills supply and demand in order to provide better quality information, while the Government member of Iran emphasized the need for robust national labour market information systems. The Government member of Trinidad and Tobago noted that the availability of data was a

⁹ Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Finland, France, Germany, Greece, Italy, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Poland, Portugal, Sweden, Turkey, United Kingdom and United States.

useful spur to collective action, giving the example of findings on youth employment in his country, which had led to greater cooperation among ministries and social partners in order to address their common concern.

77. The Government member of South Africa provided an example of how his Government had used information to create a National Master Scarce Skills List, providing a common framework for action and helping orient the work of different agencies and bodies to tackle the problem. He noted that in order to develop such a list, there was a need to have clear definitions of skills required. The Government member of Australia commented on the potential value of developing methods to reduce the time lag between identification of skills gaps and the completion of training by individuals.
78. The IMEC group spoke of a new vision of skills development operating within a more market-oriented context, in which employers and workers were viewed more as customers of a training service oriented to employment, rather than a continuation of the education system.
79. Government members' comments on the role of the ILO emphasized its capacity to serve as a clearing house to share models developed and tested in different countries: the IMEC group and South Africa suggested the potential to share models for data gathering and forecasting systems; Argentina, Brazil, Mexico and Uruguay considered that the model of labour market observatories was useful to share; and the Government member of Bahamas suggested that support for developing effective labour market information systems should be integrated into Decent Work Country Programmes.

Point 5. What policies and inter-ministerial coordination measures can best strengthen linkages between basic education, vocational training, labour market entry and lifelong learning for women and men? What is the role of governments and the social partners in this respect and how can the ILO support their efforts?

80. The Worker Vice-Chairperson drew attention to the great diversity in national capacity to handle the pressing needs of education, training and lifelong learning for economic growth. Developing countries in particular were challenged to address basic and core skills issues. Illiteracy affected 20 per cent of people globally, two-thirds of them women. Inter-ministerial and tripartite cooperation platforms were essential to ensure that policies on education, skills development and poverty reduction were coherent. Education was a fundamental right and government's responsibility. She expressed the Workers' group's concern that international financial institutions were seen as advocates for privatization of basic education, and suggested that the ILO should challenge this, and work in collaboration with other United Nations (UN) agencies, such as UNESCO, to advocate for greater national policy coherence.
81. She observed that one of the most demotivating experiences possible would be to complete training and then be unable to get a job because there was no demand for the skill or certification. This was an economic problem due to inefficient use of resources, and a social one as graduates' inability to find employment could lead to frustration and unrest. Equally problematic was the situation of employers who could not find workers for low-skill, low-wage jobs. In both cases there was a clear need for coordinated action – on the one hand to ensure that information about real skills needs in the labour market was understood and acted upon by training providers and, on the other, to upgrade the quality

of jobs to make them more attractive and better paid. She reported that this was not theoretical: there were many practical examples. In the cleaning industry in Singapore, unions and employers had collaborated to increase technological content, thereby improving both the productivity of the work and the quality of the job, and hence attracting workers to an occupation chronically short of staff. In summary, she stated that government–employer–worker dialogue was the best way to ensure that skills needs were understood, and that training would be relevant to worker needs. Regional and sectoral councils were an example of the kind of models that the ILO should collect and share.

82. In the view of the Workers' group, lifelong learning should be seamless. She argued for eliminating barriers in accessing training by adopting competency-based tests that would enable individuals with informally acquired skills to be recognized and to have the opportunity for further training. This would require different agencies and ministries to collaborate. Workers also felt lifelong learning was of sufficient importance to be included in collective bargaining. Finally, she called on the ILO to strengthen its capacity as a leading source of information and its ability to provide assistance, particularly through regional networks such as ILO/CINTERFOR.
83. The Employer Vice-Chairperson noted that meeting skills demands, mitigating adjustment costs, and supporting dynamic development processes were issues that involved a number of ministries or levels of government, and these often had different and conflicting plans. Responsibilities for skills training and for education were often with different ministries that lacked coordination among each other and with the rest of government. This ineffectiveness was further exacerbated in federal countries where varied education and skills policies and fragmented qualification frameworks made worker mobility difficult and constrained competitiveness.
84. Employers agreed that there were three factors for a dynamic development process: national commitment to “catching up” and gaining value from technological change; building new capacities to enable this; and collecting this information and translating it into training strategies, as discussed under the previous discussion point.
85. He argued that the issue of “catch up” affected all countries at all stages of development, and cited Finland and Ireland as examples of developed countries that had rethought their development strategies. In this regard he highlighted the need to invest in research, and the value of public–private cooperation, for example business–university partnerships, which had been the source of much innovation. He also emphasized the value of businesses working with schools to build interest and awareness of young people, including girls, in high-demand skills areas. Finland, Norway and the United States offered examples of such partnerships.
86. In terms of developing new competencies and social capacities, he pointed to the example of Austria, which, prior to the 1990s, had a fully academic education system, but had introduced a successful higher-vocational stream in order to meet the economy's needs. At the same time, the nature of work was changing and all jobs required social skills and capabilities such as teamwork, communication and leadership. He observed that in most countries the education and training budget was mainly directed to the academic stream, with less to vocational education and training (VET), despite the labour market value of skills, which was a limiting factor to technological “catch up” for many countries. He also called for greater attention to business and entrepreneurship awareness in schools.
87. He agreed with the Worker Vice-Chairperson that lifelong learning was critical and should be encouraged through increased tripartite cooperation and positive incentives. He called for close linkages at all levels between the needs of the economy and skills development, and noted the need for career counselling, the recognition of prior learning, and the role of

public and private training institutions in lifelong learning. The ILO should provide technical assistance, especially to developing countries, and through Decent Work Country Programmes, to facilitate adequate attention to skills in broader development plans and programmes.

- 88.** Government comments began with an intervention by the Government member of the United States, speaking on behalf of a number of IMEC countries.¹⁰ She suggested three themes that seemed of particular relevance to the discussion point: the central importance of high-quality training and the development of core skills to expanding opportunities for workers throughout their lives and meeting the skills needs of employers; the need for mechanisms to link skills development efforts to labour market demand; and the need for forward-looking skills development strategies. The Government member of Uruguay stressed the importance of regional integration issues within MERCOSUR. She described the establishment of a high-level strategy for employment from within the region, including governments, employers and workers for all countries. This cooperation on employment was integral to regional economic cooperation.
- 89.** The three themes cited by the IMEC representative and others were addressed by other speakers. The point on the centrality of basic education and core skills and access to learning throughout life was echoed by the Government member of Egypt, who observed that as workers could no longer expect to stop learning when they entered work and had to adapt to a changing economy, there was a need for free basic education and access to learning. The Government member of Kenya reminded the Committee of the need to ensure quality and accessibility in education, while others like Canada echoed the concept of clear or smooth pathways between education, training and employment. The Republic of Korea established a first national level basic plan for lifelong skills development to guarantee opportunities throughout people's working lives. The "Directorate of Learning and Working" initiative was launched in the Netherlands in 2005, aimed at increasing workers' and employers' awareness of the relevance of learning, and introduced an "experience certificate".
- 90.** On the need for mechanisms to link demand with training, the Government member of Greece described how the apprenticeship system in her country was a source of informal information from employers to training institutions, allowing them to adapt the content of their training to meet changing needs, while the Government member of Algeria described how observatories that had been established, bringing together various ministries and representatives of the workers' and employers' organizations, were used in his country to consolidate and report critical information, while also serving as a forum for consultation among the different partners.
- 91.** Many speakers picked up IMEC's final point on the need for forward-looking strategies. The Government member of India announced the very recent adoption of a national policy on skills development in his country to provide a unified direction and better coordination at the political level, while the Government member of Greece referred to targeted human capital development strategies that were the shared responsibility of two ministries through some common delivery institutions. The Netherlands' establishment of a hard target that 20,000 unskilled young people would receive skills certification by 2011 was also a good example of the importance of aiming at specific and concrete results beyond processes.

¹⁰ Australia, Austria, Belgium, Canada, Finland, France, Germany, Greece, Italy, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Poland, Portugal, Sweden, Turkey, United Kingdom and United States.

The need for strong collaboration between ministries and agencies with responsibilities for achieving this was widely referred to by other speakers.

92. The Government member of Argentina, speaking also on behalf of Brazil, Mexico, Uruguay and Bolivarian Republic of Venezuela, introduced two more common themes for the discussion: the need to articulate technical and vocational education and training (TVET) within the overall education and labour market systems; and a concern for equity and accessibility.
93. The Government members of Kenya and Mozambique spoke of the need to take an expansive and inclusive view of vocational training. Kenya explicitly included technical, industrial training elements, as well as entrepreneurship into the scope of its review and reform. Mozambique had explicitly included both the Ministries of Education and Labour as leaders in their inclusive, tripartite reform process. The role of national qualification frameworks, as a means to both recognize non-formal and on-the-job training and to establish the basis for concrete discussions between educators, trainers and employers, was noted by a number of speakers.
94. On the issue of accessibility and equity, the Government member of Argentina, speaking for a number of countries, argued that to really address inequality it was necessary to address the barriers that could prevent women from accessing training or obtaining certification for their skills. Several examples existed to ensure equality of education and training access for women. Social support structures for women were needed to help them balance work with family responsibilities. Mexico had a “better living programme”; Uruguay’s plan for equality provided incentives for low-skilled workers to take up training; Argentina launched an initiative in 2006 for the reinsertion of people with special employment needs; and Bolivarian Republic of Venezuela had adopted policies to promote access to basic vocational training and higher education for 16–24 year olds. The Government member of Greece pointed to the use of data collected from employers to identify opportunities for targeting skills training to specific groups, such as people with disabilities, to enable them to access jobs for which there was high demand.
95. The question of inter-ministerial and inter-jurisdictional cooperation was mentioned by virtually all speakers, who described a range of models that had proven useful in their particular contexts. There could not be one single blueprint. Models ranged from Australia’s current approach of combining training, education and labour market responsibilities in a single ministry, to the creation of a joint directorate with delegated responsibilities from the ministries of education and labour, as in the Netherlands, to countries such as Canada, India, Iraq, the Republic of Korea and Mozambique, which had created a range of committees, coordinating and steering groups to improve policy coherence and address gaps, duplication and what one member described as “infighting”. For a number of countries, the coordination group was chaired at a very high level, and often allied with specific national objectives and accountabilities. There was general agreement that whatever the model chosen, there would be challenges in managing different perspectives and interests.
96. Finally, there was general agreement on the important role of the social partners in supporting coordination, with the proviso noted by the Government member of Kenya that the social partners should be prepared to release competent, capable staff to participate in tripartite processes. The ILO had a role in supporting countries to promote employability through well-designed vocational training policies and programmes. Research and dissemination of good practices were key.

Point 6. What are sustainable ways of expanding skills development for people in rural communities, for people in the informal economy as a means of effecting the transition to the formal economy and for other groups with special needs, with a view to helping them to achieve decent and productive work?

97. The Employer Vice-Chairperson observed that the discussion point referred to a number of different groups, and that while the importance of skills development was common to each, there were many other issues. For rural populations this included infrastructure, trade and subsidy policies; for young people, the need for economic environments that created jobs; for persons with disabilities, the need for appropriate labour market policies and for modified workplaces, as well as a host of issues for migration. Although skills were important, an integrated approach was key.
98. Rural populations needed access to infrastructure, literacy training, basic education and non-formal approaches to training, which could lead to formalization and support the increase of agricultural productivity.
99. On the question of the informal economy, the Employers' group saw both sides of the issue – there was a lot of entrepreneurship but there was also a concern about maintaining a level playing field. Consequently, employers favoured strategies to extend formalization and saw skills training as an incentive for greater formalization, along with access to other training, health, pension schemes and finance. He gave the example of the Alexandria Bank in Egypt that offered loans with varying conditions to encourage formalization. Barriers to formalization, including complex registration and tax processes, had to be addressed. He concluded with some examples of how business organizations could use training as a way to build the capacity and productivity of enterprises and move them towards formalization: in Ghana formal sector enterprises provided coaching to informal sector counterparts, while in India sectoral clusters aided in professionalizing and formalizing enterprises.
100. Concerning young people, he noted previous discussions at the ILC had affirmed that growth was needed to create the conditions for job creation. Good levels of education and vocational qualifications would ensure that young people could take advantage of opportunities. Employers had the responsibility to indicate their skills needs, to participate on boards and consultative bodies, and to offer work experience, citing apprenticeships as a powerful tool. He noted the link to child labour that prevented children from accessing the education they needed for long-term success. Concerning the exclusion of girls, the Employers' group agreed that this was a concern, but suggested that the issue extended to all forms of exclusion, on the basis of ethnic groups, religion or other grounds.
101. The Employers' group did not support quotas for hiring persons with disabilities. Instead, training, coaching and incentives such as tax credits and social security relief would encourage more free choice to recruit persons with disabilities into mainstream employment. On migrant workers, while they were often welcomed in receiving countries because they brought needed skills, the recruitment of migrants should not be a replacement for a good education policy, or for addressing supply–demand mismatches over time. He noted the problems for countries of origin regarding brain drain and loss of capacity and called for the development of circular migration policies that encouraged skilled individuals to return to their country of origin, as well as for development policies that ensured there were attractive jobs for them.

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- 102.** The Worker Vice-Chairperson observed that the report lacked sufficient detail on skills for informal economy workers, and that most of the models cited were from developed economies. She hoped that the ILO would address this in follow-up action. The Workers' group identified two areas of skills development for rural populations: literacy and general management skills, but acknowledged that skills alone would not be enough for rural informal workers to make the transition to better-paid formal economy employment. It was preferable to incorporate skills development into overall development plans. Improved skills might enhance productivity, but without social protection and other elements of decent work, there would be limited impact on poverty eradication.
- 103.** The Workers' group agreed that informal economy workers should have ways to validate their skills and that the absence of this was a barrier to moving to decent jobs in the formal economy. She cited the example of South Africa, where the skills of over 7,000 informal economy workers were validated, and called on the ILO to collect and share these and other examples. Governments should also promote community-based learning systems by bringing technology to rural workers. Another issue that the Workers' group believed required more attention concerned the situation of atypical or contract workers, who in some countries made up almost 40 per cent of the workforce. As they were not direct employees of enterprises, they did not benefit from company training plans. She called on governments to develop mechanisms that would require employers to provide training, or to build the cost of training into contracts. The ILO needed to conduct more research and assist governments in the formulation of strategies to train such workers, including the funding of such programmes.
- 104.** Policies to fight discrimination in the labour market had to be part of development strategies, so as to address the needs of women, youth, workers with disabilities and migrants.
- 105.** The Workers' group was pleased with the support of the Employers' group for providing jobs for persons with disabilities, because she had observed that many enterprises were reluctant to hire them, citing productivity concerns. She called on governments to provide support to mitigate the costs of training and work redesign, and gave examples of how relatively minor physical modifications could enable employers to benefit from the skills of people with disabilities.
- 106.** She stated that governments and trade unions could do more to provide training for migrant workers. In this regard, development of regional training and qualification frameworks was very useful, as it would enable migrants moving within the same region to validate their skills. Policies to fight discrimination in the workplace were a central concern for workers.
- 107.** She concluded by reiterating that skills development was an integral part of the overall Decent Work Agenda and that respect for fundamental rights and protection in the workplace was key. Social dialogue was crucial, as productivity improvements alone would not create jobs.
- 108.** Most Government member comments addressed the need to take a comprehensive approach to understanding the needs of specific groups, and to ensuring that their needs were incorporated into mainstream policies and that special measures, where required, were well designed. The Government member of Thailand reminded the Committee that while women were included, and sometimes over-represented in particularly vulnerable populations, this did not imply that all women were vulnerable. The Government member of South Africa provided a comprehensive example of how the needs of different target groups were addressed in the skills development system of South Africa. The main policy-setting body, the tripartite National Economic Development and Labour Council, included

representative membership from youth, women, persons with disabilities, and rural and urban NGOs, enabling target groups to have a direct role in policy-setting. South African skills development policies and programmes reflected this level of involvement, and included measures such as employer incentives for training and hiring target group members; development of training providers serving target populations; rural development schemes; and programmes for young people and persons with disabilities. These measures lay within an overall set of targets established within the National Skills Development Strategy specifying training outcomes by target group.

- 109.** Speakers provided a rich selection of examples of how their governments had addressed the needs of different target groups. For rural populations, there was general agreement with the statement by the Government member of Belgium on behalf of IMEC ¹¹ that rural challenges included geographical isolation, infrastructural constraints and an over-abundance of low-skilled jobs. Increasing skills development in rural areas would not create jobs without also promoting greater linkages to value chains, improved agricultural production, access to markets, and regional approaches to workforce development and economic development. Coherent and integrated local economic development through increased entrepreneurship training and labour-based approaches to improve rural infrastructure were also a necessary precondition to market access, economic investment and sustainable enterprise development and growth. The Government member of Uruguay, speaking on behalf of her country as well as Argentina, Brazil and Bolivarian Republic of Venezuela, stressed that low skills levels represented a serious obstacle to rural employment and to increasing the value of agricultural production.
- 110.** Government members provided examples of how their countries were addressing the challenges for rural populations. In both Kenya and Mozambique, programmes provided local development funds along with training to rural populations, while India, Iraq and Kenya spoke to the need to ensure access to skills development in rural areas through innovative mechanisms including public-private partnerships linking development investment with skills training. India had targeted training in manufacturing skills for rural populations to enable them to access higher-value employment. India had also established a chain of 600,000 rural common services centres providing ICT access and offering a base for training. Government members of Argentina, Brazil, Trinidad and Tobago, Uruguay, Bolivarian Republic of Venezuela and Zambia pointed to cooperatives as a useful model combining rural group formation, economic and skills development.
- 111.** While many speakers acknowledged a strong overlap between rural and informal economy issues, a number of interventions were specifically on informal economy workers. For the IMEC group, the informal economy was characterized by low-skilled, low-productivity, low-wage jobs, and measures to bring these workers into the formal economy included incentives and opportunities for both workers and employers to develop skills; recognition of prior learning and experiences; and sound legal frameworks for worker protection. The scope of the problem was illustrated by Argentina, where it was estimated that six out of ten workers were unregistered. India's "Skills Development Initiative" was intended to provide training to informal economy workers through short modular courses with flexible delivery schedules. The first five-year phase would train 1 million people and a second phase was planned. Courses were designed in accordance with specific industry requirements with a view to ensuring trainees' employment, and costs were paid by the Government upon successful completion. Independent assessment and certification of

¹¹ Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Finland, France, Germany, Greece, Italy, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Poland, Portugal, Sweden, United Kingdom, United States.

skills for course completers and those who had acquired the relevant skills informally offered recognition and a bridge to formal employment. Kenya also had a model for certification of informally acquired skills.

112. On the issues facing young people, the Government member of Zambia, like many other speakers, noted that for his country young people had been identified as a specific target group for skills development, and that the Government was investing in skills development centres for youth and in funds to enable young people to start enterprises. This approach was echoed in Kenya, which had invested in upgrading youth polytechnics. The Government member of Uruguay, speaking also for Argentina, Brazil and Bolivarian Republic of Venezuela, emphasized the high barriers to entry into the labour market experienced by young people aged 18–24, especially women, who had an unemployment rate that was often three times above the average. She called for the involvement of youth organizations as well as the social partners in the formulation of skills development programmes, to ensure that young people were not just beneficiaries but also actors in efforts aimed at getting them into the labour market and becoming independent.
113. The needs of persons with disabilities were recognized by speakers in terms of general accessibility issues and in terms of specific programmes. The Government member of South Africa provided a number of examples of programmes for persons with disabilities, including establishing a target for employment of people with disabilities; providing bursaries for training to persons with disabilities; and working with training providers and employers to ensure accessibility for persons with disabilities. In addition to these mainstreaming approaches, the Government had also established a network of sheltered employment factories providing employment opportunities for more seriously disabled people. Other speakers, such as the Government member of Kenya, stressed the need to make training opportunities accessible through approaches such as mobile training units.
114. The specific needs and challenges of migrant workers were addressed by a number of government speakers. The Government member of Turkey noted that discussions in the Committee had on several occasions touched on the issue of migrant workers, and the Office's report had cited this group of workers among its target groups. She believed that it was important to take a rights-based approach when considering circular migration and the return of migrant workers to their countries of origin. The EU group¹² statement touched on a number of issues of concern to migrant workers, including the need for training and labour market institutions to cooperate closely and respond flexibly. Comments from Argentina, Brazil, Uruguay and Bolivarian Republic of Venezuela expressed concern regarding worker emigration, especially of highly qualified workers in whom substantial public investments had been made. In view of growing regional integration and increased worker migration within the region, education ministries in the region were cooperating to ensure mutual recognition of high-level qualifications, but a problem existed regarding workers with lower-level qualifications, and ILO/CINTERFOR assistance had been sought to identify ways in which the issue might best be resolved.
115. Speakers reflected on the gender equality issues inherent in the needs of specific groups discussed, for example, in noting that youth unemployment rates and employment

¹² Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom, as well as the candidate countries Turkey, Croatia and the former Yugoslav Republic of Macedonia, the countries of the Stabilisation and Association Process and potential candidates Albania and Montenegro, and the EFTA country Norway, member of the European Economic Area, as well as Ukraine and Republic of Moldova.

prospects could be quite different for young women and young men in different societies. Comments under previous discussion points had also illustrated that women and men in a variety of countries and contexts might face different challenges, and might require adaptations of policies and programmes in order to achieve equal outcomes – for example, strategies to reach out to girls in school and overcome perceptions about suitable or interesting careers. A number of speakers also pointed to the needs of specific groups: indigenous people, recently released prisoners and ethnic minorities. There was general agreement on the need to balance mainstreaming approaches with specific needs in order to achieve the best outcomes.

Discussion of the Draft conclusions on skills for improved productivity, employment growth and development

- 116.** The Chairperson opened the session by congratulating the Committee members for their very positive approach in using the Office report as a basis for their rich discussions. The secretariat had prepared tentative draft conclusions based on these discussions, which were then submitted to the Drafting Group for further development. The task of the Committee members was to discuss the changes to these draft conclusions as proposed through the formal amendment process. Given the number of amendments, many of which related to editorial or translation matters, the discussion of amendments would focus on the substantive changes affecting the English, French and Spanish texts. With the approval of all three groups, about 60 amendments concerning translation into French or Spanish (of concepts such as “skills”, “training and lifelong learning”) and other purely linguistic issues would be dealt with separately.

Points 1 and 2

- 117.** Points 1 and 2 were adopted.

Point 3

- 118.** In the reference to the guidance provided by the principles and values of decent work, the Employer Vice-Chairperson proposed adding “and principles of sustainable enterprises”. The Worker Vice-Chairperson did not support the Employers’ amendment. The principles and values of decent work were well understood, but the “principles of sustainable enterprises” required clarification. She therefore subamended, to insert: “and principles of sustainable enterprises, in line with the conclusions of the 2007 International Labour Conference on the promotion of sustainable enterprises”, and the Employers’ group agreed to this. The subamendment was adopted.
- 119.** Point 3 was adopted, as amended.

Section title before point 4

- 120.** The Employer Vice-Chairperson introduced an amendment to replace the words “productivity and employment growth” by “productivity, employment growth and development” in the title before point 4, for the sake of consistency with the title of the discussion.
- 121.** The title before point 4 was adopted, as amended.

Point 4

122. The Employer Vice-Chairperson introduced an amendment to replace the words “A low-skill, low-productivity, low-wage development strategy” by “An environment characterized by low skill, low productivity and low wage” at the beginning of the first sentence, as he could not imagine any country adopting such a “development strategy”. The Worker Vice-Chairperson could not support the proposed amendment as it would completely undermine the purpose behind the section. Point 4 highlighted an unsustainable development strategy leading to a vicious circle, in contrast with the strategy from point 5 onwards that led to a virtuous circle. The Government member of Uruguay agreed that no government would adopt the kind of strategy mentioned in point 4. She suggested replacing the word “strategy” with the word “situation” as a more acceptable formulation. The Government member of the United Kingdom proposed, and the Government member of South Africa seconded, a sub-subamendment to replace the words “development strategy” with the word “economy”, so that the text read as “A low-skill, low-productivity, low-wage economy is unsustainable”, which the Worker and Employer Vice-Chairpersons supported. That sub-subamendment was adopted. The Committee also accepted the Employer Vice-Chairperson’s amendment to insert the words “This also negatively affects the competitiveness of enterprises and their capacity to contribute to economic and social development” at the end of the point.

123. Point 4 was adopted, as amended.

Point 5

124. The Committee agreed to add the word “international”. The resulting text was “An international, national and regional development strategy based on improved quality and availability of education and training can engender, by contrast, a virtuous circle”. In addition the Committee accepted the proposed amendment made by the Government member of Portugal on behalf of several IMEC countries intended to confirm that the virtuous circle should promote “more” as well as “better” jobs.

125. Point 5 was adopted, as amended.

Point 6(a) and (b)

126. The Worker Vice-Chairperson introduced an amendment to delete the word “current” relating to “employability of workers”, explaining that employability also referred to the future and the word “current” was too limiting. The amendment was adopted.

127. The Government member of Portugal, on behalf of several IMEC countries, proposed adding reference to “pre-school” with the “continuous pathways of learning”, so that the statement would be more inclusive. The Employer Vice-Chairperson introduced a further amendment to also include “and higher” education. The Worker Vice-Chairperson suggested adding an amendment with the words “throughout their lives” to the end of the phrase “and offer workers and entrepreneurs opportunities for continuous learning to upgrade their competencies and learn new skills”. This clarified that education and skills development was a lifelong process. The Government members of the Bahamas, Portugal, Slovenia and Trinidad and Tobago supported the amendment. The amendments were adopted. The Employer Vice-Chairperson introduced an amendment to insert the words “relevant to the world of work” after the word “skills”, to stress the role of skills development in meeting the demands of the labour market. The Worker Vice-Chairperson could not accept the proposed amendment, since skills development should be a

continuous pathway of learning, not only related to employment, a view supported by the Government member of the Bahamas. The amendment was withdrawn.

- 128.** The amendment proposed by the Government member of the United Kingdom to move the reference to learning ability after the phrase “and other skills”, in order to reinforce the two elements noted in the sentence: core skills of literacy, numeracy ..., etc., and other qualities referred to in the latter part of the sentence, was adopted. The Worker Vice-Chairperson introduced and subamended her group’s amendment to add the word “relevant” so that the sentence referred to “other relevant skills”, because without this word the reference to skills was too broad. The Employer Vice-Chairperson supported the subamendment, which was adopted. The Employer Vice-Chairperson introduced an amendment proposing that the words “and entrepreneurship” follow the phrase “awareness of workers’ rights”. The Worker Vice-Chairperson stated that her group could not agree to this, as they did not see entrepreneurship as a foundation skill, to which the Employer Vice-Chairperson responded that for them entrepreneurship was a fundamental attitude, which was as important for young people as awareness of workers’ rights. The Worker Vice-Chairperson replied that in the view of the workers, entrepreneurship was not a core skill equivalent to literacy, and they were concerned about whether an underlying message of the amendment was that everyone was responsible for their own employment, diminishing the responsibility of employers to those they employed. She stated that awareness of rights was an enabling skill that ensured workers knew they had the right to training, to freedom of association, and thus formed the basis of learning other skills. The Government member of Trinidad and Tobago, however, supported the Employers’ proposed amendment, noting that in his country and other small countries an entrepreneurial attitude was seen as critical for young people, a view supported by the Government member of Bahamas. The Employer Vice-Chairperson responded that an entrepreneurial attitude was important not just for employers but also for workers, who could use this skill to identify new opportunities or ideas within their company. He also stressed the value of programmes to introduce entrepreneurship awareness at a young age. The Worker Vice-Chairperson suggested a subamendment to read “and understanding of entrepreneurship”, a proposal that was accepted by the Employer Vice-Chairperson. The amendment was adopted.
- 129.** The Worker Vice-Chairperson introduced an amendment to replace the word “ability” with the word “support” related to individuals taking advantage of opportunities for continuous learning. The Employer Vice-Chairperson did not support the amendment, noting that support measures were dealt with in subsequent points. The Government member of Jamaica introduced a subamendment, seconded by the Government member of Bahamas, to include both words in the text. The amendment, as subamended, was adopted.
- 130.** Point 6 was adopted, as amended.

Point 7

- 131.** The Employer Vice-Chairperson introduced an amendment to edit the sentence that started with “Improving productivity is not an end in itself ...” to read as “an essential means to improve enterprises’ sustainability and profitability, economic development, workers’ lives and social cohesion” in order to add the element of profitability. The Worker Vice-Chairperson could not accept this as it changed the focus of the point. Profitability was a core element of sustainable enterprises and did not need to be emphasized separately. Several Government members preferred the original text. The amendment was withdrawn. In order to underline that improvement should be a continuing process, the Employer Vice-Chairperson introduced an amendment to replace the word “improved” with the words “continued improvement of” at the end of the point. The Worker Vice-Chairperson

introduced an additional amendment to include the words “and decent work” at the end of the point, to bring it in line with the title of the section. Both of the amendments to the last sentence were adopted.

132. Point 7 was adopted, as amended.

Point 8

133. The Employer Vice-Chairperson introduced an amendment to insert “these skills are relevant to the world of work”, which was opposed by the Worker Vice-Chairperson as it was too restrictive. The Government member of the United Kingdom said that, as the text was about increased productivity, it was implicit that skills were to be relevant to the world of work. On that basis the Employer Vice-Chairperson withdrew the amendment. The Employer Vice-Chairperson introduced an amendment to insert the words “good leadership and a high standard of organizational processes” as these were also critical factors in the translation of productivity improvements into employment growth and development. The Worker Vice-Chairperson proposed a subamendment to reposition the proposed text towards the end of the point, a proposal that was agreed to by the Employer’s group. The Employer Vice-Chairperson introduced an amendment to replace the word “progressive” with the word “modern” in qualifying active labour market policies and employment services. The Worker Vice-Chairperson opposed the amendment. Progressive implied forward movement from one stage to the next, but the word “modern” added little clarity. The Government member of the United Kingdom proposed a subamendment to replace the word “modern” with “effective”, which was acceptable to all.

134. The Employer Vice-Chairperson introduced an amendment to insert the words “public and private” to stress that employment services could be of both types. The Private Employment Agencies Convention, 1997 (No. 181) covered the issue and he therefore saw no reason not to explicitly mention them. The Worker Vice-Chairperson opposed the amendment; the existing text was generally understood to cover both. Several Government members confirmed that the existing text covered both public and private employment services. The Government member of the United Kingdom noted that from a government perspective the existing formulation covered both public and private employment services. On that basis, the Employer Vice-Chairperson withdrew the amendment.

135. Point 8 was adopted, as amended.

Point 9

136. The Employer Vice-Chairperson’s proposal to add the words “Other essential factors are:” before the word “Strong”, in order to give more emphasis, was adopted.

137. Point 9 was adopted, as amended.

Point 10

138. The Employer Vice-Chairperson’s amendment to insert the words “in consultation with the social partners” in reference to governments’ responsibility in creating an enabling environment was readily agreed by all.

139. Point 10 was adopted, as amended.

Point 11

140. The Employer Vice-Chairperson introduced an amendment to include private as well as public agencies, but the Workers' group opposed it as the point should be viewed as a follow-up to point 10 dealing with government responsibilities and thus most specifically with public employment services. The Government member of South Africa proposed a subamendment to delete the word "public" from the existing text. The amendment, as subamended, was adopted.
141. Point 11 was adopted, as amended.

Point 12

142. The Worker Vice-Chairperson introduced an amendment to replace the word "industries" with "sectors" to match the formulation earlier in the point, and the Employer Vice-Chairperson introduced an amendment to add the text "and to capitalize on new technologies" in reference to the ability of workers to move from declining or low productivity sectors into growing or high productivity sectors. Both amendments were adopted. The Employer Vice-Chairperson introduced an amendment that qualified lifelong learning by the term "relevant", but the Workers' group considered that this restricted the text, a view supported by the Government members of Bahamas and South Africa. The amendment was withdrawn. The Employer Vice-Chairperson introduced an amendment that stated that re-skilling, skills upgrading and lifelong learning also contributed to helping enterprises adjust and remain competitive, and did not only benefit workers. An additional amendment from the Employers to add career guidance, training and effective employment services as additional factors to mitigate adjustment costs, was also adopted.
143. Point 12 was adopted, as amended.

Point 13

144. The Employer Vice-Chairperson introduced an amendment to include the concept that skills development also contributed to the ability of the economy to remain competitive, an amendment supported by the Workers' group and adopted.
145. Point 13 was adopted, as amended.

Points 14 and 15

146. Points 14 and 15 were adopted.

Point 16

147. The Employer Vice-Chairperson introduced an amendment to include "in consultation with the social partners" when referring to governments building policy coherence, and the Worker Vice-Chairperson introduced an amendment to include the word "research" as one of the factors in building policy coherence, and "social policy" in reference to linking skills development.
148. Point 16 was adopted, as amended.

Point 17

149. The Worker Vice-Chairperson introduced an amendment to replace the text “integration of the formal and informal economies” with “transition from the informal to the formal economy” as this clarified the importance of formalization. The amendment was adopted.

150. Point 17 was adopted, as amended.

Point 18

151. The Employer Vice-Chairperson introduced an amendment to qualify reference to international labour standards by the word “core”. The Workers’ group objected, noting the importance of all labour standards and the fact that fundamental principles and rights had previously been mentioned. A number of Government members supported the existing text. The amendment was withdrawn.

152. Point 18 was adopted.

Point 19

153. The Worker Vice-Chairperson introduced an amendment to replace the text “keep the current workforce” with the phrase “retain their workers” as this improved reference to the need for new skills. The Employer Vice-Chairperson had separately also proposed using the word “retain” and so this amendment was adopted.

154. Point 19 was adopted, as amended.

Point 20

155. Point 20 was adopted.

Point 21

156. The Worker Vice-Chairperson introduced an amendment to include the right to collective bargaining as one of the targeted policy measures for EPZs. This was supported by the Employer Vice-Chairperson and the amendment was adopted.

157. Point 21 was adopted, as amended.

Points 22 and 23

158. Points 22 and 23 were adopted.

Point 24

159. The Government member of the United States, on behalf of several governments, introduced an amendment to separate one sentence dealing with job opportunities and displacement resulting from outsourcing arrangements into two sentences that she noted brought greater clarity to the text.

160. Point 24 was adopted, as amended.

Point 25

161. This point was discussed as point 24bis because the secretariat had inadvertently omitted it from the draft conclusions presented to the Committee. Instead of saying that “poor outsourcing practices cause workers to remain trapped ...” the Employer Vice-Chairperson amended the phrase to read: “Poor outsourcing practices cause workers to become trapped in low skills and low productivity jobs”. This was because the sentence was not referring to the situation before the outsourcing process. The text as amended was adopted.

162. Point 25 was adopted, as amended.

Point 26

163. The Employer Vice-Chairperson introduced an amendment to add the term “higher education” in reference to equal opportunities for access to education. The Government member of South Africa noted that other types of education, such as primary and secondary, should then also be included and he preferred the original text, a view supported by the Government members of Trinidad and Tobago and the United States. The Employer Vice-Chairperson withdrew the amendment with the understanding that education was referred to broadly. The Government member of Uruguay introduced an amendment that referred to workers in “atypical employment relationships” rather than “atypical workers”, and replaced the term “under-represented groups” with “disadvantaged groups”. This was subamended by the Employers’ group to also include reference to older workers. The Government member of Australia proposed a subamendment, supported by the Government member of Zambia, to include the phrase “Equal opportunities should be provided to all to access quality education” at the beginning of the point. The amendment was adopted.

164. Point 26 was adopted, as amended.

Point 27

165. The Workers and Employers both presented amendments to the same text in order to maintain elements of both their proposals. The effect of this agreed language was to begin the point with the words “Equal opportunities are crucial for women”, and to retain the list of target groups of women identified in the original point. The Worker Vice-Chairperson, in accepting the amended point, emphasized that especially women with family responsibilities may require flexible policies and consideration in order to ensure that they have time to engage in training, but this should not imply that only women have family responsibilities, in order to avoid stereotyping.

166. Point 27 was adopted, as amended.

Point 28

167. Point 28 was adopted.

Point 29(c)

168. The Worker Vice-Chairperson proposed an amendment to replace the word “incentives” by “mechanisms”, because it had a much broader meaning than “incentives”, including advice. The Employers’ group took the opposite view, arguing that it was central to maintain the idea of incentives and leave it to governments to decide which measures might be appropriate. The Government member of Argentina supported the word “mechanisms”, as it included the idea of incentives. The Government member of South Africa observed that the Employers’ concern was perhaps to do with financial incentives, which were in any case covered later in the same clause. The Employers’ group felt it important to stress that there could be a range of incentives. Their subamendment to read “a range of incentives and mechanisms” was agreed. The Workers and the Government members of Thailand and Zambia supported the Employers’ subamendment, which was then adopted.

Point 29(f)

169. The Government member of the United States introduced an amendment to add a new clause (f) on the extent and outreach of public–private partnerships. Point 69 dealt with public partnerships exclusively in the context of target groups, but it had never been the Drafting Group’s intention to limit such partnerships to target groups. It was helpful to retain the language used in point 69 which had been reached after lengthy discussion. The amendment was adopted with the understanding that point 69 also had to be retained.
170. Point 29, was adopted, as amended and including a new clause (f).

Point 30

171. The Worker Vice-Chairperson introduced an amendment to add the word “providing” at the start of clause (c), so that it would read “providing, supporting and promoting workplace learning”, which was adopted. She further proposed to insert the words “including provision of paid time off for training” explaining that many enterprises provide paid time off when their workers are sent to training, and in some countries legislation also provides for paid leave, e.g. Singapore. In global value chains, paid time off for training was important for workers, especially enhancing their access to training. The Employer Vice-Chairperson recognized the importance of paid time off for training but countered that other instruments support workers, including personal development plans in enterprises. He therefore proposed a subamendment reading: “which may include provision of paid time off for training”. This subamendment was adopted.
172. Point 30 was adopted, as amended.

Point 31

173. With respect to ILO work to apply good practices to specific countries’ circumstances, the Employer Vice-Chairperson introduced an amendment to delete the words “to women on how to facilitate the transition from informal to formal economy activities” in clause (a), suggesting this provided a broader formulation. The Worker Vice-Chairperson disagreed, since the section provided examples such as women in the informal economy because they constituted a large group in the informal economy. Government members from the United States and South Africa supported maintaining the original text. After considering proposals to replace the words “to women” by “to people” or “to workers”, a

subamendment from the Worker Vice-Chairperson to use the words “to men and women” was adopted.

Point 31(b)

174. To improve clarity the Worker Vice-Chairperson proposed replacing the word “dialogue” by the words “social dialogue”, which was adopted.

Point 31(f)

175. The Employer Vice-Chairperson’s amendment to insert a new clause (f) reading: “develop model bilateral and multilateral agreements on certification of skills for employment, through systems for recognition of skills among countries” was adopted.
176. Point 31 was adopted, as amended.

Point 32

177. The Worker Vice-Chairperson’s amendment to replace the word “can” with “should” emphasized the importance of helping people respond to changing conditions and global drivers of change, and was adopted. The Employer members’ amendment to insert the words “and have created new jobs with new skills” after the phrase “Technological changes offer the potential for higher productivity and new industries” was adopted. The remainder of that sentence, “but have also resulted in job losses and changing skills requirements”, was the subject of other amendments, resulting in deletion of the word “significant” from the sentence.
178. Point 32 was adopted, as amended.

Point 33

179. The Government member of Trinidad and Tobago introduced an amendment to include migration as a driver of change, and was supported by the Worker members. The Employer Vice-Chairperson disagreed, stating that migration was a consequence rather than a prime driver of change. The Government member of Trinidad and Tobago responded that migration was a major phenomenon in many developing countries, for example in the Caribbean, where migration required a policy response, aptly proposed in the point. The Worker and Employer Vice-Chairpersons accepted a subamendment to include migration among the other significant drivers of change. The Worker Vice-Chairperson submitted an amendment to include social protection systems because effective social protection was essential to assist the workers in the transition process and cope with the effects of the global drivers of change. The Employer Vice-Chairperson subamended this, using “policies” instead of “systems” and adding the word “sustainable”. The revised wording “including skills policies as well as sustainable social protection policies which effectively address these challenges” was adopted.
180. Point 33 was adopted, as amended.

Point 34

181. The Government member of the United Kingdom introduced an amendment, on behalf of a number of Government members, dealing with the importance of establishing an integrated approach in responding effectively to the global drivers of change. A subamended text was provided for consideration by the Committee, noting that an integrated approach could include well-designed employment policies, effective social protection, labour market and lifelong learning policies, and utilizing a balanced approach in developing collectively negotiated agreements. A number of subamendments were introduced, including one by the Employers' group that sought to delete reference to collectively negotiated agreements. The Employer Vice-Chairperson argued that because the point was concerned primarily with the role of government, and that collective bargaining agreements were entered into between workers' and employers' organizations independently from government, this reference should not be included in the text. Furthermore, it had been noted earlier in the text that development of an integrated approach should be made in consultation with the social partners. The Worker Vice-Chairperson suggested that the word "facilitating" be used rather than "utilizing" in relation to the role of government in collective bargaining, and remarked that this language was not prescriptive and that it was extremely important that collective bargaining agreements deal with mitigating the adverse effects of the global drivers of change. After efforts on all sides to find acceptable language of proposed subamendments, the Government member of the United Kingdom, in the interest of achieving a text based on consensus, withdrew the amendment.

182. Point 34 was adopted.

Point 35

183. Point 35 was adopted.

Point 36(c)

184. The Employer Vice-Chairperson introduced an amendment to insert the words "public and private" to ensure that there was a clear understanding that employment services included both. The Government member of South Africa responded that the Employers' group might wish to include reference to the Private Employment Agencies Convention, 1997 (No. 181) in the text to make it more explicit. But the Worker Vice-Chairperson could not accept this for the reasons explained earlier in the discussion. The Government member of the United States understood that the term "employment services" encompassed both public and private and was satisfied with the original wording. Government members from Germany, Portugal and the United Kingdom concurred, and the Employer Vice-Chairperson therefore withdrew the amendment.

185. Point 36 was adopted.

Point 37(a)

186. The Worker Vice-Chairperson's amendment to include research as an essential target of government investment was adopted.

Point 37(d)

187. The Employer Vice-Chairperson called for more positive wording in reference to combating age discrimination, by adding “and facilitate workforce participation”. The amendment was adopted.

Point 37(f)

188. The Employer Vice-Chairperson proposed a new clause (f) reading “providing social protection measures in combination with active labour market policies”, arguing that this was an important role of governments. This amendment was adopted.

189. Point 37 was adopted, as amended.

Point 38(b)

190. The Worker Vice-Chairperson introduced two proposed changes. First, she suggested replacing the word “schemes” by “mechanisms”, as this was a broader term which in subsequent debate and subamendments was consistently supported. The second amendment was to delete the words “investing in” which referred to workers’ investment in training. A number of sub-subamendments were proposed and debated. The Employer Vice-Chairperson stated that it was an important responsibility for workers to invest in improving their own employability.

191. The Government member of the United Kingdom argued that his Government upheld that skills development was a partnership and all partners had responsibilities; on that basis he supported referring to “investing”. The Government member of the United States also supported retaining the reference to investment, and training was seen as a partnership in her country too, with investment from all sides. The Government members of the Czech Republic, Japan and Slovenia agreed. The Worker Vice-Chairperson elaborated on her group’s concerns: they did not in principle object to workers investing in, committing to, and taking ownership of their own skills development, but they were concerned about shifting responsibility for training costs onto workers, particularly disadvantaged workers in poor countries. She noted a finding in the background report that improvements in human capital accounted for a majority of productivity increases. The Government member of Argentina supported the Workers’ position, agreeing that the purpose of the clause was to emphasize the social partners’ obligation to support workers seizing opportunities to develop their skills. The Government member of Bahamas recognized concerns about the meaning of “investing”, which was not only monetary, but also referred to time, effort and other resources. He agreed that workers had a responsibility and an obligation to invest time and effort on their own behalf. In agreeing with the point made by the Government member of Bahamas, a sentiment echoed by the Government members of the United States and Australia, the Government member of South Africa remarked that the word “investment” might be misunderstood by those not involved in the current discussion.

192. The Chairperson stressed that the report would reflect the discussion on the interpretation of “investing” and the general understanding that such investment by workers would refer to their time and effort, not primarily financial investment. The Worker Vice-Chairperson suggested a subamendment to add the words “in terms of effort and commitment” following the word “investing”. The Employer Vice-Chairperson believed that “investing” referred to investment of time, effort and such things as travel to attend training, and therefore saw no need to modify the term. The Worker Vice-Chairperson returned to the

workers' concern that participating in training might signal the need for financial investment as well as investing time and effort, and foregoing such things as time off; this would not encourage workers to participate. The Government member of Portugal felt she understood the Employers' and Workers' points of view, as the clause was about motivating workers to pursue training. The different contexts of developing versus developed economies, and formal versus informal, should be considered. In formal economies and developed countries, expecting a degree of worker investment was appropriate, but it was less true in less-developed and informal economies. The Employer Vice-Chairperson believed the conclusions needed a general statement about partnership in skills development and the need for workers to invest in their own employability. The Employers' agenda was not to shift the costs of training onto workers, but to affirm a shared commitment. He was therefore willing to accept the Workers' subamendment that spoke of "investing in terms of effort and commitment". The amendment, as subamended, was adopted.

Point 38(e)

193. The Government member of Trinidad and Tobago introduced an amendment to include "hurricanes" among the examples of global environmental problems to be addressed. The amendment was adopted.

194. Point 38 was adopted, as amended.

Point 39(d)

195. Referring to a better alignment between ILO objectives in dealing with the impact of change on employment and those of other international agencies, the Worker Vice-Chairperson introduced an amendment adding reference to UN bodies, which was adopted.

196. Point 39 was adopted, as amended.

Point 40(c)

197. The Government member of the United Kingdom introduced an amendment, supported by a number of Government members, to clarify that investments in both training and lifelong learning were beneficial to workers as well as employers. The amendment was adopted.

198. Point 40 was adopted, as amended.

Points 41 and 42

199. Points 41 and 42 were adopted.

Point 43(c)

200. The Government member of Netherlands introduced an amendment supported by a number of Government members and the Employers' and Workers' groups emphasizing that data for the forecasting of skills needs could be drawn from sources in addition to employment services and training institutions. The amendment was adopted

201. Point 43 was adopted, as amended.

Point 44

202. The Employer Vice-Chairperson introduced an amendment to clarify that the stated list of types of contributions the social partners could make to skills forecasting was not exhaustive. The amendment was adopted.

203. Point 44 was adopted, as amended.

Point 45(b)

204. The Employer Vice-Chairperson introduced an amendment to emphasize that the ILO's role in assisting countries in establishing and improving labour market information systems and employment services was particularly important for developing countries. The amendment was adopted.

Point 45(c)

205. The Employers' group proposed that the ILO support to building national research capacity on skills supply and demand should also stimulate international cooperation in this area, an amendment that was approved.

206. Point 45 was adopted, as amended.

Point 46

207. Point 46 was adopted.

Point 47

208. The Employer Vice-Chairperson introduced an amendment to include career guidance in addition to the range of factors that support transition from education to labour market entry, which was adopted.

209. Point 47 was adopted, as amended.

Point 48

210. Point 48 was adopted.

Point 49(d)

211. The Government member of Uruguay speaking also on behalf of Argentina and Bolivarian Republic of Venezuela introduced an amendment to emphasize the importance of coordinating the recognition of skills, not only between professional organizations, but also between government entities in order to promote mobility between countries. There was wide support for this amendment, which was subamended to also include coordination

with other related bodies, and was adopted. The Employer Vice-Chairperson further proposed an amendment to stress the importance of regional compatibility of national qualification frameworks, which was adopted.

212. Point 49 was adopted, as amended.

Points 50 and 51

213. Points 50 and 51 were adopted.

Point 52(d)

214. The Employer Vice-Chairperson introduced an amendment that included access to employment as an outcome of the recognition of prior learning, noting that such recognition was not only to facilitate entry into vocational and higher education. The proposed amendment also included reference to recognition of the importance of the relationship between skills development and the world of work. The Workers' group, while supporting the reference to access to employment, proposed a subamendment that did not include the reference to the world of work, as this was deemed too restrictive, a view supported by a number of Government members. The amendment, as subamended, was adopted.

215. Point 52 was adopted, as amended.

Point 53(c)

216. The Employer Vice-Chairperson proposed a subamendment to reword point 53(c) to note that the social partners had a particularly important role in supporting and facilitating lifelong learning, including through collective bargaining agreements. This was supported by the Workers' group and adopted.

Point 53(e)

217. The Worker Vice-Chairperson proposed an amendment to ensure that the social partners should work in cooperation with governments, in their efforts to identify funding for continuous learning, which was adopted.

218. Point 53 was adopted, as amended.

Point 54(c)

219. The Workers' group amendment clarified that cooperation with other agencies should be with those dealing with skills development and education. The amendment was adopted.

220. Point 54 was adopted, as amended.

Point 55

221. In relation to the importance of access to education and training for the disadvantaged, the Worker Vice-Chairperson's amendment pointed out the importance of recognizing that some faced multiple sources of disadvantage and these posed particular challenges. The amendment was adopted.
222. Point 55 was adopted, as amended.

Points 56, 57, 58 and 59

223. Points 56, 57, 58 and 59 were adopted.

Point 60(a)

224. The Worker Vice-Chairperson suggested that the reference to diversified skills provision include the word "training". This amendment was adopted.
225. Point 60 was adopted, as amended.

Points 61 and 62

226. Points 61 and 62 were adopted.

Point 63

227. The Worker Vice-Chairperson proposed that, in addition to young people, reference should be made to the importance of core skills for adults who have missed out on basic education. This amendment was adopted.
228. Point 63 was adopted, as amended.

Point 64

229. Point 64 was adopted.

Point 65

230. The Worker Vice-Chairperson proposed an amendment relating to increasing school attendance among girls, suggesting that the term "at-risk" was too restrictive in this context and should be deleted, which was adopted.
231. Point 65 was adopted, as amended.

Points 66 and 67

232. Points 66 and 67 were adopted.

Point 68

233. The Employer Vice-Chairperson wanted to modify the sentence to clarify that workers in atypical employment relationships sometimes did have access to training. In some countries (e.g. Netherlands) this was guaranteed by law and in collective agreements.

234. Point 68 was adopted, as amended.

Point 69(a)

235. Although a proposed amendment to this point was withdrawn by the Government members proposing it, the Government member of the United Kingdom wished to draw the attention of the Committee to the very broad and financially significant implications of the clause requiring governments to provide services “to all”, and requested that in the future careful attention be paid to the drafting of such clauses.

Point 69(c)

236. The Government members of Belgium and France proposed a rewording to emphasize the importance of inter-ministerial mechanisms to respond to the question of skills development related to migration and workers in atypical employment relationships, which was adopted.

237. Point 69 was adopted, as amended.

Point 70

238. Point 70 was adopted.

Point 71(c)

239. The Government member of the Netherlands introduced an amendment to make the terminology for referring to “workers in atypical employment relationships” consistent with previous references. The amendment was adopted.

240. Point 71 was adopted, as amended.

Consideration and adoption of the report**Consideration of the report**

241. The Committee considered its draft report at its 12th sitting. Introducing the draft report, the Reporter, Mr Ying, Government representative of Jamaica, acknowledged the consummate chairing and wise leadership of the Chairperson, Mr Armitage, which was ably complemented by the Employer and Worker Vice-Chairpersons. He praised the secretariat for its effective and efficient role in preparing an excellent report structured thematically around the six major discussion points and the conclusions. The report was not a word-by-word account of what was said, but rather a broad reflection of the issues that had been debated. The discussions in the Committee had been rich and enlightening,

conducted with respect and dignity, with real life examples of how governments and social partners acted and reacted in response to the challenges related to skills for improving productivity, employment and development. The discussion on the amendments to the draft conclusions had taken place in an atmosphere of dialogue and search for consensus. The Committee had taken up many difficult and challenging issues, but the constructive tripartism had resulted in shared conclusions. These would, he hoped, provide guidance in responding to many of the issues raised, in particular with reference to the needs of developing countries. Policy coherence and inter-ministerial coordination were very important, especially in the context of addressing global drivers of change. While government had primary responsibility for ensuring an enabling environment, there was a key role for the social partners. Key points in the debate included: the importance of a conducive workplace, the role of labour market information systems, worker commitment to training, employer support for learning, regional coordination, certification and quality assurance, and skill training needs of various groups to promote social cohesion and equal access. He hoped that as a result of the discussions all participants would return home with more inspiration and specific ideas of how to utilize skills development to move towards the virtuous circle and make things happen in their own national environments.

242. The very few corrections to specific paragraphs were submitted in writing by various Government members and by the Employers' group for incorporation in the report.

Adoption of the report

243. At its 12th sitting, the Committee unanimously adopted its report, as amended.

Closing remarks

244. The Officers of the Committee thanked the members for their excellent work and also thanked the Office for the background report which had provided a good starting point for the discussion. The Employer Vice-Chairperson highlighted the many references made to sustainable enterprise; development of enterprises and growth of employment could now be seen to be as important as social protection and labour standards. Both sides of the Decent Work Agenda had also been highlighted in the discussion in the Committee on Rural Employment. The Worker Vice-Chairperson stressed the discussion points on some very key enablers of workers' employability, including gain-sharing, effective social dialogue, collective bargaining and respect for workers' rights, leading to the virtuous circle. The challenge lay in following up the conclusions of the Committee, including the important roles the governments and social partners had agreed for themselves. The ILO could take up many of the issues and build up the knowledge base in order to help the social partners develop lifelong learning strategies. The Government member of South Africa agreed that it was important to develop action programmes to encourage implementation of the Committee's conclusions, and referred to the ILO's role in helping to monitor and facilitate knowledge exchange of such processes. These sentiments were echoed by the Government member of Trinidad and Tobago, and the Government member of Uruguay, speaking on behalf of GRULAC, noting that the work that had just been accomplished in the Committee laid the foundation for a promising programme of work that would benefit workers, employers, governments and society as a whole.
245. The representative of the Secretary-General thanked the members of the Committee for setting priorities for the support from the Office that would be most helpful to them in acting on the agreed conclusions. A number of research areas had been identified, particularly on the use of skills development in facilitating the transition from the informal to the formal economy; looking at the implications of global drivers of change for skills

needs; possibilities for cost sharing when retraining displaced workers; innovations needed to invest in general and transferable skills; and assessing skill development strategies for the promotion of youth employment. Another important area of work was in providing policy advice by applying findings on good practices to country circumstances, particularly in important areas, such as skills forecasting and skills development in rural areas. Just as governments had committed themselves to coordinate skills policy within national development frameworks, the ILO was committed to work with the UN and other international agencies to build coherent learning pathways. She thanked the Chairperson and Vice-Chairpersons for the constructive exchange of views and excellent conclusions.

- 246.** The Chairperson stressed that the Committee's conclusions had been achieved through consensus, giving everyone far more ownership and making them all the more valuable as a basis for the way forward. He complimented the Committee on their listening skills, which was a core skill, and on their ability to disagree on specific issues, while maintaining relationships.

Geneva, 9 June 2008.

(Signed) C. Armitage
Chairperson

N. Ying
Reporter

Resolution concerning skills for improved productivity, employment growth and development

The General Conference of the International Labour Organization, meeting at its 97th Session, 2008,

Having undertaken a general discussion on the basis of Report V, *Skills for improved productivity, employment growth and development*,

1. Adopts the following conclusions; and
2. Invites the Governing Body of the International Labour Office to give due consideration to them in planning future action on skills for improved productivity, employment growth and development within the Decent Work Agenda and to request the Director-General to take them into account both when implementing the Programme and Budget for the 2012–13 biennium and allocating such other resources as may be available during the 2010–11 biennium.

Conclusions on skills for improved productivity, employment growth and development

1. The Governing Body of the International Labour Organization (ILO) at its 295th Session (March 2006) chose the topic of skills for improved productivity, employment growth and development as a discussion topic for the International Labour Conference (ILC) in 2008. This document contains the conclusions reached by the Committee [and adopted by the Conference].
2. The important role of skills development for social and economic development and decent work was highlighted in a series of ILO discussions and conclusions, in particular, the Conclusions concerning human resources development (ILC, 2000), Human Resources Development Recommendation, 2004 (No. 195), the Global Employment Agenda adopted by the Governing Body in March 2003, the conclusions on promoting pathways to decent work for youth (ILC, 2005) and the conclusions on the promotion of sustainable enterprises (ILC, 2007). In addition, the Paid Educational Leave Convention, 1974 (No. 140) and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977, as amended in 2000 and 2006) (MNE Declaration) are also relevant with respect to opportunities for training.
3. Education, vocational training and lifelong learning are central pillars of employability, employment of workers and sustainable enterprise development within the Decent Work Agenda, and thus contribute to achieving the Millennium Development Goals to reduce poverty. Skills development is key in stimulating a sustainable development process and can make a contribution to facilitating the transition from the informal to the formal economy. Skills development is also essential to address the opportunities and challenges to meet new demands of changing economies and new technologies in the context of globalization. The principles and values of decent work and principles of sustainable enterprises in line with the conclusions on the promotion of sustainable enterprises (ILC, 2007) provide guidance for the design and delivery of skills development and are an effective way of efficiently managing socially just transitions. Governments and social partners need to work in the framework of social dialogue for shaping national, regional and international skills development programmes that can promote the integration of the economic, social and environmental dimensions of sustainable development.

Skills' contribution to decent work, productivity, employment growth and development

4. A low-skill, low-productivity, low-wage economy is unsustainable in the long term and is incompatible with poverty reduction. This is the vicious circle of inadequate education, poor training, low productivity and poor quality jobs and low wages that traps the working poor and excludes workers without relevant skills from participating in economic growth and social development in the context of globalization. This also negatively affects the competitiveness of enterprises and their capacity to contribute to economic and social development.
5. An international, national and regional development strategy based on improved quality and availability of education and training can engender, by contrast, a virtuous circle in which skills development fuels innovation, productivity increase and enterprise development, technological change, investment, diversification of the economy, and

competitiveness that are needed to sustain and accelerate the creation of more and better jobs in the context of the Decent Work Agenda, and improve social cohesion.

6. Within this virtuous circle, skills development is an essential factor for achieving the objective of decent work both by increasing the productivity and sustainability of the enterprise and for improving working conditions and the employability of workers. Effective skills development requires a holistic approach. This approach encompasses the following features:
 - (a) *continuous and seamless pathways of learning* that start with pre-school and primary education that adequately prepares young people for secondary and higher education and vocational training; that provide career guidance, labour market information, and counselling as young women and men move into the labour market; and that offer workers and entrepreneurs opportunities for continuous learning to upgrade their competencies and learn new skills throughout their lives;
 - (b) development of *core skills* – including literacy, numeracy, communication skills, teamwork and problem-solving and other relevant skills – and learning ability – as well as awareness of workers’ rights and an understanding of entrepreneurship as the building blocks for lifelong learning and capability to adapt to change;
 - (c) development of *higher level skills* – professional, technical and human resource skills to capitalize on or create opportunities for high-quality or high-wage jobs;
 - (d) *portability of skills* is based firstly on core skills to enable workers to apply knowledge and experience to new occupations or industries and secondly on systems that codify, standardize, assess and certify skills so that levels of competence can be easily recognized by social partners in different labour sectors across national, regional or international labour markets; and
 - (e) *employability* (for wage work or self employment) results from all these factors – a foundation of core skills, access to education, availability of training opportunities, motivation, ability and support to take advantage of opportunities for continuous learning, and recognition of acquired skills – and is critical for enabling workers to attain decent work and manage change and for enabling enterprises to adopt new technologies and enter new markets.
7. Improving productivity is not an end in itself, but a means to improving workers’ lives, enterprises’ sustainability, social cohesion and economic development. Continued improvement of productivity is also a condition for competitiveness and economic growth. Productivity gains arising from skills development should be shared between enterprises and workers – including through collective bargaining – and with society in order to sustain the virtuous circle of improved productivity, employment growth and development, and decent work.
 - (a) Workers can benefit from skills development and productivity gains if translated into better working conditions, respect for labour rights, further training, adaptability to changes, better employment prospects, higher wages and other factors that contribute to a better quality of life.
 - (b) Enterprises will benefit from skills development and productivity gains by reinvesting in product and process innovations, diversifying business activities, maintaining and improving competitiveness and market share.
 - (c) Society will benefit from skills development and productivity gains in terms of quality jobs, higher employment, quality and efficiency of services, reduced poverty,

respect for labour rights, social equity, and competitiveness in changing global markets and dynamic growth sectors.

8. However, skills development will not automatically lead to improved productivity or more and better jobs unless there is a conducive economic and social environment to translate productivity improvement into employment growth and development. Other critical factors include: respect for workers' rights, gender equality, health and safety standards; good labour relations; effective social protection; good leadership and a high standard of organizational processes; and effective and active labour market policies and employment services.
9. Likewise, improved productivity alone will not boost employment and development in the context of the Decent Work Agenda. Other essential factors are: strong employment growth policies; a sustainable business environment; strong and representative social partners; investments in education and skills development; social support services, including health care and physical infrastructure; development of industrial districts or clusters; local economic and social development policies targeted at the informal economy and small and medium-sized enterprises; business and workers' networks; efficient public services and a well-developed services sector; and trade, investment and macroeconomic policies.
10. Governments have overall responsibility for creating, in consultation with the social partners, the *enabling framework* to meet current and future skills needs. International experience shows that countries that have succeeded in linking skills to productivity, employment, development and decent work, have targeted skills development policy towards three main objectives:
 - (a) matching supply to current demand for skills;
 - (b) helping workers and enterprises adjust to change; and
 - (c) building and sustaining competencies for future labour market needs.
11. The first two objectives of skills matching and easing adjustment take a short- to medium-term labour market perspective in responding to ongoing technological and market changes. The first objective requires policies and institutions to better forecast and match the provision of skills with labour market needs, as well as to make employment services, career services and training services more broadly available.
12. The second objective focuses skills development on making it easier for workers and enterprises to move from declining or low-productivity activities and sectors into growing and higher-productivity activities and sectors, and to capitalize on new technologies. Reskilling, skills upgrading and lifelong learning help workers to maintain their employability and help enterprises to adjust and remain competitive. This should be combined with active labour market policies to support the transition to new employment. Workers should not bear the brunt of the adjustment cost, and effective social security provisions or unemployment insurance as well as career guidance, training and effective employment services, are important components of the social contract to mitigate the impact.
13. The third objective takes a long-term perspective, focusing on anticipating and delivering the skills that will be needed in the future through forecasting at the local, national, regional and international levels. This strategic role of skills development aims at fostering a sustainable development process to improve working conditions and enterprise development, and the ability of the economy to remain competitive.

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14. In meeting these three objectives, working with the social partners and other key stakeholders is important.
 15. Countries have very different existing economic and social conditions, and different levels of education and skills development. However, there is a continuous need to promote creativity, innovation, productivity growth and more and better-designed jobs at all stages of development. The design, sequencing and focus of their policies to initiate and strengthen the virtuous circle of skills, productivity, employment and decent work need to respond to their different levels of development.
 16. The relationship between skills development, productivity, employment growth and development is complex. For skills development policies to be effective, governments, in consultation with the social partners, must build policy coherence by linking education, research and skills development to labour markets, social policy, technology, public services delivery, trade, investment and macroeconomic policies.
 17. Education and skills development must be integrated into the broad framework of national economic and social development in order to achieve their potential to contribute to the virtuous circle. Achievement of the virtuous circle requires the transition from the informal to the formal economy by creating conditions that are inviting for growing informal businesses to join the formal economy with higher productivity activities, better working conditions, access to social protection and respect of workers' rights. This is true in all countries, and in particular for developing countries.

Skills development at the workplace and along value chains for sustainable enterprise and employment growth

18. As agreed in the ILO approach to the promotion of sustainable enterprises (ILC, 2007) education, training and lifelong learning are fundamental conditions for a *conducive environment for sustainable enterprises*. Sustainable enterprises apply workplace practices that are based on full respect for fundamental principles and rights at work and international labour standards. They also foster good labour–management relations as a means of raising productivity and creating decent work.
19. Training for new skills gives opportunity for better career paths (within the company or in the labour market), higher income and employability. In addition, it is recognized that new skills are required for enterprises to remain competitive and be able to retain their workers.
20. In accordance with paragraph 30 of the MNE Declaration, multinational enterprises “should ensure that relevant training is provided for all levels of the employees in the host country as appropriate, to meet the needs of the enterprise as well as the development policies of the country”. Skills development *along global value chains* provides opportunities for new knowledge and technology transfers as lead firms provide skills to suppliers further down the supply chain.
21. Foreign direct investment in export processing zones (EPZs) can create employment but there is a need to strengthen the nexus to decent work. Targeted policy support to ensure good working conditions, respect for freedom of association and the right to collective bargaining, and investment in training are required to realise the potential of this type of investment to boost worker productivity and decent work.
22. Agreements on innovative organizational and human resources practices, as well as implementation of people motivation policies, are significant for labour productivity.

Integrated investment in workers, technology, and research and development (R&D) and progressive human resources and remuneration policies which may include fair gain-sharing, are key to *high-performance workplaces*. Management and workers' representatives should enable and encourage workers to explore their potential in their own interest and in the interest of business performance. Governments, social partners, and society in general should create a culture of learning and meeting the challenges of change.

23. *Small and medium-sized enterprises* (SMEs) face particular challenges in terms of skills development, such as difficulty in making time available for formal training, reluctance to invest in worker training for fear of losing the workers once they acquire new skills, or lack of resources to invest in skills development. Creating networks of SMEs would help to share information, good practices and pool resources to support skills development. Specific and targeted policies are needed to assist SMEs to retrain and upgrade the skills of their workers. Management training programmes for SMEs that help these entrepreneurs understand the business and social advantages of skills development have proven to be particularly effective in many countries.
24. Outsourcing arrangements are often implemented as a way to better integrate value chains by taking advantage of specialization and enhanced productivity. This is an opportunity for SMEs to use new technology and acquire new skills. This can create job opportunities in ancillary industries. The displacement effects in the initiating firms could be addressed through retraining, job placement services or social protection measures. While outsourcing, basic conditions of employment should be preserved. Outsourcing firms can also coach the suppliers in professionalization of the services and reaching high-quality standards.
25. Poor outsourcing practices cause workers to become trapped in low-skilled and low-productivity jobs that contribute to the deterioration of workers' welfare and working conditions, inconsistent with the Decent Work Agenda. Responsible outsourcing practices require enterprises to work with their contractors or service providers to provide decent work and to create opportunities for training and skills upgrading.
26. *Equal opportunities* should be provided for all to access quality education, vocational training and workplace learning, and especially promoting the needs of under-represented groups in the labour market or those with difficulties in accessing the labour market such as young workers, older workers, workers with disabilities and those who are in atypical employment relationships.
27. Equal opportunities are also crucial for women workers – particularly women rural workers, young women, women with disabilities, and women entrepreneurs – especially those with families who may require flexible policies and consideration to ensure sufficient time for skills upgrading.
28. Evidence shows that sharing the gains of improved workplace productivity strengthens motivation for learning, creates trust and willingness to undertake workplace changes, and provides the means for innovation and investment by enterprises, thus further contributing to higher productivity. Studies have shown that sharing gains that may be realized through social dialogue, including through collective bargaining agreements, have been effective in this regard.
29. The *role of governments* in supporting skills development at the workplace and along value chains for sustainable enterprises and employment growth should focus on providing an enabling environment for skills development, including but not limited to:

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- (a) promotion of a positive lifelong learning culture, skills enhancement and productivity through a strong and consistent policy framework;
 - (b) quality assurance of training and certification of skills obtained, so that skills are transferable including skills acquired through informal and on-the-job learning;
 - (c) a range of mechanisms and incentives, which may, among others, include financial incentives to encourage and enable enterprises to train their workforce as part of business development, and workers to participate in training, specifically targeting SMEs and low-skilled workers;
 - (d) implementation and enforcement of international labour policies and standards, especially respect for freedom of association, the right to collective bargaining and gender equality;
 - (e) institutional support for effective social dialogue for skills development at the enterprise, sectoral, national and regional levels;
 - (f) identifying and utilizing opportunities for public–private partnerships where these add value to meeting skills development needs of enterprises and workers, and as agreed to by the social partners;
 - (g) collection, analysis and effective dissemination of labour market information, including in-demand skills, providing timely and accessible information and a practical referral system on the funding schemes that are available;
 - (h) governments also taking a lead by developing the skills of their own workforce;
 - (i) coherence between government policies as a particularly important basis for the provision of good early and basic education; and
 - (j) alongside business, governments also having a role in providing investment for research.

30. *The social partners* can promote skills development for sustainable enterprise and employment growth in many critical ways, including, but not limited to:

- (a) engaging in effective social dialogue which may include collective agreements signed at the national, sectoral and enterprise levels;
- (b) providing incentives for informal economy operators to invest in skills development as an initial step to transit to the formal economy, including through improved linkages between employers' organizations and SMEs; and promoting policies that give rights to informal economy workers;
- (c) providing, supporting and promoting workplace learning – fostering a learning culture at the workplace which may include provision of paid time off for training;
- (d) promoting entrepreneurship, trade unions and workers' rights awareness in schools and vocational training institutions;
- (e) providing apprenticeships and upgrading the quality of learning and the recognition of skills acquired by apprentices;

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- (f) making workplace training accessible to when and where workers are available and making workplace learning and apprenticeship opportunities equally accessible to women;
 - (g) leveraging community-based training to reach out to disadvantaged and marginalized groups; and
 - (h) having a role in sharing information and good practices on corporate social responsibility, with respect to skills development.

31. *Support from the ILO* for these efforts is particularly important in the following areas:

- (a) research, dissemination of effective models, and technical support in applying good practices to specific country circumstances, for example on effective training incentive schemes and extending workplace learning to men and women on how to facilitate the transition from informal to formal economy activities;
- (b) promoting high-performance workplace practices which focus on training and skills, work organization, gain-sharing and worker participation and social dialogue as essential elements;
- (c) assisting governments and social partners to implement the MNE Declaration, and promote it as a useful tool to promote skills development along value chains, and disseminate examples of how social dialogue on skills development have helped to increase productivity and promote decent work;
- (d) including training in skills development in small enterprise development promotion programmes;
- (e) promoting the ILO Human Resources Development Recommendation, 2004 (No. 195); and
- (f) developing model bilateral and multilateral agreements on certification of skills for employment, through systems for recognition of skills among countries.

Skills development to help manage global drivers of change

- 32.** Skills development should form part of an effective response to changing conditions. Technology and trade have significant impacts on countries whatever their level of development. Climate change may have a similar impact in the future. Technological changes offer the potential for higher productivity and new industries, and have created new jobs with new skills, but have also resulted in job losses and changing skills requirements. Trade policy offers new opportunities and the potential for participating in global value chains, but also poses transition challenges for domestic industries. Climate change is likely to alter patterns of energy use, impacting on how industry conducts its operations and raising demand for new skills across a broad range of agricultural, transportation, manufacturing and construction industries.
- 33.** Other drivers of change, such as migration, demographic trends, and the growing corporatization of agricultural activities, and crises, create similar tensions between displacement of existing jobs and new employment opportunities. What is important is that governments, in consultation with the social partners, develop good active labour market policies and systems, including skills policies as well as sustainable social protection

policies which effectively address these challenges as part of a broader proactive and responsive strategy.

- 34.** Managing the global drivers of change effectively means on the one hand, having the capacities needed *to take advantage of opportunities*, and on the other, *mitigating the negative impacts* to facilitate adjustment. Forecasting and skills development strategies are central to meeting both of these challenges. Social dialogue, which may include collective bargaining, is an important means of ensuring that strategies to benefit from change and to mitigate the negative impacts are comprehensive and effective.
- 35.** *Taking advantage of opportunities.* Governments and social partners need to gather and access information, and need the analytical capacity to develop strategies to capitalize on opportunities and the leadership and entrepreneurial skills to drive positive change. The lack of skilled workers is a critical limiting factor on the ability of countries to grow, enterprises to respond to opportunities and workers to move to better jobs and higher wages. Whereas forward-looking skills policies can help enterprises, society and workers respond positively and benefit from change, for example through:
- (a) early identification of *sectoral trends and skills needs*, including of sectors most likely to be affected by change and sectors most likely to offer substantial growth potential;
 - (b) development of occupational and skills profiles as a base for meeting future skills needs in emerging sectors and industries;
 - (c) balancing vocational and higher general skills to improve the investment climate, productivity and decent jobs; and
 - (d) guiding young people to take up technology-related subjects, including science and mathematics to drive innovation and technological development, whilst also helping workers to develop other creative capabilities.
- 36.** *Mitigating the negative impacts* of change has two aspects: ensuring that workers have a positive transition to new employment, and reducing the social and economic costs imposed by change on workers, enterprises and countries. For workers, a seamless transition to new employment requires that the following mechanisms be in place:
- (a) *skills recognition systems* to recognize and certify prior learning and experiences gained at work so that with transferable skills workers can more easily shift to new jobs, both inside the enterprise and to other occupations and industries;
 - (b) *availability of retraining* and skills upgrading by governments or employers and through commitment by workers to lifelong learning by using these opportunities;
 - (c) *employment services*, including access to timely labour market information, career guidance and job placement services; and
 - (d) *social protection measures*, in combination with active labour market policies, to provide temporary support to workers affected by dislocation and restructuring.
- 37.** The *role of governments* should focus on:
- (a) investing in sound and dynamic education, research and skills training systems that provide core skills and facilitate lifelong learning;

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- (b) establishing mechanisms for skills recognition and certification nationally, regionally and internationally, to facilitate mobility of workers;
 - (c) investing in worker retraining programmes to ensure that workers are able to upgrade existing competencies and acquire new skills;
 - (d) as part of the lifelong learning agenda, providing employment placement services, guidance and appropriate active labour market measures such as training programmes targeting older workers and, where possible, supported by legislation to counter age discrimination and facilitate workforce participation;
 - (e) stimulating tripartite social dialogue on the impact of global drivers of change on skills development and employment; and
 - (f) providing social protection measures in combination with active labour market policies.

38. The *social partners* should contribute through:

- (a) active participation in developing and implementing training systems to ensure that skills are relevant, flexible and that training is accessible to all;
- (b) mechanisms to motivate and support workers in investing – in terms of effort and commitment – and developing skills, including providing a supportive environment and building the confidence of learners;
- (c) ensuring that the working conditions observe core labour standards and occupational safety and health standards and facilitate productivity and sustainable development;
- (d) launching initiatives to advise the social partners and society on the value of the work and life experience of older workers while providing coordinated packages of age-friendly employment measures, including continuous updating of skills, in particular in new technologies; and
- (e) developing innovative new business ideas which also cater to the use of alternative energies or recycling and meet local or global problems, such as rising water levels, drought and hurricanes.

39. *Support from the ILO* for these efforts is particularly important in the following areas:

- (a) research and facilitation of dialogue at the national, regional and global levels on the employment impact of the main drivers of change and the consequent implications for skills development and employment growth;
- (b) capacity building to help constituents use skills development to take advantage of national, regional and international opportunities; the ILO Training Centre in Turin and the ILO/Inter-American Centre for Knowledge Development and Vocational Training (CINTERFOR) can play an important role in delivering such training;
- (c) analysis and dissemination of findings on effective and equitable cost-sharing arrangements for retraining displaced workers; and
- (d) work with other international agencies and organizations, including UN bodies, to ensure a better alignment with ILO's objectives in dealing with the impact of change on employment.

Early identification of current and future skills needs to feed into national and sectoral development strategies

40. A mismatch between skills demand and supply has high economic and social costs and results from and contributes to structural unemployment. Early identification of current and future skills needs is part of a forward-looking strategy that reduces skills gaps by:
- (a) adjusting the curriculum of initial education to current and future skills needs;
 - (b) enabling training providers to anticipate and forecast what skills are in demand currently and in the medium- to long-term, so as to ensure a better fit between jobs and skills;
 - (c) providing pertinent and timely information to all stakeholders in particular to displaced workers as well as those seeking better job opportunities to enable them to shift from declining to emerging sectors;
 - (d) helping young persons base their training choices on realistic employment prospects;
 - (e) facilitating better-informed investment decisions in training and lifelong learning by employers and workers; and
 - (f) assisting enterprises to innovate and adopt new technologies through the timely availability of appropriately skilled workers, upskilling existing workers, and helping workers to remain employable.
41. Effective skills identification and forecasting systems have the following tasks: data collection, skills needs analysis and definition of skills profiles, timely and broad dissemination of this analysis, and informing the formulation of training policies and their translation into training programmes. Relevant information and data analysis should be distributed widely, including to jobseekers, employers' and workers' organizations, public and private trainers, and career counsellors and employment service providers in both the formal and informal economies.
42. Quantitative and qualitative forecasting should be linked to broadly defined national strategies. It is important to track sectors and regions with high growth potential to identify new employment prospects and their skills requirements, as well as to track traditional sectors in decline and the skills profiles of those losing jobs. It is also important to track the quality of skills supply. Further, skills needs analysis should track core skills as well as vocational skills because both change as economies grow.
43. *Government* responsibilities for skills identification includes coordination, resourcing, developing policies, processes and institutions that:
- (a) sustain labour market information systems in dialogue with the social partners;
 - (b) conduct regular labour market research and establish mechanisms for skills forecasting;
 - (c) undertake quantitative forecasting of skills through labour force and establishment surveys, and administrative data, in particular from training institutions and employment services;
 - (d) collect qualitative data from both the formal and informal economies through, for example, local business councils, trade unions, employer organizations, stakeholder panels and feedback mechanisms between employers and local trainers;

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- (e) stimulate cooperation and networking between educational institutions and companies;
 - (f) take into account macroeconomic, technological and demographic trends;
 - (g) check and ensure in consultation with social partners that training curricula are up to date in meeting both quantitatively and qualitatively, the current and future skills needs and use the information to monitor the performance and set outcomes for training institutions;
 - (h) develop job profiles that can be used as the basis for curriculum and quickly adapted to meet changing industry requirements; and
 - (i) arrange collaborative data collection and analysis as part of regional integration alliances.

44. *Social partners'* contributions to skills forecasting includes, but is not limited to:

- (a) using sectoral bodies, bipartite and tripartite institutions and local networks of enterprises and workers' organizations as well as training institutions to facilitate a continuous process of updating information on skills requirements;
- (b) analyse the impact on future skills of emerging technologies;
- (c) signal skills needs and job profiles through interchanges between enterprises and learning institutions;
- (d) help in assessing new opportunities for workers whose skills sets may be affected by change; and
- (e) engage in social dialogue at the enterprise and sectoral level to exchange information about business forecasts and to voice employers' and workers' training needs and aspirations.

45. *The ILO can assist* the member States by:

- (a) sharing models of effective and cost-efficient approaches to forecasting skills needs from different countries;
- (b) assisting countries, particularly developing countries, in establishing and improving labour market information systems and employment services; and
- (c) building national capacity for research on skills supply and demand dynamics, and stimulating international cooperation in this respect.

Linking education, skills development, labour market entry and lifelong learning

46. Countries have different levels of education and skills development, and face different sets of challenges in building coherent pathways of learning that link basic, secondary and higher education, vocational training, labour market entry and lifelong learning. Ensuring quality basic education and core skills (refer to discussion in 6(b)) for all should be an overriding priority for governments. Governments and social partners should aim at developing an integrated national qualifications framework to facilitate the pathways of

learning for all workers throughout their working lives which should include both horizontal and vertical progressions.

47. Transition between stages of learning and entry into the labour market is facilitated by career counselling and guidance, the recognition of prior learning, incorporating entrepreneurship with training and effective skills forecasting and wide dissemination of labour market data analysis. These measures are particularly important to improve the employability of youth and other target groups. In many countries higher secondary and tertiary education rates have not resulted in higher employment in work of higher productivity for a substantial portion of young people, because they may lack competencies relevant to labour market needs. These measures should not be pursued in isolation but should be part of the national development agenda, focusing on skills development and employment growth.
48. Special support mechanisms are often needed to facilitate the participation of *women* in all stages of skills development – from primary and secondary school attendance, to opportunities for formal vocational training and competency-based apprenticeships, to taking part in workplace training opportunities and in opportunities for retraining when re-entering work. From a life cycle perspective, gender equality and improving productive and decent work for women, each step along the learning pathway has obstacles. Attention to gender issues, such as balancing work and family responsibilities, avoiding discrimination, and recognizing the value of skills acquired through care-giving responsibilities, is required in both mainstream training promotion and in programmes that specifically target women.
49. *Improved coordination* needs to be promoted at multiple levels in order to make a seamless pathway between education, training, lifelong learning and employment. Such coordination measures should also include consultation with the social partners:
 - (a) At the *national level*, inter-ministerial coordination platforms are critical for concerted actions and coordinating education and skills development programmes offered by various ministries within the country. Coordination between ministries of education and labour as well as ministries of science and of technology and other relevant ministries are particularly essential to facilitate smooth transition from initial education and training to lifelong learning and also with the economic agencies to help with skills identification and forecasting.
 - (b) The coordination between the different levels of government as relevant is equally essential. Here the challenges are to maintain a balance between decentralized authority in order to be responsive to local labour market needs and quality assurance and standards so that qualifications receive national recognition, as well as to structure effective incentive schemes for training.
 - (c) At the *local level*, the coordination and cooperation among municipalities, enterprises, employers' and workers' organizations and training providers can significantly contribute to aligning training to the needs of the local labour market. This coordination is also essential for incorporating skills development in broader and long-term local development strategies.
 - (d) At the *regional level* there should be coordination between countries and between professional organizations and other relevant related bodies for recognition of skills so as to promote mobility within the region. Regional compatibility of the national frameworks is a possible point of attention.

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- (e) At the *international level*, collaboration among international agencies is required for coherent aid delivery and effectiveness for developing countries to meet the Millennium Development Goals (MDGs) especially MDG (2) on education.

50. *Coordination mechanisms* that have been found effective in a number of countries include:

- (a) national inter-ministerial coordination bodies;
- (b) sector-based bodies comprising employers' and workers' representatives, business associations, and specialized learning and research institutions for sharing information about skills demands and training quality to improve planning and the delivery of training;
- (c) collaboration between enterprises and learning and research institutions, in particular for meeting skills demands and encouraging innovation for emerging high value added sectors;
- (d) a national qualifications framework as a platform for dialogue between education and training practitioners, government, employers and workers to make skills development more responsive to changing needs, to link initial, continuing education and lifelong learning, and to ensure the wide recognition and transferability of qualifications; and
- (e) as part of regional integration, inter-country ministerial coordination mechanisms to promote skills recognition and labour mobility.

51. While mechanisms and processes are important, the effectiveness of such mechanisms should be *assessed in terms of outcomes*. Setting qualitative and quantitative indicators of success in achieving the educational and training targets in line with the Decent Work Agenda are useful in building common understanding of success, shortcomings, and lessons learnt.

52. *Governments* have prime responsibility for:

- (a) ensuring quality basic education and core skills for all;
- (b) establishing national and interregional qualifications frameworks in consultation with social partners;
- (c) building a common understanding with the social partners on the means to boost investment in portable and transferable skills that smooth transitions from school to work, and from declining to dynamic occupations and sectors;
- (d) enabling vocational training and higher education institutions to recognize prior learning and experience as a factor to assist entry into vocational and higher education and employment; and
- (e) setting up national, regional and sectoral tripartite committees to monitor the coordinated implementation of training systems to ensure higher quality outcomes.

53. The *social partners* have a particularly important responsibility:

- (a) in coordinating mechanisms that aim to ensure smooth passages from education, to training, to the world of work;

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- (b) in providing and taking advantage of workplace learning opportunities for facilitating a smooth transition from school to work as well as from declining to emerging sectors;
 - (c) in supporting and facilitating lifelong learning including through collective bargaining agreements;
 - (d) in encouraging public–private partnerships to share investment in research and development; and
 - (e) in identifying, in cooperation with governments, sources for long-term and sustainable funding for continuous learning.

54. The *ILO* can assist the member States by:

- (a) investigating innovative ways to boost investment in general and transferable skills and consulting with governments and social partners on their adaptability to circumstances in all countries;
- (b) facilitating collaboration with other UN agencies by leveraging its tripartite strength to ensure a coherent delivery of development assistance at the country level, particularly under the “Delivering as One” framework for inter-agency coordination;
- (c) facilitating collaboration with other international agencies dealing with skills development, education and lifelong learning; and
- (d) strengthening inter-agency ties at the headquarters level through joint research, impact assessments, and tool development that builds on individual UN agency strengths.

Skills development for social inclusion of target groups

55. Access to education and training is of paramount importance for those who are disadvantaged in society to support them in moving out of the vicious circle of low-skills, low-productivity and low-wage employment. It is important to recognize that some face multiple sources of disadvantage, which pose particular challenges. Removing barriers for access to training and education, and addressing their specific needs, are thus essential for achieving social inclusion and equality. Policies aimed at addressing discrimination in the labour market should be an integral part of an effective skills development strategy.

56. Education and training infrastructure is particularly scarce in *rural areas* and thus the problem of access to education and training is most acute in rural areas. In rural areas, the three goals are to expand infrastructure and availability of skills development, create more employment, while also improving the quality of education and training. Promoting positive attitudes to skills development in rural areas is also of central importance.

57. Expanding the outreach of national training institutions to rural areas should be combined with innovative approaches, such as:

- (a) community-based training, in which training is provided in line with economic and employment opportunities of local areas;
- (b) distance learning by using information and communication technologies (ICT);
- (c) mobile training, which brings training closer to people;

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- (d) emphasis in cooperatives on technical and entrepreneurship skills development; and
 - (e) labour-based methods to improve rural infrastructure which provides training in construction, maintenance, and public contracting.
58. A diversified training system is an important mechanism for assisting rural workers to acquire and upgrade technologies; integrate into global value chains and serve local markets; improve entrepreneurship, agricultural productivity and access to markets as well as develop off-farm activities which can supplement incomes.
59. Efforts to boost skills development in rural economies need to be integrated into overall efforts to improve access of rural workers to social security schemes and to ensure the realization of their rights. Boosting skills development contributes to upgrading the local economy and product-specific value chains, which in turn generate demand for skills upgrading.
60. In the *informal economy*, skills development can contribute to improving productivity and working conditions while at the same time might help to address the challenges facing workers in the informal economy, as agreed in the conclusions concerning human resources training and development (ILC, 2000). A number of strategies can be used to develop skills to this effect:
- (a) *diversified training and skills provision*, ranging from literacy, remedial basic education, technical and vocational skills to managerial and entrepreneurship skills;
 - (b) a *modular approach* to training, which divides long-term training into a set of short-term courses, improves access to training for those who cannot afford the time and expense of long-term training. The scheme assists people to learn at their own pace and based on their own needs;
 - (c) *recognition of skills* acquired at work in the informal economy supports the integration of workers into the formal economy; and
 - (d) the cost burden of participating in training cannot be underestimated. Innovative ways of sustaining the cost burden should be explored, given that many informal economy workers would find difficulty in contributing directly to costs.
61. Strengthening the skills base of the informal economy is part of the overall development effort to improve current conditions as well as facilitate the formalization of informal activities. Social protection and health care, respect for workers' rights, an efficient regulatory framework for business, and linkages between enterprises in the formal and informal economies also assist the formalization processes.
62. Skills development is a primary means of enabling *young people* to make a smooth transition from school to work. A large number of youth struggle to find productive employment due to low demand for or lack of recognition of their skills as well as lack of training opportunities.
63. A comprehensive approach is required to integrate young women and young men in the labour market, including the provision of relevant and quality skills training, the availability of labour market information and of career guidance and employment services. Improved basic education and core work skills are particularly important to enable youth to engage in lifelong learning as well as to enter the labour market. It is also important that adults who missed out on basic education and core work skills are given opportunities to redress this.

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64. Apprenticeships, cadetships, traineeships and internships are effective means of bridging school and the world of work for young people by making it possible for them to acquire work experience along with technical and professional training. This helps overcome their lack of work experience when trying to get a first job.
65. Special and innovative programmes need to be further explored to meet the specific needs of disadvantaged groups of young people, such as providing school drop-outs with the “second chance” to obtain basic literacy and numeracy skills, special programmes aiming to increase school attendance by girls so that they are qualified for work training, and hiring incentives for labour-market entrants to overcome their potentially lower productivity at the initial stages.
66. Training and skills development assist greater *integration of people with disabilities* in the labour market. While sheltered workshops could build competencies and self-confidence and thus support a transition to the mainstream labour market, integrating people with disabilities into mainstream workplaces is a better approach, whenever possible. Incentives such as tax reduction, reduction of contributory costs of social insurance and assistance in workplace modifications can encourage enterprises to employ people with disabilities.
67. Improved portability of skills, supported by national and/or regional or international qualification frameworks, helps *migrant workers* obtain employment commensurate with their qualifications and expertise. Regional qualifications frameworks and regional cooperation for mutual recognition of qualifications create a favourable condition for facilitating labour mobility and portability of skills.
68. Extra attention should be paid to the situation of workers in atypical employment relationships who are often excluded from vocational training and on-the-job training facilities.
69. *Governments* have the prime responsibility in consultation with social partners for social inclusion and for assuring that groups with special needs have adequate access to appropriate skills development for productive and decent work. Appropriate measures include:
- (a) provision of basic skills, including literacy and numeracy, to all;
 - (b) incorporating skills development in rural infrastructure investment and other means of upgrading the agricultural sector;
 - (c) establishing inter-ministerial mechanisms to respond to the question of skills development related to migration and workers with atypical employment relationships;
 - (d) providing incentives for employers to hire persons with disabilities and from other disadvantaged groups. These could include, for example, tax incentives, reduced social protection contributory costs and subsidies for workplace modifications for people with disabilities;
 - (e) identifying and utilizing opportunities for public–private partnerships where these add value to meeting skills development needs of enterprises and workers, and as agreed to by the social partners;
 - (f) as an additional incentive to join the formal economy, offering access to subsidized training to SMEs in the formal economy; and

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- (g) likewise, directing training at SMEs in the informal economy to provide them an avenue to formal work.

70. *Social partners* should promote skills development of target groups by:

- (a) supporting the integration of people with special needs into the labour market;
- (b) offering a variety of workplace experiences to young people; and
- (c) considering effective funding arrangements to overcome specific disadvantages in accessing initial training and lifelong learning.

71. The *ILO* can assist the member States by:

- (a) undertaking research on effective approaches to skills development in the informal economy, which should include special focus on women;
- (b) within the ILO Multilateral Framework on Labour Migration (2005), developing strategies for providing skills development to migrant workers, for regional skills recognition schemes, and to promote circular migration and other measures to address and reverse the impact of brain drain;
- (c) proposing strategies for skills development for workers in atypical employment relationships and for including persons with disabilities in mainstream training and employment promotion programmes;
- (d) documenting and disseminating good practices in promoting skills and decent work for different target groups by reflecting the rich experiences of the member States;
- (e) assessing the impact of national youth employment promotion strategies and of the contributions of their skills development components; and
- (f) developing strategies for extending the availability and improving the quality of skills development provision in rural areas in line with the strategic orientations of the conclusions to the general discussion on promotion of rural employment for poverty reduction (ILC, 2008).

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