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FOURTH ITEM ON THE AGENDA

Matters arising out of the work of the 103rd Session of the International Labour Conference: Follow-up to the resolution concerning the second recurrent discussion on employment

Purpose of the document

The conclusions concerning the second recurrent discussion on employment adopted by the International Labour Conference in June 2014 underscore the importance of proactive, employment-centred, inclusive growth strategies and balanced, coherent policy frameworks both at the global and national levels to address the current employment challenge. This document proposes the main elements of a follow-up plan for the Office for the period 2014–18 to give effect to the conclusions.

The Governing Body is invited to provide guidance on the follow-up plan (see the draft decision in paragraph 61).

Relevant strategic objective: Employment.

Policy implications: Provides guidance for future Office work.

Legal implications: None.

Financial implications: Implications for further priority setting within the Programme and Budget for 2014–15 and for future programme and budget proposals. Extra-budgetary resource mobilization is required for the implementation of the follow-up plan.

Follow-up action required: Decision based on information provided.

Author unit: Employment Policy Department (EMPLOYMENT).

Related documents: ILC103 *Provisional Record* No. 12(Rev.); GB.322/PFA/1; GB.322/POL/1; GB.322/INS/6.

I. Introduction

1. At its 103rd Session (June 2014), the International Labour Conference conducted a second recurrent discussion on the strategic objective of employment under the framework of the 2008 Declaration on Social Justice for a Fair Globalization. The Conference adopted the resolution and conclusions resulting from that discussion.¹
2. This document highlights the follow-up strategy and action proposed by the Office to give effect to the conclusions. The action plan is proposed for the five-year period of 2014–18, possibly leading up to the next recurrent discussion on employment, if so decided by the Governing Body.² A five-year period will enable the priorities for Office action to be implemented consistently over two-and-a-half biennia.

Context

3. The conclusions of the second recurrent discussion point to the continuing challenging context for employment, with an uneven recovery leaving a severe jobs crisis in many countries. Worldwide, 600 million new jobs are needed over the next ten years to absorb the approximately 200 million people currently unemployed as well as additional entrants to labour markets. Long-term unemployment and job insecurity have increased, especially in the countries most affected by the global crisis. Underemployment, informality and working poverty remain significant in many countries, and wage growth in most countries has tended to lag behind productivity growth. Inequality has widened, while gender imbalances persist. Young people and women are disproportionately affected by these trends.
4. In addition to cyclical deficits, the world of work is being reshaped by long-term structural changes driven by globalization and the new geography of growth, technological change, the challenge of environmentally sustainable development, rising inequality, the de-linking of economic growth and the creation of decent and productive employment, a growing skills mismatch, ageing in some societies and a youth bulge in others, and increasing labour migration.
5. The 2014 recurrent discussion on employment provided an opportunity to exchange experiences among ILO constituents on the action taken since the first recurrent discussion in 2010. The Conference reviewed in substantial detail the action taken by the Office in its follow-up to the 2010 conclusions,³ as described in an Office report.⁴

¹ ILO: Resolution and conclusions concerning the second recurrent discussion on employment, *Provisional Record* No. 12(Rev.), International Labour Conference, 103rd Session, Geneva, 2014, http://www.ilo.org/ilc/ILCSessions/103/reports/WCMS_246169/lang--en/index.htm.

² The Governing Body has already approved the dates for the next Conference discussions under the 2008 Declaration: a recurrent discussion on the strategic objective of social protection (labour protection) in 2015; evaluation of the impact of the Social Justice Declaration in 2016; and a recurrent discussion on the strategic objective of fundamental principles and rights at work in 2017.

³ ILO: Resolution concerning the recurrent discussion on employment, International Labour Conference, 99th Session, Geneva, 2010.

⁴ ILO: *Employment policies for sustainable recovery and development: Recurrent discussion under the ILO Declaration on Social Justice for a Fair Globalization*, Report VI, International Labour Conference, 103rd Session, Geneva, 2014.

6. This second discussion on employment succeeded in generating debate on policies and action, while also fulfilling the governance function of reviewing Office action and laying down future priorities.

The 2014 conclusions on employment: Nine guiding principles and 15 elements of a comprehensive policy framework

7. The conclusions, which were reached through strong tripartite consensus, set out clear priorities for the new period and provide guidance for constituents and Office action. They state the resolve of the ILO and constituents to meet the challenge of sustainable recovery and development through proactive, employment-centred, inclusive growth strategies and balanced, coherent policy frameworks, which are well articulated, both at the global and national levels. They also confirm that investing for quality employment is crucial to revive growth and promote more inclusive societies in developed and developing economies alike.
8. The conclusions identify nine principles that should guide action in pursuing the goal of full, productive, freely chosen and decent employment. These guiding principles underscore, inter alia, the need to promote both the quality and the quantity of employment through a combination of coherent macroeconomic, labour-market and social policies. They reaffirm the complementarity of, and coherence between, public policies and services and the role of the private sector in employment.
9. The conclusions state that each member State should promote a comprehensive employment policy framework based on tripartite consultations, and they identify 15 policy elements that such a comprehensive framework may include in specific national contexts.

II. Proposed follow-up by the Office

10. With respect to action by the Office, the conclusions provide guidance for the action that is under way in a number of areas and identify new priorities. The following strategy is proposed to give effect to the resolution during the period 2014–18.
11. Emphasis is laid on fostering an integrated narrative and action on employment policy taking into account demand- and supply-side considerations, quantity and quality of employment, and interactions among different policy interventions. This approach builds on the evidence that good employment outcomes often result from a coherent policy mix including macroeconomic and labour market interventions.
12. The strategy combines support for short-term responses to cyclical job deficits with action to address the long-term structural changes impacting the world of work. Gender equality is mainstreamed across the elements of the follow-up plan.
13. The follow-up strategy takes account of the high and increasing number of country requests for support and the diversity of country circumstances and specific needs of governments, employers and workers alike.
14. The strategy proposes a combination of means of action, including policy research, expansion of the employment database, development of policy tools, capacity building for constituents, policy advice and technical cooperation to support country-level action, and global advocacy. At all stages of the process, dialogue will be facilitated and partnerships strengthened at the national, regional and global levels.

15. The elements of the proposed follow-up action are set out below, under the thematic headings of the 2014 conclusions.

Development and assistance with national policy work and action

16. In support of the development and implementation of a comprehensive employment policy framework as set out in the conclusions, the Office proposes to expand the scope of current integrated country-level employment diagnostics⁵ through the inclusion of additional policy areas in cooperation with various relevant departments and field offices. A special focus will be placed on wage policies, working conditions, an enabling environment for enterprises, social protection, freedom of association and collective bargaining. This approach will be piloted in two countries in 2015 under the first area of critical importance (ACI) and will be extended to some ten countries, upon request, in the five-year period of this follow-up plan.
17. In support of this comprehensive framework, action on rural employment, the transition to formality, demographic dynamics and labour migration will be deepened, including through specific activities under the respective ACIs and programme and budget outcomes. Promoting gender equality and enabling diversity will be key objectives of the policy approach.
18. Emphasis will be placed on policy implementation and member States will be assisted in building effective monitoring and evaluation systems to assess the impact of policies on employment. To this effect, the Office will develop tools and interregional workshops to exchange good practices.
19. Country policies will be analysed and the coverage of the existing employment policy database will be extended. Two global reports will be issued, the first in late 2015 and the second in late 2017, based on the trends analysed in the policy database and the results of employment policies.
20. The annual ILO course on national employment policies, held in collaboration with the ILO's International Training Centre in Turin, will continue to build the capacity of constituents, and training materials will be updated regularly on the basis of the latest research and tools. In addition, three regional courses have been proposed for the 2014–18 period, subject to availability of resources.
21. The effectiveness of employment services (both public and private), in particular in reaching out to young people and workers in the informal economy, will be evaluated using a standardized template in selected developing countries.

Pro-employment macroeconomic policy

22. The Office will intensify the work it began in 2010 in the area of pro-employment macroeconomic policy, with particular attention to analytical work regarding: (i) the impact on aggregate demand and inequality; (ii) industrial and sectoral policies that foster productive structural transformation; (iii) the link between macroeconomic policies and sustainable enterprises; (iv) linkages between employment and productivity at the macro, sectoral and micro levels; (v) financing of pro-employment policies; and (vi) fiscal policies that promote youth employment.

⁵ ILO: *Guide for the formulation of national employment policies* (Geneva, 2012).

23. The Office proposes to develop guidance and policy tools, including policy briefs, on specific themes of pro-employment macroeconomic policies in 2014–18.
24. A new training programme on pro-employment macroeconomic policy is planned in collaboration with the Turin Centre aimed at central bankers and officials of ministries of finance and of planning. Five regional capacity-building activities for trade unions are planned for 2014–15.

Sustainable enterprises

25. New efforts will be made to integrate work on an enabling environment within the Office's priority areas, guided by the 2007 conclusions on sustainable enterprises, and in particular in the context of the abovementioned comprehensive employment policy framework.
26. The promotion of entrepreneurship, small and medium-sized enterprises (SMEs) and cooperatives will be expanded to cover more countries, with the help of a large technical cooperation portfolio.
27. Work will focus on sustainable enterprises and their linkages to formalization, and on linkages between productivity and improvements in working conditions at the enterprise level.
28. A new area of work will be the analysis of enterprise-level linkages between productivity, employment and wages.
29. Knowledge and policy advice on enterprises' links to global value chains and trade will be further strengthened.
30. The promotion of the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) at the country level will support a closer alignment of corporate policies and practices with public priorities and programmes in the areas of employment, skills training, working conditions and industrial relations to achieve more inclusive growth.

Skills policies and employability

31. Work will focus on enabling constituents to attenuate skills gaps when diversifying economies, taking into account the skills needs of SMEs, the particular requirements of export sectors, emerging technologies and the transition to greener economies.
32. Tools for anticipating future skills needs will become regular components of employment assessments and the formulation of comprehensive employment strategies.
33. Empirical research and tools for various skills recognition systems will address skills mismatches in domestic markets and improve labour migration policies.
34. Research and policy advice will focus on school-to-work transitions for young women and men and lifelong learning for mid-career and older workers. Technical cooperation projects will focus on meeting the needs of vulnerable groups, particularly in rural areas, and those engaged in informal apprenticeship systems.

Youth employment

35. Action will continue in the framework of the follow-up strategy to the 2012 call for action and the ACI on jobs and skills for youth, as reviewed by the Governing Body.⁶ Regarding the specific focus outlined in the 2014 conclusions, the Office has initiated a review of a number of youth employment activation strategies that combine various elements of the comprehensive policy framework with a view to facilitating the school-to-work transition.
36. The Office has also initiated research on the interaction of supply- and demand-side policies and between policies and labour market institutions. This research aims to enable a better understanding of the complementarity of policies and institutions in the promotion of quality jobs for young people.
37. The country-level initiatives implemented under the strategic focus of “What works for youth employment” of the second ACI are also helping the Office to better assess the policy packages that work. This work combines pilot testing of innovative approaches, policy and programme evaluation, assessment of ILO methodologies and tools to promote youth employment, and dissemination of good practices.
38. Quality apprenticeship systems will continue to be a high priority, responding to constituents’ commitments to improve labour-market entry for young women and men, to open non-traditional occupations to young women and to ensure good working conditions for apprentices.
39. A new interregional technical cooperation programme will be launched in October 2014 in order to expand the Office’s support to member States. An assessment of the impact on the employment and livelihood of young women and men in rural Africa of the Training for Rural Economic Empowerment approach under the second ACI will guide the preparation of future technical cooperation projects and encourage the inclusion of the approach in national rural development policies.

Industrial, sectoral, trade and investment policies and transition to sustainable development

40. Emphasis will be given to collecting, analysing and disseminating best practices on industrial and sectoral policies that contribute to quality job creation and structural change.
41. Methodologies to assess the impact on employment of sectoral investments, trade policies and infrastructure development will be developed as decision-making tools for policy-makers.
42. The Office will extend its services in the area of employment-intensive investment programmes for countries at different stages of development and will focus on green works in infrastructure, supported by a large technical cooperation portfolio.
43. The Office will support the design and sustainability of innovative public employment programmes, including employment guarantees, which promote social protection floors, quality of work, organization of informal workers and social audits.

⁶ GB.316/INS/5/2 and GB.320/POL/1.

44. Through a strengthened technical cooperation portfolio, the Office will provide assistance to countries in analysing the linkages between trade, sectoral and skills policies and employment outcomes and will build the capacities of constituents.

Transition to formality

45. Work will focus on integrating strategies for transition to formality into comprehensive employment policy frameworks. Assistance will be provided in collecting information and analysing the informal economy in order to guide the design of such strategies. In addition, targeted actions aiming to facilitate the transition of specific categories of workers, economic units or sectors will be supported.

Standards-related actions

46. The Office will continue to promote the ratification and effective implementation of all relevant employment Conventions, in particular the Employment Policy Convention, 1964 (No. 122), by supporting preparatory work in ten countries, with a target of five ratifications during the implementation period of the follow-up plan. The implementation of Convention No. 122 will be closely linked to support for member States in implementing the comprehensive employment frameworks and to capacity-building activities.
47. Promotion of, and systematic capacity building on, the new instrument governing the transition to formality (subject to its adoption in June 2015) will be undertaken in all five regions during the five-year period and as an integral element of employment policy work.
48. The Office will prepare and support the double discussion regarding the revision of the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71), to update guidance for countries emerging from conflict or affected by natural disasters, including in connection with the contemporary situations of fragile States.

Knowledge building on new emerging issues

49. The conclusions identify a series of new issues and trends that are shaping the world of work, and invite the Office to start and/or strengthen policy-oriented research and knowledge. The following is an overview of the proposed action in the five-year period:
- (i) New research initiated in 2013 on **structural/long-term unemployment** and policies to address the challenge will be expanded to analyse evolving trends and characteristics and principal drivers in different developmental contexts. Research results and progress will be published and networks will be activated, including in cooperation with the Organisation for Economic Co-operation and Development (OECD) and regional institutions.
 - (ii) A new research agenda on **demographic transition** as guided by the 2013 Conference conclusions concerning employment and social protection in the new demographic context ⁷ is in progress, with a particular focus on the care economy and the implications for employment and labour migration policies. A database on old-age policies and a new integrated tool on employment and social protection frameworks will be built.

⁷ GB.319/INS/3/3.

- (iii) New research will aim at building an integrated perspective on **the implications of technological change for employment, working conditions and skills**.
- (iv) The work on **labour-market segmentation and the impact of diverse contract forms on the quantity and quality of employment** on particular segments of the population will be extended. Cross-country analysis and policy implications will be highlighted.
- (v) New research on **inequality and implications for economic growth and employment** will be launched.
- (vi) Work on **land-use policies and practices and their impact on productivity and employment in rural areas** will be considered in the framework of the ACI and outcome on the rural economy.
- (vii) Research on new trends in, and the characteristics and composition of, **self-employment** in countries at different levels of development and in different regions will be conducted. A start has been made under the Swedish International Development Cooperation Agency (SIDA) partnership agreement on youth employment.
- (viii) Starting in 2015, the Office will work on better understanding and defining the concept of **job insecurity and its social and economic implications**.

50. The results of the above research will also feed into the Director-General's centenary initiatives, in particular the initiative on the future of work.

Voluntary peer review of employment policy

51. The Office proposes to prepare a paper for the consideration of the Governing Body outlining proposals and modalities for a voluntary peer review of employment policy, with the objective of promoting knowledge-sharing and mutual learning on good practices among Members of the Organization. The proposals could be prepared for the Governing Body session in November 2015 or March 2016. Upon the guidance of the Governing Body, the peer review could be piloted in two regions by 2018.

Social dialogue

52. The conclusions emphasize the important role that social dialogue, including collective bargaining, and tripartism can play in facilitating consensus on employment policies and responses to structural changes. The Office will continue to foster the strong and constructive engagement of the social partners in the design, implementation and monitoring of effective employment policies.

53. Efforts to promote social dialogue, recognizing the role that collective bargaining can play, will help to build effective technical and vocational education and training systems.

54. The systematic inclusion of all relevant players, coordination across government institutions, and building the capacity of inter-ministerial coordination mechanisms, tripartite employment commissions and social and economic councils will be pursued.

Partnerships

55. The ILO's efforts to ensure the inclusion of full and productive employment and decent work as a goal in the post-2015 development agenda are producing encouraging results and the Office will continue to provide technical support to the process, including in the identification of appropriate targets and indicators. The ILO's engagement in the G20 process, in particular in the Task Force on Employment, will promote the comprehensive employment policy framework. The Office's coordination of work on human resource development under the G20 Development Working Group will be continued and will include expanding opportunities for South–South knowledge sharing.
56. Global and regional cooperation and partnerships, including with the World Bank, the World Trade Organization (WTO), the International Monetary Fund (IMF), the OECD, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Educational, Scientific and Cultural Organization (UNESCO), regional institutions, regional development banks and relevant regional economic organizations, will be expanded to promote coherence and support for the comprehensive approach to employment, as well as specific partnerships, such as for youth employment and/or skills development.

Implementation arrangements and resource mobilization strategy

57. Action has started on integrating the proposed Office response into the implementation frameworks, including in the programme and budget for the current biennium and the proposals for 2016–17, work under the ACIs and technical cooperation projects.
58. The follow-up action entails a great deal of intra-Office cooperation and coordination – both across the Employment Policy, Research and Statistics departments, and between field offices and headquarters – in particular with respect to the implementation of a comprehensive employment policy and policy-oriented research. The next retreat of the ILO Global Employment Policy Team in January 2015 will be dedicated to the implementation of the follow-up plan to the 2014 conclusions.
59. Continued efforts will be made to mobilize extra-budgetary resources to support and build the capacity of ILO constituents.
60. The Office's work on employment will be monitored and evaluated through the ACI and programme and budget monitoring mechanisms and thematic reporting to the Governing Body.

Draft decision

61. *The Governing Body requests the Director-General to take into account its guidance in pursuing the follow-up plan for the implementation of the conclusions concerning the second recurrent discussion on employment and to draw on it when preparing future programme and budget proposals, developing resource mobilization initiatives and, to the extent possible, implementing the Programme and Budget for the 2014–15 biennium.*