



THIRD ITEM ON THE AGENDA

Implementation of the Global Employment Agenda: An update

1. At its March 2004 session, the Committee requested the Office to report on further developments of the Global Employment Agenda (GEA), with a focus on its contribution to countries' efforts in placing employment as a central goal in economic and social policy-making. In addition, this review reports on global and regional collaboration in furthering such efforts.
2. This paper reports on the Extraordinary Summit of Heads of State and Government of the African Union on Employment and Poverty Alleviation held in Ouagadougou, Burkina Faso, in September 2004, and the China Employment Forum held in April 2004. In both these events the GEA helped provide the framework for analysis of the key issues. The development of national employment agendas for decent work in Azerbaijan, Kazakhstan and Kyrgyzstan and ILO work in Argentina, in response to the financial and economic downturn that began in 2001, are also described, as are global trends in youth employment and work on youth issues by the ILO, including under the framework of the Youth Employment Network (YEN).

Extraordinary Summit of Heads of State and Government of the African Union

3. The Heads of State and Government of the African Union (AU) agreed, in July 2003, to convene an Extraordinary Summit on Employment and Poverty Alleviation at the invitation of His Excellency President Blaise Compaoré of Burkina Faso. This Summit was held in Ouagadougou on 8-9 September 2004. It was preceded by a Social Partners Forum, 3-4 September 2004. The annual meeting of African Finance Ministers, 2-4 August 2004, also devoted its first day to discuss and contribute to the preparation of the Summit.
4. The Heads of State and Government of the AU had requested the AU Commission "to make the necessary arrangements, in collaboration with the Regional Economic Communities (RECs), the ILO and other partners and stakeholders to convene the Extraordinary Summit on Employment and Poverty Alleviation".
5. The ILO provided a number of inputs to the process. These included: (i) the preparation of an "Issues Paper", developed together with ten leading United Nations agencies and the Bretton Woods institutions and submitted as an official resource paper to the Summit; (ii) a

folder, entitled “Success Africa”, documenting 30 decent work initiatives carried out by African governments, employers’ and workers’ organizations or community-based organizations, alone or with the support of international development partners, and submitted as an ILO contribution to the Social Partners Forum; (iii) contribution to the AU/NEPAD/ILO Drafting Committee set up by the AU Commission to update and enrich the official draft documents to the Summit, namely the draft Declaration, Plan of Action and follow-up mechanisms. The ILO Director-General was invited to address the Summit as well as the Social Partners Forum and the African Finance Ministers’ meeting. In addition the ILO was asked to make a technical presentation on “Decent work: An employment and poverty reduction strategy for Africa”, at the Social Partners Forum and the African Finance Ministers’ meeting. The World Bank also addressed these two meetings and there was a significant degree of complementarity between the ILO and the World Bank papers.

6. The preparatory process of the Summit provided the multilateral system with a valuable and compelling opportunity to come together to assist African countries on the vital issues of employment creation and poverty reduction and to make a determined effort to achieve greater convergence of their policies with a view to support upgrading the quantity and quality of work.
7. The “Issues Paper”, which was the result of collaboration between the multilateral systems, was divided into four sections. Section 1 identified the social challenge and economic opportunity of decent work as a development agenda and presented the GEA as a framework for employment and poverty reduction in Africa. Section 2 suggested priority sectors with concrete growth and employment creation potential. Section 3 developed the main elements of an integrated policy framework for Africa that draws on the GEA in order to combine both the quantitative and qualitative dimensions of employment. Section 4 highlighted the need for a fair globalization and for mobilizing partnerships in support of national efforts to create decent and productive jobs.
8. At the Social Partners Forum on the theme, “Decent work: A driving force for Africa’s development”, the Director-General stressed the important role of social dialogue in achieving decent work in Africa. In his view the Forum sent out three clear messages: (1) a strong political message to policy-makers in Africa that employment should be placed at the centre of economic and social policy-making; (2) to the international organizations to respond to the priority being given by Africa to employment; and (3) to the donor community to provide the resources to make this possible. He felt that major donors who were participating in the Forum had expressed their support for such policies.
9. The conclusions of the Social Partners Forum reaffirmed the firm commitment of African employers’ and workers’ organizations to the process of social dialogue and willingness to work together for decent employment, wealth creation and poverty eradication. They called on African Heads of State and Government to: (i) make decent work, as defined by the ILO, a global and an African initiative and to place it at the heart of socio-economic policies in Africa; (ii) promote integrated development strategies to tackle poverty through a comprehensive macroeconomic and social policy framework; (iii) focus on highly productive and employment-intensive sectors with particular attention to the agricultural sector, education, health, human resource development, culture and tourism; (iv) actively promote gender mainstreaming and empowering women in Africa; (v) respect the fundamental rights of workers; (vi) work towards the transformation of the informal economy through development of cooperatives, promotion of youth and female entrepreneurship; (vii) undertake concrete measures to reinforce and extend social protection to the poor; (viii) promote tripartism and institutionalize social dialogue; (ix) strengthen democracy through the effective participation of the people and good state and corporate governance; and (x) engage the international development community to

ensure policy coherence and prioritization of enterprise and employment creation in poverty reduction strategies.

10. The Summit, attended by 22 Heads of State and Government, the Director-General, the Managing Director of the IMF and senior officials from the World Bank and United Nations agencies, adopted a solemn declaration placing employment at the centre of development strategies and the endorsement of an 11-point action plan to achieve this goal. It also set in place follow-up mechanisms at the national, regional and continental levels including precise timetables for implementation to monitor the process at all levels and to report back.
11. The Director-General reaffirmed “Africa’s right to expect global fairness” and said “good national governance will not succeed unless we have good global governance”. He called for a more resolute effort by the international community to achieve policy coherence on growth, investment and employment creation in order to help Africa fight poverty and unemployment. He said the Summit had focused new light on a fundamental point: “poverty reduction will not succeed without jobs”. He pledged full ILO support for Africa’s efforts on the follow-up to the Summit.
12. The AU Extraordinary Summit, and the events leading to it, has positioned the ILO and the Decent Work Agenda at the centre of Africa’s development efforts. The preparation of the “Issues Paper” and “Success Africa” with the active participation and contribution of several United Nations agencies, the Bretton Woods institutions and international development partners has also led to a much greater recognition by the multilateral system and donors of the role that the ILO can play in Africa. This also emerged very strongly in the United Nations system consultative meeting which was organized on 7 September 2004, just preceding the Summit, which was chaired by the Director-General and which agreed upon steps to be taken to support the expected outcomes of the Summit.
13. The commitment of the Heads of State and Government to placing employment creation as an explicit and central objective of economic and social policies for sustainable poverty alleviation was also clearly evident as they debated in great detail at the Summit the follow-up mechanisms needed at the national, regional and continental level to operationalize the 11-point Plan of Action agreed at the Summit. It came out clearly from these debates that the primary level of follow up will take place at the national level, followed by the regional level, with the RECs serving as “pillars” of the African Union.

China Employment Forum

14. The China Employment Forum was organized in April 2004 jointly by the Ministry of Labour and Social Security (MOLSS) of China and the ILO. It was attended by more than 500 high-ranking officials and specialists from Chinese government agencies, employers’ and workers’ organizations, research institutions and academia. Also participating were 27 ministers and vice-ministers of labour from around the world, as well as employment specialists from the ILO and other international agencies.
15. The major objective was to provide a venue where ideas, knowledge and experience (including examples of good employment practices from other countries) could be shared and built upon to develop the main strategic elements and practical proposals for an employment agenda for decent work in China.
16. The GEA provided the framework for the background policy paper prepared by the ILO for the Forum, entitled *Globalization and decent work – An employment agenda for*

*China.*¹ The key question for the Forum in the context of China, where employment was previously guaranteed, was how to ensure the centrality of employment in an economy increasingly driven by market forces.

17. The Forum addressed the following key issues:

- How to accelerate the rate of creation of decent jobs and productivity and to reverse the decline in employment intensity of economic growth, which had fallen drastically in recent years.
- Respect for fundamental principles and rights at work as a foundation for the formulation of the mechanisms for the governance of labour markets, the promotion of employment and its contribution to economic development.
- How to promote the growth of the private sector, especially entrepreneurship and small enterprise development, which would serve as the major engine of job creation in both the urban and the rural economy.
- How to effectively and efficiently enlarge social security protection so as to gradually cover the whole population.
- How to promote equality of opportunity between men and women, and to ensure that the members of the vulnerable groups are equally treated in terms of employment and remuneration and benefit equally from economic and social development.
- How to improve productivity and competitiveness of the labour force by imparting not only currently required skills but also to be able to work effectively in new forms of work organizations and make full use of new technologies.
- How to increase productivity, income and living standards in rural areas.

18. In the opening session, Vice-Premier Huang Ju stressed the need to promote economic development and job creation through encouraging small and medium-sized enterprises (SMEs) and flexible forms of employment. The ILO Director-General pointed out that, in the face of a formidable employment challenge, China required an accelerated increase in decent jobs through productivity growth and development of an efficient and equitable labour market. This would mean strengthening the positive relationship between core labour standards and sustainable economic progress and ensuring that labour conflicts are addressed through social dialogue and full participation of the social partners. The Minister of Labour and Social Security, Mr. Zheng Silin, pointed out that macroeconomic policies that promote employment opportunities were necessary to support economic reforms. He said that there had been some improvements in the situation of rural workers including improved opportunities for rural-urban migration. Progress had also been made in protecting women's rights to employment and providing support to persons with disabilities.

19. Based on discussions in the plenary and parallel sessions, the Forum adopted a "Common Understanding" that outlined the pressing need to maintain economic growth and improve labour markets in order to expand employment opportunities and enhance the quality of employment. It noted that respect for fundamental principles and rights at work was a foundation for economic development and social progress.

¹ The ILO also prepared *An employment agenda for China: Summary* for the Forum. Since the Forum was first planned for 2003, an *Addendum* was prepared to update the background paper.

20. The Common Understanding outlined seven key elements:

- (i) Stimulating labour demand by creating an enabling environment for entrepreneurship and promoting the establishment and expansion of small enterprises, including self-employment.
- (ii) Strengthening tripartite social dialogue as an important mechanism for preventing and resolving conflicts, contributing to employment promotion and fostering social stability, as well as for enhancing enterprise performance.
- (iii) Upgrading knowledge and skills of workers to ensure their higher flexibility and employment security and prepare them for work in a knowledge-based economy.
- (iv) Expansion and refinement of labour market policies for smooth and efficient reallocation of labour, gradual establishment of a unified labour market, and effective assistance to vulnerable groups.
- (v) Encouraging sound enterprise restructuring and productivity upgrading in a smooth and socially acceptable way.
- (vi) Reform of the social security system and gradual extension of social protection to the groups of population currently excluded from the existing schemes, notably urban workers in flexible forms of employment and the vast rural population.
- (vii) Protection of safety and health of workers, as well as environmental protection should be an integral part of national policy for economic development and employment creation.

21. The Common Understanding called on international organizations to actively support the placing of employment at the centre of their strategies and policies for reducing poverty. It specifically called for greater cooperation between China and the ILO around the Decent Work Agenda on a range of labour market and workplace issues.

22. The ILO has drawn up proposals for further action with the Ministry of Labour and Social Security to follow up on the Common Understanding, which will be implemented jointly by headquarters' departments, the Subregional Office in Bangkok and the ILO Office in Beijing. This will include the drawing up of a decent work national plan of action in China and alternative approaches to technical cooperation including initiating activities at the provincial level and then "scaling up" successes to the national level.

Crisis response: Argentina

In *Argentina*, the ILO response to the deep financial and economic downturn, which broke out in 2001, covered three main phases: after an early 2002 joint rapid needs assessment by headquarters and field units, an "Immediate action plan" was implemented to cope with the crisis; from November 2002 the project "Tackling the Decent Work Challenges of the Argentina Crisis", provided the Argentinian social partners with the opportunity to undertake a more in-depth analysis of the situation for urgent labour policy reforms and emergency programmes. The third phase started with the AREA Programme, launched in March 2004, which focuses on employment recovery based on local economic development strategies and improvement of employability conditions, including labour mobility. With Office-wide involvement coordinated by the InFocus Programme on Crisis Response and Reconstruction (IFP/CRISIS), the whole response is committed to provide governmental policies with technical assistance in order to promote decent work and to generate an economic environment oriented to employment creation, social dialogue and social protection. More than US\$12 million on technical cooperation has been mobilized to date for this purpose.

The Decent Work Country Programme, launched during the special event "Argentina emerging from the crisis" at the 92nd International Labour Conference, 2004, reinforces the results obtained to date, through the harmonization of economic and social policies and the design and implementation of a coherent set of employment and labour policies.

National employment agendas

23. Azerbaijan, Kazakhstan and Kyrgyzstan have increasingly realized that a poverty reduction strategy needs to be accompanied by comprehensive national employment policies. With ILO technical support, Azerbaijan and Kyrgyzstan have developed, respectively, a national employment strategy to supplement the PRSP (Poverty Reduction Strategy Paper) process. Kazakhstan, although not a PRSP country, has integrated employment within the overall strategy outlined in “Kazakhstan – 2030”. In all three of these countries the GEA is being used as a tool for the development of their respective employment strategy and policy framework.
24. The Government of Azerbaijan established an Inter-Ministerial Employment Committee led by the Minister of Labour and Social Protection and developed a National Employment Strategy (NES). Beginning in early 2003 the ILO provided technical support in the preparation of the NES in the following areas: (i) encouraging the development of SMEs; (ii) reform of the technical vocational training system; and (iii) social protection in relation to employment.²
25. To translate this strategy into concrete policy action, the Government of Azerbaijan is now preparing a National Action Plan on employment and a separate National Action Plan on youth employment to both of which the ILO is providing support. The employment Action Plan proposes:
- job creation through active labour market programmes (including public works and wage subsidies);
 - use of the increased oil revenues to finance public infrastructure projects especially through labour-intensive technologies; and
 - promote a conducive environment for SMEs to serve as a major engine of job creation in the medium to long term.
26. In Azerbaijan, two-thirds of the population are younger than 35 years and in 2003 the Government of Azerbaijan declared its commitment to become a lead country of the YEN. A National Action Plan on Employment (NAPE) is now being developed with technical assistance of the ILO as an integral part of the overall NAPE. Developing this plan has the political support of the National Employment Council comprising the social partners, the line ministries, and other key stakeholders.
27. In Kyrgyzstan, the Ministry of Labour and Social Protection and the Presidential Administration are preparing a mid-term National Employment Programme (NEP) for the period of 2005-08 to which the ILO is providing technical support. The Programme has identified three priority areas of intervention and support, namely active labour market policies, technical and vocational training and education, and employment creation through support to SMEs. In July 2004, the draft NEP was presented and discussed at a meeting attended by concerned government agencies, the social partners and international agencies. Following this meeting, the Minister of Labour set up an Inter-Ministerial Committee and Working Group for further development of the Programme. It is expected that the Programme will be approved by Government Decree or by Presidential Decree by the end of 2004.

² These correspond to GEA core elements 5, 6 and 8.

28. A National Employment Programme (NEP) for Kazakhstan for the period of 2005-07 is being developed in line with the employment objectives stated in the strategy “Kazakhstan – 2030” and further detailed in the Government’s Action Plan for 2003-06. The ILO is assisting in developing this programme, discussed at a meeting of key ministries, the social partners and stakeholders in August 2004. The focus of this medium-term programme is on the three prioritized core elements of the GEA, namely: (i) labour market policies (including active labour market policies, introduction of unemployment insurance and review of labour market regulations); (ii) technical and vocational training and education; and (iii) employment creation through support to small and micro-enterprises. It is expected that the finalized NEP will be approved by the end of 2004 with budgetary support for its implementation.

Training of constituents and prioritization of GEA core elements in Eastern Europe and Central Asia

In May 2004, the ILO Subregional Office in Moscow, in cooperation with headquarters and the Turin Centre, organized a two-week training seminar for constituents from countries of the subregion. Among the 20 participants were five vice-ministers, several heads of employers’ and workers’ organizations, and high-ranking national officials. One of the goals of the Seminar was to pilot an operationalization tool – *a training module for policy-makers in implementation of the Global Employment Agenda within national employment policy frameworks*. At the end of the course the participants were asked to list three out of the ten GEA core elements which should be given priority in developing national employment policies in their countries. The results were as follows (in order of choice):

1. Decent employment through entrepreneurship.
2. Employability by improving knowledge and skills.
3. Active labour market policies for employment, security in change, equity and poverty reduction.

This prioritization broadly coincides with the focus on the medium-term (three to four years) national employment programmes developed in Azerbaijan, Kazakhstan and Kyrgyzstan.

Global and regional developments

Global employment trends for youth

29. The rise in the number of young people seeking work is rapidly outstripping the ability of economies to provide them with decent jobs. While the overall youth population (aged 15-24 years) grew by 10.5 per cent over the last ten years to over 1.1 billion in 2003, youth employment grew by only 0.2 per cent to the current 526 million young workers. Only a part of the gap can be explained by the fact that more young people are staying in the education system for longer periods.
30. In the light of this widening gap, specific concerns relating to the current state of the youth labour market have been identified in the ILO’s recent report *Global employment trends for youth*. These include:
- Young women and men have more difficulty finding and keeping work than their adult counterparts. The global youth unemployment rate in 2003 was 3.5 times the global adult unemployment rate. The relative disadvantage of youth is more pronounced in developing countries, where they make up a strikingly higher proportion of the labour force than in industrialized economies. Eighty-five per cent of the world’s young women and men live in developing countries where they are 3.8 times more likely to be unemployed than adults, as compared with 2.3 times in industrialized economies.

- Rising worldwide unemployment has hit young people hard, especially young women. Youth unemployment has increased worldwide over the past decade to some 88 million (out of a total of 186 million unemployed people in the world); young people thus now represent nearly half the world's jobless (47 per cent), while at the same time making up only 25 per cent of the total working age population. Youth unemployment rates in 2003 were highest in the Middle East and North Africa (25.6 per cent), followed by sub-Saharan Africa (21 per cent), the transition economies (18.6 per cent), Latin America and the Caribbean (16.6 per cent), South-East Asia (16.4 per cent), South Asia (13.9 per cent), the industrialized economies (13.4 per cent), and East Asia (7 per cent). Only in the industrialized economies did youth unemployment experience a distinct decrease (from 15.4 per cent in 1993 to 13.4 per cent in 2003).
 - The youth employment problem goes far beyond these numbers. Those young women and men who are working often find themselves with poor job conditions, often working long hours at low wages, or under precarious, short-term contracts usually in the informal economy with no social security or other social benefits.
- 31.** Tackling youth unemployment would also bring a significant contribution to global output. According to the report, halving the world youth unemployment rate would add at least US\$2.2 trillion to global GDP, or 4 per cent of the 2003 global GDP. If in addition those young people who work under bad conditions passed to higher productivity and decent employment, the GDP gain would be even higher.

Youth employment

There have been several new developments on the youth employment front since March 2004. These include the launch of the Indonesia Youth Employment Action Plan, the first of the national action plans to be developed by a YEN lead country. In keeping with the Governing Body commitment to assist and support, upon request, the elaboration of national reviews and action plans on youth employment, ILO technical expertise has made a significant contribution to this work in Indonesia and other countries. In addition, a number of school-to-work transition surveys are under way to better understand the youth employment challenge at the national level. A new guide, "Improving prospects for young women and men in the world of work", which provides considerations, trade-offs and experiences to assist in the development and implementation of national action plans on youth employment, was released.

In October 2004, the Tripartite Meeting on Youth Employment: The Way Forward, will focus on placing the Millennium Development Goal of "Decent and productive work for young people" in the context of the Decent Work Agenda, the GEA and the recommendations of the High-Level Panel of the GEA. It will review national policy frameworks and specific policies and programmes conducive to the creation of quality jobs for young women and men. This Meeting will discuss country-level experiences, lessons learned and good practices. The report of this Meeting will inform the background report being prepared for the general discussion on youth employment at the 2005 session of the International Labour Conference.

The ILO's leadership role in the YEN with the World Bank and the United Nations secretariat continues to build and strengthen strategic alliances for international policy coordination and improved governance of youth labour markets.

- 32.** The Committee is invited to comment on the report, with a view to giving guidance on the future developments and implementation of the GEA.

Geneva, 27 September 2004.

Submitted for discussion.