

**FOR DEBATE AND GUIDANCE**

FIRST ITEM ON THE AGENDA

**Impact of the Social Justice Declaration
on the implementation strategy of the
Global Employment Agenda****Introduction**

1. The ILO Declaration on Social Justice for a Fair Globalization (the Social Justice Declaration) is a landmark in the work of the ILO. It expresses the contemporary vision of the ILO's mandate in the era of globalization in terms of scope and principles and method of implementation, and includes a blueprint for follow-up "... to address the means by which the Organization will assist the efforts of its Members to give effect to their commitment to pursue the four strategic objectives important to implementing the constitutional mandate of the Organization ...". The Declaration, and its strong call for more effective and integrated strategies, is particularly important and timely in the present context of the global crisis and the need for effective ILO responses.
2. As part of an adaptation of institutional practices and governance to improve the effectiveness and efficiency of the work of the ILO, the Social Justice Declaration puts in place a system of recurrent items for discussion at the International Labour Conference of each of the four strategic objectives of the Decent Work Agenda. At its 303rd Session (November 2008), the Governing Body decided that the first recurrent item to be discussed by the Conference in 2010 would be employment.
3. The recurrent item discussion will thus examine the challenges Members face in the area of employment, the policies and mechanisms "to place full and productive employment and decent work at the centre of economic and social policies" and the ways in which the Office, member States and social partners can work together to meet these challenges. Some of the fundamental questions to be asked are: What is the Organization being asked to do in the area of employment, particularly in a context of a global economic and jobs crisis? What methods does the Organization have to identify and respond to constituents' needs and their different realities? How does the Office diagnose, benchmark, peer review, and measure the impact of employment policies and its own interventions? What are the strengths and weaknesses of what the ILO has to offer, in a context where many institutions are aggressively developing research and policy advice on employment and labour markets, and the ILO has to operate in a more crowded and competitive environment than ever before? How can the conceptual and practical integration among strategic objectives be improved?

4. As requested by the Committee, this paper reviews institutional practices and strategies around the implementation of the employment components of the Global Employment Agenda (GEA) in light of the Social Justice Declaration and outlines possible new strategic orientations. The paper complements the Implementation Plan for the Social Justice Declaration by analysing and elaborating on the main issues as they apply to the strategic objective on employment. One of the key challenges for the GEA in light of the Social Justice Declaration is to better integrate the four strategic objectives in a coherent and effective manner. Suggestions on how to strengthen conceptual and practical integration are discussed in paragraphs 24 to 31 below.
5. A similar paper could be produced for the next sitting of the Committee covering social security as one of the two major elements of social protection. Such a paper could serve as a preview of the more detailed analysis that would be provided through the recurrent item discussion on social security at the Conference in 2011.

I. Other new developments and the need to rethink ILO work on employment, including the GEA implementation strategy

6. In addition to the Social Justice Declaration, a number of new developments challenge the Office to revisit the way it works, not only across the board on the Decent Work Agenda, but specifically in the area of employment and its relationship to other strategic objectives.
7. First: the persistent long-term negative trends in labour markets and the unsatisfactory labour market outcomes. Only a few countries have managed to grow at high and sustained rates. Without such growth however it cannot be expected that labour market outcomes will improve significantly. Even in countries where economic growth has been high and sustained, as in most of those analysed by the Commission on Growth and Development, the labour market outcomes have not been satisfactory; not enough jobs have been generated (declining employment content of growth); and too many of the jobs created are of low productivity and low pay. In many instances the insufficiencies of the standard policy packages to achieve good labour market outcomes have been exacerbated by a number of other trends: widespread uncertainty in the world of work in developed countries; the marginalization of certain groups as a result of globalization and the consequent increase in inequality; persistence of youth unemployment; and the exclusion of many countries and groups from the benefits of growth and globalization.
8. These trends have led to the realization by member States that the only sustainable way to reduce poverty is by putting employment and good labour market performance at the centre of economic and social policies while promoting inclusive and job-rich growth and “growth with equity”, which includes, as a key component, investing in social protection at an early stage of economic development. The poverty reduction paradigm behind the Millennium Development Goals (MDGs) has moved closer to a labour-market and social-transfer centred approach under the reasoning that labour is the only asset of the poor and that a growth process that does not create more and better jobs would fail to reduce poverty in a sustained manner. The ILO has contributed strongly to this new policy approach to development. In 2005 the UN adopted full and productive employment and decent work as a global goal by formally adding a set of indicators under MDG 1. Since then many countries have seriously committed to mainstream employment and decent work in their policies and development strategies. The Social Justice Declaration reiterates these commitments as one of the key means to achieve social justice and a fair globalization.

9. In giving effect to these commitments, member States and the social partners face a number of fundamental challenges: What does it mean to put full and productive employment and decent work at the centre of economic and social policies? What combination of macroeconomic, trade, enabling environment for enterprise development, education and skills, infrastructure, health, social protection and other policies (all GEA core elements) is most appropriate at different levels of development and in different political and institutional contexts? Do member States have the appropriate institutional mechanisms and processes for integrated policy formulation and implementation and how can the ILO's Decent Work Agenda, with its emphasis on social dialogue and tripartism, help in this respect? These are the key issues for developed, developing and transition countries today. The questions strongly suggest that employment policies cannot be effective unless they are part and parcel of wider growth and development strategies.
10. For the ILO, this intellectual and policy shift means that the Organization cannot be effective in advising constituents on employment policy unless it has the right diagnostic tools, statistics, indicators and knowledge base in the key areas for employment policy. This paper suggests that the ILO needs to support Members based on strengthened technical and operational tools for employment and labour market diagnostics, increased advisory capacities on effective policy design and implementation, and strengthened engagement at the policy-making level in countries to promote policy coordination and coherence for inclusive, job-rich growth.
11. The second, more recent, development is the financial and economic crisis that became global at the end of 2008 (and most experts agree will get worse in 2009) affecting labour markets in both developed and developing countries. A separate paper on the ILO response to the crisis is before the Committee.¹
12. Third: the move of other international organizations to work on employment, labour markets and development. As a recent paper of the Organisation for Economic Co-operation and Development (OECD) states: "Employment is back on the international development agenda."² This move has its origins in practical demands and in an intellectual shift. The Decent Work Agenda has contributed to both. Member States are increasingly demanding technical assistance and policy advice on employment and labour market issues. Several multilateral organizations and bilateral donors are now prioritizing employment and decent work in their policy advice, financing and cooperation policies. Many of them are doing so using tools and knowledge products similar to those of the ILO, backed by substantial financial resources. Although one might celebrate this as a success for the ILO, this reality, at the same time, challenges ILO work on employment partly because member States can now approach other institutions for policy advice and partly because the policy advice Members receive from other institutions is sometimes not consistent with the ILO's tripartite vision and approaches. For instance, the World Bank recently launched a major initiative on employment and social protection that strongly overlaps with the GEA and the Decent Work Agenda: "MILES to go: A quest for an operational labour market paradigm for developing countries" (January 2008) (see box 1). It has defined "inclusive and sustainable globalization" as the all-encompassing concept for its work. The United Nations Development Programme (UNDP) is also stepping up its work on employment issues and a similar trend is taking place among bilateral donors.

¹ GB.304/ESP/2.

² J. Jutting, J. Parlevliet and T. Xenogiani: *Informal employment re-loaded*, OECD Development Centre Working Paper No. 266 (DEV/DOC(2008)2), Jan. 2008, preface.

13. While there are many instances of cooperation with the ILO and internationally the Decent Work Agenda has been endorsed at the highest level (UN General Assembly and Economic and Social Council, etc.), these institutions have their own mandates, put their own imprint on their approaches and tools, and engage with their members on their own. Their points of entry on employment issues are also different from those of the ILO. In the case of the World Bank, it is ministries of finance or ministries in the productive sector. In the case of the UNDP it is ministries of planning, trade, industry and agriculture. The work on employment in the international scene is thus not only more crowded but also more competitive than ever before.

Box 1

MILES to go: A quest for an operational labour market paradigm for developing countries (World Bank)

The main objective of this initiative is “to better integrate employment to the development agenda via a comprehensive, operationally relevant labour market paradigm for developing countries”, which the Bank states “is still missing to guide policy decisions and to improve employment outcomes”. The Bank is developing this integrated, operationally useful labour market paradigm through a two-pronged strategy:

- (a) Building a policy-relevant framework to help countries designing comprehensive employment and labour market policies to create more and better jobs. This framework has been developed and is called MILES because it integrates: **M**acroeconomic policies, **I**nternational investment climate and institutions, **L**abour market regulations and institutions, **E**ducation and skills and **S**ocial protection.¹ “Building on various diagnostic tools in areas central for job growth, the framework aims at identifying key constraints for job creation in an individual country, proposes policy priorities and required reforms, and helps implementing them.” The Bank has piloted the MILES framework in more than 15 countries.
- (b) A parallel research agenda on “employment and development”. The World Bank has put considerable resources into generating a large amount of research, including through partnerships. The research priorities have a strong overlap with ILO research themes and areas of core competency (e.g. the declining employment content of growth, labour standards, social dialogue, informal economy, etc.).

¹ These are almost one by one the main elements of the GEA to promote employment and improve on labour market outcomes.

14. In conclusion, the Social Justice Declaration, the current global financial and economic crisis, the persistent negative trends in labour markets, even in countries that have had a relatively good growth performance, and the build-up of knowledge and policy advice by the World Bank and other institutions on employment and labour market issues pose opportunities but also challenges for the ILO and call for a rethinking and repositioning of the work of the ILO on employment and development issues. How to do this? A good starting point is to review the present strategy, its strengths and weaknesses.

II. GEA implementation strategy before the Social Justice Declaration: Strengths and weaknesses

15. Since the adoption of the GEA in 2003, the Office has promoted employment through a three-pronged strategy:
- An integrated and operationally relevant employment and labour market policy framework (the GEA), approved by the tripartite constituents, to help countries operationalize their employment and social policies into more detailed strategies, interventions and programmes, using specific employment policy tools. The GEA focuses on the key areas for employment policy through an integrated approach that looks at the demand-side and the supply-side of the labour market; the macro and the micro aspects, as well as the quantitative and qualitative dimensions.

- A list of normative employment policy tools (Conventions and Recommendations) that include the Employment Policy Convention, 1964 (No. 122), plus 20 other instruments. These normative policy tools, which are unique to the ILO approach to employment, are widely used for policy advocacy and guidance as part of GEA work at country level.
 - A knowledge base, regularly updated by research and evaluation, knowledge networks and knowledge sharing, which underpin and determine the capacity to deliver the above elements.
- 16.** The March 2006 employment “vision” document³ summarized the GEA framework in one page; regrouped the ten core elements of the GEA in six key policy areas and further broke these down into a checklist of sub-areas; discussed the interrelationships between the basic concepts of an employment strategy and other strategic objectives; identified and made an inventory of employment policy tools; and emphasized the need to differentiate employment strategies for countries at different levels of development. This, together with a similar document on social protection discussed in November 2006,⁴ formed the basis for the establishment of a coherent strategy for action and research by the Office.
- 17.** The GEA implementation strategy also defined a number of specific strategic orientations to improve the effectiveness of work in the area of employment. These strategic orientations are:
- identification of four major priorities: putting employment at the centre of economic and social policies; the informal economy; youth employment; and meeting the special needs of Africa;
 - a system of “focus” countries and “lead coordinators” to improve the delivery of policy advice and technical cooperation and coordination between headquarters and the field;
 - a better focused research agenda on employment, through a series of sector- and Office-wide processes and efforts;
 - the identification of core competencies that helped define areas in which the ILO could become a leading global agency and centre of excellence;
 - improving evaluation of the impact of ILO interventions; increased use of the GEA framework by constituents; and improved evaluation of the impact of policies and programmes on employment creation;
 - placing work on employment firmly in the context of Decent Work Country Programmes and coordination with other strategic objectives;
 - changes in the thematic agenda of the Committee and its governance function.
- 18.** Progress in implementing the strategy has been uneven. Section III below comes back to these areas in more detail in light of the Social Justice Declaration. At the request of the Committee, the Office evaluated progress in the first 18 months of the implementation

³ GB.295/ESP/1/1.

⁴ GB.297/ESP/7.

strategy. The resulting document⁵ identified and analysed strengths and weaknesses as well as “implementation and knowledge gaps”, and presented a scorecard on implementation that included: main achievements, main implementation gaps and proposed actions and priorities for future work. The knowledge base on employment was reviewed in the document, *Review of research themes and knowledge gaps in the employment pillar of the Decent Work Agenda* (October, 2007).

Strengths

19. The identified strengths of ILO work on employment include:

- Capacities in employment and labour markets policies. These capacities have been deployed in recent years in support of member States and constituents as reported in different Committee papers and International Labour Conference reports.⁶
- Employment-related standards and other normative instruments are a unique strength of the ILO. As part of the GEA work at country level, 21 instruments are used for policy advocacy and guidance.
- The GEA is a powerful framework for employment promotion and labour market policies. As mentioned, other institutions are replicating similar policy frameworks for their work on employment (e.g. the World Bank with MILES). Constituents can use the GEA framework to promote the ILO approach to employment among economists and ministries other than labour and thus improve economic and social policy coordination and coherence.
- Tripartism and social dialogue at the national level. Effective employment policies require each relevant ministry and institution to assume responsibility for its component as part of the integrated approach envisaged by the GEA. This requires in particular a dialogue between the ministry of labour, and ministries of planning, development and finance so that employment policy priorities are adequately included in the national budget. The proactive participation of social partners is key and can make a major difference both for coordination and for internal resource mobilization and budgetary allocations. This is a major strength of work in the context of Decent Work Country Programmes and national employment strategies.
- The GEA implementation strategy and governance on employment issues. The fact that a Governing Body committee oversees the GEA and the work of the Office on employment and social protection is also a source of strength. The Committee receives systematic feedback not only on major policy issues, but also on the GEA implementation strategy and delivery concerning the employment and social protection strategic objectives. In turn, the Office receives guidance from the Committee across the range of GEA themes and core elements. In the last two years the Committee has adjusted its work methods to improve governance. This has included a reorganization of its agenda around three baskets of issues (policy discussions, programmatic overviews and evaluations, and country employment and

⁵ GB.300/ESP/2.

⁶ Since 2000, the International Labour Conference has adopted conclusions concerning the following employment themes: decent work and the informal economy (2002); youth employment (2005); the promotion of sustainable enterprises (2007); skills for improved productivity, employment growth and development (2008); and promotion of rural employment for poverty reduction (2008).

social protection policy presentations) and a new procedure to receive systematic feedback on GEA implementation and effect given to its guidance.

Weaknesses

20. The main weaknesses and implementation gaps identified are listed below and revisited in the next section in light of the Social Justice Declaration. Some progress has been made in tackling them but much still needs to be done.

- Communicating and adapting the GEA to diverse national situations. The GEA as the ILO's employment policy approach is still not sufficiently recognized at global or regional levels.
- While there are simple and manageable sets of employment policy guidelines for industrialized countries (OECD, EU), no equivalent practical, focused guidelines have been developed for middle- and low-income countries.
- As for employment promotion at the national level, policy coordination on employment goals between ministries of labour and finance and economic ministries is weak in many countries. The capacity of ministries of labour and social partners in employment policy formulation and implementation needs further strengthening.
- Although tripartism is a potential source of strength, in practice this strength is not always present. Important coordination and social dialogue gaps exist in many countries and constitute a barrier for effective implementation. Effective tripartism at the national level is essential for employment policy formulation and implementation in all national policy processes.
- The Office lacks critical technical mass in some key areas. Over the years, the technical capacities of the Office in the areas of employment and labour markets have been greatly reduced in terms of qualified staff at headquarters and in the field; this affects capacity building, policy advice and research functions.
- Progress monitoring and impact evaluation need to be strengthened.
- There is a need to maximize the use of global and regional partnerships and alliances for greater impact at country level.
- In the research area, a better focus and teamwork around priority themes is necessary as well as strengthened peer review, more links with academic and university circles, better dissemination, and better coordination between headquarters and the field.

III. ILO work on employment after the Social Justice Declaration

21. Any exercise on how best to “review and adapt its institutional practices to enhance governance and capacity building”⁷ and “adjust ... priorities and programmes of action accordingly”,⁸ including on GEA implementation, needs to assess the work of the Office on employment through the lens of the Social Justice Declaration. In order to facilitate this

⁷ ILO Declaration on Social Justice for a Fair Globalization, II(A); Annex II(A).

⁸ *ibid.*, Annex II(B)(i).

exercise, this section takes the main themes and strategic orientations of the Social Justice Declaration as an organizing framework to discuss future directions of the work on employment. Under each theme or area, it highlights instances where the Office has already taken action as well as potential new initiatives to achieve the goals of the Social Justice Declaration in the area of employment. This exercise can be helpful to allow the Office to better align its work on employment with the orientations of the Social Justice Declaration and also with future evaluations by the Conference of the impact of the follow-up action called for in the Follow-up to the Social Justice Declaration.

Better understanding constituents' needs and realities, as well as past ILO action to meet them and better responding to them using all the means of action at its disposal⁹

22. This is a central concern of the Social Justice Declaration. A distinction should be made between the understanding of constituents' needs and priorities on the one hand, and understanding of the different country realities, on the other. These two aspects are related and complementary but are not necessarily the same. Understanding country realities involves economic, social, political, institutional and policy elements and requires a combination of social dialogue with appropriate diagnostic tools and statistics. Initiatives in process in this respect, in addition to consultations on the preparation of the recurrent item discussion on employment for the Conference in 2010, include:

- Appropriate diagnostic tools that inform social dialogue, lead to a better identification of means to reach certain ends and help define priorities. Member States are increasingly defining overall targets for employment and for specific groups such as women, young people or sectoral targets. Developing better diagnostic and statistical tools and paying special attention to the sectoral composition of output and its employment content is identified as a major need of constituents in the area of employment, both to better define policy and to monitor and evaluate it. This is a major technical challenge in the context of the GEA. In 2008 the Office initiated a structured process to systematically review and improve diagnostic tools on employment. This involves: research on employment targeting and development of appropriate policy and programme frameworks to this effect; employment diagnostic tools, based on the identification of "binding constraints"; development of a diagnostic tool to benchmark the enabling environment for sustainable enterprises; assessing analytic frameworks and institutional processes underpinning the adoption of employment policies in selected countries during the last five years with the support of the ILO and to draw relevant lessons; and research and dialogue to better understand different measures of vulnerability, including informality. The sectoral perspective also needs to be strengthened, including in the different diagnostic tools, with the aim of identifying key sectors with potential for employment generation and poverty reduction in particular country contexts.
- Improved identification of constituents' needs. The sources of demands on the Office are expressed at different levels and by different means: at country level through Decent Work Country Programmes; in regional meetings; in the Governing Body and the International Labour Conference (e.g. through requests for papers and guidance to engage in certain activities). In this sense the Office is permanently engaged in a difficult balancing act on how to deliver appropriate responses. What are the sources of needs? How are needs articulated? What methods does the Office have to identify

⁹ *ibid.*, II(A)(i); Annex II(B)(i).

needs? Are needs coherent, realistic and precise? How well does the Decent Work Country Programme process enable constituents to reflect priorities that are effective in improving decent work and employment outcomes? As regards employment, these questions are also being considered as part of the process for preparing for the recurrent item discussion on employment in 2010.

- Targeting high decision-making policy level to improve effectiveness in employment promotion and “place full and productive employment and decent work at the centre of economic and social policies”,¹⁰ and in the main frameworks driving development policy in the country. The Office has increasingly done this with significant success in a number of countries and in the context of poverty reduction strategies. This type of work involves strengthening the capacities of ministries of labour and the social partners on employment policy issues and, as the Social Justice Declaration recognizes as essential for employment policies, promoting a “sustainable institutional and economic environment”,¹¹ including improving coordination between ministries of labour and other ministries (trade, industry, agriculture, planning, finance). The type of expertise needed to undertake this task should be an authoritative development economist with policy-making and research experience on employment and decent work issues. The Office has only a limited number of economists with this profile however. Most specialists today are professionals with expertise in specific topics such as small and medium-sized enterprises, skills development policy and other disciplines. In the future, priority should therefore be given to recruiting senior economists.
- “The establishment of appropriate indicators or statistics ... to monitor and evaluate the progress made.”¹² While the Office has some capacity to support constituents’ needs in the area of labour market statistics, it aims at strengthening its support in the areas of labour force surveys and indicators. By testing the development of decent work country profiles based on agreed decent work indicators, through which member States could assess their progress towards decent work, the Office will be in a better position to support countries and constituents. A related demand-based exercise is to provide capacity building and advice to member States to enable them to report on the new employment-related MDG indicators. A “Guide to the new MDG employment indicators” is under preparation.
- Guidelines for employment policy for middle- and low-income countries. For developed countries these exist in the form of the OECD Jobs Strategy, and the EU Lisbon-related Growth and Jobs Strategy. Both are considered good practices, although subject to improvement. They focus attention of policy-makers on employment policies and have peer review processes associated. The closest the ILO has to a policy review or peer review process is Convention No. 122. In addition, the amount of normative and policy guidance that the ILO has developed is quite substantive, including 20 other instruments and International Labour Conference conclusions. The framework to articulate all employment-related policy guidance is the GEA. However, there is still a need to articulate this complex and diverse policy guidance in a more user-friendly way. The ILO therefore needs to consider turning the GEA and the normative body of policy guidance into a more operational, user-friendly set of policy guidelines for countries at different levels of development

¹⁰ *ibid.*, I(A).

¹¹ *ibid.*, I(A)(i).

¹² *ibid.*, II(B)(ii).

complemented by a strengthened and voluntary scheme of peer reviews.¹³ This would be a step consistent with the increased effectiveness objectives of the Social Justice Declaration.

23. Better understanding constituents' needs and country realities also includes the very important issue of thematic priorities. In terms of priority themes for employment promotion, the Social Justice Declaration mentions explicitly skills development, sustainable enterprises and "creating a sustainable institutional and economic environment in which ... societies can achieve their goals of economic development, good living standards and social progress". An effort has been made in the Strategic Policy Framework 2010–15¹⁴ to cluster and focus the thematic priorities on employment around three major outcomes: (1) inclusive, job-rich growth (which includes the formulation and implementation of employment policies, the institutional and economic environment for employment promotion and core issues in the world of work and labour markets); (2) sustainable enterprises; and (3) skills development. These three elements provide the focus for the work on the employment strategic objective.

Promoting shared knowledge and understanding of the synergies between strategic objectives through empirical analysis and tripartite discussion¹⁵

24. The Social Justice Declaration states that the four strategic objectives of the Decent Work Agenda are "inseparable, interrelated and mutually supportive", and commits the Organization to take "steps to strengthen its research capacity, empirical knowledge and understanding of how the strategic objectives interact with each other and contribute to social progress, sustainable enterprises, sustainable development and the eradication of poverty ...".¹⁶ This challenge can be examined from several perspectives including: analytical and conceptual integration of strategic objectives; practical policy integration at country level; and external coherence with other multilateral organizations. An inter-sectoral consultative team has been established to cover these three issues. There is also the challenge of the implication for the preparation of the recurrent item reports to the International Labour Conference. Consultations on this are ongoing, Office-wide and with constituents.
25. At the level of conceptual integration the objective is to establish, through systematic interdepartmental consultations and teamwork, a list of key interactions between strategic objectives that matter most for delivering on the employment strategic objective. Some examples are: the issue of the social security tax wedge and employment creation; cash transfers and employment guarantee schemes; labour law regimes for small and medium-sized enterprises; "flexicurity"; the economic implication of specific labour standards; moving out of informality; income generation for people living with HIV/AIDS and prevention of HIV among young workers. Under each area there is a broad potential for analytical and conceptual integration but it needs to be determined whether there is already enough knowledge, research and joint work. One way forward may be to develop research initiatives putting specialists from different areas and technical sectors to work in interdisciplinary teams. Opportunities for further strengthening the knowledge base will be

¹³ *ibid.*, Annex D(ii).

¹⁴ GB.304/PFA/2.

¹⁵ Social Justice Declaration, II(A)(iii); Annex II(A)(iv).

¹⁶ *ibid.*, Annex II(D).

identified and policy briefs developed for capacity building and knowledge sharing with constituents.

26. At the practical level, through the consultative process involving field offices and headquarters, the goal is to identify and select a list of good practices where more than one strategic objective is pursued in an integrated manner at the country level with ILO support. A few Decent Work Country Programmes will also be selected to assess the current state of integration and its potential.
27. In both dimensions, the analysis will be extended to analyse key partnerships and highlight the extent of coherence (or lack of it) of policies advocated by other multilateral and regional organizations on the same issues.¹⁷ The process will require internal work in the ILO but will also include dialogues with the relevant organizations, since the Social Justice Declaration states that “Other international and regional organizations with mandates in closely related fields can have an important contribution to make to the implementation of the integrated approach. The ILO should invite them to promote decent work, bearing in mind that each agency will have full control of its mandate.”¹⁸
28. The objective of a more integrated approach defined by the Social Justice Declaration and the GEA requires further efforts at conceptual rethinking and policy development. The challenge is to find coherent answers, around specific themes and tools, to the question: how to effectively link ILO employment and social protection policy concepts in order to ensure that policy formulations, research and advisory services aim at the simultaneous achievement of creating more decent jobs with higher levels of income and enhancing the quality of social protection, while realizing fundamental principles and rights at work through a process of social dialogue.
29. The development of more integrated approaches requires both empirical work and substantial consultation with the constituents. The process of recurrent reviews will help keep this rethinking process on course in the years to come. But the ILO does not start at zero. Integrated approaches are emerging in many publications of the employment and social protection sectors.¹⁹ It is obvious that, in the long run, only strong employment growth will build the fiscal foundations for a sound social protection policy. On the other hand, investing in social protection at early stages of economic development is not only an immediate contribution to the reduction of poverty but also facilitates the utilization of the full economic potential of the entire workforce of the country, thus laying the foundations for sustainable long-term economic growth and welfare for the entire population. No social security system can exist without a functioning economy, but likewise no economy can function productively with a workforce that is hungry, badly educated, unhealthy and permanently too socially insecure to make a commitment to enterprise and society. A society has to invest in basic mechanisms of social security to ensure that people are healthy and well nourished enough to be trained and become productive. In order to maintain or increase productivity while ensuring an equitable share of the fruits of growth, decent working conditions are essential. This entails securing adequate wage levels, reasonable working hours and safe and healthy workplaces. Once basic employability is achieved, higher levels of social security can be afforded as the economy grows and fiscal

¹⁷ *ibid.*, Annex II(A)(v).

¹⁸ *ibid.*, II(C).

¹⁹ See for example: GB.294/ESP/4 (Social protection as a productive factor); Social Security Department: *Social security for all: Investing in social justice and economic development*, Geneva, 2008; and also P. Townsend (ed.): *Building decent societies: Rethinking the role of social security in development*, ILO, Geneva (forthcoming).

space widens. The key is then to design benefits in such a way that high levels of decent employment are maintained.

30. Integrated approaches have to be reflected in specific tools. In the case of employment, the ILO's employment policy tools need to be reviewed with a view to optimizing their role in the establishment of high levels of social protection and decent terms and conditions of work and employment while observing fundamental principles and rights at work and fair and constructive social dialogue. At the same time, social protection policies have to be reviewed with the aim of facilitating the creation of high levels of decent employment.
31. Repositioning the work of the ILO in the area of employment in the new environment in which other institutions are also developing policy advice and tools in this area, must be based on two complementary strategies: a more integrated approach that makes the ILO perspective on the issues unique and innovative; and more and better technical work and capabilities in the specific employment themes and subjects that need to be integrated and where the Office must have solid technical expertise and excellence. The two elements are essential to satisfy constituents' needs, mobilize resources with potential donors and engage in significant partnerships.

Research capacity, knowledge base and evidence-based analysis²⁰

32. In 2006–07 the Employment Sector carried out a stocktaking exercise of its research agenda. A research mapping was finalized in May 2007 and updated in November 2007. Building on this research mapping, a review of themes and knowledge gaps under each core element of the GEA was carried out, in coordination with the social protection sector.²¹ This review concluded with the identification of a list of areas where the Office should seek to strengthen research and establish itself as a centre of excellence on employment and labour market issues. It also signalled that resources for research on employment issues continue to be a binding constraint. In contrast with other institutions, there are practically no full-time researchers in the Employment Sector. The long-term reduction of professional staff in the sector means that staff is mostly involved in capacity building, training, country policy advice, and, in the case of headquarters, drafting papers for the Governing Body and the International Labour Conference. Maintaining a solid stream of high-quality research under these circumstances is challenging.
33. Based on this experience and the added impetus of the Social Justice Declaration for teamwork and integration, fresh approaches on processes and priorities of research are being explored in consultation with other technical sectors and the field, the Policy Integration Department and the International Institute for Labour Studies. Through these consultations, the Employment Sector seeks to identify a list of priority themes that would be consistent with the Office-wide strategy of the Research and Publications Committee. Consistent with the Social Justice Declaration, research on each theme would be conducted by a team with highly qualified members drawn from across the Office.

²⁰ Social Justice Declaration, II(A)(iii); II(B)(ii); II(C); Annex II(A)(i) and (ii); II(C)(iii) and II(D).

²¹ This exercise has also been coordinated with the work of the Research and Publications Committee established by the Director-General.

Improved evaluation of the impact of the Office's interventions ²²

34. In line with the broader efforts by the Office to strengthen monitoring and evaluation practices and ensure that these address the expanded scope of evaluations to better meet constituents' needs, work has started to assess the effectiveness of the ILO's evaluation and monitoring of employment programmes and interventions, and to prepare recommendations for improvements.
35. The objective of the exercise is to improve results-based management around the employment strategic objective. There is a need to better understand the extent to which ILO work on employment issues has been systematically monitored and objectively evaluated and what this says about its impact on inclusive job-rich growth. Similarly, there is a need to know the extent to which findings of evaluations have informed improvements internally – such as improved programming or development of tools – and externally – such as improvements in the work with partners and constituents.
36. An inventory and analysis of existing evaluations in areas of the GEA will provide recommendations on how to improve monitoring and evaluation practices that strengthen the abilities to capture quantitative and qualitative information and use it to inform programme and budget reporting and decision-making. A key aspect of these efforts will be to introduce, more systematically, assessments of the potential for evaluation of programmes and interventions before they take place. Strengthened working methods based on clear monitoring and evaluation systems, including baselines, well-defined indicators and well-designed subsequent assessments will be at the core of the exercise.

Strengthening and streamlining technical cooperation and advisory services ²³

37. In line with overall developments in the aid architecture towards more aid effectiveness and with the Social Justice Declaration, the Office is making necessary changes to its technical cooperation policy. The Department of Partnerships and Development Cooperation is working with the Employment Sector and the field to set up mechanisms for prioritizing technical cooperation based on clear implementation plans and resource gaps of Decent Work Country Programmes, consistent with the Strategic Policy Framework. The Office policy of using Decent Work Country Programmes as the vehicle for providing technical cooperation also facilitates the integration of strategic objectives in delivery. These priorities are to be reflected in new framework agreements and allocations under the Regular Budget Supplementary Account (RBSA). In this context, the Employment Sector has been supporting the field in drafting and delivering on RBSA-financed initiatives.
38. Another key aspect is to strengthen the management and delivery of technical cooperation through improved appraisal procedures, with a central role for the technical sector.

²² Social Justice Declaration, II(A); II(B)(ii); Annex II(B) and C(iii).

²³ *ibid.*, II(A)(ii).

39. In 2008, the Office succeeded in mobilizing over US\$100 million for employment-related programmes from a variety of donors. It is expected that in light of the present job crisis, this will further increase. Examples are employment-intensive programmes in response to the crisis, projects on national skills development in several Asian countries, and participation in the MDG Achievement Fund. Projects were presented for most windows of this Fund and in particular under “Youth, Employment and Migration”. For the latter the Office has developed a website to support employment specialists in eligible countries to design projects and supported them proactively. The results were encouraging: the ILO is lead institution in nine of the 15 projects approved and is mobilizing close to US\$20 million of the total of US\$80 million for this window alone. All this will be done in close partnership with other UN agencies under the “Delivering as One” approach. The ILO has played a similar role in the case of the “Development and the Private Sector” window.
40. In terms of advisory services core competency capacities need strengthening, in particular in the following areas: employment policy formulation and coordination; diagnostic and measurement tools for employment, including the enabling environment for sustainable enterprises; labour market analysis; skills development policies; and employment services. The Office is using technical cooperation as a way to strengthen advisory services in these areas.

Provide assistance to Members who wish to promote strategic objectives jointly in the framework of bilateral or multilateral agreements²⁴

41. Increasingly, bilateral and multilateral trade agreements include respect for fundamental rights and conditions of work. The Office is strengthening the knowledge base in this particular area to be able to provide advice to constituents on labour market preparedness measures that will maximize the employment potential impact of such agreements and mitigate their costs. ILO constituents, particularly from developing countries, are increasingly requesting support in the form of policy advice, capacity building and social dialogue around trade and employment issues. These issues are also important in the aid for trade discussions.

Developing partnerships with non-state entities and economic actors, such as multinational enterprises and trade unions operating at the global sectoral level²⁵

42. The Social Justice Declaration affirms that “the Organization should review and adapt its institutional practices ... with a view to ... developing new partnerships with non-state entities and economic actors, such as multinational enterprises and trade unions operating at the global sectoral level in order to enhance the effectiveness of ILO operational programmes and activities, enlist their support in any appropriate way, and otherwise promote the ILO strategic objectives”. This is being done in consultation with representative national and international organizations of workers and employers.

²⁴ *ibid.*, II(A)(iv).

²⁵ *ibid.*, II(A)(v).

43. In the employment area, developing such partnerships requires the ILO to engage more vigorously with existing networks such as sectoral multi-stakeholder initiatives and the UN Global Compact. The Global Compact Labour Working Group, which was established at the initiative of the International Organization of Employers and the International Trade Union Confederation, with the support of the Office, is an example of an expanded partnership. The Working Group's first publication entitled *The Labour Principles of the United Nations Global Compact: A Guide for Business* provides practical guidance to companies on the four labour principles of the Global Compact as well as an inventory of key ILO resources to help integrate these principles into business operations.
44. In addition to participating in and supporting existing initiatives, the ILO needs to continue to improve its capacity to network with and directly support non-state actors including multinational enterprises in the realization of international labour standards, including the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (the Multinational Enterprises Declaration). The Office has established a helpdesk to respond to questions from companies and social partners related to the use of the Multinational Enterprises Declaration and the application of the provisions of international labour standards.
45. In recent years the Office has developed partnerships with multinational enterprises and trade unions operating at the global sectoral level through technical cooperation projects. Examples include: projects in the clothing and textiles sector in Cambodia and Morocco; promoting safe work in the automobile industry in South Africa, Mexico and Brazil; and occupational safety and health training in the tourism industry in Egypt. The Better Work Programme, in partnership with the International Finance Corporation, is further expanding and strengthening these efforts. The Office is also currently working on a sectoral basis on issues such as employment, skills development and employability through sectoral social dialogue, including representatives of multinational enterprises and Global Union federations.

Review the situation as regards ratification or implementation of ILO instruments²⁶

46. Having a series of employment-related standards is a unique strength of the ILO. These instruments are widely used for policy advocacy and guidance as part of the GEA's work at the country level. But is the ILO using this uniqueness to maximum effect? What else can be done?
47. A major improvement is already under way as a result of the Social Justice Declaration. Having an article 19 General Survey on employment the year previous to the corresponding recurrent item discussion has boosted inter-sectoral collaboration. The questionnaire will allow the identification of standards gaps in employment and lay the groundwork for improvements in the future.
48. In the past, the information collected through the article 19 survey has been used mostly for the report of the Committee of Experts on the Application of Standards and Recommendations. Useful information about employment policies will be collected with the new questionnaire format proposed. The Office can do more to process and analyse that information not just for the Committee of Experts but also for the purpose of work on employment policy more generally.

²⁶ *ibid.*, I(B)(iii); Annex II(A)(vi).

49. The promotion and effective implementation of current employment-related instruments is a major challenge in itself. Major efforts are under way to promote Convention No. 122. Different units within the Employment Sector have organized their work around the promotion and effective implementation of other key instruments such as the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189); the Promotion of Cooperatives Recommendation, 2002 (No. 193); the Human Resources Development Recommendation, 2004 (No. 195); and the Multinational Enterprises Declaration.
50. Specific attention to these issues as part of the recurrent item discussion on employment will result in strengthened work in this area.

Improved internal governance around the employment strategic objective

51. A positive step forward in internal governance, in general and around employment specifically, is the adoption of the recurrent item system. This is an opportunity to improve the effectiveness of the Office and governance across the Organization. It will bring the employment strategic objective of the Decent Work Agenda to the attention of the Conference and all Members in a systematic way. It is an opportunity to review the diverse realities of Members in terms of employment trends and policies and it is also an occasion to take stock of how the Office is understanding and responding to Member needs, and adjust priorities and programmes accordingly.
52. Recent improvements in GEA implementation following the Committee's discussions and guidance, provide a good basis for the recurrent item report for the International Labour Conference in 2010. A key internal governance question posed by the new procedure is: what is the link between the Committee's work and the Conference discussions on employment around the recurrent item? The same question applies also to the strategic objective on social protection, given that several core elements of the GEA encompass both strategic objectives.

Conclusions and policy directions

53. In recent years the Committee and the Office have maintained a dynamic working relationship with improved information, reporting and governance around GEA implementation. The discussion in November 2007 of the report "Overview of the GEA implementation" is an example. Based on this, a relatively clear picture had emerged by the end of 2007 of the main implementation and knowledge gaps, including a "GEA implementation scorecard". The Office has been working on the basis of the guidance received from the Committee in this respect.
54. However, the Social Justice Declaration requires the Organization to review and adapt its institutional practices to enhance governance and capacity building and put into practice a number of orientations. The renewed impetus to make the ILO work more effectively is particularly urgent in the present conditions of global crisis. This paper is a first attempt to take stock of the work of the Office in the area of employment in light of the Social Justice Declaration, while building more effective links to other strategic objectives and recognizing past ILO action to better understand, and respond to, constituents' needs and realities.

55. In the Employment Sector, task forces have been set up on the following issues derived from the Social Justice Declaration: identification of constituent needs and priorities; evaluation of impacts; the inseparable, interrelated and mutually supportive agenda; headquarters–field coordination issues for increased effectiveness; and diagnostic tools for employment policies and improved capacity building for constituents. In addition, line managers and programme directors have been asked to produce a “think piece” on the issue of effective response to constituents’ needs in their respective employment themes, and a new approach to better managing the research agenda on employment issues has been set in motion in coordination with the Research and Publications Committee. The Social Justice Declaration has prompted all these initiatives.

Geneva, 13 February 2009.

Submitted for debate and guidance.