



ILO support to national employment promotion - Approaches and lessons learnt

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Outline

- 1. Background and context** - Employment as a development policy in a volatile and rapidly changing world of work
- 2. The ILO approach** - Towards a comprehensive national employment policy framework
- 3. Lessons learnt from experience and analysis** – content and policy process

1. A volatile context with an increasingly complex employment situation...

Inefficient growth
shares out gains
unevenly

- Instability and volatility of economic growth
- Inefficient growth: weakened employment-growth relationship
- Poverty declining slowly, income inequality rising
- Wage polarization rising

Full, productive and
decent employment: a
distant reality for many

- Persistence of informal employment
- Low quality jobs
- 201 million currently unemployed (up to 212 by 2019)
- youth unemployment
- Uneven female participation rates

The economy has
become more
unstable

- Shrinking share of wages in total income
- Rising profits not translating into higher investment
- Uneven and fragile recovery, recurrence of exogenous shocks

... provides a new momentum for employment policies

International policy agendas

- G20
- IFIs
- SDGs

National policy agendas

- National development frameworks
- Crisis response
- A new policy wisdom

2. ILO Frameworks

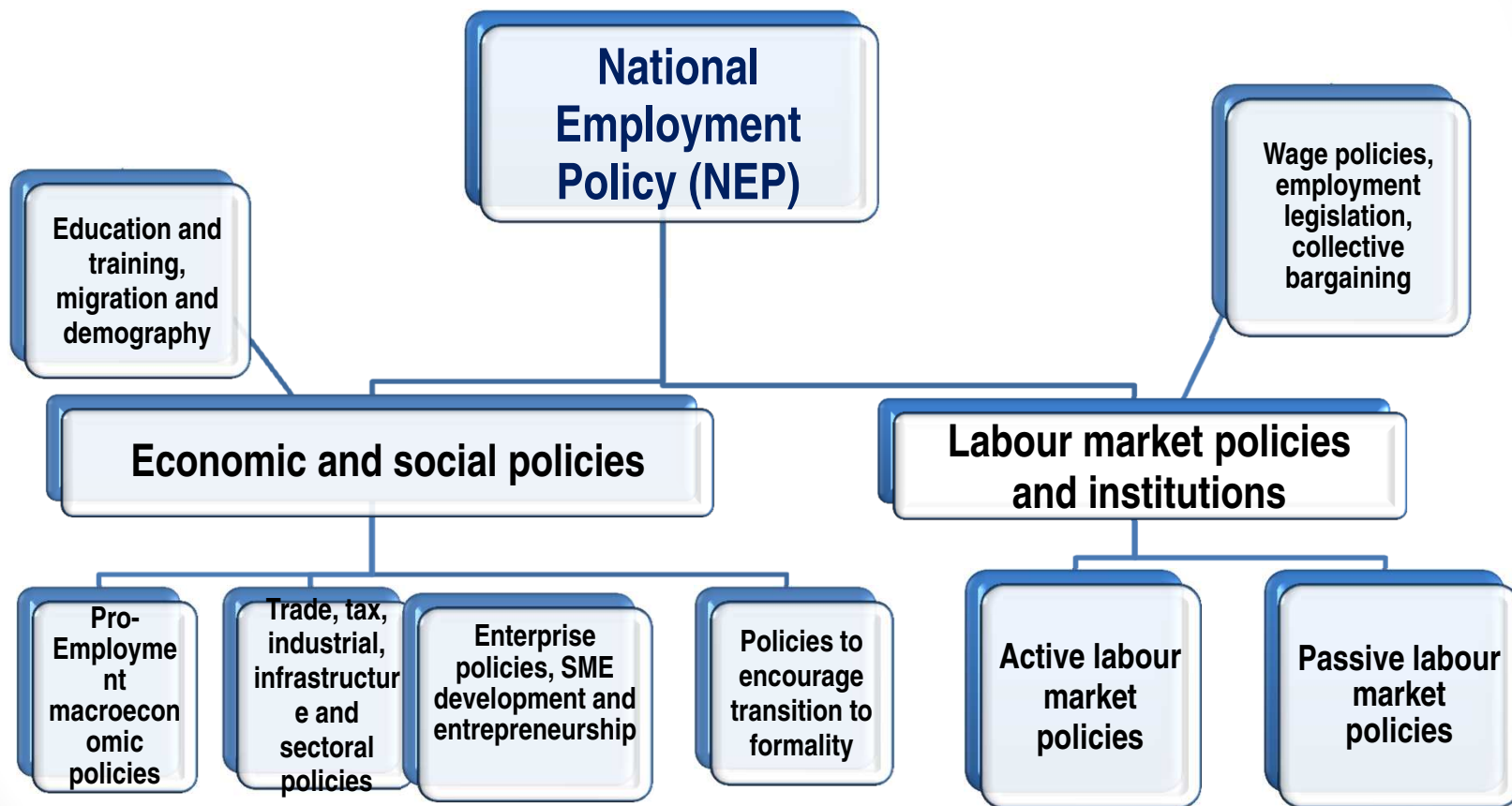
Normative Frameworks - The ILO's Convention on Employment Policy No. 122 (1964) provides the global reference for employment policy. It calls upon States to declare and pursue an active policy designed to promote full and productive employment as a major goal, consulting the social partners and taking into account national circumstances (108 ratifications).

Policy Frameworks - A number of global templates were agreed to help ILO tripartite constituents articulate national policies and programmes for stronger employment outcomes

- The Global Employment Agenda (2002) is a “coherent and coordinated international strategy for the promotion of freely chosen productive employment”
- The Conclusions concerning the promotion of sustainable enterprises - (2007) outline the conditions for a conducive environment for enterprise development
- The ILO Declaration on Social Justice for a Fair Globalization (2008) recognizes that the ILO's four strategic objectives are inseparable, interrelated and mutually supportive
- The Global Jobs Pact (ILC 2009) accounts for a portfolio of policies to promote investments, employment and social protection in the wake of the financial crisis
- The Conclusions concerning the second recurrent discussion on employment (ILC 2014) invite countries to promote a comprehensive employment policy framework based on a menu of policy choices

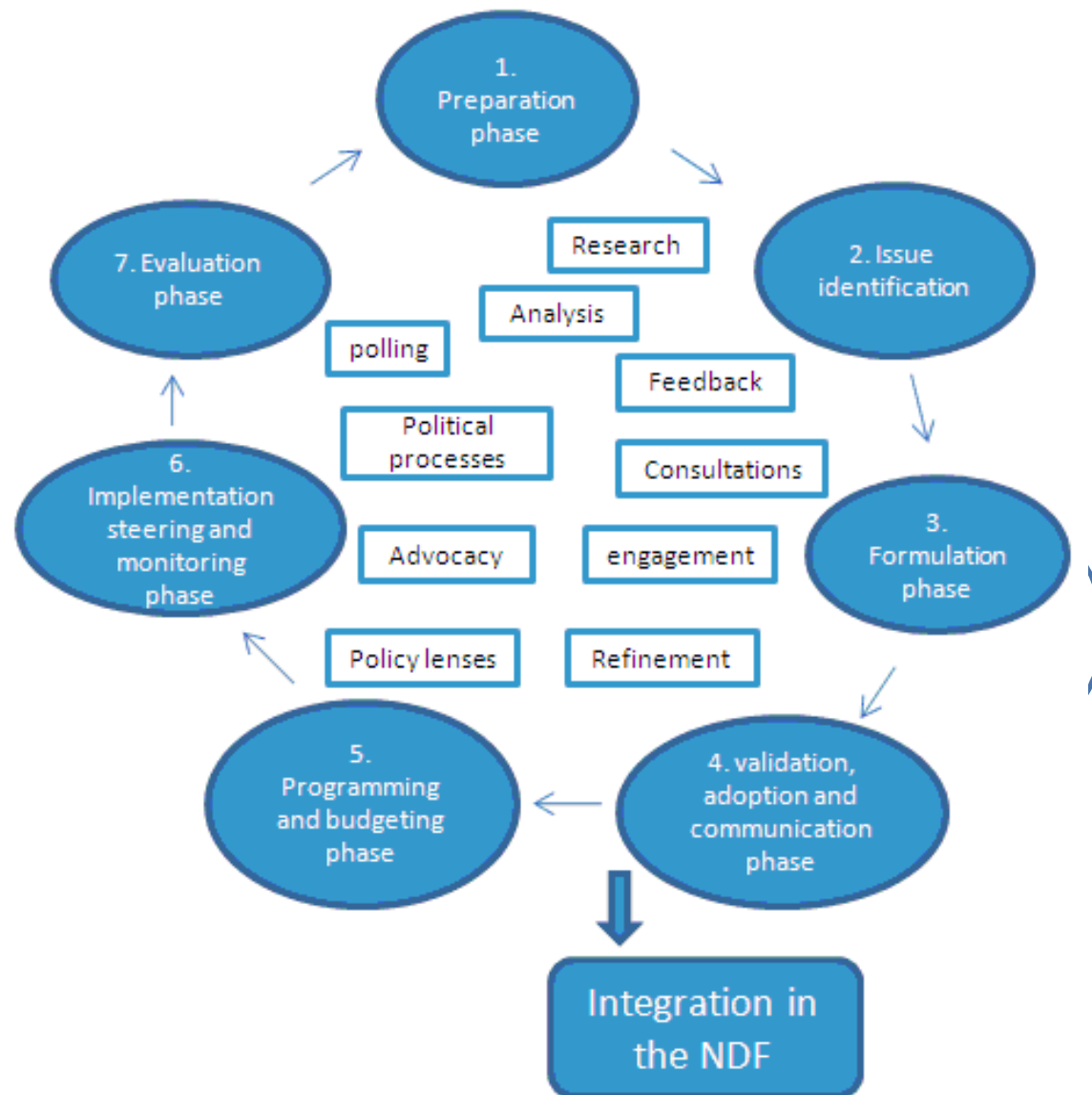
ILO's approach to employment policy

(i) content



ILO's approach to employment policy:

(ii) Process: policy cycle



The ILO facilitates the employment process at country level through:

- labour market situation analysis
- policy advice on incorporating employment goals in overarching policy frameworks
- analysis and research on how to increase the employment content of growth to inform policy design, monitoring and evaluation
- capacity building for government and the social partners
- facilitating tripartite policy dialogue

Growing demand for ILO technical assistance in recent years

Between 2012-2013 alone, 63 developing countries requested ILO support to the design of their national employment policy (NEP)

In 2015,

- **24 countries have adopted a NEP** (Albania, Armenia, Azerbaijan, Benin, Bosnia and Herzegovina, Burundi, Colombia, Comoros, Costa Rica, Côte d'Ivoire, Ghana, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Madagascar, Mexico, Republic of Moldova, Namibia, Nepal, Panama, Peru, Russian Federation and Sri Lanka);
- **10 countries are in process of formulating one** (Cameroon, Chad, Democratic Republic of Congo, El Salvador, India, Former Yugoslav Republic of Macedonia, Malawi, Maldives, Morocco and Occupied Palestinian Territory);
- **6 countries are revising their NEP** (Burkina Faso, Mozambique, Nigeria, Senegal, Republic of Serbia and Zambia)

Diversity of approaches to NEP

Variety across regions - of 64 developing countries in the ILO NEP DATABASE ...

- ▶ 21 are in Sub Saharan Africa (employment more central in national development frameworks)
- ▶ 15 are in Eastern Europe and Central Asia (focus on ALMP, reform of labour market institutions and EU accession)
- ▶ 7 are in Asia (as part of new welfare systems or to support skills upgrading)
- ▶ 7 are in the Arab States and Northern Africa (gradual shift from limited ALMP to more comprehensive NEP or facing emergency)
- ▶ 13 are in Latin America (strengthening of employment services and skills development)

Variety of forms....

- ▶ General declaration in the Constitution (Nicaragua, Panama, Indonesia)
- ▶ Secondary legislation and policy instruments (Burkina Faso, China, Sri Lanka,)
- ▶ Strategic objective of a national development plan (Honduras, Philippines)

3. Some lessons learnt from country experiences

(i) content

1. The importance of aggregate demand

Conventional policies emphasizing the virtuous combination of “*macroeconomic stability-market confidence-structural reforms*” need to be reviewed

Case for macroeconomic policy activism to support “*investment-led strategy*” and complementary measures

- ▶ Higher levels of investment in dynamic and job-rich sectors
- ▶ Public investment in infrastructure, in fiscally sustainable ways
- ▶ Financial inclusion
- ▶ Pro-employment macroeconomic frameworks (eg countercyclical fiscal policies, “golden rule”, rethink inflation targeting)

Some lessons learnt from country experiences

(i) content

2. Focus on the quality of jobs – it ensures economic growth is inclusive and sustainable

- ▶ Policies to contain inequalities, align wages with productivity and boost consumer demand
- ▶ Investment in education and skills to enhance the productivity of enterprises and their workers
- ▶ Improved social protection for all workers
- ▶ Support a gradual transition out of informality

Some lessons learnt from country experiences

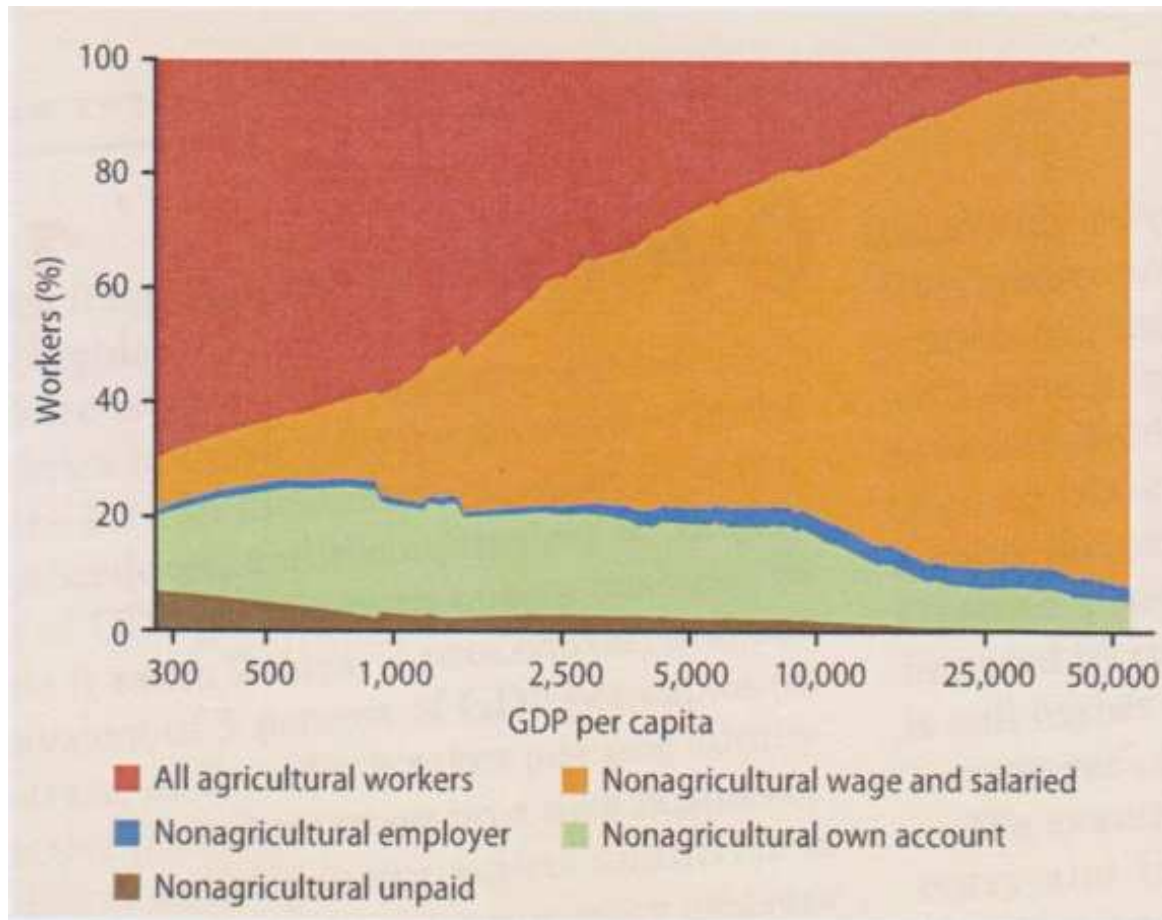
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3. Limits of structural reforms

- ▶ Weak evidence that deregulating the labour market has a positive impact on productivity and employment opportunities (IMF WEO, April 2015; global surveys of enterprises; academic literature; WDR 2013 on Jobs “*Plateau effect*”)
- ▶ Growing number of empirical studies show that well-designed targeted interventions enable disadvantaged groups to gain some foothold in the labour market; but limited knowledge about their aggregate impact

Type of employment, by GDP per capita

Source: Gindling and Newhouse 2012.



Source: Gindling and Newhouse 2012.

Note: Employment shares are calculated based on data from household surveys. GDP = gross domestic product.

Some lessons learnt from country experiences

(i) content

4. No one size fits all

- ▶ Employment policy responds to specific concerns and needs context specific responses - It is important to identify the trigger points
- ▶ Good solutions are not found by mechanically transplanting good practice – need to adapt to local circumstances and institutional settings
- ▶ Institutional reform is slow and difficult – policy habits are hard to change

Some lessons learnt from country experiences

(i) policy process - a checklist

- 1. Diagnostics** - Sound analysis, research and labour market information
- 2. Strategic vision** - Long-term strategic planning to ensure consistency of policy changes over the short and the longer term
- 3. Coordination and policy coherence** - Making employment a cross-sectoral goal and responsibility
- 4. Effective support system** – capacity building and competent bureaucracies
- 5. Budget allocations** – National policy announcements on job creation should be linked to quantifiable budget targets
- 6. Local is beautiful** – especially if it can be scaled up
- 7. Accountability** - Realistic monitoring and evaluation system; employment-targeting at all levels - macro, sectoral, micro
- 8. Last but not least ...** Social dialogue



For further information:

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