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Outcome 1: More and better jobs for inclusive growth and improved youth employment prospects

Purpose of the document

The purpose of this document is to inform the Governing Body on the strategy for the implementation of outcome 1 including highlights of planned activities in the 2016–17 biennium.

The Governing Body is invited to provide its views on the information offered which will guide the Office in the implementation of outcome 1 on “More and better jobs for inclusive growth and improved youth employment prospects” (see the draft decision in paragraph 65).

Relevant strategic objective: Employment.

Policy implications: None.

Legal implications: None.

Financial implications: None.

Follow-up action required: Implementation of outcome 1 as defined in the Programme and Budget for 2016–17.

Author unit: Employment Policy Department (EMPLOYMENT).

Related documents: Programme and Budget for the biennium 2016–17; ILC103 *Provisional Record* No. 12(Rev.); GB.322/INS/4/1; GB.322/POL/1; GB.320/POL/1; GB.326/PFA/1.

Introduction

1. Outcome 1 on “More and better jobs for inclusive growth and improved youth employment prospects” is one of the ten policy outcomes in the ILO’s new strategic plan and the Programme and Budget for 2016–17. This paper provides highlights of the strategy and planned activities under outcome 1, bearing in mind that internal Office consultations were still under way at the beginning of the biennium when this paper was finalized. It should also be recalled that the main pillars of the strategy and the results framework of this outcome have been reviewed and endorsed by the Governing Body in March 2015 within the context of overall discussion of the programme and budget proposals.

The global economic and employment context

2. The implementation of outcome 1 will take place in a global context of weakening, uncertain and uneven economic and labour market prospects in large parts of the world, with variation across countries. In 2015, the world economy grew by only 3.1 per cent, less than the year before, and although the growth prospects for 2016–17 look slightly better (3.4 and 3.6 per cent respectively), International Monetary Fund (IMF) projections show high risks of growth being derailed. These trends mainly reflect improved performance in developed economies with continued slowdown in emerging and developing economies.¹
3. In 2015, global unemployment reached 197.1 million. Only the unemployment rate for developed economies decreased. The number of unemployed globally is likely to rise by another 2.3 million in 2016 and 1.1 million in 2017, mostly in emerging economies.²
4. There are some encouraging signs regarding total youth unemployment with the total number declining from 76.6 million at the peak of the crisis in 2009 to an estimated 73.3 million in 2015. However, the global youth unemployment rate stood at 13.1 per cent in 2015, still above its pre-crisis rate of 11.7 per cent in 2007. Two in five economically active youth are either unemployed or working poor, and too many young women and men are still excluded from the education system despite overall significant progress in educational attainment.³
5. An estimated 327 million working people are living in extreme poverty and 967 million in moderate and near poverty. Informal employment, as a percentage of non-agricultural employment, exceeds 50 per cent in half of the countries with comparable data. Overall the informal economy absorbs more than half of the global workforce and includes more than 90 per cent of small and medium-sized enterprises (SMEs).
6. In many countries wage increases are lagging behind productivity increases at times when productivity increases are slowing down. Inequality has widened in many countries and gender imbalance persists.⁴

¹ IMF: World Economic Outlook Update January 2016, Washington, 2016.

² ILO: World Employment and Social Outlook – Trends 2016, Geneva, January 2016.

³ ILO: Global Employment Trends for Youth, Geneva, 2015.

⁴ For further information on the global economic and employment outlook, see GB.320/INS/5.

7. These tight employment and labour market conditions are expected to continue together with weak global aggregate demand and investment deficits. Furthermore, in several regions, the fragile situations are exacerbated by conflicts, insecurity and violence.

Strategy and implementation highlights

8. The main policy frameworks underpinning the strategy of outcome 1 are the conclusions concerning the second recurrent discussion on employment adopted through a strong tripartite consensus at the 103rd Session (2014) of the International Labour Conference and the Office follow-up strategy endorsed by the Governing Body in November 2014.⁵ Given the current global socio-economic prospects, the call for “proactive, employment-centred, inclusive growth strategies and balanced, coherent policy frameworks, well-articulated, both at the global and national level”⁶ resonates with increased relevance and sense of urgency.
9. The outcome strategy addresses both support to constituents for short to medium-term policies and programmes for the creation of more and better job opportunities in particular for young women and men, and work on long-term structural drivers of change such as demographic transitions, climate change and technological developments that entail new policy responses. This work also contributes to the centenary initiatives in particular the future of work initiative, the women at work initiative and the green initiative.
10. The strategy builds on lessons learnt from the implementation of corresponding outcomes in the previous biennium, results achieved under the area of critical importance (ACI) 1 on promoting more and better jobs for inclusive growth and ACI 2 on jobs and skills for youth⁷ and ensures both continuity as well as innovation in several areas. Some degree of flexibility in the implementation will be required to adjust to emerging crises of various types.
11. In the programme and budget, the results framework of outcome 1 is clustered under five thematic areas or indicators, entailing a broad range of activities and services by the Office.⁸
12. Across the five indicators, the services by the Office include: (a) policy oriented research and evidence based analysis of effective approaches to quality job creation; analysis of global trends; and new research on structural changes that affect the labour markets; (b) the development of policy tools and advisory services to constituents; (c) capacity building of tripartite constituents; and (d) advocacy and partnerships. Implementation will involve work by several departments and closely coordinated field and headquarters collaboration. The implementation strategy also includes expanded partnerships with international and regional organizations.

⁵ GB.322/INS/4/1.

⁶ ILO: Resolution and conclusions concerning the second recurrent discussion on employment, *Provisional Record* No. 12(Rev.), International Labour Conference, 103rd Session, Geneva, 2014.

⁷ GB.326/PFA/1.

⁸ Programme and Budget for the Biennium 2016–17: <https://www.ilo.org/intranet/english/bureau/program/download/pdf/16-17/pb-2016-17-en.pdf>.

13. The total number of target countries across the five indicators is set at the ambitious level of 94 (the highest number of target countries across all outcomes) with 35 in Africa, 16 in the Americas, nine in Arab States, 23 in Asia and the Pacific and 11 in Europe and Central Asia. Extra-budgetary resource mobilization is an integral part and condition for full implementation of the strategy of outcome 1. The current development cooperation portfolio includes several multi-bilateral partnership arrangements such as with Australia, Canada, Denmark, Finland, France, Republic of Korea, Norway, Russian Federation, South Africa, Sweden, European Union, European Investment Bank, multi-donor trust funds managed by the United Nations Development Programme (UNDP), World Bank and public–private partnerships such as with Mastercard.
14. The following paragraphs use the structure of the five indicators. In view of the word limitation on Governing Body papers, only highlights of work envisaged and selected examples of synergies with other outcomes could be presented.

Comprehensive employment frameworks (indicator 1)

15. Under the thematic area 1, policy advice, capacity building and facilitation of social dialogue will support the development, revision, implementation and/or monitoring of comprehensive employment policy frameworks, as the case may be, in some 21 countries, half of which are in Africa.
16. The combination of policy areas within these comprehensive frameworks will vary in accordance with specific country priorities and demands. In all cases, ILO support strategy will include expanded diagnostic tools, reflect a balanced approach to supply and demand side policies and measures, take into account the complementarities and coherence between public policies and the private sector's key role in job creation and apply a gender-sensitive lens. Enterprise development and private investment being key components of employment policies, in selected countries new methods will be piloted to synergize with the work on enabling environments for enterprises and SMEs planned under outcome 4 with a view to wider application. In three countries, the expansion of comprehensive employment policy frameworks to include wage policies and collective bargaining will be pursued. In a number of countries, interactions with social protection policies to address demographic challenges, and/or support public employment guarantee schemes will be deepened in synergy with work under outcome 3. In synergy with outcome 5, support to employment in rural areas will be integrated in the frameworks in several countries. In all the areas, capacity building of the tripartite partners and facilitation of social dialogue will be undertaken, as appropriate.
17. Another area for the expanded diagnostic tools and policy advice concerns work related to the impact of climate change on jobs and the follow-up on COP21, also as part of the green centenary initiative. In three countries, building on ongoing assessments, the employment implications of policies of greening economies will be integrated into comprehensive employment frameworks. Support will also be provided to countries that have already integrated green jobs in their national employment policies. A guidebook will be produced to support national capacity building in this area.
18. Within the follow-up action to the new Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), support to the formulation and implementation of comprehensive employment policy frameworks will address the design of an integrated strategy for the transition to the formal economy in at least three countries during the biennium, in synergy with outcome 6.

19. In synergy with outcome A, work will also include assistance to countries to develop adequate labour market statistics and information systems and build their capacity on generating and using labour market indicators that are essential to monitor the effectiveness of employment strategies and programmes.
20. All the above work is in support of the implementation of the Employment Policy Convention, 1964 (No. 122), one of the three governance conventions in the 2008 Social Justice Declaration. This Convention, ratified by 110 countries (eight over the last five years), will be further promoted with the target of at least five more countries ratifying the Convention in the biennium.
21. Inter-country workshops for peer learning will be encouraged and facilitated for countries at similar levels of development. The employment policy database will be extended to analyse trends in the development and implementation of comprehensive national employment policies.
22. Two sessions of the annual course on employment policy at the International Training Centre of the ILO in Turin (Turin Centre), country level courses in target countries and a rotating regional course, in Latin America and the Caribbean or Asia during this biennium will be held to strengthen the capacities of tripartite constituents. Dedicated capacity building will be organized with employers' organizations on selected topics such as the follow-up to previous work on sectoral and IT policies for job creation and with workers' organizations, applying the new training guide on the role of trade unions in national employment policy. Capacities of inter-ministerial bodies and employment commissions will be strengthened with respect to coordination and monitoring. This work will be supported by a new policy tool to be developed based on the analysis of good practices.
23. In supporting the effective implementation of national employment policies already adopted, a new guide on employment policy implementation, including pro-employment inter-ministerial coordination, accountability and budgeting, will be developed and widely used, completing the series of available tools.
24. New research on structural drivers will include studies on trends of increasing long-term and structural unemployment; the implications of population ageing for labour and skills shortages and for the care economy; and patterns of self-employment.
25. Policy-oriented research in the context of the women at work centenary initiative will include the publication of "Women at work: Trends 2016", studies on pay equity, care and work, all based on strengthened gender statistics.
26. Work to promote more and better jobs for women and men with disabilities will include mapping knowledge and dissemination of experiences on support for disability inclusive employment policies and continued facilitation of the Global Business and Disability Network.

Decent jobs and skills for youth (indicator 2)

27. With respect to the global demand for action and priority of youth employment and based on the 2012 International Labour Conference call for action and its follow-up strategy, technical support under area 2 will be extended to some 26 countries that are taking targeted action on decent jobs and skills for young women and men through the development and implementation of multi-pronged policies and programmes.

28. To support this action, 30 new publications and tools of various types and their broad dissemination are planned during the biennium, to provide evidence-based policy advice and to strengthen capacities of the tripartite partners and facilitate social dialogue. These include thematic policy briefs on “what works” for youth employment, drawing on the findings of the analysis and impact evaluation carried out under ACI 2 in the previous biennium. Examples of topics include: youth employment effects of minimum wages; design of self-employment and entrepreneurship programmes; effectiveness of wage subsidies for young people; quality of jobs and rights for young people against a background of increasing job insecurity among young people; boosting youth employment through public works; the role of public employment services in improving the transition of youth into the labour market; and formalizing the informally employed youth. New evaluation studies of different national initiatives in four countries in Africa will be initiated. A new toolkit on quality apprenticeships will be prepared in close collaboration with the Bureau for Workers’ Activities (ACTRAV) and the Bureau for Employers’ Activities (ACT/EMP) and a guide on rights for young people will be published. Developing an international framework for quality internships will be explored.
29. The findings of school-to-work transition surveys carried out in some 30 countries will be prepared and widely disseminated through global, regional and national reports and dialogues. New thematic reports will be issued on gender analysis of school-to-work transition surveys.
30. The biennial edition of the Global Employment Trends for Youth in 2017 will provide an update and analysis on key global and regional youth labour market trends.⁹
31. Training and capacity-building activities will include the new edition of the two-week course on decent work for youth at the Turin Centre in 2016.
32. Focus on disadvantaged youth will include support to targeted measures for rural youth through the Training for Rural Economic Empowerment (TREE) programme, and for upgrading and formal certification of skills acquired in the informal economy in synergy with outcomes 5 and 6.
33. The ILO’s new flagship programme on Jobs for Peace and Resilience (JPR) focusing on youth in fragile states will offer opportunities to expand the ILO’s development cooperation in particularly fragile settings of countries affected by conflict and disaster.
34. A breakthrough was made in November 2015 with the adoption by the United Nations System Chief Executives Board for Coordination (CEB) of the new “Global Initiative on Decent Jobs for youth” designed under the leadership of the ILO. This initiative, which involved more than 20 UN agencies in the preparatory phase, represents a system-wide strategy with huge potential for scaling up action on youth employment. An intensive set of activities will be deployed under the ILO lead during the initial phase of operationalization in 2016 and 2017 to reach out to all key players and partners, to link to existing global facilities and Financing for Development processes, as well as to a potential Sustainable Development Goals (SDGs) Fund, and to launch action in several areas.
35. The ILO will actively support other regional and thematic partnerships on youth employment such as the Inter Agency Network on Youth Development (IANYD), the Solutions for Youth Employment (S4YE), the Global Apprenticeship Network (GAN), the ILO/EC initiative on Youth Guarantees, and the AfDB/ECA/AUC/ILO Joint Youth Employment Initiative for Africa

⁹ ILO: Global Employment Trends for Youth, Geneva, 2015.

36. The Office will upgrade its communication tools and knowledge platforms for broad dissemination of knowledge generated. Global repositories such as YouthSTAT (global collection of labour market information on young people), YouthPOL (a roster of youth employment policies) and the Youth Employment Inventory which is part of a joint ILO/WB/BMZ collaboration will be maintained and updated. The Decentwork4youth platform will continue to serve as a means to engage young people.

Macroeconomic policies (indicator 3)

37. Work on employment-friendly macroeconomic frameworks for promoting productive investment, structural transformation, the expansion of sustainable enterprises and the tackling of inequalities under the third thematic area will build on research and capacity building initiated since 2010. Increased focus will be laid on consolidating the findings into practical tools and policy briefs for promoting informed policy dialogue including with central banks, finance and planning ministries and the ILO tripartite constituents. Building on the successful pilot edition of the training course on pro-employment macroeconomic policies, jobs and inclusive growth, held at the Turin Centre in 2015, a new edition will be organized during the biennium.
38. Analysis will also focus on the role of monetary and fiscal policies in fostering structural transformation, supporting sustainable enterprises and supply chains, and addressing inequalities and investigate on how tackling gender-based and other forms of inequalities can be growth enhancing. Results will be promoted through policy briefs and tools and be integrated in policy advice on comprehensive employment policies.

Industrial, sectoral, trade, skills, infrastructure, investment, environment policies (indicator 4)

39. Within the broad range of policy areas included under the thematic area 4 on the role of industrial, sectoral, trade, skills, infrastructure, investment or environmental policies for more productive and better quality jobs, technical support will be provided to some 19 countries.
40. The employment and earnings impacts of industrial and sectoral policies including trade, infrastructure and environmental investment policies will be assessed through new methodological tools and approaches. In all areas, focus will be put on assessing the impact on specific groups such as young people and women.
41. A reference guide on the employment impact of infrastructure investments will be further developed. This guidance will be applied including through the ILO's strong development cooperation portfolio in the Employment Intensive Investment Programme (EIIP).
42. Best practices in industrial and sectoral policies, including the impact of technological upgrading and productivity growth on employment and skills, will be analysed and policy options that promote structural transformation evaluated. Gender differences in the impacts are evaluated as is the gender difference in benefits from technological upgrading in global supply chains. Access to rights may have different effects on different sectors as regards trade and foreign direct investment; these effects are also evaluated.
43. Capacity building will take place at national, regional and global level, including through the Learning Forum "Innovations in Public Investment and Employment Programmes" with the Turin Centre and South-South partners.

44. In the area of skills policies, the Human Resources Development Recommendation, 2004 (No. 195), the 2012 call for action on jobs and skills for young people and the G20 training strategy provide the background for Office action.
45. Work on skills policies and systems at country level will address diverse demands such as for development of national policy frameworks, technical and vocational education and training quality assurance and reform, skills recognition, quality apprenticeships and other types of work-based learning, promotion of tripartite skills councils and other means of social dialogue, and the financing of skills development. The biennial Skills Academy and the financing of skills development course will continue to be held in collaboration with the Turin Centre.
46. New research will focus on analysing the multifaceted reality and trends in skills mismatch in various developmental contexts, taking into account collaborative work with other organizations and institutions. Findings will be analysed through tripartite, academic and inter-agency dialogue and a publication in 2017.
47. Support to constituents in the development of skills anticipation methodologies for green, industrial, trade (in cooperation with the World Trade Organization) and economic diversification policies will be pursued. A new focus will be placed on technological change and its impact on jobs and skills, which will contribute to the future of work centenary initiative.
48. Regarding the skills and employability of disadvantaged and vulnerable groups, emphasis will be laid on rural settings in synergy with outcome 5 and on the portability and recognition of skills of migrant workers in synergy with outcome 9.
49. The highly frequented platform on Skills for Employment Global Public–Private Knowledge Sharing Platform (Global KSP) will be extended to share approaches and experiences that international organizations, governments, employers and workers have found effective in strengthening the links between education and training to productive and decent work.
50. In fragile states and disaster prone countries, support will be provided to integrate productive employment in recovery and prevention strategies through an office-wide coordinated action and in cooperation with external partners in at least six countries.
51. New joint research between the ILO, the UN Peace Building Support Office, UNDP and the World Bank is being launched to assess the impact of employment programmes on peace building and will result in guidance on the linkage between employment and peace building and joint programme development with the organizations.
52. The Office is supporting the revision of Recommendation No. 71 on Employment (Transition from War to Peace) through a double standard setting ILC discussion in 2016 and 2017 with the aim of developing an up-to-date guidance and normative basis on the role of employment and decent work for peace and resilience. The increasing number of conflicts and disasters and their implications for labour markets including through the increased flows of refugees in 2015 point to the timeliness of such guidance.

Labour market institutions (indicator 5)

53. Taking account of complementarities between labour market institutions in promoting more and better job opportunities, support to labour market institution will be extended in 15 countries.

54. The Office will improve knowledge on the inclusiveness of collective bargaining and its contribution to addressing inequality and enhancing gender equality. It will continue to collect data on trends in the coverage of workers by collective agreements and policy approaches that expand such coverage, including to workers in non-standard forms of employment. It will provide technical support to at least eight countries, assisting constituents to strengthen mechanisms and institutions for collective bargaining and to develop policies that promote collective bargaining and enhance its effectiveness and inclusiveness.
55. The fifth edition of the *Global Wage Report* which has established the ILO as a credible source of information on wage trends and policies will be published in 2016.
56. The Office will provide technical support to at least eight countries on wage policies, including with respect to improving the quality and availability of wage data, to the introduction/improvement of existing minimum wage systems and to monitoring of their effects.
57. In the follow-up to the recommendations for future action by the Office on non-standard forms of employment established by the Tripartite Meeting of Experts and discussed by the Governing Body in 2015, a report will document trends and analysis of the effects of non-standard forms of employment on workers, firms, public services, the labour market and economic performance. A guide explaining the relevance of existing international labour standards for non-standard forms of employment will be produced. It will be proposed to the Governing Body to consider convening in 2017 a tripartite experts' meeting to review possible regulatory gaps and the need for new standards on non-standard forms of employment.
58. Employment services will be supported to facilitate job placement and career development and implement targeted activation measures. Support will also be provided to enhance the link between employment services, training institutions and employers to improve employability. An assessment of active labour market programmes managed by public employment services will be carried out in Africa.
59. A new training course with the Turin Centre will help constituents to strengthen the capacity of their public employment services. Technical support will be provided related to the promotion and application of the relevant ILO Conventions, including the Employment Service Convention, 1948 (No. 88) and the Private Employment Agencies Convention, 1997 (No. 181). Collaboration and partnership will be enhanced with the World Association of Public Employment Services and the International Confederation of Private Employment Agencies. Research on key topical areas will be undertaken and policy briefs will be prepared on trends in integrated employment services delivery and on good practice in collaboration between public and private employment agencies.

Global advocacy and partnerships

60. The work under outcome 1 should be set within the new momentum created with the 2030 Agenda for Sustainable Development framework in particular goal 8 to "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" and several other goals (1, 4, 5, 9, 10 and 13). The 2030 SDGs provide a new platform for global advocacy and country-level action, and the ILO's engagement is being implemented through the end to poverty centenary initiative.
61. The new Global Initiative on Decent Jobs for Youth is a concrete example of recognized ILO leadership for forging a multi-stakeholder partnership and UN system-wide action in

addressing this global priority and could provide a template for the 2030 SDG implementation.

62. ILO support to the G20 will continue in 2016–17 in particular to the Employment Working Group on the multifaceted agenda of successive presidencies (currently China) and to the Development Working Group in particular with respect to the G20 Training strategy. Support will be extended to issues of common interest to the L20 and B20, including ILO support to the GAN. Partnership with BRICS countries (Brazil, Russian Federation, India, China and South Africa) has intensified with support to priority issues such as skills, transition to formality, harmonization of labour market information as well as youth employment and ageing societies.
63. The follow-up to the Paris Agreement of COP21 provides yet another opportunity to work on the interconnection of climate change and job creation and job destruction impacts including for youth employment.
64. Cooperation and strengthened partnerships with relevant international and regional organizations will be deepened under each of the above thematic areas.

Draft decision

65. *The Governing Body requests the Director-General to take account of its guidance in further implementing the strategy for outcome 1 of the Programme and Budget for 2016–17 on “More and better jobs for inclusive growth and improved youth employment prospects”.*