**Employment Policies**

**The Challenge**

A world in which nearly 40 per cent of the labour force and the families they support live on less than $2 each day is a major challenge in 2010. Productive employment has stagnated and even in countries with steady economic growth employment creation has not kept pace, especially for youth and new entrants to the labour market. Moreover, the quality of new jobs is a matter for concern: many are of a precarious and informal nature, earning low wages.

For three decades since the 1980s employment was not central to national development plans and economic policies. Most national strategies emphasized export and foreign direct investment (FDI) oriented industrialization, while the structural adjustment programmes (SAPs) led by the Bretton Woods institutions included macro-economic stability, tight public spending, low inflation, deregulated finance and labour market flexibility. Policy-makers saw job creation as a residual outcome of private-sector-driven economic growth. Yet mounting evidence that growth alone is not a sufficient condition to create adequate decent and productive jobs has demonstrated that patterns of growth and economic policies matter.

The last decade has seen new national development plans in least developed countries emerge in the shape of Poverty Reduction Strategies (PRSs). While embracing the macro-economic policies set out in SAPs, PRSs have renewed a commitment to poverty reduction in low-income countries, especially through social sector reforms in health and education. Initially, PRSs sought to balance economic stability, growth and social sector expansion, assuming that these would result in jobs and productivity gains. But by 2005 second-generation PRSs had begun to reconsider this approach in some countries through more deliberate efforts to increase productivity and jobs in national plans and policies.

**The ILO Response**

The objective of full employment was already stated in the ILO Constitution and the 1944 Philadelphia Declaration, with the Employment Policy Convention, 1964 (No. 122) further articulating it. In addition, all ILO work on employment derives its current mandate from the Global Employment Agenda (2003) and the ILO Declaration on Social Justice for a Fair Globalization (2008).

Many countries seek ILO support in the formulation, implementation and review of national employment policies, with their links to national development plans strategies and in promoting social dialogue on policy options and priorities.

National employment policies seek to explicitly link growth and economic strategies to employment creation, and diagnose the challenges and opportunities for productive job creation. The ILO helps countries to review, formulate and implement these policies through the Global Employment Agenda’s comprehensive lens, adapted to suit specific contexts. It does this through a global team of employ-
ment specialists working in partnership with governments and organizations of employers and workers. Employment trends and issues in the country are identified and the evidence is used as the basis for negotiating and prioritizing policy responses; these are then articulated in the national employment policy. This process is an opportunity to promote coherence among the various government ministries, to encourage tripartite dialogue (among governments, employers and workers) and to gain momentum and consensus on the best way to achieve employment gains in a given context.

Employment policies generally include recommendations about agreed national or sectoral employment targets and the means of delivering them, analysis of the macro-economic framework, adjustments to labour market policies and institutions, growth sectors and sectoral investment strategies (the demand side of labour), enterprise development including SMEs, and human resource capacity issues (the supply side of labour), improving the quality of employment and promoting international norms and standards. After the 2008-09 recession, such advice is crucial for promoting job recovery and the protection of the most vulnerable as a way to give effect to the Global Jobs Pact (GJP).

The ILO tracks its work on national employment policies, and the extent to which employment issues are included in national development plans, through a database system which allows rapid global oversight and access to information about specific countries. Policy-oriented research deepens analysis and understanding of what policies work better in delivering productive employment and decent work in countries at different levels of development and promote cross-country assessment of good practices.

ILO work focuses on the following priorities:
- promoting the centrality of employment in national development and economic strategies through technical advisory services for the review and formulation of national employment policies and the follow-up to the GJP;
- ensuring tripartite consultations, capacity-building and validation as a core element in the formulation and review of employment policies.
- continuing to engage in policy debates and reviews of development paradigms at the global level through reinvigorated research;
- reviewing and renewing diagnostic tools and methodologies for employment targeting and employment impact monitoring;
- particularly after the crisis, supporting countries in accelerating recovery and job creation following the guidelines of the GJP.

Key Tools and Resources

In addition to the above-mentioned ILO standards:


