



# **Report Of The Expert Group Meeting On**

**“Full Employment and Decent  
Work for All”**

2 - 4 October 2007, New York

United Nations Department of Economic and Social Affairs

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## **I. Introduction**

From 2-4 October 2007, the Division for Social Policy and Development, Department for Economic and Social Affairs, organized the Expert Group Meeting at United Nations Headquarters in New York. The objective of the Expert Group Meeting was to discuss key challenges and obstacles encountered in achieving employment and decent work, and arrive at policy recommendations in these areas. Towards this end, the meeting shared national and regional experiences and highlighted good practices and lessons learned with a view to improving policies to promote employment and decent work. The outcome of the meeting was a set of specific policy recommendations and practical measures.

The outcome of the meeting will provide inputs for the report of the Secretary-General to be submitted to the forty-sixth session of the Commission for Social Development to be held in February 2008. The Commission for Social Development, one of the functional commissions of the Economic and Social Council, is an intergovernmental body with primary responsibility for considering issues related to global social development, including follow-up to the World Summit for Social Development. The forty-fifth session of the Commission in 2007 initiated the two-year action-oriented implementation cycle consisting of a review segment followed by a policy segment. The chosen priority theme is “Promoting full employment and decent work for all”.

## **II. Summary of discussions**

### **Opening session**

**Mr. Johan Scholvinck**, Director, Division for Social Policy and Development noted that this meeting is organized as part of the preparations for the next session of the Commission Social Development to be held in February 2008. The Commission, one of the functional commissions of the Economic and Social Council, is an intergovernmental body with primary responsibility for considering issues related to global social development, including follow-up to the World Summit for Social Development. It has adopted a two-year action-oriented implementation cycle consisting of a review segment followed by a policy segment. The chosen priority theme for the 2007-2008 cycle is “Promoting full employment and decent work for all”, and its impact on poverty reduction and social integration, and we are coming to the policy segment of the cycle during the 45th session in 2008.

Mr. Scholvinck underlined that over the past decade, employment has been recognized by the international community as a global priority. The Social Summit had put the goal of full and productive employment at the forefront of the United Nations development agenda. The Social Summit recognized that full and adequately and appropriately remunerated work was an effective way to combat poverty and promote social integration. Governments committed to promote full employment as a basic priority of their economic and social policies. The Summit called for broader, more integrated action to promote employment in national development strategy. Macroeconomic policies were considered key to enlarging employment opportunities

and promoting labour mobility. Specific actions envisaged to enhance employment opportunities for groups with specific needs, including women and young people, were also seen as necessary to the design of policies and programmes.

The twenty-fourth special session of the General Assembly reaffirmed the central role of employment to social development and emphasized the international dimensions of the employment challenge. It also recognized the need for a coherent and coordinated international strategy on employment to increase opportunities for full employment and decent work. Stronger actions were encouraged on embracing social protection and social dialogue as well as employment and rights at work, and also on improving the quality of work, skills and capabilities, enterprise development, and the informal economy.

The 2005 World Summit demonstrated a global consensus on the need for productive employment and decent work to be a central objective of national and international policies as well as national development strategies in order to achieve the Millennium Development Goals, especially the goal to halve poverty. It placed responsibility on national Governments and the international community.

Last year, ECOSOC focused on how best to attain full and productive employment and decent work, and the Ministerial Declaration adopted by the Council redefined the challenge of full employment and decent work as a key element of poverty reduction strategies and strategies to achieve the international development agenda.

In recognition of the importance of productive employment to poverty eradication and social integration, the Department of Economic and Social Affairs has chosen full employment and decent work as the theme for its upcoming flagship publication, the *2007 Report on the World Social Situation*.

Lastly, Mr. Scholvinck noted that the outcome of the meeting will provide inputs for the report of the Secretary-General to be submitted to the policy segment of the Commission for Social Development and expressed his hope that the discussions and exchange of views will generate action-oriented policy recommendations at the national and international levels for achieving productive employment and decent work for all.

**Dr. Drusilla Brown**, Associate Professor in Economics at Tufts University, in her keynote address highlighted that there are various stakeholders, who advance employment and decent work. National and local governments, worker organizations, domestic firms, multinational corporations, nongovernmental organizations (NGOs), international agencies, stockholders and consumers all have a role to play in facilitating and creating decent work opportunities.

The Government's responsibility lies in establishing and enforcing basic labour protections and ensuring macroeconomic stability and economic growth. Labour protections include free association and collective bargaining; occupational health and safety; basic education and health. The role of the national, state and provincial government also include facilitating a social contract that compensates those harmed by

market activity as well as establishing institutions and programmes that support workers during market transitions. Even when markets are functioning efficiently, globalization may worsen outcomes for workers. Globalization contributes to rising inequality, stagnant median wages, and growing sense of insecurity.

It was pointed out that there is a longstanding view that restrictions imposed by some international institutions disciplined national governments. Evidence that this process has gone too far is seen in such areas as TRIPS and access to essential drugs. In this respect, the need for policy space was emphasized.

However, workers themselves are ultimately the best advocates for their own interest. Worker organizations, which are free, independent, and worker controlled are critical for the improvement of working conditions.

Although enforcement of legal labor protections is fundamental to establishing a decent work environment, employers will need support as they transition from traditional workplace management practices to higher level systems which are both more humane and more productive. Governments, NGOs and multinationals can provide information, technical assistance and relevant services.

Further, it was noted that the ILO supports dialog between governments, employers and workers to develop workplace rules, practices and methods of enforcement which promote an efficient and humane work environment. Support should be provided to help firms transition from traditional workplace organization which may involve excessive hours of work, low pay, minimal skill development and one-way communication from supervisor to employee to higher level systems that employ pay incentives, workplace based benefits, two-way communication, group compensation and quality control and skill development.

It was highlighted that consumers and stockholders can provide market incentives to multinational firms to impose ethical constraints on their competitive practices that negatively impact workers. Multinationals maximizing profits solely within the confines of legal restrictions may not be efficiency-enhancing when operating in the presence of missing markets, market failures or imperfect competition. This will be particularly the case if suppliers in their vendor base are engaging in monopsonistic employment practices. Young female workers with limited market experience, in particular, may be vulnerable to monopsonistic exploitation by employers. They may also suffer a decline in social status when engaging in paid market work.

Multinational buyers can encourage factories to innovate across spectrum of labour management practices. These include recruiting, training, compensation, health and safety, and workplace-based health care.

It was underlined that such workplace evolution may be difficult with transitory decline in productivity and profitability. The ILO, government agencies and global supply chains can

ease the transition by providing information, technical assistance and a set of enforced legal restrictions on competitive behaviour.

## **1. International Policies for Creating an Enabling Environment Conducive to Employment and Decent Work**

**Mr. Robert Holzmann, the World Bank**, launched the discussion on the role played by international policies in creating an enabling environment conducive to employment and decent work. It was noted that major economic and social transformations in recent decades have resulted in countries attaining high levels of growth. However, in many countries, these socio-economic transformations have not resulted in significant improvements in labour market outcomes. In particular, economic growth has been accompanied by jobless growth, thereby failing to tackle the challenges of poverty and social exclusion. It was noted that labour was the most important if not the only asset of the poor, therefore it needs to be utilized. The goal of employment creation was a major concern in the international community a few decades ago, only to disappear and re-emerge in the recent past.

As a result of this “neglect”, the understanding of labour markets in developing countries remains limited. As a way forward, Mr. Holzmann argued for inclusive growth and sustainable globalization that was underpinned by job creation and compensation for those left behind. The presentation focused on the (i) the role and limits of international policy coordination for employment creation, (ii) a multi-sectoral agenda for good job creation (MILES) and how to achieve it, and (iii) an operationally relevant international research strategy that focused on the labour markets, job creation and economic growth.

As regards the role and limits of international policy coordination for employment creation, it was noted that countries care about their own employment. Using the NASH equilibrium solution, he noted that the potential gains to international policy coordination were much larger in the 1990s as compared to today. However, there was still room for international policy coordination in today’s world given that each country’s employment strategy is an optimal response that is based on the anticipated rational strategy of the other countries in the labour market. The goal of each country should therefore be to move from “a little information equilibrium” to “a maximum information equilibrium”. However, many countries faced a number of macro-economic policy coordination obstacles such as uncertainty about the parameters of the economic models used, the economic model to apply, as well as the potential and distribution gains. In addition, macro-economic policy coordination has been undermined by the low estimated gains. For instance, past estimates of welfare gains of fiscal and monetary policy coordination were in the range 1-2 percent of GDP. Therefore, the room for welfare improvement is quite likely small.

It was further highlighted the potential gains for employment that could accrue from making international markets work and fair. In the area of free trade in goods and services, the countries that had opened up were able to profit from trade liberalization. The least

regulated labour markets have witnessed higher job growth as compared to the most regulated labour markets. In addition, domestic employment policies also stood to benefit if countries integrated into international capital markets given that integration allows countries to absorb shocks. The key lesson here is that complimentary policies matter. On the issue of migration, it was mentioned that where there are flexible labour markets, there is little or no negative impact caused by migrants. However, if there are rigid labour markets, the impact is positive.

Given this scenario, there was a need to promote the role of benchmarking and firm creation using results from the World Bank's "The Doing Business Survey." It was also essential for all international and bilateral organizations to have a dialogue. Using findings from the "Doing Business Survey", it was noted that the incentives and opportunities to create firms are crucial if countries are to generate jobs. It was essential to understand the major elements that drive firm creation as well as comparing the indicators for doing business as a way of generating reform incentives and identifying opportunities for firm creation.

It was noted that even if the indicators are not clear, they assist in thinking things through. For instance, he highlighted the experience of Eastern Europe were the indicators for doing business show improvements as a result of labour market reform. And as regards the role of interactions between international and bi-lateral organizations, it was underscored the importance of having a dialogue that can make a difference. International dialogues such as the ILO Policy Coherence Initiative; the ILO – World Bank Doing Better Work Project; and the UN-ILO-Word Bank Youth Employment Network among others were highlighted. Experience gained from these interactions has shown that engaging with other institutions profits the provider and the client countries.

As regards the role played by a multi-sectoral policy framework for good job creation (MILES) and how to achieve it, Mr. Holzmann contended that strategies to create good jobs need to be addressed from both the demand and supply side. This includes making firms demand labour as well as making wages good. Therefore, there was a need to come up with job creation policies that include addressing macroeconomics (M), the investment climate (I) and labour market institutions (L). And on the labour supply side, there was a need to address education and skills (E) as well as social protection (S). All these five elements constitute MILES – the multi-sectoral policy framework for good job creation whose underlying rational is based on the premise that unemployment, underemployment and low pay are not just a labour market problem.

They are all tied to supply side measures such as institutions and wages, as well as demand-side factors that also play a critical role in employment creation such as firm restructuring, dynamics and incentives. Therefore, there was a need to reform macroeconomic policy settings in order to provide a more stable and predictable "doing business" environment. In addition, there was a need to put in place regulations that strike a balance between protecting jobs as well as enhancing working conditions as well as to have insurance schemes that stimulate the emergence of more risky, but more productive

jobs and industries. In sum, such measures can contribute to fostering investment, growth and job creation.

It was noted that the key challenge to the operationalization of the MILES approach depended on the diagnostic tools used to assess constraints to job growth and creation, the identification of policy priorities and the necessary reforms, as well as the promotion of a policy dialogue with policy makers and stakeholders. There was also a need to have a clear understanding of the linkages between demographic disequilibria, skill gaps and international migration; the role that be played by country-specific labour market research; globalization.

**Mr. Robert Kyloh, ILO**, noted that global leaders had decided to put employment back on the global development agenda. Although the last few years had seen a 5 percent growth in the global economy, there were still noticeable gaps. For instance, in Eastern Europe, there was a lack of expenditure and a fear of labour market reforms. The world had also witnessed financial instability in world markets. On the other hand, countries like China, India and Russia had recorded good growth. However, this growth had not created enough jobs. Consequently, unemployment has not improved significantly and it still remains at 6 percent. There were also indications that global unemployment may rise. It was remarked that one of the key challenges hindering coherent policy development at the international level was the lack of adequate knowledge on the functioning of labour markets in less developed countries. In most less developed countries, the labour markets are dualistic (formal and informal), and there was also a large supplies of labour.

Given this context, it was noted that there was a need to have a clear understanding of what was meant by the goal of “full employment”. Is it queuing for jobs in the formal labour market? And what would constitute an improvement? It was suggested that the goal of full employment should include an improvement in the formal sector and higher productivity per worker in the informal sector. However, it was pointed out that a major constraint on this is that labour surveys do not provide information on these issues. Despite this constraint, he pointed out that there were a few countries that had recorded an improvement in the share of the formal to informal employment. It was important to look at these issues when looking at the linkages between globalization and employment creation. It was noted that the ILO agreed with the position of the World Bank that open markets are important. However, he also noted that trade liberalization and FDI have resulted in a decline in output in the informal sector in some countries. This is largely because most of the focus has been placed on the formal sector. Therefore, there was a need to be aware of these effects on the informal sector and to come up with offsetting policies.

It was further remarked that developed markets need to focus on decent work. Declining labour costs and high profits had led to increased income inequality between social groups as well as between developed and developing countries. The consequences of these developments were far reaching. For instance, he noted that inequalities have led to

paralyses in the DOHA round, and that societies are increasingly being seen as unfair. These developments could result in less social cohesion and political instability.

Furthermore, it was underlined that research on inequality has not focused on what is happening to labour markets. Changes like encouraging contract work, individual contracts (as opposed to collective bargaining), reducing resources for labour inspections and labour rights, and less reliance on minimum wages were all related to globalization processes. In addition, labour market reforms have been accompanied by cuts in worker welfare benefits. Companies are also easily moving the location of production. These developments have often led to disguised forms of employment, especially self employment. Therefore, international policies should take these developments into account.

It was important for the WTO to maintain the policy space enjoyed by countries. The general move towards trade liberalization needed to properly sequence trade reforms and to take into account the informal sector. It was also pointed out that traditional labour market policies do not work so well in labour surplus countries; therefore there was a need to promote public work programmes. In addition, there was also a need to tailor policies to the specific circumstances in each country.

It was also underlined that other international institutions such as the World Bank and IMF have impacted labour market flexibility in less developed countries. As a result, coordination of policies has been on the decline in recent years.

As regards the “Doing Business Report”, Mr. Kylooh noted that its findings have been used to change labour markets in developing and transition economies. In order to improve labour market conditions in countries, ILO would like to work with the World Bank on creating these employment indicators. It was important that these indicators also included indicators on decent work. Furthermore, international policy coordination needed to fully take into account the ILO Declaration of Philadelphia if the goal of decent work is to be attained. Discussions that combine full employment and decent would improve policy coherence.

Lastly, it was underscored the need to take appropriate steps to mitigate the negative impacts of globalization and FDI flows. The international policy community needed to examine how global resources could be increased in order to improve job creation in the formal sector. In addition, there was a need to come up with an international framework that regulates migration. This framework could be developed along the lines of the framework that governs trade, for example, agreements on preferential treatment.

During discussions, it was pointed out the main issue with the economic models used to understand the labor market was not uncertainty about the parameters of the economic model, but rigidity. The informal sector was not included in most of the economic diagnostic used. In fact, there was an unwillingness to include the informal sector. As a result, there was rigidity in the way labour markets are modeled.

Participants also highlighted the need for policy coherence on employment data collected by international organizations as well as on the definition of informal sector. Without policy coherence on the type of data collected, it would be difficult to have sound policy coherence at the international level. It was also pointed out that there was a new MDG indicator on employment that took into account the structure of employment. Therefore, the use of this indicator needed to be promoted.

As regards the terms widely used in the labour market discourse such as “labour market reform”, “flexibility”, “rigidity”, “full employment”, etc., participants remarked that it was important to unpack what these terms mean if policy coherence is to be attained and if policy makers, international organizations, researchers and others, are to understand what actually they will be talking about. Terms such as “rigidity” also carry negative connotations while “flexibility” refers to labour laws. Therefore, there was need to nuance the language used in the labour market discourse.

Participants also pointed out that there was a different understanding of how “decent work” works at the international and national levels. International cooperation and interventions should foster the uptake of these issues at the country level.

As regards the employment indicators, some participants noted that in the European Union, there are numerous indicators. However, the conclusions derived by policy makers from these indicators were not clear. The indicators help to show trends, but it is difficult to draw policy relevant conclusions from them. It was also difficult to understand the dynamics underlying these indicators.

Participants also cautioned against taking countries through gigantic macroeconomic swings. Such swings have harmful impacts on decent work. In addition, countries needed to pay attention to smoothing out skill formation and training given that production is moving around easily as a result of globalization.

It was also reiterated that international organizations have made progress on harmonizing data collection. For instance, he pointed out that there was an agreement between ILO and the World Bank that the available employment indicators needed to be improved. However, there was still a need to discuss the modalities of putting these data together and identifying the organization that would be charged with the responsibility of developing and maintaining the data bank.

He pointed out that labour market regulations have to protect workers. And in order to improve our understanding of labour markets, Mr. Holzmann noted the difficulty of modeling self employment, particularly when a country jumps from rural employment to urban informal self employment. Therefore, research is needed to come up with relevant policy recommendations.

In his response to the issues raised during deliberations, Mr. Kyloh underlined that that it was important to convert informal sector jobs into formal sector jobs even though accomplishing such a goal would be difficult in the short-term. There was a need to

gradually increase the share of those in the informal sector moving into the formal sector. At the same time, it was equally important to improve the wages of those left behind.

## **2. National Policies for Creating an Enabling Environment Conducive to Employment and Promotion of Decent Work**

**Mr. Nagaraj Rayaprolu** provided the Indian experience. India's economy, while agrarian in nature, is the 12<sup>th</sup> largest economy at current exchange rate and the 4<sup>th</sup> largest in purchasing power parity. India ranks 144<sup>th</sup> in per capita income and is ranked 126 on the Human Development Index. The Indian economy has accelerated to 5.7 per cent since the early 1980s, while its population growth rate slowed slightly. The shift from the agriculture to the service sector since 1990 explains the decline in share of agricultural workforce and the significant contribution of the service sector to the GDP in 2006.

However, despite economic growth, the country has not witnessed any increase in employment growth. Rather, the country's economic performance was accompanied by a deterioration of working conditions marked by increased casualization of employment, and a decline in self employment in rural areas. These developments have also been accompanied by the persistence of nutritional poverty and a decline in the official measure of income poverty.

The Indian labour market is characterized by a 40 per cent worker-population ratio; low levels of female participation (28%); low levels of open unemployment (3.1%); high level of disguised unemployment primarily in rural areas; and a relatively high level of child labour. Furthermore, the country's labour market structure is made up of three sectors, rural sector (contains 60% of total workforce); the organized sector (employing 8% of workforce and producing 40% of GDP); and the urban informal sector.

Labour legislations in India are mainly for the organized sector. India does not have a minimum wage nor an economy-wide social security programme. Nevertheless, labour regulations are addressed by both the national and local governments. This has often resulted in a large body of laws that are aspirational in nature, with limited enforcement.

In India, although agricultural wages had increased since the 1980s, wages are still low to overcome poverty. The general lack of minimum wage laws, the casualization of wage contracts and the decline in self employment have also contributed to a number of major concerns in the country. These challenges include the limited creation of good jobs; the deceleration in agriculture that has led to agrarian distress and a spike in farmer's suicides and political extremism in some parts of the country; and labour market rigidities in the organized sector that are often characterized by limited freedom of employers to hire and fire workers.

To stimulate the creation of good jobs, it is recommended that India embark on a rapid industrialization programme that would speed up the structural transformation of the

economy, and lead to higher levels of investment and a more liberalized financial sector. Given the size of the labour force in agriculture, there is also a need to refocus on agriculture and rural development, with employment creation as a major objective. There is immense potential to increase productivity and to generate jobs in this sector. Appropriate policy responses would include setting up rural investment programmes and programmes that guarantee employment.

Furthermore, India's national rural employment guarantee scheme that was launched in the country in 2005-2006 was outlined. This initiative aims to improve rural livelihood security in 200 (out of 500) districts. It also calls for the provision of 100 days of guaranteed employment in a year for all self selected unskilled workers. This scheme is implemented by elected local self-governing institutions that are accountable to local clients. The implementation of this scheme has been uneven, successful in some states and susceptible to corruption in other areas.

With regard to concerns on labour market rigidity, the labour market in India is basically made up of a small and declining organized sector with a few workers enjoying high salaries and decent jobs, while a majority of workers are caught up in a sea of unorganized labour. This has led to the substitution of capital for labour, reduced economic growth and has negatively impacted the labour intensive manufacturing sector. However, the functional flexibility of union still exists and wage increments are closely tied to productivity.

To improve the conditions in the Indian labour market, Mr. Nagaraj called for the rationalization of labour laws and the need for a new compact between capital and labour that takes into consideration the changing national economic landscape. Any such compact should include income security, rational labour laws and democratic environment.

From a developed economy perspective on national labour policies, **Mr. Ivan Turok** presented the experience of the United Kingdom.

Over the past 14 years, the UK has witnessed a steady employment growth after experiencing severe deindustrialisation and instability in the 1980s and early 1990s. The employment growth is attributed in part to economic policy priorities that include macro-economic fundamentals such as inflation targeting and the strategic use of public expenditure; increased productivity that resulted from the increased uptake of innovation, science and technology; increased costs competitiveness, which include flexible labour markets and immigration that has kept labour costs low; and higher employment as a result of increased foreign investment, decent minimum wages, and a stronger focus on improving the employability and skills of workers.

Underlying this employment growth, however, are hidden regional and social inequalities. Challenges such as the shift from unemployment to “worklessness” tend to discourage individuals from actively seeking work. Other challenges of adjustment and

inclusion are entrenched problems of poverty in some urban areas and a welfare system that would integrates health, social care, housing and employment and training services.

In response to these challenges, changes were made in the welfare system that include the provision of active support to promote economic inclusion as well as adjustments in spatial policy that support economic regeneration in cities. Toward this end, specific policy responses include promoting economic and social inclusion, particularly at the workplace; economic policies that stimulate the supply of labour while keeping down wage inflation; and financial responses that take into consideration the impact of population ageing as well as the financing of pensions and other benefits. The role of public attitudes towards inequality and redistribution were also critical. For instance, Mr. Turok noted that in the UK, a majority of people think that inequality in the country is too high. As a solution, close to third of the public supports income redistribution, a quarter prefers self-reliance; and close to half support a more conditional welfare state. A large proportion of the public also supported public spending on persons with disabilities who cannot work.

Finally, it was noted that to encourage the unemployed to actively look for work, national policies should, among other things, promote a culture of “rights and responsibilities”. Such a culture will move people from a passive, unconditional entitlements regime to a conditional and work-based active enabling system. Such a shift will require tailoring support to help people back into work through the use of outreach, interviews, action plans, and relevant skills development.

### **3. Skills, employability, and social inclusion**

**Dr. Marty Chen** in her presentation showcased the Self-Employed Women's Association (SEWA), which is assisting women with skills development and job placement in the construction industry in India.

The construction industry served as an illustrative example of new challenges in the world of work. Globally, it was faced with increasing urbanization, mechanization, informalization of the workforce, trade liberalization, increased WTO global tendering requirements and the growing number of trans-national corporations operating in the field. There was a reduction in the overall unemployment in construction industry with the decreasing demand for unskilled labour and growing demand for skilled labour. At the same time, the skills training offered by employers had decreased. Those new challenges necessitated innovative approaches to training provision in the industry.

It was also pointed out that there was a worldwide segmentation of construction labour market by sex with women concentrated in low-skilled and low-paid jobs with prevailing skepticism about women's ability to undertake skilled construction work.

In India, women in the construction industry were almost exclusively unskilled, manual laborers. SEWA, with the construction workforce of 20,000 members helped to break the

stereotypical assumptions about women's capacities in male-dominated areas of labour market and assisted in the state-level implementation of the Workers Protection and Welfare Act (1996). It offered specialized skills training, job placement, accident insurance scheme and childcare services at constructions sites.

Through its Karmika School for construction workers, SEWA provided three-month training models in specialized construction work. It advanced key partnerships for training and job placements, testing and certification, distance learning courses and financial support and capacity building with private construction firms, government, NGOs and academic institutions. Such activities resulted in the increased number of women in skilled construction work, higher incomes, better skills, more working days and could serve as an example of a an innovative approach to skills acquisition and recognition.

**Dr. Caglar Keyder** emphasized the importance of social policy for employment creation and skills development in the informal economy. Noting that the informal sector was plagued by low productivity and lack of social protection, he pointed out the much-needed investment in training, health coverage and risk insurance in that sector. Most of the recent growth in the informal sector came from the increase in personal services, where wages were established through personal negotiations and parties did not enter into contracts. Such trend posed new challenges for the sector.

It was underlined that growing urbanization resulting in the expansion of slums as 'warehouse surplus of humanity' necessitated state intervention and changes in social policy orientation. A shift to more citizenship-based, universalistic orientation of social services in health and education and more direct social assistance were needed.

Seemingly, suffering from the effects of globalization, social protection as measured by the proportion of GDP had actually expanded in many regions and was increasingly focused on universalistic programmes, including health, education and social assistance. Most universalistic initiatives included so called basic income proposal unrelated to employment conditions. Among the cash transfer programmes, Bolsa Familia in Brazil merited special attention, where money transfers were conditioned on children's schooling and health visits.

There was a need for an increased provision of the direct public employment unrelated to public works and investment in the existing infrastructure, such as community centres, schools, municipal community services and housing improvement, all considered socially useful and enhancing the lives of poor communities. Social expenditure should be allocated for training and job placement of women and other marginalized groups.

**Dr. Yaw Nyarko** pointed out that with the growing population of Africa, projected to double by 2050, education and training were of mounting importance, especially in the area of knowledge economy.

It was indicated that there had been a rapid recent expansion of investment in education in Sub-Saharan Africa, where it was currently the highest in the world as a percentage of GDP. There had also been a rapid recent increase in the number of private universities, with many specializing in information technology. The quality of education, however, lagged behind due to the low level of financing for educational infrastructure including ICT equipment. Overall, the unit of cost for tertiary education as a multiple of per capita GNP in Africa was averaging 8.6% per capita as compared to 1.2% for Asia, 0.9 % for Latin America and 0.5% for Latin America.

African countries were faced with a dilemma of brain drain. Educated individuals, being unable to find employment matching their skills, were most likely to emigrate. Many African countries had 50 to 67 percent skilled migration rates.

Skilled migration, however, had its benefits for the countries of origin including remittances, academic exchanges, and the influx of new initiatives and ideas. Africa could benefit from the outsourcing of knowledge economy, which might well become its engine of growth. More investment was needed in physical and financial infrastructure, including venture capital instead of foreign aid. With regards to microcredit, it was noted that although it had a localized impact, it lacked the multiplier effects.

In the discussion that followed, the experts agreed that skills acquisition and recognition were an important part of any policy designed to attain full employment with decent work. Skills development was of critical importance in a globalizing economy, requiring continuously new and different competencies applicable to new technologies. As a result, there was a growing need for professional organizations assisting individuals with skills development and job placement.

It was highlighted that skills training should be targeted to those already employed and those entering the labour market as well as the individuals who had little or no formal education and women in those groups. Targeted training required inclusive eligibility requirements, preferential recruitment, special training modules and materials. Skills training needed to be sector specific and future oriented, it should offer courses in new technologies and focus on the development of skills within existing trades, as well as the emerging ones. It had to be accompanied by job placement. Training of people in rural areas and upgrading their skills for higher productivity was of essence as well.

The experts underlined that the institutional gap between skills required in globalizing economy and skills of general population should be bridged. Formal system might not be able to cope with the gap, thus innovative solutions were needed. Such solutions promoting comprehensive and inclusive skills training and job placement required innovative institutional arrangements, including public, private sector and civil society partnerships as well as supportive policies and regulations. There was a need for public support in order to build linkages between employees and training institutions. Trade unions should adapt to changes and follow the workers, not the job. Their under-utilized potential in training provision could be explored as well.

Governments should offer incentives to employers to provide on the job training adapting to new conditions in the labour market. New initiatives ensuring funds for education and training through general taxation and corporate incentives were of essence as well. There should also be a higher rate of investment in education; the European Union's benchmark could serve as a target here.

The experts noted that there should be special focus on marginalized groups such as women, youth, the elderly and persons with disabilities. Training provision should be sensitive to gender and age stereotyping in employment. Regarding youth, those neither in employment nor in education (NEET) needed special assistance.

In conclusion, the experts agreed that successful training required inclusive eligibility, preferential recruitment for marginalized groups, special training models, new technologies and trades orientation, emphasis on skills within existing trades, job placement, innovative institutional arrangements including public-private sector civil society partnerships and supportive policies and regulations.

With regards to skills, employability and social inclusion, experts highlighted a number of policy recommendations:

Governments, in consultation with the social partners should develop a comprehensive capacity to identify skills gaps, shortages and mismatches and achieve the provision of appropriate training for individuals, industries, occupations and sectors to ensure that skills are matched to contemporary and likely orientation of economic production.

Training should be targeted to the working poor, especially women and be accompanied by job placement and it should adhere to the tenets of decent work, especially in relation to freedom from discrimination.

Creative problem-solving approach based on close dialogue and constructive relationship between business, labour, community and state representatives should be used for the provision of various models of training.

The national system of skills recognition and formal certification should be instituted to enable workers to move freely within the labour markets and have their past training properly recognized wherever they work.

#### **4. Policies to promote social protection for all**

**Mr. Grushka** emphasized that Latin American countries share similarities in many ways, but are different at the same time. Thus, regional averages should be interpreted carefully, with national differences ever present.

Stylized facts: 1) Latin America has an average unemployment rate of 10%, with huge differences between countries: from Mexico having the lowest unemployment rate to the

Dominican Republic having the highest; 2) Low proportion of workers contribute to social security, with different proportions in different sectors (about 70% of urban formal employees contribute) and growing informal employment; 3) Tax-based pension systems are facing financial difficulties.

Latin American countries show similarities with respect to social protection issues, but also huge differentials. A unique strategy cannot therefore be envisaged. Huge differentials in relation to social protection issues also exist within countries and are clearly shown when considering contributions by quintile of household income: those in the lowest quintiles contribute largely more to social security than those in the highest quintiles.

Only an average of about 40% of the elderly receives pensions across Latin America. The range goes from 93% of elderly in Uruguay to only 6% in Honduras. It is worth noting that the ageing process started recently in Latin America, but it is expected to accelerate in the future, putting pressure on pension systems.

The region presents three main stages of social security development: early, intermediate and late. Many pension systems were reformed in the 90s with Chile being the pioneer. At that time ten out of twenty Latin American countries introduced fully funded pension systems replacing former ‘pay as you go’ systems. So far there is no evidence of impact in terms of coverage improvement, nor evidence of better performance. There is also a paradox: in low coverage countries, formal sector workers are better covered, with the system leaving out those who need protection the most.

In Argentina, in particular, the observed low coverage is not linked to lack of workers’ contribution, the average being 19 years of contribution per 25 years of activity. In Argentina pensions have proven to play a significant role in reducing poverty among the elderly. Studies show that over 10% more elderly would be in poverty if they were not benefiting from the social security system. This is clearly proven in urban centers, where data are more available as well as reliable. However, the amount of pensions is not sufficient to take the elderly out of poverty, although it contributes to reducing poverty among older persons.

In order to expand pensions’ coverage three types of policy interventions can be considered, through modification of: 1) the financing mechanism; 2) the access or 3) the organisation of the system. The Latin American experience has shown that for systems to improve their functioning they have to be unified, otherwise resources are largely wasted in inter-systemic competition.

Only a few cases of expansion of coverage have been registered in Latin America, four relevant examples are those related to Bolivia, Brazil, Chile and Argentina: Bolivia established a universal pension system, with severe financing and administrative problems. Brazil created a semi-contributive pension, mainly for rural workers, giving the opportunity to also contribute collaterals (e.g. land). Chile chose to strengthen a unified tax-based pensions system. The social protection system has been reformed in Argentina

in 2006, after the most recent financial crisis. Workers contributing to the social security system have been given the opportunity to pay their contribution debt by discounting future benefits. This has so far achieved a 50% growth in coverage at the annual cost of 1% of the GDP. In Argentina social security tends to be universal and tax-based rather than workers' contributions-based. The Government is hence complementing workers' contributions with extra-funding from the general tax system. There is no proportional system, however: workers obtain a full pension after 20 to 30 years of contributions or nothing at all when years of contribution fall short of 20.

**Dr. Marty Chen** noted that informal economy is a large and growing phenomenon world-wide, it is expanding both in terms of quality and quantity of its various forms and it is present at all stages of economic development. Informality is the most 'normal' form of employment and it's here to stay. In India, for instance, less than 10% of workers were formally employed in 2001. In most developing countries such proportion is close to 20%.

Scholars have agreed on considering informal sector as what is unregulated as well as unprotected. Traditional social security systems are still based on industrial job markets and male bread-winner rather than on multi-sectoral labor markets with multiple earners. The latter more reflect the current reality world-wide. This results in an institutional mismatch that provides the broader context for discussions of labor market issues, social protection in particular.

Formal pension systems exist only in two countries in Southern Asia, Sri Lanka and the Maldives, while generally patchwork of multiple schemes exist, which still leave around 90% of the workforce without any coverage at all.

Social protection for the informal workforce is generally based on voluntary systems (e.g. *mutuelles d'assurance* in West Francophone Africa). So-called 'reciprocal systems' widely exist for costs of marriage and of death, but other types of contingencies are normally not covered.

In order to tackle the huge social security coverage gap, context-specific mixes of statutory and private systems should be considered. Schemes need to be redistributive in nature and require partnership in funding. Some promising examples exist, such as voluntary retirement funds (e.g. the case of the Ghana Trade Union Congress), voluntary insurance schemes, such as SEWA in India.

Two elements can be found in such promising examples, which seem to be key preconditions for closing the coverage gap, they are: official visibility of the workforce involved and the existence of a representative voice. Improved statistics is needed for the former while participatory processes and inclusive institutions are necessary for the latter.

During the discussion, experts highlighted that a gender perspective: non-stop contributory systems implicitly discriminate against women across countries, as household care or any other form of domestic care is not recognized and they typically

interrupt women's paid employment and contribution to social protection systems. Some form of compensation should be envisaged for women to be able to take equal part in social protection systems.

On a more general note, social protection entitlements should not only be linked to contributions, in order to tackle the issues of gender inequalities, migrant and informal work. The issue of portability of social protection benefits in relation to migrant workers was also raised.

Informal social institutions substitute formal social protection systems in many countries and cultures but the coverage and quality of it is unfortunately insufficient. The principle of the 'poor helping each other' may not be functioning too well nowadays and could be even less reliable in the future, given the increasing impact of globalization. Traditional norms of family/community-based safety net do not always materialize in reality (the example of widow care in India), thus, can not be relied on. Concerns have also been expressed with regard to remittances-based social security (e.g. micro-finance based insurance schemes) for lack of universality as well as creation of dual systems.

It is worrisome to note how social safety nets are missing in many economically growing societies (as for instance the late 90s among the "Asian tigers"): this produces a huge negative impact on societies at times of crisis.

It was noted that a conditionality logic is often applied between employers and employees on contributing to the social protection system, as opposed to workers enjoying effective choice.

Until the recent adoption of the Convention on the Rights of Persons with Disabilities, right to social security but not to social protection existed. The Convention grants a right to social protection as it has been recognized to encompass a wider concept than social security. This recognizes the need to widen the concepts involved in social protection issues.

Some examples of funding for a more inclusive social protection system were discussed. They include:

- ILO is running a welfare scheme funded by Luxembourg related to children's school attendance (a form of re-distributive aid from North to South as seed money for schemes in poor countries).
- Example of supplementing the funding of today's elderly by today's youth, when the resources are not there an injection of outside capital to cover for one-generation transfer can help starting the virtuous cycle.
- French experiment to have Government contribute to pension on behalf of a woman staying out of the labour force for childcare for 3 years per child and up to 3 children per woman.

The experts noted that social protection systems need to evolve taking into account the emerging trend of multi-sectoral labor markets and multiple earners, including gender perspective rather than continue to be based on industrial job markets and male bread-winner as in the past. To improve their functioning, social protection systems need to be context-specific on a continuum that goes from a patchwork of multiple contiguous schemes to a unique universal system, possibly with incremental adjustments.

The universality of social protection needs to be ensured, including casual, informal, unprotected work – need for concrete measures to make the principle reality. Everyone needs a job but the work will increasingly be of a formal, informal or migrant type; all of these types of work need to follow the decent work principles. The departing levels are, however, very different, resulting in different needs by different groups: the self-employed need to network around their occupational type in order to be visible and have a voice; the unemployed need to be taken into consideration; “losers” during social and economic transition also need compensation in a broader social protection system.

Lastly, social protection needs to be seen as an investment in the future welfare of countries – following the developmental argument. Decent work pillars need to be mainstreamed in the development agenda to reach all interested stakeholders.

## 5. Standards and regulatory policies

**Mr. Arnold Hemman** talked about the case of the European Union. It was noted that in 2000, with the European Lisbon Strategy, the European Union designed a new strategy to enable the Union to regain the conditions for full employment and strengthen cohesion by 2010. This means not only full employment, enhancement of quality and productivity at work, but also strengthening of social cohesion. Apart from these qualitative objectives, there were also quantitative goals. It was considered that the aim of these measures should be to raise the overall EU employment rate to 70% and to increase the number of women in employment to more than 60% by 2010.

In order to implement the European Employment Strategy, several tools were designed to coordinate national employment policies at the EU level. 1) Employment Guidelines are agreed every year on a series of guidelines, setting out common priorities for Member States' employment policies; 2) National Reform Programmes are outlined by Member States. Every Member State draws up a programme in which it described how these Guidelines are designed and implemented nationally; 3) EU Employment Report is produced, based on the annual progress; 4) Country specific recommendations may be issued upon a proposal by the Commission.

The structural characteristics of this coordination method are based on several key principles: 1) Objectives based on shared values among the Member; 2) Monitoring and evaluation of progress towards these objectives either in terms of quantitative or qualitative indicators employment strategy; 3) A comprehensive approach which does not restrict the Employment Guidelines only to active labour market policies, but also to

social and other economic policies; 4) A coordination mechanism that establishes an equilibrium between the European Union level coordination in the definition of common objectives and outcomes, and Member States' responsibilities in deciding the detailed content of action; 5) A mutual learning process through which Member States can exchange good practice and experiences.

The main objective of this strategy was to promote more and better jobs for all. For instance, the employment strategy objectives include increasing women's employment, reducing the wage gap between men and women, and providing childcare facilities. These three objectives are strategically linked to promote employment and equal opportunities, instead of focusing only in employment policies.

**Dr. Jill Murray** underlined that although regulation of labour markets is sometimes perceived as an obstacle to achieve full employment, law remains an important instrument, especially for the international regime of human and labour rights. Therefore, the issue shouldn't be regulate or deregulate, but rather to decide what has to be achieved and then assign an appropriate range of legal instruments to the task. Also, the normative vision of the worker is often outmoded and should be defined more broadly than the traditional standard worker. However, the actual deregulation trends that can be observed in Australia, in order to avoid market rigidities and to improve labour productivity, are harmful for the implementation of labour standards and decent work.

Therefore, the role of State is critical and the question should be what kind of state do we need, instead of reducing its role. For instance, hard laws are necessary to enforce non-derogable standards, such as those related to child labour. However, it is necessary to articulate the implementation of these international commitments having regard to the new realities of work, notably a broader definition of work than the traditional standard worker. For instance, all forms of productive labour should be captured.

Other standards may require a more flexible approach to law, engaging instead soft law and non-State actors. In that case, robust institutions and adequate processes must be ensured by the State. This means a participatory approach; democratic institutions to be able to define laws with all social partners; it must be responsive and evidence-based; the institutions must be transparent and public, since all citizens have a stake in outcomes; and they must be guided by fundamental principles of full employment and decent work.

The implementation of labour standards needs a superstructure of oversight and enforcement, but also a mechanism to provide knowledge and empowerment of actors at all levels. Trade unions are, for instance, important to guarantee that laws are being implemented at the workplace. But, for example in Australia, individual contracts became more widespread, limiting workers bargaining capacity. The knowledge of workers about laws and conventions is another efficient tool to enforce labour standards.

**Prof. Katherine van Wezel Stone** talking about the example of the United States noted that labour standards have been declining since 1999 due to free market fundamentalism. The dynamics of core labour standards is weak – the US has not ratified many of the ILO

conventions. However, the language of labour standards is very present in the public discourse.

In the US, the right to strike and to organize has become weaker in recent years, giving more space for employers to make pressure on employees. Although the right to strike exists on paper, employers tend to sidestep it by contracting temporary workers, since they are not covered by the act and it is easier to fire them.

Discrimination in labour markets can either be direct or indirect. Indirect discrimination, based on race and gender, is important and difficult to control when supervisors are decentralized, like in the US. Also, the lack of collective organizing makes it more difficult for individuals to denounce cases of discrimination.

Forced labour and trafficking are also difficult to control, particularly when individuals are placed in isolated areas, which happens often with migrants. There is an act to protect individuals from this kind of abuse, but there is a lot of psychological coercion. The interpretation of the psychological coercion is not clear either, making it more difficult to pursue someone.

In order to improve the labour standards in the US, legislation cannot continue to be broken-down. Instead, there is a need to come back to previous legislation or re-regulation. The US should ratify the ILO core labour standards. Moreover, the right to collective organizing should be respected; other labour rights should be clarified to avoid different judicial interpretations; domestic courts should play a more important role to enforce labour standards.

During the general discussion the following issues were highlighted: 1) the importance of an international framework to set general objectives in terms of labour standards; 2) the role of State, including legal institutions, labour laws and legislation, is critical to implement agreed labour standards at national level; 3) the participation of trade unions and workers is fundamental to introduce labour market reforms; 4) a comprehensive approach might be necessary to achieve employment targets.

As to the international framework it was noted that the general objectives in terms of labour standards must be set. For instance, the ILO core labour standards should be ratified and articulated at an abstract level, like the European Employment Strategy. This abstract level can work as an aspiration goal of labour conditions. However, to achieve the decent work agenda it is necessary to go beyond the abstract level with concrete measures to implement labour standards and adapted to each national context. Quantitative targets have helped to evaluate national efforts towards the agreed general labour objectives.

It is also important to define how prescriptive should be the international law: if it is not prescriptive enough, being only a general aspiration, then countries do not need to do anything. For instance, some ILO conventions are inefficient since they ask for a policy but not a specific law, which is often the missing link.

The European Employment Strategy is a good example of trying to find a right balance between general objectives and concrete targets for Member States. However, governments need policy space and financial support to implement the general recommendations.

As to legal and institutional framework at national level, a main challenge to implement labour standards was the legal and institutional framework conditions at national level. The achievement of decent work and international labour standards requires active governments and legal institutions, able to enforce core labour standards.

Legal regulation is fundamental to implement labour standards, but also to sanction when workers' rights are violated. Legislation must be defined depending on the targets and the approach to law can be more or less flexible.

In some cases, voluntary codes of conduct can complement to legal instruments, but can not be considered a substitute. The private sector can not substitute State's responsibility for the respect of core labour standards.

With regard to trade unions and workers' collective voice it was underlined that trade unions and collective bargaining is an important instrument to ensure workers' rights. However, the trend has been to reduce the role of trade unions, for example, in the US and Australia. In several cases, independent institutions and workers' knowledge about labour standards or rights are a good complement to compensate weaker trade unions. All the parties should participate in the labour market reforms, needed to implement core labour standards and other specific principles of decent work, for example, in Australia. Independent institutions may be useful in this process.

It was further noted that often a comprehensive approach might be more efficient to implement certain labour standard or eliminate indirect discriminations. For example, women earn less than men because they are often concentrated in low income sectors and have part-time jobs. To reduce the wage gap between men and women, the education system should be combined with labour necessities not to impose women to reduce their working time.

In this regard, the European employment strategy relies on the use of quantified measurements, targets and benchmarks, but also on the design of a comprehensive approach. For instance, the objective of increasing the number of women in employment from an average to more than 60% by 2010 is strategically linked with the reduction of wage gaps between men and women, and the provision of childcare facilities. However, the implementation of this comprehensive approach depends on the conditions of each country to introduce the necessary reforms and find strategic ways to finance it. In Germany, the government has established agreements with the industry sector to achieve these objectives. The municipalities and the federal government share the financing for the extension of child care facilities.

## **Closing session**

The experts had extensive debate on policies, interventions and practical measures to advance full employment and decent work. In conclusion, they have proposed a set of policy recommendations.

### **III. Policy Recommendations**

#### **1. Introduction**

The experts agreed that full employment and decent work are the key pathways to reducing poverty and inequality. For this reason, the experts see full employment and decent work as critical dimensions of inclusive growth. The intent of the experts is to provide a framework of general principles that can be tailored to meet specific circumstances. The following is the policy recommendations proposed by the experts.

#### **2. International policies for creating an enabling environment conducive to employment and promotion of decent work**

Full employment is back on the economic agenda. For the past three decades, a free-market paradigm – calling for a roll-back of the state and a rolling-out of market forces and trade liberalization – has dominated development economics. Under this paradigm, employment is seen as a residual outcome of economic growth, and issues of redistribution are relegated to social policies. The current re-convergence of interest in and commitment to full employment is accompanied by a complementary focus on the quality of work. Under the emerging paradigm, there is a commitment to integrating economic, employment and social policies.

It is necessary to set out some of the economic and social conditions in which the consideration of full employment and decent work was undertaken at the meeting. The recommendations have been made taking into account the following emerging and pressing issues:

1. The standard employment norm is being challenged in some sectors in developed states, and has failed to emerge as the dominant employment paradigm in developing states, even where significant economic growth has occurred;
2. The organization and content of work is changing because of de-industrialisation and the spread of technological change;
3. In some countries, women's labour market participation has reached unprecedented levels, and often people with domestic care responsibilities work in paid employment or non-wage labour outside the home; at the same time, young female workers with limited market experience may be vulnerable to monopsonistic exploitation by employers;
4. Production systems in some sectors have spread across national borders in both manufacturing and services;

5. Within many national labour markets, there has been a rise in service sector employment, often on precarious terms;
6. There is an increase in the numbers of people ‘churning’ through poor quality jobs and periods of unemployment or withdrawal from the labour market;
7. There are serious problems of social exclusion, including advanced marginalisation where people are unable to participate fully (or at all) in the political, social and economic life of the country;
8. Highly efficient global supply chains operating in the presence of mission markets and market failure characteristic of developing country economies may not be efficiency-enhancing in the absence of some governmental, non-governmental or ethical restrictions on competitive behavior.

**In these circumstances, the goal of full employment and decent work must be reaffirmed with the utmost vigour.** We note that at the 2005 World Summit, Heads of State “strongly supported fair globalisation and resolved to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of national development strategies, including poverty reduction strategies, as part of efforts to achieve the Millennium Development Goals.” In 2006, the ECOSOC Ministerial Declaration underscored the significance of full and productive employment and decent work for all as an end in itself and as a means to achieve the Millennium Development Goals, including poverty eradication. Member States requested the United Nations system to mainstream employment and decent work objectives in its policies, programmes and activities. In 2007, ECOSOC adopted a resolution entitled “The Role of the UN system in providing full and productive employment and decent work for all”. This resolution establishes a clear implementation mechanism for the 2006 Ministerial Declaration. Now, we see this topic as a priority theme of the Commission for Social Development.

We recognize that the heterogeneity of work arrangements in the contemporary world require a focus beyond the standard employment model traditionally used. For the developed world, there will be a focus on preventing the loss of sectors of existing decent work, and in both developed and developing world in securing the uplift of all into sustainable decent employment underpinned by social protection. It will be important for public and private institutions to anticipate the effects of structural change and to cope with the consequences without damaging the living standards of households and communities.

Despite the recent commitments to the goal of full productive employment and decent work for all, to date the required policy coherence between international institutions has yet to be fully realised. It is imperative that the commitments and rhetoric concerning increased policy coherence lead to more direct support for decent work and increased policy space at the national level for economic and social policies that increase the

quantity of employment, including a reduction in underemployment, reduce income inequalities and provide for substantive improvements in the quality of work. **We therefore recommend that the relevant international organizations integrate full employment and decent work into their programmes in line with existing commitments.**

We further note that Toolkit for Mainstreaming Employment and Decent Work has been prepared by the ILO and was recently fully endorsed by the UN System Chief Executive Board for Coordination (CEB). The CEB also agreed on concrete steps to facilitate and monitor the implementation of this Toolkit throughout the UN system. The use of this Toolkit and the process of implementation agreed by the CEB should be a high priority for all international organisations within the UN system. The Toolkit has also been endorsed by the ECOSOC resolution, referred to above, which encourages all UN agencies to collaborate in using, adapting and evaluating the application of the Toolkit.

There is a need to strengthen the evidence base and general understanding of the labour market consequences and social implications of contemporary economic change. Specifically, **we recommend that the international organizations co-operate fully and as a matter of urgency on the collection of meaningful and coherent data on the contemporary labour market/s using the definition of informal employment endorsed by the International Labour Conference in 2002 and the International Conference of Labour Statisticians in 2003.** Without consistency in data sets between agencies, important policy co-ordination will be impossible. We believe this goal is achievable.

### **3. National policies for creating an enabling environment conducive to employment and promotion of decent work**

While faster economic growth is one key to creating jobs, we have concluded that economic growth itself will not necessarily lead to the creation of full employment and decent work. **We recommend that Governments take a proactive role in ensuring that goal of full employment and decent work is entrenched in all relevant national social and economic policies and laws.** This will require policy integration or coherence of economic, employment and social policies, and effective implementation and enforcement of all relevant policies and laws.

In this regard, the social partners, including trade unions and employer representatives, have an important role to play in assisting national governments to design and implement the range of policies required to achieve full employment and decent work for all. Increased social dialogue between governments and social partners can help ensure that national policies are balanced, comprehensive and politically sustainable. We reiterate that the principles of decent work require that trade unions are free, independent and worker-controlled, and that all state governments are responsible for ensuring that these principles are upheld.

**We recommend that support be provided to help firms' transition from traditional workplace organization** which may involve excessive hours of work, low pay, minimal skill development and one-way communication from supervisor to employee to higher level systems that employ pay incentives, workplace based benefits, two-way communication, group compensation, quality control and skill development. It is acknowledged that such workplace evolution may be difficult and be associated with a transitory decline in productivity and profitability. The ILO, government agencies and global supply chains can ease the transition by providing information, technical assistance and a set of enforced legal restrictions on competitive behaviour.

It is recognised that processes of structural adjustment may lead to 'losers' as well as 'winners'. **We recommend that Governments and social partners take responsibility for a complementary set of economic, employment and social policies, backed by sufficient resources, to smooth the process of structural change.** We believe that this will require employment generation schemes, active labour market policies and lifelong learning systems to create more jobs and to ensure that workers who lack key employability characteristics are suitably trained.

**We further recommend that Governments implement positive policies backed by appropriate resources to moderate the effects of change on vulnerable people, industries and/or regions.** This includes technical and financial support for specific economic sectors and firms to help them adapt to changing market conditions and diversify their products and services. In areas of industrial decline extra investment may be needed to address the legacy of dereliction and contamination.

Active' labour market measures can reduce skills mismatches and assist workers to enhance their employability in the context of changing employer requirements. In a more precarious labour market, direct assistance is needed for people during the transition between jobs, especially for those with caring responsibilities for children and elderly relatives. Active labour market measures should be tailored to individual circumstances, and address the range of employment barriers that people face. Such programmes should be consistent with the principles of decent work. That is, they should not be vehicles for forced labour or child labour; they should be grounded in respect for equality of opportunity; and they should not undercut the principles of freedom of association and the right to collectively bargain.

**In some circumstances, operationalization of policy may be undertaken at sub-national levels.** Many different actors/processes may be utilised in the processes of 'bottom up' determination of service needs, capacity building, and general responsiveness to the various needs of a diverse workforce. The experience in UK, for example, has shown that there is potential for local organisations and community-based initiatives to co-ordinate and integrate different programmes of action, and to respond more effectively than national governments to diverse local needs and circumstances. Other possible instances of local action include inclusive urban planning and zoning that incorporate the needs of urban informal workforce (street vendors, waste collectors, and

home-based producers); progressive fees and taxes by municipalities; child care and other services provided by municipalities.

An example of such sub-national implementation is found in India's National Rural Employment Guarantee Scheme, initiated in 2005. This programme is implemented in the country's 200 districts, with a budget of \$2.2 billion. The scheme offers 100 days of waged employment for unskilled manual labour at the official minimum wage rate in tasks designed to create infrastructure and rejuvenate natural resources. Institutions of local self-government are active in implementation, increasing the likelihood that those most in need will be engaged in programmes of genuine use to local communities.

Finally, we find that there may be some groups which cannot be assisted by macro-economic policies and active labour market programmes, especially in cases of regional underdevelopment and for populations who suffer social, political, or cultural exclusion from the market. **In such cases, we recommend that the state shall have the responsibility to create employment through public means.** It is desirable that such employment be specifically direct to the improvement of social infrastructure, especially in the provision of social services which are often lacking in less developed countries. The availability of such services as nurseries, elder care, community centres, youth activities, will not only create employment, but will also allow a potential labour force, hitherto engaged in care-giving in the home, to benefit from such service and to enter the labour market.

**We recommend that the international legal framework not be structured so as create impediments to the implementation of such national economic and social policies directed to the creation of employment in such circumstances.**

#### **4. Skills, employability and social inclusion**

Skills acquisition and recognition are an important part of any policy designed to attain Full Employment with Decent Work.

**We recommend that every national government, in consultation with the social partners, should develop a comprehensive capacity to identify skills gaps, shortages and mismatches. Governments should provide (or achieve the provision of) appropriate training for individuals, industries, occupations and/or sectors to ensure that skills will be matched to contemporary and the likely orientation of economic production.** Overall, a preventative approach should be considered, aimed at generating access to employment and preventing those not currently employed from slipping into long-term disengagement from the labour market. **We recommend that training be targeted to the working poor, particularly women, and be accompanied by job placement.** It is important that such schemes reflect the values of the core ILO standards, particularly in relation to freedom from discrimination. The goal is to ensure the employability of all, so they may participate in the labour market to the fullest extent of their capabilities, unfettered by outmoded or stereotypical assumptions about these capacities.

Various models of training provision were discussed. **We recommend that a creative problem-solving approach based on closer dialogue and constructive relationships between various social partners representing business, labour, community and the state be utilised.** Partnerships between worker representatives and business organisations have proved successful in articulating training needs and forming programmes for addressing these. For example, Self-employed Women's Association (SEWA) training scheme in India for women in the construction industry has achieved good results.

**We recommend that training programmes and schemes adhere to the tenets of decent work.** For example, where trainees are required to undergo work experience on the job it is particularly important that their health and safety at work is fully protected. Programmes aimed at hard and soft skills development, remuneration for training and follow-up assistance to enable progress to paid work must also be structured in accordance with accepted principles of Decent Work.

**We recommend that a national system of skills recognition and formal certification be instituted.** The system should enable workers to move freely within the labour market and have their past training properly recognised wherever they work. Articulation of vocational training qualifications with the general education system may also be conducive to better quality economic growth. There should be effective careers advice to facilitate the transition of school and college leavers, and those returning to work from career breaks, into the jobs market.

## **5. Policies to promote social protection**

In today's global economy, most workers do not have formal jobs and, therefore, lack social protection. To address the global gap in social protection coverage will require context-specific mixes of universal provision of some protections to all workers, as well as extension of statutory and voluntary schemes to cover informal workers.

We believe the basic principle that states are responsible for creating the arrangements whereby people are protected from core contingencies should be re-asserted and fully supported. This should not preclude, however, contributions and responsibilities of all stakeholders, including employers and owners of capital. **The role of the State is to provide a framework for social protection for all citizens and all workers and to ensure that this framework is implemented through an appropriate mix of universal, statutory, and voluntary means.**

In countries where social protection is less developed, we recommend that priority be given to the provision of health care and old age pensions.

## **6. Standards and Regulatory Policies**

The challenges outlined at the start of this paper, and the new paradigm of convergence of economic, employment and social policy to attain full employment and decent work

require an appropriate legal and regulatory framework at national levels. Lessons from the European Union's Employment Strategy may provide useful guidance as to the ways in which national goals for 'more and better jobs' may be set and, importantly, monitored. The EU Employment Strategy offers examples of how specific targets may be set, for example in relation to achieving a particular rate of employment for a certain group, and evaluated over time.

We reiterate our support for the Conventions of the ILO as the basis for understanding and giving effect to the principles of Decent Work.

We believe that there is an important role for legal regulation within the national sphere to articulate and enforce the core labour standards of the ILO and other nationally specific labour rights and to ensure that where these rights are violated, appropriate legal remedies are available. Evidence from some countries suggests that there are significant deficits in the current legal regime and its judicial interpretation in relation to decent work.

Enforcement of legal norms is a big problem in many countries. Governments must guarantee legal rights by properly resourcing labour inspectorates and by vigorously protecting the right to freely associate and collectively bargain.

We also believe that other aspects of decent work require more flexible and responsive standards, in line with ILO Conventions and their future evolution. Here collective bargaining is a useful instrument to ensure localised solutions to firm-specific and sector-specific issues. Where workers are traditionally un-organised, creative institutional development to permit collective voice may be required. In addition, depending on national conditions and preferences, it may be important to develop robust, independent institutions which can advise the social partners and government, settle intractable disputes, and disseminate learning about how best to improve working conditions while achieving economic growth.

While it is important to harness the regulatory power of businesses and international supply chains, it is important to distinguish between the appropriate role for such entities and that of the state itself. Firms cannot be the guarantors of the core labour and human rights, as this is the proper responsibility of the State. However, firm-level policies and actions impact upon the implementation of such rights, and, in the context of statutory guarantees, here it is useful to encourage self-regulation around specific practical steps firms must take to avoid violating such rights.

Such voluntary codes of conduct are likely to be the only or sole source of evolving labour standards, for example on decent working time, decent work/family balance, etc.. Experience shows, for example in Australia, that robust, independent institutions may play a useful role in this task of dissemination, and the transition of businesses from a 'low road' approach to a more effective 'high road' attitude to labour matters. Such institutions should enable effective participation by the parties affected; ensure that participants are representative and democratic; act in ways which are evidence based and

responsive to changing needs; provide transparent and publicly accountable processes of decision-making; be guided by the principles of decent work.

It is not possible or practical to make specific recommendations in relation to national laws. **However, in light of the foregoing, we recommend that Governments review the legal and other regulatory frameworks within which full employment and decent work are to be achieved, with a view to ensuring that full legal protections are provided for the core labour standards and other nationally determined conditions of employment. In addition, a full review of existing institutional capacities should be conducted to foster innovative regulatory approaches to guaranteeing development of standards to advance the attainment of decent work, and methods to enforce these rights.**

**ANNEX 1.****Agenda**

**Expert Group Meeting on  
“Full Employment and Decent Work”**

**2 - 4 October 2007, New York**

**Facilitator: Jean-Pierre Gonnat**

Date	Time	Agenda item
<b>Monday 1 October 2007</b>		Arrival of participants
<b>Tuesday 2 October 2007</b>	9:30 AM	<p><b>1. Introduction and overview</b></p> <ul style="list-style-type: none"> <li>• Purpose and background of the meeting – Mr. Johan Scholvinck, Director, Division for Social Policy and Development, DESA</li> <li>• Keynote speaker – Dr. Drusilla K. Brown</li> </ul>
	10:15 AM	→ Break
	10:30 AM	<p><b>2. International policies for creating an enabling environment conducive to employment and promotion of decent work</b></p> <p>This session will discuss policy coherence issues with regard to investment, trade, migration, and aid to support national policies to achieve employment and decent work.</p> <ul style="list-style-type: none"> <li>• Dr. Robert Holzmann</li> <li>• Mr. Robert Kyloh</li> </ul>
	11:30 AM	Interactive dialogue
	1:00 PM	→ Lunch
	2:00 PM	<p><b>3. National policies for creating an enabling environment conducive to employment and promotion of decent work.</b></p> <p>This session will address national-level experiences and policy recommendations to support growth, macroeconomic environment, investment, and enterprise development.</p> <ul style="list-style-type: none"> <li>• Dr. Nagaraj Rayaprolu</li> <li>• Dr. Ivan Turok</li> <li>• Mr. Yadong Wang</li> </ul>
	3:30 PM	→ Break
	3:45 PM	Interactive dialogue
	5:00 PM	→ Close
	5:15 PM	→ Wine and cheese reception, hosted by Mr. Johan Scholvinck, Division for Social Policy and Development, 13 <sup>th</sup> floor conference room

<b>Wednesday 3 October 2007</b>	9:30 AM	<b>4. Skills, employability and social inclusion</b>
This session will focus on innovative national/regional policies and strategies to enhance employability through training and skills development for marginalized social groups such as women, youth, persons with disabilities, older persons, the informal economy workers, and the working poor, in the face of new challenges.		
<ul style="list-style-type: none"> <li>• Dr. Martha Chen</li> <li>• Dr. Caglar Keyder</li> <li>• Dr. Yaw Nyarko</li> </ul>		
<hr/>		
11:15 AM → Break		
<hr/>		
11:30 AM Interactive dialogue		
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1:00 PM → Lunch		
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2:00 PM <b>5. Policies to promote social protection for all</b>		
This session will address novel policies to enhance social protection coverage and quality, including access to basic social services in the era of globalization. Tackling HIV/AIDS, and protection of workers in the informal economy, rural, agricultural sector, in unpaid work, and migrant workers will be also discussed.		
<ul style="list-style-type: none"> <li>• Dr. Martha Chen</li> <li>• Mr. Carlos Grushka</li> </ul>		
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3:30 PM → Break		
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3:45 PM Interactive dialogue		
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5:00 PM → Close		
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<b>Thursday 4 October 2007</b>	9:30 AM	<b>6. Standards and regulatory policies</b>
This session will look at national experiences in overcoming obstacles related to better application of labour law and regulations.		
<ul style="list-style-type: none"> <li>• Mr. Arnold Hemmann</li> <li>• Dr. Jill Murray</li> <li>• Dr. Katherine van Wezel Stone</li> </ul>		
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11:15 AM → Break		
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11:30 AM Interactive dialogue		
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12:30 PM <b>7. Brief summary and concluding remarks</b>		
<ul style="list-style-type: none"> <li>• Mr. Jean-Pierre Gonnot, Chief, Social Perspective on Development Branch, DSPD</li> </ul>		
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1:00 PM <b>Closing of the meeting</b>		

## **ANNEX 2.**

### **Expert Group Meeting on “Full Employment and Decent Work” New York, 2 - 4 October 2007**

#### **List of Participants**

##### *Experts*

##### **Dr. Drusilla K. BROWN**

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##### **Dr. Caglar KEYDER**

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##### **Mr. Robert KYLOH**

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##### **Mr. Carlos GRUSHKA**

Head of Statistics and Social Security Research  
Supervision of Pension Funds, SAFJP  
Tucuman 500 (1049)  
Buenos Aires, Argentina

##### **Dr. Jill MURRAY**

Senior Lecturer, School of Law  
La Trobe University  
Victoria  
Australia

##### **Mr. Arnold HEMMANN**

Deputy Head of Unit  
Labor Economist  
Federal Ministry of Labor and Social Affairs  
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##### **Dr. Yaw NYARKO**

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**Jean-Pierre GONNOT**

Chief, Social Perspective on Development Branch  
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**Vittoria BERIA**

**Sarangerel ERDEMBILEG**

**Renata KACZMarska**

**Amine LAMRABAT**

**Esther LEE**

**Felice LLAMAS**

**Atsede MENGESHA**

**Amson SIBANDA**

**Sergio VIEIRA**

**Wenyan YANG**