



SECOND ITEM ON THE AGENDA

**Implementation of the Global
Employment Agenda: An update**

1. This paper continues the regular reporting on implementation of the Global Employment Agenda (GEA). In addition to this update, a new initiative has been taken in this reporting procedure. It will be recalled that at its November 2004 session, the Committee expressed a strong interest in hearing at first-hand, experiences of national policy-makers in implementing the GEA. The Office has thus invited constituents from Argentina and Ghana, two countries where the ILO and its constituents have drawn up a decent work country programme and are implementing the GEA within this framework, to address and interact with the Committee on their experiences. As a background to these presentations, this paper briefly reviews recent economic and labour market developments in the two countries as well as measures being undertaken by them, with ILO's support, in making decent employment more central in their economic and social policy-making. At the request of the Committee, the paper also includes a report on the ongoing and planned support by the ILO on the implementation of the action plan adopted by the African Union Extraordinary Summit of Heads of State and Government on Employment and Poverty Alleviation held in Ouagadougou, Burkina Faso in September 2004.
2. A further important event since the November 2004 session was the holding of an International Employment Conference: Jobs for the Future of Iraq in Amman in December 2004, organized jointly by the Government of Iraq and the United Nations Development Group for Iraq (UNDG-Iraq) and for which the ILO was the lead technical agency. The Conference brought together representatives of the Government of Iraq and of Iraqi employers' and workers' organizations, local authorities and civil society, and representatives of the United Nations and its agencies, the World Bank Group, and the donor community. The Conference adopted the "Amman Declaration", which recognizes the centrality of employment in the reconstruction and development of Iraq, and a plan of action for immediate, medium- and long-term measures to create decent jobs in Iraq. Copies of the Declaration are being made available separately to the Committee; it can also be found on <http://www.ilo.org/public/english/employment/recon/crisis/activ/iraq.htm>.

National employment agendas

Argentina

3. In December 2001, after three years of protracted recession and rising unemployment, Argentina experienced the deepest financial and economic downturn of its history. Mounting indebtedness, partly a result of a sharp increase in interest rates, forced the Government to default on public debt and to abandon fixed parity with the US dollar. By the end of 2001, the financial and monetary system collapsed triggering a severe downturn of the economy.
4. These developments led to a harsh increase in the already high unemployment rate, from 15.4 per cent in May 2000 to 21.5 per cent in May 2002. These figures do not fully reflect the real dimension of the crisis in the labour market in the form of very high levels of underemployment, precariousness and lack of social protection of the labour force. Real wages fell by 30 per cent during October 2001 and October 2002, there was a huge rise in wage inequality and the rate of poverty rose dramatically, from 35.9 per cent in May 2001 to 57.5 per cent in May 2002.
5. ILO support to Argentina, following a request from the Government, began immediately after the start of the crisis in the end of 2001. An action plan financed through the ILO's Rapid Action Fund was launched jointly by the ILO's field and headquarters units within the framework of a Memorandum of Understanding signed in March 2002 by the Ministry of Labour of Argentina, employers and trade union representatives and the ILO. The tripartite constituents declared their strong will to cooperate in tackling the social and labour impact of the crisis and to harmonize labour and economic policies, within the framework of a broad dialogue ("Dialogo Argentino"). The action plan included direct support for those productive sectors likely to prompt rapid employment generation and technical support to the enterprises most affected by the crisis, reactivating those that were forced to close. Assistance under the plan was provided to the Ministry of Labour to improve emergency subsidy programmes and in formulating policies and measures aimed at raising labour productivity, enhancing technological innovation, protecting employment and improving real wages. The action plan also supported the promotion of better coordination between social and economic policies, and monitoring and emphasizing their impact on employment recovery.
6. In February 2003, the action plan gave way to a broader based medium-term response reflected in the ongoing project "Tackling decent work challenges in the Argentinian crisis", with the aim of reducing the negative impact of the social and economic crisis, contributing to boost the employment recovery process, to reduce poverty and deprivation and to decrease socio-economic vulnerability. The project provides advisory services and capacity building to support and improve monitoring and delivery on a sustainable basis of such measures as subsidies for the unemployed, evaluation and revision of wages and salary policies on an equitable basis, reintegration in the labour market of unemployed and socially excluded persons, assessment of the impact of the crisis on the social protection system and reinforcing the social dialogue mechanisms partly through improving institutional and technical capacities of the constituents. To date almost all the planned activities under the project have been implemented and 90 per cent of the project resources committed.
7. In moving from the emergency to a medium-term response and assisting in laying the foundation for sustainable development in Argentina, the central role of the Decent Work Agenda for the economic and social recovery of the country has been recognized and steps have been taken to incorporate it into national policies. Argentina has included decent

work as a goal in the National Millennium Development Goals, confirming the commitment of the Government of Argentina to the centrality of employment in economic growth, the generation of new employment opportunities and a more just distribution of income. In December 2002, the Minister of Labour and employers' and workers' representatives signed a tripartite agreement declaring their intention to achieve decent work goals through the implementation of a national decent work programme. In March 2004, the Government of Argentina included the promotion of decent work across relevant policy areas at national, provincial and local levels as a priority and explicit mandate of the Minister of Labour in the new labour law.

8. ILO support for the national efforts to realize the goal of decent work for all in Argentina will be provided under a decent work country programme (DWCP) for the period June 2005-07. The programme as it relates to the formulation and implementation of coherent employment and labour policies has identified active labour market policies (Core Element 7 of the Global Employment Agenda), and the integration of labour market and employment policies with macroeconomic objectives (Core Element 4) as fundamental components of the programme. ILO experts shared their knowledge and experience on these subjects with the tripartite constituents at a workshop convened in September 2004 for the formulation of the decent work country programme.
9. Technical support to the Argentinian Government in the design and implementation of effective and comprehensive employment and labour market policies and strengthening labour market institutions is being provided under the AREA programme ("Integrated support programme for the reactivation of employment in Argentina"), which is funded by the Government of Italy and implemented by the ILO with the cooperation of Italia Lavarò SpA, a technical agency of the Italian Ministry of Labour. The specific objectives of the project, which was initiated in mid-2004 and will run until 2007 and covers seven regions, are: configuration and consolidation of territorial networks for local economic development and promotion of micro, small and medium enterprises; promotion of employability and access to the labour market and strengthening and improvement of the formulation of employment and active labour market policies. These three areas also constitute three of the ten main elements of the GEA. The programme is developed and implemented through active participation and dialogue between economic and social, and private and public actors.
10. The ILO has also undertaken analytical work to address the long-term employment challenges in Argentina as part of its implementation of the GEA. The study, "Meeting the employment challenge: Argentina, Brazil and Mexico in the global economy," specifically addresses core elements 1 (trade and investment), 4 (macroeconomic policy for growth and employment), 7 (active labour market policies) and 8 (social protection) of the Global Employment Agenda and includes policy recommendations for making employment creation a more explicit goal. An overall finding of the study is the need for well-designed institutions in all policy areas (for labour markets, for the financial system, for industrial and service policy) in order to achieve this goal. Preliminary findings and recommendations from the study were presented to the members of the Governing Body from these countries during a side event at the November 2004 Governing Body. Additionally, seminars are currently being planned in each of the countries in May 2005 to present and discuss a final draft of the study with the social partners.

Ghana

11. Ghana's real GDP has shown steady and positive growth of an average 4 per cent per annum for the last decade. Sectoral growth rates in the major agricultural, industrial and services sectors remain reasonably positive and have added significantly to the overall

GDP. However, Ghana's macroeconomic performance has not facilitated the needed structural transformation of the economy. The limited diversification of the economy, including its dependence on primary commodity exports, has changed very little. Value-added in agriculture accounts for approximately 36 per cent of GDP, close to the 1961 figure of 35 per cent. For 1997 to 2001, primary commodities accounted for 61.2 per cent, on average, of Ghana's exports compared to 11 per cent of manufactured goods. In addition, Ghana's dependence on external financial flows has meant that the country's external debt grew sharply during the reform period. In 1983, total external debt was 41.4 per cent of GDP, but increased to 132.2 per cent of GDP by 2000.

- 12.** This lack of structural transformation of the Ghanaian economy has constrained the development of new and better employment opportunities and a fuller utilization of the labour force. The majority of employment opportunities continued to consist of low-income agricultural and informal activities. Formal public and private sector jobs have declined. Persistent unemployment, underemployment and growth in precarious forms of employment remain central features of the economy. According to the Ghana Labour Standard Survey (GLSS) of 2000, of the labour force aged 15-64 years, 52 per cent were self-employed in agriculture, 34.3 per cent in the informal economy, and only 13.7 per cent worked in formal public or private employment. Reliable data on actual unemployment is difficult to obtain, but the GLSS 2000 estimates an unemployment rate of 6.7 per cent amongst the labour force aged between 15-64 years. Other reports estimate an unemployment rate as high as 30 to 35 per cent of the labour force.
- 13.** The Government of Ghana, within the context of the Ghana Poverty Reduction Strategy (GPRS), is currently pursuing various employment initiatives, programmes and projects aimed at poverty reduction through increased social spending and increased access to income and the creation of employment opportunities. The ILO continues to provide technical advisory and other support services within the context of the Decent Work Agenda. As one of the decent work pilot countries, Ghana has benefited from various actions in support of the priorities identified by the tripartite national partners i.e., skills development, employment-intensive infrastructure, persons with disabilities, productivity improvement, wages and income distribution within the broader integrated framework of the GPRS and the upgrading of the informal business sector.
- 14.** In the course of the implementation of the GEA in Ghana, the ILO has undertaken a number of important initiatives and activities in support of making employment central in the overall development strategy as well as at the sectoral and local levels. The ILO actively supported the mainstreaming of employment in the GPRS through a detailed analysis of the labour market situation and by developing jointly with the UNDP an employment framework for poverty reduction in Ghana¹ which was reflected in the poverty reduction strategy. Responding to core element 2 of the GEA (use of appropriate technology) and core element 10 (productive employment for poverty reduction) on the role of the construction sector in generating employment for poverty reduction in the GPRS, a sector study and tripartite workshop was organized. These were based on substantive ILO experience in Ghana with the implementation of employment-friendly infrastructure programmes through the private sector, as well as on the findings of a World Bank/UK DFID/Government of Ghana Country Procurement Assessment Review (CPAR). The ILO inputs in this CPAR focused on both the issues of employment creation and conditions of work. These activities led to the preparation of a Cabinet briefing paper (to be discussed in the second quarter of 2005) with practical recommendations on

¹ See Government of Ghana, ILO and UNDP, *An employment framework for poverty reduction in Ghana*, Geneva, 2004.

implementation strategies to increase employment opportunities through infrastructure development and maintenance.

15. The Ghana Presidential Employment Summit is planned for April 2005 as a national effort to place employment at the centre of macroeconomic and social policy-making as a follow-up to the African Union Extraordinary Heads of State Summit on Employment and Poverty Alleviation in Africa. The Summit intends to promote the creation of decent jobs in Ghana through: (a) mobilization of local and national stakeholders in the identification of macroeconomic, structural, sectoral policies and institutional capacity gaps that are constraints to job creation; (b) identify key sectors of the economy with high potential for job-generating growth; and (c) mainstreaming the issue of employment into the development strategies, actions, programmes and projects. A ten-member National Executive Committee constituted by the Ministry of Manpower Development and Employment to manage the preparation of the Summit activities has identified four key thematic areas around which the Summit deliberations will focus. These are: (a) employment-friendly policies and strategies for the promotion of domestic and foreign investment; (b) trade and employment; (c) participation, social dialogue and job creation; and (d) human resource development and employment. These thematic areas were discussed in a number of consultative stakeholder's workshops between April and July 2004 to exchange views on constraints to creating employment opportunities in the context of these thematic areas. The expected output of the Summit will be a national plan of action and follow-up mechanisms for creation of employment opportunities and poverty reduction in Ghana within the context of the GPRS.
16. Direct technical support is being provided, with funding from the Government of the Netherlands, in a novel way that connects national policy targets to action at the local level as also envisaged in core element 5 of the GEA (promoting decent employment through entrepreneurship). In two districts with a high poverty incidence, a local economic development strategy is laid out with a strong focus on employment and the promotion of decent work in the informal economy. Committees comprising local government officials, elected Assembly members and representatives of local business and social groups consult about the economic potential and social needs of the people living in the Districts. Subsequent action plans take forward concrete proposals to access new markets, upgrade skills of workers and entrepreneurs in small enterprises, reduce vulnerabilities of working people with disabilities, involve and strengthen local contractors in rural road construction, strengthen women's entrepreneurship and improve working conditions and productivity. Besides improving jobs and creating new opportunities for local enterprises, this participatory approach provides for a learning ground of new policy tools within the decentralization strategy of the GPRS, for feedback and countrywide application for the future.
17. Ghana is one of the four countries in Africa where work has been undertaken to assess the impact on the poor of financial sector liberalization. This is strengthening the country's research capacity on the social dimensions of financial sector reforms and in the devising of appropriate policies to mitigate the impact of these reforms on the poor and vulnerable groups in the economy.

Follow-up to the Extraordinary Summit of Heads of State and Government of the African Union

18. Following the Summit in September 2004, an ILO Task Force has prepared a Guidance Note for an Office-wide strategy and for operational programmes to support the follow-up to the Summit. In providing technical assistance, the Guidance Note provides a set of

principles covering content, knowledge base, partnership and process. The overall strategic response is being guided by a framework within which the Office will develop its technical cooperation programme.

- 19.** Intervention will be at the national, regional, continental and global levels. At national level, the ILO will continue to support the mainstreaming of the Decent Work Agenda into national development plans and frameworks (Poverty Reduction Strategy, CCA/UNDAF, PRSPs). ILO support to the follow-up will be implemented through national follow-up institutions to be set up as recommended by the African Union and to be established by governments. Support will be provided for ILO tripartite constituents to participate in these institutions. The process of setting up these institutions is already ongoing in some countries, for example in Benin, Burkina Faso, Burundi, Congo, Democratic Republic of Congo, Madagascar and Senegal. The UN Country Team (UNCT) can play a catalytic role in following up the Summit's decisions. The Issues paper developed by the ILO for the Summit in collaboration with 15 UN agencies provides a blueprint for UNCTs to support in a coherent manner the national action plans as well as presidential/national employment summits where they will be organized (for example, in Ghana and Nigeria). This process will also help to build on interagency collaboration and partnership in promoting coherence towards supporting the implementation of national/regional action plans.
- 20.** At the regional level, the African Union Regional Economic Communities (RECs) will take the lead in the follow-up process with the assistance of AU/NEPAD, the ILO and other UN agencies. Meetings could be convened to popularize the Summit outcomes at the regional level. The ILO will be part of the AU process to reinforce RECs.
- 21.** At the continental level, the ILO will work closely with: (i) the AU Commission; (ii) the Labour and Social Affairs Commission; and (iii) social partners whose role will increase through their involvement in the follow-up mechanisms and the institutionalization of the Social Partners Forum. The ILO will continue to provide technical and financial assistance for the finalization of the Social Policy Framework and the AU Commission in respect to promoting employment for poverty alleviation. The ILO will continue its specific support on capacity building for the AU Commission, the secretariats of selected RECs, ministries of labour and social partners.
- 22.** At the global level, employment strategies and policies for African countries should continue to be mainstreamed in development partners' frameworks and plans for development assistance. Strategic alliances with the Bretton Woods Institutions, the African Development Bank, the UN, bilaterals and multilaterals in support of the Decent Work Agenda will be sought, including through strategic missions to their headquarters.
- 23.** For the effective implementation of ILO support to the follow-up, there are key issues that are critical to the overall process. Elements such as the quality of the ILO's knowledge base and labour market information systems, capacity building, partnerships and resource mobilization will need to be assessed.
- 24.** The Committee is invited to comment on the report, with a view to giving guidance on the future development and implementation of the Global Employment Agenda.

Geneva, 8 February 2005.

Submitted for discussion.