



110th Session of the International Labour Conference (May-June 2022)

Agenda item V

Briefing Note for Workers' Delegates

Responding to the crisis and fostering inclusive and sustainable development with a new generation of comprehensive employment policies

Third recurrent discussion on the strategic objective of employment

Context

As part of the follow up to the 2008 Social Justice Declaration a scheme of recurrent discussions was set up at the International Labour Conference (ILC). The purpose of the discussions as per the Social Justice Declaration are to:

1. Understand better the diverse realities and needs of the Members of the ILO with respect to each strategic objective, respond more effectively to them, using all ILO means of action, including standards-related actions, technical cooperation, and the technical and research capacity, and adjust the ILO priorities and programmes accordingly.
2. Assess the results of ILO's activities with a view to informing programme, budget and other governance decisions.

A first recurrent discussion on employment policy was held in 2010, and a second in 2014. The third discussion on this topic will be held this year.

This recurrent discussion will be an opportunity to discuss the progress and challenges in today's world in relation to employment. The Committee will have to adopt conclusions and the main elements of a plan of action covering employment that will guide the work of the Office and constituents for the coming years.

As a starting point, this recurrent discussion should consider the **Resolution and Conclusions adopted during the last Recurrent Discussion on Employment Policy (2014)**, which underscore the need to promote both the quality and the quantity of employment through a combination of coherent macroeconomic, labour-market and social policies. The conclusions also state that each member State should promote a comprehensive employment policy framework based on tripartite consultations, and identify 15 policy elements that such a comprehensive framework may include in specific national contexts.

This recurrent item discussion this should moreover be placed in context to a number of key ILO agreements and activities over the last years. In particular:

- **The Centenary Declaration and the Future of Work (2019)** sets out a comprehensive framework of measures that should be taken by member States to ensure a human-centred future of work. It calls for strengthening the capacities of all people to benefit from the opportunities of a changing world of work; strengthening the institutions of work to ensure adequate protection of all workers, including through ensuring adequate minimum wages, occupational health and safety, maximum limits on working time and ensuring fundamental rights; achieving gender equality and promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work.
- The **Global call to action for a human-centred recovery from the COVID-19 crisis (2021)** puts forward a range of measures to be taken to ensure a broad-based recovery from the crisis with decent work opportunities for all. It notably calls for public and private investment in sectors hit hardest by the crisis and well as in those with strong potential to expand decent work opportunities, including the care economy, education and infrastructure. It moreover calls for redoubling efforts to promote fundamental rights, international labour standards, adequate

wages, limits on working time and strong occupational safety and health measures. It reaffirms the importance of universal social protection as well as access to education and skills training.

- The **General Discussion on Inequalities and the world of work** that took place at the last International Labour Conference (2021) resulted in tripartite conclusions calling for tackling inequalities through action across seven key dimensions: promoting employment creation; fostering equal opportunity; ensuring adequate protection for all workers; accelerating the transition to formality; ensuring gender equality and non-discrimination, promoting equality, diversity and inclusion; realizing universal social protection; and promoting trade and development for a fair globalization and shared prosperity.
- The **ILO Just Transition Guidelines** set out a framework to provide support to workers whose jobs and livelihoods affected by climate change and measures to transition to a low carbon economy. It moreover sets out how social partners should be meaningfully involved in the elaboration of Just Transition plans. The Guidelines assist all stakeholders in the implementation of a just transition as defined in the Paris Agreement.

In addition, this recurrent discussion should be contextualised within the broader international-level developments related to employment, notably commitments to realise **UN Sustainable Development Goals (SDG) Goal 8** to ‘Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all’.

It should also take into account the announcement of the **UN Secretary General for a Global Accelerator on Jobs and Social Protection**, which would aim to create **400 million new jobs**. In this context it should also be noted that, to support achievement of SDG Goal 8, the **ITUC has set a global target to create 575 million new jobs by 2030** as well as formalise **at least 1 billion informal jobs**, representing half of the total global informal economy.

This discussion is moreover taking place following the recent adoption of the **Just Transition Declaration** at the UN Climate Change Conference (COP26) in Glasgow (2021), which recognizes that workers, businesses and communities must be supported as countries transition to greener economies. The Declaration notably commits countries to support those workers whose jobs and livelihoods will be affected by the transition to a zero-carbon economy; commits governments to create decent jobs for these workers coupled with reskilling and training and social protection for those in need; and promote social dialogue on just transition strategies.

The [Report](#) provided by the Office establishes a broad overview of current employment trends and challenges; employment policy trends; and the activities of the Office in relation to employment policy, which serves as a basis for discussion.

Structure of the discussion

The discussion will be framed around the Report’s three sets of questions. After the discussion, a small tripartite drafting committee will be convened to prepare draft conclusions. The Committee will then have a chance to modify the draft conclusions through a procedure of amendments.

The following may be considered by the Workers’ Group as initial reflections on the answers to each set of questions.

(a) The current challenges

The Committee will be asked to focus on the following questions:

What are the main employment challenges in different parts of the world linked to structural transformation, economic diversification, climate change, new technologies, and demographic realities, leading to rising inequalities, slow and uneven recovery from COVID-19, and huge decent work deficits? What are the underlying causes of the persistence of labour market challenges? What are the barriers to employment and decent work for youth, women and other disadvantaged groups, and what progress has been made in reducing employment and decent work gaps?

The Office Report points to the fact that **jobs have not recovered from the COVID-19 pandemic, and that underlying structural deficiencies and inequalities are amplifying and prolonging the adverse impact of the crisis.** Based on latest forecasts, the ILO predicts that total hours worked globally in 2022 will remain almost 2% below their pre-pandemic level, corresponding to a shortfall of 52 million full-time equivalent jobs. 207 million workers are projected to be unemployed 2022, up from 2019 levels by approximately 21 million.

The Workers Group may wish to highlight how the employment impacts of the COVID-19 crisis were especially felt by workers experiencing disadvantage in the labour market. Women, young people, those working in low-skilled jobs, and workers in non-standard and precarious forms of work have been disproportionately affected by job losses during the COVID-19 pandemic. Women have lost around 800 billion in income during the pandemic, 13 million fewer women were in employment in 2021 compared to 2019 and women across the world saw a surge in gender-based violence and harassment in the world of work. Youth unemployment has been further exacerbated during the crisis, and approximately one in five young people (aged 15-24) are currently not in employment, education or training (NEET), raising concerns about a lost generation.

The Workers Group may also wish to **underline high and persisting gender employment and pay gaps and women's overrepresentation in unpaid, informal and precarious forms of work.** Gender inequalities are often intersectional with race or ethnic background, migration status, indigenous status, age and/or other social categorisations, creating overlapping and compounded disadvantage. Gender gaps in the labour market moreover contribute to women's higher risk of poverty and economic vulnerability, especially in old age, as labour market inequalities translate into wide gender gaps in pensions later on. There are numerous and interrelated drivers holding women back, including discrimination, occupational segregation, a lack of access to quality care services, and the unequal sharing of care and household responsibilities. While some countries have made progress over the last years in reducing gender pay and participation gaps, the pace of change has been uneven and mostly slow.

Barriers to the right to access quality public education as well as skills training, in addition to high levels of educational mismatch, are further jeopardising employment. Even before the current crisis, changing technologies and new ways of working were disrupting jobs and the skills employees need to do them. In 2017, the McKinsey Global Institute [estimated](#) that as many as 375 million workers—or 14 percent of the global workforce—would have to switch occupations or acquire new skills by 2030 due to technological change. While, for the vast majority of countries, high and medium-skilled jobs are in the highest demand, labour market polarization has somewhat reduced demand for medium-skill jobs in some countries. The COVID-19 pandemic has led to dramatic disruptions and transformations in the labour market and put further pressure on workers to adapt their skills to new labour markets.

The quality of employment is a major issue to be addressed in this discussion, including low wages. Recent ILO [research](#) has also highlighted how **minimum wages remain inadequate in ensuring decent livelihoods for workers**, and are sometimes even set below national poverty lines. The report equally points out that poverty, including in-work poverty, has been increasing. Wages have also stagnated compared to productivity over the past years, which is leading to the decline in the labour income share of GDP. The exception to slow wage growth has been for top one percent of earners, who have seen their wages increase much more rapidly than wages in other income groups, leading to rising wage inequality. Increasing inflation is further eroding the value of real wages and contributing to greater economic vulnerability.

In this regard, the Workers Group might also wish to highlight **decreasing employment security and the growth of precarious and non-standard forms of work.** Over the last years there has been an overall rise in non-standard forms of employment globally, including increases in temporary work, part-time work, zero-hour contracts, temporary agency work, dependent self-employment and disguised employment relationships. These trends have proliferated in the wake of **digitalisation and technological change** (especially in the case of platform work), regulatory arbitrage, as well as, in some cases, **employment policy changes** that have made it easier and more attractive for firms to hire workers on precarious contracts. Overall the rise in precarious forms of work is also leading to more polarised labour markets, increasingly squeezing the middle class and contributing to widening wage inequality.

The report also points to the role of **globalisation** in influencing employment trends and the **increasing prevalence of global supply chains**; one in five jobs globally is now linked to a supply chain. While globalisation and supply chains have created new opportunities for growth and industrialization in developing countries, however they have also exacerbated low wage and precarious work by exacerbating social dumping, as firms are able to circumvent national labour legislation and regulations by moving to low wage labour abroad, which enforces a race to the bottom in terms of wages and working conditions. Digitalisation is also further exacerbating social dumping in some cases, as work is able to be remotely outsourced. The fragmented structure of global supply chains also means that multinational companies are usually not held liable for labour practices in their supply chains, despite having a huge amount of influence on pricing and conditions.

Persistent informality is another major challenge, with an estimated 62% of the global workforce being estimated to work in the informal economy. These workers are as a result often deprived of basic rights and protections assured to workers in the formal economy, including minimum wages and social protection. Informal workers were also particularly vulnerable to shocks during the pandemic; the report highlights that during the crisis almost 1.6 billion workers in the informal economy had been significantly impacted, leading to an estimated decline in their earnings of 60%.

Finally, climate change and the structural transformations required to a transition to a low carbon economy are expected to have an impact on employment. The report highlights some estimations of jobs created and destroyed on a variety of different scenarios to reduce carbon emissions; in all scenarios the net impact of jobs created is higher than the net impact of jobs destroyed. That being said, while many workers whose jobs are at risk could be allocated into new climate-friendly jobs and industries, not all of them would be able to be, underlining the importance of securing a **just transition** to ensure that no workers are left behind.

(b) Employment policy frameworks

The Committee will be asked to focus on the following questions:

Based on the 2014 ILC conclusions and empirical evidence, what employment policy frameworks have worked to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work, transition to formality, structural transformation and productivity growth? Where have such policies not been successful and why? To what extent did these frameworks have an impact on the attainment of sustainable development, including on Goal 8 of the SDG agenda on inclusive and sustainable growth, employment and decent work for all as well as on inclusive structural transformation? How can synergies between the four strategic objectives of employment promotion, social protection, labour rights and social dialogue be strengthened? What policy coordination mechanisms have been put in place at the national level to improve employment outcomes? To what extent do such mechanisms rely on tripartite social dialogue to ensure the proper involvement of social partners in the design and implementation of economic, social and employment policies? What support has been provided to facilitate transitions for workers and enterprises to respond to crises, adapt to a changing world of work and respond to structural transformations including the transition to a low carbon economy? How responsive and targeted have these policies been with respect to groups in vulnerable situations such as youth, women, workers in the informal economy and other disadvantaged groups?

It could be noted that **a number of governments have taken measures during the COVID-19 pandemic to safeguard jobs and incomes** through the expansion of social protection systems and the use of temporary wage subsidies in hard-hit sectors to prevent job loss. However these measures were uneven across countries, with low and middle income countries often lacking sufficient fiscal capacity to undertake such measures. Moreover, while these measures have been a critical support to workers, they are unlikely to be enough to rebuild economies and deliver full employment. However, what stood out as a critical way forward to maintain jobs and to be responsive to both the health emergency and the

deteriorating economic situation, was the pro-active use of collective bargaining as demonstrated in the recent ILO's Social Dialogue 2022 flagship report.

The Workers Group may wish to moreover highlight the need for more than temporary measures to avoid job loss, and stress the importance of **active government policies to support job creation**, including the **creation of jobs in the public sector, public works programmes, and strengthened public investment** in critical areas including infrastructure development, environmentally-friendly sectors and the care economy. These strategies should be part of governments' broader **industry policies**; they must be proactive in managing structural transformations in the labour market and providing incentives, direction and coordination for the development of domestic industries and the creation of new and decent jobs

Governments must moreover ensure that **employment and job creation plans focus on quality jobs**, with rights, decent wages and working conditions. Strengthening wages and enhancing job quality will help to stimulate aggregate demand, strengthen tax revenues and further boost economic recovery and growth.

The Workers Group might wish to accordingly reiterate that the 2014 Recurrent Discussion on Employment emphasised the need for a **comprehensive policy mix to support both increased quantity and quality of employment** through a combination of coherent macroeconomic, labour-market and social policies. **Macroeconomic policies** should have the goal of employment and job creation at the centre. Employment is not a mere by-product of trade, monetary and/or fiscal policies. It is a dynamic factor that links back and forward the economic structures with the well-being of households and the population.

The Workers Group might also wish to underline the **urgency of formalising the informal economy**. Supporting formalisation requires a comprehensive approach of both incentives and appropriate enforcement measures, in line with ILO Recommendation 204. Incentive measures could include, but are not limited to, improved access to inclusive financial services such as credit and equity, reduced costs for registering a business and reduced compliance costs, simplified procedures for registering taxes and contributions, improved access to training and skills development measures, and improved access to social security. In addition, increased labour inspection, efficient and accessible complaint and appeal procedures, and effective sanctions for non-compliance can play a positive role in reducing informality.

The importance of enhancing the quality of employment and cracking down on precarious and non-standard forms of work could moreover be emphasised. In this regard, it could be recalled that SDG Target 8.8 specifically calls for protecting labour rights and promoting safe and secure working environments for all workers. Moreover, the Centenary Declaration on the Future of Work set out that all workers should be ensured an adequate minimum wage, occupational health and safety, maximum limits on working time and fundamental rights. It moreover reaffirmed 'the continued relevance of the employment relationship as a means of providing certainty and legal protection to workers. The Workers Group could accordingly emphasise the importance of addressing employment misclassification and ensuring that employers register and take responsibility for their workforce. In this regard, a number of countries have put in place a presumption of an employment relationship in their laws and place the burden of proof on the employer.

The Workers Group may also wish to emphasise the importance of **investment in public quality education and training** to enable workers to take advantage of the massive labour market transformations underway, helping ensure that they are ready to take up the new jobs that are created. It could also emphasise the importance of linking **unemployment support** with **active labour market policies** and **quality employment services** that are adapted to the needs of jobseekers.

Ensuring the adequacy of unemployment benefits, both in terms of benefit level as well as duration of support, is important to allow job search and improve skills matching, in addition to providing economic security and preventing against poverty. Unemployment benefits are also a crucial lever in providing automatic stabilisation in economic downturns, strengthening aggregate demand and preventing crises from getting worse.

Tackling gender inequality in the labour market and removing barriers to labour market participation for women requires a comprehensive set of measures, including the establishment and enforcement of equal pay legislation, measures to reduce gender segregation in the labour market and increase the value of women's work, tackling gender-based violence and harassment, policies to address women's underrepresentation in management, public investments in the care economy, minimum living wages and strengthened collective bargaining.

The Workers' Group may also wish to point out **the need to avoid the mistakes made during the last global economic and financial crisis**, when austerity was promoted and employment protections were weakened in many countries as a strategy to promote hiring. This strategy – often promoted by international financial institutions – has been to deregulate the labour market and apply downward pressure on wages and labour costs as a means of incentivising firms to hire new workers. This strategy was widely employed during the last economic and financial crisis, where many governments weakened employment protection legislation (EPL), incentivised the hiring of workers on temporary and precarious contracts, and undertook wage cuts and freezes, including on public sector wages and minimum wages. A number of studies have since called into question the supposed evidence underpinning the recommendations to weaken labour markets, showing how such policies have not been shown to have any clear effects on increasing employment.

Weakened collective bargaining, through decentralising collective bargaining and allowing companies to deviate from collective agreements, has been another tactic used by governments in the last crisis to try to stimulate jobs by reducing so-called 'rigidities' in the labour market. However [ILO analysis](#) has highlighted that such measures have not been shown to have positive effects on employment, but have instead put downward pressure on wages and working conditions and have contributed to greater inequalities. Such measures have further been shown to be counter-productive by reducing productivity. The suspension or reduction of employer obligations to pay social security contributions has additionally been used by governments with the rationale of reducing labour costs for employers and stimulating hiring. Not only is there a lack of evidence that such strategies work, but these measures have often resulted in workers having to compensate by paying increased social security contributions themselves, in turn reducing workers' take-home income and further depressing aggregate demand.

The Workers Group may also wish to point out that raising the retirement age and phasing out early retirement options have been popular tactics for states to respond to **demographic ageing**, under the rationale that as workers are living longer, they must remain in the labour market for longer. However, such measures have neglected the barriers that may exist for older people to remain in the labour market – as their skills may not been adapted to changing labour markets, and they also may face significant discrimination. Raising the retirement age has thus been shown not to be very effective in increasing the overall employment rate of older people, but rather can often lead to their greater economic vulnerability.

The workers group may accordingly wish to emphasize during the discussion that **low wages, deregulation and the weakening of workers' rights, including on employment protection legislation and in the area of social protection, cannot be part of any employment creation strategy.**

(c) ILO related action

The Committee will be asked to focus on the following questions:

What action has been taken by the Office to support constituents in the above areas and with what results? How can the Office further support the improvement of employment policy frameworks and the promotion of international labour standards in response to the challenges identified and with the goal to promote the four strategic objectives? What is, and should be, the role of the ILO within the broader multilateral system in setting employment policy objectives and fostering policy coordination for the promotion of full and productive employment and decent work for all?

The Workers' Group may wish to point out the **continued relevance of international labour standards related to employment policy**, especially **Convention 122 on Employment Policy**, which has been ratified by 115 countries, as well as **Recommendation 122 on Employment Policy**, **Recommendation 169 on Employment Policy (Supplementary Provisions)**, and **Recommendation 204 on the Transition from the Informal to Formal economy**. Workers may wish to welcome the recent ratifications of Convention 122 by a number of countries including Luxembourg, Namibia, Niger and Sri Lanka which showcase its continued relevance. The ratification and effective implementation of **Convention 168 on Employment Promotion and Protection against Unemployment** could equally be emphasised, as well as international labour standards that support quality employment such as **Convention 131 on Minimum Wage Fixing** and **Conventions 155 and 187 on Occupational Health and Safety**.

The Workers' Group may also wish to emphasise the need for **more promotion and awareness-raising activities from the ILO on the ratification and effective implementation of ILO employment policy standards**, as well as technical support to countries on quality job creation strategies - including in care, the green economy and infrastructure - notably through the Decent Work Country Programmes. Special emphasis could be placed on supporting the transition of informal economy workers to the formal economy, as well as enhancing employment security for workers in non-standard forms of employment. **The Workers' Group may also wish to point out the importance of meaningfully involving unions in the elaboration and implementation of these technical assistance programmes and organise assessment-based national dialogues with social partners on job creation priorities and areas in need of reform.** Capacity building support for unions in these areas could equally be requested.

The Workers Group may also wish to request continued support from the Office to governments and social partners to promote the quality of employment, including the guarantee of a minimum living wage, as underlined in the Philadelphia Declaration and reiterated in the General Discussion on Inequalities. **Continued promotion of ILO Convention 131 on Minimum Wage Fixing and further work by the office would be welcome to support governments and social partners develop estimates on living wages and action plans to achieve them.** It could be noted that many initiatives are taking place internationally to seek to define living wages and outline companies' obligations in this regard (UN Global Compact, the Business for Inclusive Growth Coalition, IDH etc.) and the ILO should play a leadership role at the international level with regard to the definition of living wages.

With regard to the ILO's research agenda in the area of employment, the Workers Group may wish to make reference to some of the research the Office has done over the years to assess the job-creation potential of investments in the care economy and the green economy. **The Workers Group could request the Office to continue research on job creation in these areas as well as in other areas with significant job creation potential, including infrastructure**— given that these sectors have already been identified as having significant potential for decent work opportunities within the ILO COVID-19 Call to Action for a Human-Centred Recovery. **A dedicated WESO report focussed on public investment and quality job creation could be requested to this affect.** Such a report could additionally explore the potential for strengthened investment and job creation in sectors that have been hard hit by the crisis and/or that are undergoing significant transformations, such as hospitality, tourism, transport, arts and recreation and some parts of retail, as identified in the ILO COVID-19 Call to Action.

The Workers Group could moreover consider **requesting support from the Office to member States in the development of comprehensive job creations plans and industry policy strategies**, underpinned by tripartite dialogue. The Workers group could also request that the office **scale up the 'Climate Action for Jobs Initiative'** to support countries in the transition to a low carbon economy and help them integrate Just Transition plans within their nationally determined contributions (NDCs), whilst supporting tripartite consultations on these plans.

Finally, with regard to strengthening the ILO's leadership role in the multilateral system, the Workers' Group may wish to highlight the role that the ILO currently plays in overseeing the implementation of SDG Goal 8 on decent work. **However, it should be noted that there are important differences in the perspectives of the ILO and international financial institutions in relation to employment promotion that should not be ignored.** The policy advice and lending conditionalities of the International Monetary Fund has at times included reduction of public-sector employment and public sector wages; cutbacks to

social protection and reduced employment protection. The Workers Group could accordingly **request that the ILO step up engagement with international financial institutions and multilateral development banks** to ensure coherence with ILO standards and approaches, in line with the conclusions of the General Discussion on Inequalities in 2021. Such engagement should follow up and build upon the Conclusions and Plan of Action from the 2021 Recurrent Discussion on Social Security, which called for strengthened cooperation between the Office and the Bank/IMF in relation to their policies in the area of social protection to ensure greater coherence with international labour standards.