

**FOR INFORMATION**

FIRST ITEM ON THE AGENDA

The Global Jobs Pact: Policy coherence and international coordination**Introduction**

1. The Global Jobs Pact envisages close collaboration to achieve its objectives between the ILO, the United Nations (UN) and other relevant international organizations with a view to improving policy coherence and international coordination. Since June, important steps forward have been taken in this direction and support has been expressed for the Global Jobs Pact at several international gatherings. This paper summarizes progress on the policy coherence and international coordination dimensions of the Global Jobs Pact and suggests future lines of action.
2. The organizations and meetings covered in the paper are the UN, the G20, the G8, and several other international and regional organizations. The Director-General's communication and the ILO report to the G20 Leaders' Summit in Pittsburgh accompany this paper, as well as an addendum with a summary of the latest international economic forecasts.

The United Nations

3. The UN General Assembly endorsed the outcome of the UN Conference on the World Financial and Economic Crisis and Its Impact on Development, held in New York from 24 to 26 June.¹ The Conference expressed serious concern that "the economic and social progress achieved during recent years, in particular on internationally agreed development goals, including the Millennium Development Goals, is now being threatened in developing countries, particularly least developed countries". The comprehensive outcome document concludes with a section on the way forward which invited "the International Labour Organization to present the 'Global Jobs Pact' ... to the substantive session of the Economic and Social Council in July 2009, which intends to promote a job-intensive recovery from the crisis, drawing on the Decent Work Agenda, and to shape a pattern for sustainable growth".

¹ UN General Assembly: *Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development*, 2009 (A/RES/63/303).

4. The President of the Economic and Social Council (ECOSOC) invited the Director-General to present the Global Jobs Pact to its July session, which subsequently adopted a resolution entitled “Recovering from the crisis: A Global Jobs Pact”, welcoming the ILO’s adoption of the Pact. It encourages member States to promote and make full use of the Pact as a general framework within which each country can formulate a policy package specific to its situation and priorities. The resolution further requests the United Nations funds and programmes and the specialized agencies to take into account, through their appropriate decision-making processes, the Global Jobs Pact in their policies and programmes, as well as to consider the integration of the policy contents of the Pact into the activities of the Resident Coordinator system and the United Nations country teams. It also invites international financial institutions and other relevant international organizations to integrate, in accordance with their mandates, the policy contents of the Global Jobs Pact in their activities. It recognizes that giving effect to the recommendations and policy options of the Global Jobs Pact requires consideration of financing and capacity building, and that least developed, developing and transition countries that lack the fiscal space to adopt response and recovery policies require particular support. The resolution concludes by requesting the Secretary-General to report to ECOSOC at its substantive session of 2010 on progress.² At its second regular session convened on 8–11 September 2009, the Executive Board of the United Nations Development Programme (UNDP) decided to include an agenda item on follow-up to the ECOSOC resolution at its regular session from 19 to 22 January 2010.
5. In a further parallel development, the UN System Chief Executives Board for Coordination (CEB) adopted in April nine Joint Crisis Initiatives³ as a means of coordinating the UN’s efforts to deliver as one in assisting countries and the global community to confront the crisis, accelerate recovery and build a fair and inclusive globalization. The ILO Global Jobs Pact affirms support for the ILO’s role in the CEB. The Initiatives were developed by the High-level Committee on Programmes chaired by the ILO Director-General. These include initiatives on promoting investment in long-term environmental sustainability; the Global Jobs Pact – boosting employment, production, investment and aggregate demand, and promoting decent work for all; and a social protection floor, ensuring access to basic social services, shelter, and empowerment and protection of the poor and vulnerable. Since April, lead agencies have worked with a group of supporting agencies to promote joint work on the nine initiatives. The ILO is lead agency for the Global Jobs Pact initiative and for the social protection floor with the World Health Organization (WHO). The Director-General in his capacity as Chairperson of the High-level Committee on Programmes convened a meeting of executive heads of lead agencies of the nine CEB Joint Crisis Initiatives on 7 July 2009 in Geneva. As a follow-up, Helen Clark, as Chairperson of the UN Development Group (UNDG), sent a letter to all Resident Coordinators in countries urging them to work with the UN country teams on rapid and relevant means of operational support to governments indicating interest in the Joint Crisis Initiatives.
6. Other fields for joint action within the UN system include work on realizing the Millennium Development Goals (MDGs). Under Goal 1 on the eradication of extreme poverty and hunger, target 2 is to achieve full and productive employment and decent work for all, including women and young people. The ILO contributed to the UN *Millennium Development Goals Report 2009*, which showed that the crisis was jeopardizing the

² UN Economic and Social Council: *Recovering from the crisis: A Global Jobs Pact*, July 2009 (E/2009/L.24) (available on request).

³ <http://hlcp.unsystemceb.org/JCI>.

achievement of many of the MDGs.⁴ In addition, the Second United Nations Decade for the Eradication of Poverty (2008–17) will have “Full employment and decent work for all” as a theme, to be reviewed at the 65th Session of the General Assembly with a report by the Secretary-General.⁵ Twenty-one agencies of the UN system have collaborated in developing a UN system-wide plan of action aimed at achieving greater coherence and synergies within their respective capacities and expertise, in support of national efforts to promote employment and decent work for poverty eradication. As well as this more intensive work on poverty eradication, the ILO continues to promote actively the CEB *Toolkit on mainstreaming employment and decent work*.

The G20 Leaders’ Summit in Pittsburgh

7. Leaders of the Group of 20 met in Pittsburgh on 24–25 September. It will be recalled that the London G20 Summit in April had invited the ILO, working with other relevant organizations, to assess the employment and social protection policy actions taken and those required for the future and that this had been welcomed in the Pact. In response to this request, the ILO Director-General was invited to the Summit and submitted two papers under the title “Protecting people, promoting jobs”.⁶

The ILO reports to the G20 Leaders’ Summit

8. The ILO reports to the G20 Leaders’ Summit estimated that employment and social protection measures taken by G20 governments since the economic crisis began had created or saved an estimated 7–11 million jobs in the G20 countries this year. The ILO also forecast that continued labour market deterioration around the world in 2009 would produce an estimated increase in global unemployment of between 39 and 61 million workers relative to 2007, which could result in global unemployment ranging from 219 to 241 million – the highest level ever on record. The report *Protecting people, promoting jobs: A survey of country employment and social protection policy responses to the global economic crisis* examined actions taken between mid-2008 and 30 July 2009 in 54 countries, spanning all income levels and regions and involving 32 specific measures grouped under four areas, namely stimulating labour demand; supporting jobs, jobseekers and unemployed; expanding social protection and food security; and applying social dialogue and protecting rights at work.
9. According to the report, the jobs saved or created as a result of the measures taken by G20 countries amounted to between 29 and 43 per cent of the total increase in unemployment in the first half of 2009, meaning that without such measures unemployment would have been that much higher in these countries. The ILO study found that the six most frequently taken measures included additional spending on infrastructure; subsidies and tax

⁴ United Nations: *The Millennium Development Goals Report 2009*, available at www.un.org/millenniumgoals/pdf/MDG_Report_2009_ENG.pdf.

⁵ UN General Assembly: *Second United Nations Decade for the Eradication of Poverty (2008–17)*, March 2009 (A/RES/63/230).

⁶ See *Protecting people, promoting jobs: From crisis response to recovery and sustainable growth. Communication to G20 Leaders by ILO Director-General and Protecting people, promoting jobs: A survey of country employment and social protection policy responses to the global economic crisis. An ILO report to the G20 Leaders’ Summit*. Both papers were sent to Governing Body members on September 22 with an invitation to comment. Replies received from two members are included in the appendix to this paper.

reductions for small enterprises; credit for small enterprises; training programmes and facilities; consultations with employers' and workers' organizations; and social protection through cash transfers. These measures were among the policy options outlined in the Global Jobs Pact.

10. While initial responses were aimed at staving off a precipitous decline in employment and mitigating the impact on the most vulnerable, the ILO report found that countries were increasingly seeking to prepare for recovery by investing in new infrastructure and preparing the workforce for structural changes such as those resulting from adaptation to lower carbon emissions. The ILO report noted that lower-income countries would need additional support to strengthen their employment and social protection responses to the crisis.
11. The report also noted that not enough attention had been given to additional measures designed to fight labour trafficking and child labour, stimulate access by small enterprises to public tenders, promote consultations at the sectoral level, increase capacity for labour inspection and protect migrant workers.
12. The report highlighted the fact that every year, some 45 million young women and men enter the global labour market, mainly in developing countries, bringing additional pressures to labour markets already afflicted with high numbers of informal workers, unemployed, persons discouraged from seeking work and those involuntarily working part time. New entrants and rising joblessness together present a very sizeable employment challenge, now and in the immediate future. Strong economic growth and high employment content of growth are both indispensable. Otherwise, even if recovery starts to take hold, a significant shortfall in available employment will remain for several years. This called for decisive action.

The Leaders' Statement

13. The Summit adopted a Leaders' Statement⁷ in which Heads of State and Government committed "to launch a framework that lays out the policies and the way we act together to generate strong, sustainable and balanced global growth. We need a durable recovery that creates the good jobs our people need". In their remarks before, at and after the Summit, many leaders addressed the challenge of the jobs crisis and expressed appreciation for the contributions of the ILO to the meeting.
14. Against the background of some signs that major global economic disruption had been averted but that in many countries a pickup in growth still relied heavily on public policy stimulus measures, leaders "agreed to maintain our steps to support economic activity until recovery is assured". As well as initiating the new Framework for Strong, Sustainable and Balanced Growth, the statement adopted "Core Values for Sustainable Economic Activity", aimed at building on proposals by Chancellor Merkel of Germany for a set of principles for the global economy.
15. The Statement covered a wide range of crisis-related issues envisaged as forming part of the Framework for Strong, Sustainable and Balanced Growth. These included detailed commitments under the heading "Putting quality jobs at the heart of the recovery". The text is as follows:

43. The prompt, vigorous and sustained response of our countries has saved or created millions of jobs. Based on International Labour Organization (ILO) estimates, our efforts will

⁷ www.pittsburghsummit.gov/mediacenter/129639.htm.

have created or saved at least 7–11 million jobs by the end of this year. Without sustained action, unemployment is likely to continue rising in many of our countries even after economies stabilize, with a disproportionate impact on the most vulnerable segments of our population. As growth returns, every country must act to ensure that employment recovers quickly. We commit to implementing recovery plans that support decent work, help preserve employment, and prioritize job growth. In addition, we will continue to provide income, social protection, and training support for the unemployed and those most at risk of unemployment. We agree that the current challenges do not provide an excuse to disregard or weaken internationally recognized labor standards. To assure that global growth is broadly beneficial, we should implement policies consistent with ILO fundamental principles and rights at work.

44. Our new Framework for Strong, Sustainable, and Balanced Growth requires structural reforms to create more inclusive labor markets, active labor market policies, and quality education and training programs. Each of our countries will need, through its own national policies, to strengthen the ability of our workers to adapt to changing market demands and to benefit from innovation and investments in new technologies, clean energy, environment, health, and infrastructure. It is no longer sufficient to train workers to meet their specific current needs; we should ensure access to training programs that support lifelong skills development and focus on future market needs. Developed countries should support developing countries to build and strengthen their capacities in this area. These steps will help to assure that the gains from new inventions and lifting existing impediments to growth are broadly shared.

45. We pledge to support robust training efforts in our growth strategies and investments. We recognize successful employment and training programs are often designed together with employers and workers, and we call on the ILO, in partnership with other organizations, to convene its constituents and NGOs to develop a training strategy for our consideration.

46. We agree on the importance of building an employment-oriented framework for future economic growth. In this context, we reaffirm the importance of the London Jobs Conference and Rome Social Summit. We also welcome the recently adopted ILO resolution on recovering from the crisis: A Global Jobs Pact, and we commit our nations to adopt key elements of its general framework to advance the social dimension of globalization. The international institutions should consider ILO standards and the goals of the Jobs Pact in their crisis and post-crisis analysis and policy-making activities.

47. To ensure our continued focus on employment policies, the Chair of the Pittsburgh Summit has asked his Secretary of Labor to invite our Employment and Labor Ministers to meet as a group in early 2010 consulting with labor and business and building on the upcoming OECD Labour and Employment Ministerial meeting on the jobs crisis. We direct our Ministers to assess the evolving employment situation, review reports from the ILO and other organizations on the impact of policies we have adopted, report on whether further measures are desirable, and consider medium-term employment and skills development policies, social protection programs, and best practices to ensure workers are prepared to take advantage of advances in science and technology.

16. The next meeting of G20 Heads of State and Government will be in Canada in June 2010, and a further meeting will take place in the Republic of Korea before the end of 2010. The G20 was designated as the “premier forum for our international economic cooperation”. In 2011 France will host the G20 Leaders’ Summit, which is expected then to convene annually.

The G8 Summit in L’Aquila

17. The 2009 G8 Summit, to which the Director-General was invited, was held from 8 to 10 July in L’Aquila, Italy. The Summit adopted several texts, including a Declaration on

Responsible Leadership for a Sustainable Future.⁸ A section of the Declaration on tackling the social dimension of the crisis reads as follows:

37. Social and employment policies are a crucial pillar in the context of a new global framework. Measures should provide income relief for people and households and prevent long-term unemployment, with particular reference to the most vulnerable groups, taking into consideration gender issues. Advanced, emerging and developing countries as well as international institutions should work together to ensure employment oriented growth and promote social cohesion. Taking forward the ILO Decent Work Agenda, building on the ILO resolution on “Recovering from the crisis: A Global Jobs Pact”, is relevant to respond to the crisis at worldwide level and advance the social dimension of globalization. Governments and enterprises should not use the crisis as an excuse to diminish compliance with worker rights or to diminish worker protections. We commit to promote employment and social protection on a global level and the observance of internationally recognised labour rights as reflected in the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up. We also commit to address the human dimension of the crisis and to restore growth on a stronger footing.

Meetings of the European Union (EU), Organisation for Economic Co-operation and Development (OECD), African Union (AU), Organization of American States (OAS), Asian Development Bank (ADB) and Arab Employment Forum (AEF)

18. At their informal meeting in Brussels on 17 September to prepare for the Pittsburgh Summit, EU *Heads of State or Government* agreed that:

... in order to avoid permanent exclusion from the labour market, particular attention must be paid to (i) maintaining employment, creating new jobs and promoting mobility; (ii) upgrading skills and matching labour market needs; (iii) increasing access to employment. There is also a need to strengthen the ability of workers to adapt to changing market demands and prepare workers to benefit from new investments in the areas of clean energy, health and infrastructure. Employment and social cohesion must be at the centre. In this context, we welcome the recently adopted ILO Global Jobs Pact.

19. *OECD Employment and Labour Ministers*, together with counterparts from Brazil, Chile, Estonia, India, Israel, Russian Federation and Slovenia, met in Paris on 28–29 September. The ILO Director-General was invited to participate in the meeting and provided a report on the Pittsburgh G20 Summit. In their communiqué,⁹ Ministers noted:

... that significant action has already been taken at international and national levels to counteract the impacts of the downturn, Ministers welcomed the initial signs of economic recovery. However, they also underlined that they will have to deal with the consequences of high and persistent unemployment for some time after the recovery is well underway. They agreed that, in light of the severity of the recession, comprehensive and innovative employment and social policies are essential to tackle the jobs crisis and promote a return to

⁸ L'Aquila G8 Declaration on Responsible Leadership for a Sustainable Future. www.g8italia2009.it/static/G8_Allegato/G8_Declaration_08_07_09_final,0.pdf.

⁹ OECD Employment and Labour Ministers: *Final communiqué – Tackling the jobs crisis: The labour market and social policy response*, Paris, 29 September 2009. www.oecd.org/document/29/0,3343,en_2649_34487_43790301_1_1_1_1,00.html.

sound economic growth and called on the OECD to assess the implications for its Reassessed Jobs Strategy.

20. The *African Union's Tripartite Labour and Social Affairs Commission*, in the conclusions of its meeting held in Addis Ababa on 28 September–2 October, recommended that the Global Jobs Pact be translated into national action plans to address the worsening jobs and poverty situation on the continent. The Commission reaffirmed the AU's commitment to the Global Jobs Pact in Africa and welcomed the invitation of the President of Burkina Faso, HE Blaise Compaoré to the first African Decent Work Symposium on 1–2 December in Ouagadougou, to be held with Heads of State, ministers of employment and finance and leaders of employers' and workers' organizations. The Commission requested the ILO to collaborate with relevant international, regional and national organizations to implement the Pact and agreed to align national development frameworks on it.¹⁰
21. The XVI *Inter-American Conference of Ministers of Labor* of the Organization of American States met in Buenos Aires, Argentina on 6–8 October and adopted a Declaration entitled "Facing the Crisis with Development, Decent Work, and Social Protection".¹¹ The Director-General participated in the meeting. The Declaration outlines an extensive programme of cooperation and endorsed the resolution "Recovering from the crisis: A Global Jobs Pact" that came out of the 98th Session of the International Labour Conference, designed to guide national and international policies aimed at stimulating economic recovery, generating jobs and providing protection to working people and their families.
22. The *Asian Development Bank (ADB)* organized a large high-level conference in Hanoi from 28 to 30 September with nine development partners, including the ILO, on "The Impact of the Global Economic Slowdown on Poverty and Sustainable Development in Asia and the Pacific".¹² Speaking at the conclusion of the conference, Ms Schaefer-Preuss, Vice-President of the ADB, said that the recent global economic downturn had cut demand for the exports on which the region's economies depended, forcing job cuts in many of the industries that sent their goods overseas and slashing the incomes of thousands of people in the region. Many might have to struggle to find alternative employment. "Creating the conditions for good jobs and, more importantly, social protection programmes for those unable to find decent work is an urgent priority for governments in Asia and the Pacific", she said. The conference, organized by the ADB, together with the Governments of Viet Nam and China, the Association of Southeast Asian Nations (ASEAN) secretariat and nine development partners, was attended by 350 representatives from the ADB, regional governments, civil society, intergovernmental organizations and academia to discuss the social impact of the global crisis and the need for social policy reforms.
23. At the *Arab Employment Forum (AEF)* (Beirut, 19–21 October), jointly convened by the ILO and the Arab Labour Organization (ALO), tripartite delegates from 22 Arabic-speaking countries from the Middle East and Africa adopted an Agenda for Action to give effect to the Global Jobs Pact in the region. The Agenda gives particular emphasis to small enterprise development, skills, social protection, social dialogue and rights at work. In

¹⁰ African Union: *Declaration on the Implementation of the Global Jobs Pact in Africa*, Addis Ababa, 29 September 2009 (available on request).

¹¹ Organization of American States: *Declaration of Buenos Aires 2009: Facing the Crisis with Development, Decent Work, and Social Protection*, 8 October 2009. www.sedi.oas.org/ddse/english/cpo_trab_XVI_CIMT.asp#_Hlk2.

¹² <http://www.adb.org/Documents/Events/2009/Poverty-Social-Development/>.

particular, the Agenda endorses an agreement between employers and workers to meet regularly to discuss salient employment and labour matters, as well as stronger regional cooperation, including through ILO/ALO cooperation.

Securing a global recovery, rebalancing economic development and increasing the employment content of growth

24. In the months since the International Labour Conference, several key international meetings have concurred with the need for increased policy coherence and international coordination and the policy options contained in the Global Jobs Pact. A number of factors have contributed to the high level of support for the ILO and the Pact. In particular, the relevance and timeliness of the ILO's initiative have been highlighted by the continuing rise in unemployment and other indicators of labour market distress, growing concern about increasing poverty and recognition that unless urgent action is taken the jobs crisis could be prolonged, hampering economic recovery and raising social tensions. A large volume of problem assets continues to weigh down on finance markets. The latest forecasts point to some recovery in 2010, but national situations vary markedly.¹³
25. In addition, ILO constituents have engaged in an unprecedented drive to present and explain the importance of the Pact. Efforts within national governments to ensure that Heads of State and Government, as well as other ministries, are aware of the potential of the Pact, a high level of advocacy by the international networks of workers' and employers' organizations and timely inputs by the Office to international conferences and the work of other relevant international organizations have all contributed to pushing the policy proposals of the Global Jobs Pact up the political agenda.
26. In the period ahead the key issue is converting this international support into effective policy implementation in a large number of countries. Document GB.306/3/1 "Giving effect to the Global Jobs Pact" outlines the strategy under development aimed at supporting constituents' efforts to utilize the Pact. The ILO contribution and report to the G20 Leaders' Summit in Pittsburgh also provide an initial assessment of the extent to which countries are implementing measures recommended in the Pact. They show that many countries are using elements of the Pact portfolio and that overall stimulus measures may have reduced the rise in unemployment in G20 countries by around a third. However, the ILO contribution, echoing the Pact itself, also expressed concern that some countries would not be in a position to make full use of the Pact approach without international support as a result of a combination of a strained fiscal position, burdensome foreign indebtedness and weak institutional capacities for policy implementation.

Possible sources of funding for national efforts to utilize the Global Jobs Pact

27. The G20 Leaders' Statement does include the sentence "the international institutions should consider ILO standards and the goals of the Jobs Pact in their crisis and post-crisis analysis and policy-making activities". ECOSOC also recognizes that the recommendations and policy options of the Global Jobs Pact require financing and invites donor countries and multilateral agencies to provide funding, including within existing

¹³ GB.306/WP/SDG/1(Add.) provides a summary of recent forecasts of the world economy.

crisis resources, for the implementation of the Pact.¹⁴ As described in paragraph 5, the ILO is working closely with the UNDG and the network of UN country teams to realize this objective.

28. In May the High-level Meeting of the Development Advisory Committee of the OECD, which brings together 23 donor countries and multilateral development cooperation organizations, adopted a policy statement on “The role of employment and social protection: Making economic growth more pro-poor”. The statement recognized the need to respond to growing demand in partner countries for more public action on social protection and employment. “Productive employment and decent work needs to be a key objective of development cooperation.”¹⁵

29. At the meeting of the International Monetary and Finance Committee on 4 October in Istanbul, the International Monetary Fund (IMF) committed:

... to maintaining supportive fiscal, monetary, and financial sector policies until a durable recovery is secured, and stand ready to act further as needed to revive credit, recover lost jobs, and reverse setbacks in poverty reduction. We emphasize that agreed financial sector and regulatory reforms should be completed without delay. We reaffirm our collective responsibility to avoid protectionism in all its forms. It is also important to continue international support for low-income countries’ efforts to implement their long-term development plans and to combat poverty, and to continue monitoring the impact of the crisis on these economies.¹⁶

30. Similarly, in the communiqué of the IMF Development Committee and the World Bank on 5 October, ministers said:

As a result of the crisis, by end-2010, some 90 million more people risk being forced into extreme poverty. Hard-earned progress towards the Millennium Development Goals is in danger of being reversed. To protect the poor, we urged members to follow through on commitments to increase aid and its effectiveness. Developing countries play an important role in the global recovery and their progress will be essential for future growth. We welcomed continued progress by developing countries to improve their policy frameworks, and recognized that addressing financing constraints and investing in developing countries is critical for sustainable growth.¹⁷

31. At the G20 Summit in London in April, over US\$1 trillion was pledged “to restore credit, growth and jobs in the world economy”. The large bulk of this was the provision of loans to the IMF to enable it to step up its lending but it also included US\$50 billion “to support social protection, boost trade and safeguard development in low-income countries”.¹⁸ The IMF has increased its support to mainly middle-income emerging countries using its flexible credit line and high access precautionary arrangements to boost the available reserves. Resources for concessional lending to low-income countries have doubled. In his speech to the 2009 annual meeting the Managing Director of the Fund said “we streamlined our conditionality, focusing only on core policy measures that are critical for macroeconomic stability and growth. We have accommodated higher budget deficits in

¹⁴ UN Economic and Social Council: *Recovering from the crisis: A Global Jobs Pact*, op.cit.

¹⁵ <http://www.oecd.org/dataoecd/63/9/43514572.pdf>.

¹⁶ www.imf.org/external/np/sec/pr/2009/pr09347.htm.

¹⁷ [http://siteresources.worldbank.org/DEVCOMMINT/NewsAndEvents/22339018/FinalCommunique\(E\)100509.pdf](http://siteresources.worldbank.org/DEVCOMMINT/NewsAndEvents/22339018/FinalCommunique(E)100509.pdf).

¹⁸ www.londonsummit.gov.uk/en/summit-aims/summit-communique/.

both concessional and non-concessional lending programmes. And our programmes now have special provisions for protecting the poorest and most vulnerable.”

32. At the World Bank, efforts to increase support for social protection were focused on a new rapid social response fund, which it was envisaged would attract new funding from donors. However, so far the bulk of lending for rapid social response projects has been under existing loans channels. A high proportion has gone to middle-income countries in Latin America, Eastern Europe and Central Asia which had pre-crisis social safety net programmes that could be quickly scaled up. A multi-donor trust fund to channel donor funding to projects concerning safety nets, labour markets and employment and basic social services is not yet operational.

33. In his statement to the International Monetary and Finance Committee and the Development Committee in October, the ILO Director-General expressed concern that the envisaged change in the policy thrust of the Bretton Woods advice and the scale of funding to employment and social protection measures was slow in being realized.

Several emerging and developing countries are not in a position to mount the fiscal or monetary stimulus measures used by other countries to stave off the recession. However, if they are obliged to adjust through retrenchment this would weaken prospects for a global recovery as well as putting severe strains on an often fragile social fabric. Highly concessional medium- to long-term international support is needed by policy-constrained countries to create time and space for strategies of adjustment through growth.¹⁹

34. Following up the Global Jobs Pact’s recognition of the need to:

... encourage the international community, including international financial institutions, to make available resources for countercyclical action in countries facing fiscal and policy constraints; keep commitments to increased aid to prevent a serious setback to the Millennium Development Goals; and urge the international community to provide development assistance, including budgetary support, to build up a basic social protection floor on a national basis...

is a priority for dialogue within the UN system, with the IMF and the multilateral development banks and with the OECD Development Advisory Committee (see also GB.306/TC/4).

Coordinating international and national action to secure recovery and balanced development

35. The Global Jobs Pact includes as a principle ensuring linkages between social progress and economic development “devoting priority attention to protecting and growing employment through sustainable enterprises, quality public services and building adequate social protection for all as part of ongoing international and national action to aid recovery and development. The measures should be implemented quickly in a coordinated manner.”

36. The issue of policy coherence and coordination is a major theme of the G20 Leaders’ Statement, which launches:

... a framework that lays out the policies and the way we act together to generate strong, sustainable and balanced global growth. We need a durable recovery that creates the good jobs our people need. We need to shift from public to private sources of demand, establish a pattern of growth across countries that are more sustainable and balanced, and reduce development

¹⁹ <http://www.ilo.org/public/english/bureau/dgo/speeches/somavia/2009/imfc.pdf>.

imbalances. We pledge to avoid destabilizing booms and busts in asset and credit prices and adopt macroeconomic policies, consistent with price stability, that promote adequate and balanced global demand. We will also make decisive progress on structural reforms that foster private demand and strengthen long-run growth potential. Our Framework for Strong, Sustainable and Balanced Growth is a compact that commits us to work together to assess how our policies fit together, to evaluate whether they are collectively consistent with more sustainable and balanced growth, and to act as necessary to meet our common objectives.

G20 finance ministers are invited to initiate this process with the assistance of the IMF. In the section on “Putting quality jobs at the heart of recovery”, the statement also expresses agreement on “the importance of building an employment-oriented framework for future economic growth”.

37. In this regard, the decision of G20 leaders to call a meeting of employment and labour ministers “to ensure our continued focus on employment policies” is most welcome, as is the request for further reports from the ILO on policy impact and whether further measures are desirable is of particular importance to the ILO. The framework envisaged by the G20 resonates strongly with a number of concepts contained in the Global Jobs Pact, in particular in section V on ILO action. This calls for activities to improve labour market information, collect and disseminate information on countries’ crisis response and recovery packages, assess actions taken and required for the future, strengthen partnerships with international financial institutions, strengthen country diagnostic and policy advice and prioritize crisis response in Decent Work Country Programmes. Efforts to step up activities in these fields are described in GB.306/3/1 and are given added urgency by the importance of ensuring that, if requested, the ILO is able to contribute in its areas of recognized authority to the analysis of policies called for by the G20 leaders.
38. Looking to the sustainability of recovery and the shaping of a fair globalization, a fragile recovery in many countries in which labour market distress is prolonged, leaving deep scars on the social fabric and feeding back into weak growth, is a serious risk that a coherent and coordinated policy effort should seek to avoid.
39. Many least developed and several middle-income developing and emerging economies are not in a position to launch a major policy drive along the lines of the Global Jobs Pact as a result of a combination of factors. These include a strained fiscal position, burdensome foreign indebtedness and weak institutional capacities for policy implementation. An international effort is needed to mobilize financial and technical support to overcome these constraints.
40. Signs of a bottoming out of the recession and some pick-up in growth are, in a number of countries, largely dependent on increased demand stimulated by tax cuts and expenditure increases, together with monetary easing to make liquidity available to finance markets at very low interest rates.²⁰ However, government budget deficits are provoking fears about future tax burdens and a possible upsurge in inflation. Policy-makers are thus discussing possible exit strategies from the exceptional policy efforts of the last year. However, most have concluded that an unwinding of these policies prematurely risks hobbling or reversing a recovery. The timing and pace of eventual exit strategies are of great significance to the path of employment recovery, with some finance ministers saying that exit policies should only begin when unemployment starts to fall.²¹

²⁰ IMF: *World Economic Outlook*, Washington, DC, October 2009, Ch. 1.

²¹ C. Lagarde, French Minister for the Economy, Industry and Employment, in *Financial Times*, 7 Oct. 2009.

41. To sustain recovery, a broader-based and more economically, socially and environmentally balanced growth is needed in many countries. Although much attention is given to international deficits and surpluses, there are several major areas of economic, social and environmental imbalance which, if remedied, could contribute to recovery and the shaping of a fair, inclusive and more stable globalization. Remedies for these imbalances include:
- more employment-intensive growth;
 - a higher share to wages in productivity growth, together with a narrowing of income inequalities;
 - greater emphasis on a social protection floor;
 - ensuring that the financial services sector services the real economy; and
 - increased focus on a greener economy and the generation of green jobs.
42. An important driver of growth and recovery will be increased consumption, which in turn depends greatly on employment growth, a stronger wage share in productivity increases and enhanced social protection. This would contribute to avoiding a lengthy period of stagnation, generating a more inclusive growth path and stimulating the development of many sustainable enterprises. Rebalancing the long-run fall in the labour incomes component of GDP in many countries is increasingly recognized as an important feature of a more stable and inclusive globalization in the future.²²
43. Intensive discussions are under way, primarily within the framework of the newly established Financial Stability Board, on new regulations to govern international finance markets. A strong focus of these talks is preventing the sort of catastrophic systemic risks that developed prior to 2007 and provoked a global recession whose effects will be felt by enterprises and working women and men for many years. However, it is less clear to what extent the new regime will contribute to increasing the value accorded to the real economy and the generation of decent work opportunities.
44. The shaping of new patterns of consumption, production and employment consistent with stopping global warming is also a major challenge for the Decent Work Agenda. Recognition of the importance of a just transition to a low-carbon economy in any new agreement in Copenhagen in December 2009 would help set the stage for coherent environmental and employment policies. However, the challenge of realizing an environmentally sustainable global growth path which also contributes to realizing unmet development goals, including the eradication of poverty, is a major concern.

Conclusion

45. The response of the multilateral system to the adoption of the Global Jobs Pact is very encouraging. However, securing a global recovery, rebalancing economic development and increasing the employment content of growth are major policy challenges to which the ILO is called upon to contribute.
46. As many participants in the International Labour Conference stressed, achieving the goals of the Pact requires that the ILO collaborate closely with a range of partners across the multilateral system with a view to improving policy coherence and international

²² K. Dervis, Vice-President, Global Economy and Development at the Brookings Institution: "Growth after the storm?", *The Per Jacobsen Lecture*, Istanbul, 2009.

coordination. This will require continued efforts by ILO constituents and by the Office to apprise country representatives on the governing councils of other organizations with mandates relevant to the Global Jobs Pact, and their staff, of the importance of contributing to a rapid recovery in decent work opportunities, the building of more effective policies in fields such as basic social protection and shaping a conducive environment for strong, sustainable and balanced growth.

Geneva, 4 November 2009.

Submitted for information.

Appendix

Comments from constituents concerning the ILO report “Protecting people, promoting jobs”

Comments from the Government of Japan

Please amend Information Annex 1 as follows.

Box 3 (page 27) should read:

Japan: 12 trillion yen allocated to Credit Guarantee Association to ease credit constraint for SMEs and an additional 4 trillion yen for safety net loans.

Box 6 (page 29) should read:

Japan: The Employment Adjustment Subsidy is payable directly to employers and has been increased from half of employee adjustment costs to two-thirds for large enterprises, and from two-thirds to four-fifths for SMEs (if the employers avoid dismissal of any of his/her current employees and other similar actions, the subsidy rate can be increased) to a maximum of \$80 per day * (if training is provided the amount can be increased by another US\$41 per day for large enterprises and \$62 per day for SMEs for a maximum of 300 days in three years). The subsidy is financed from the employer's contribution to unemployment insurance.

* The amounts of the subsidy are calculated based on the US\$–JPY exchange rate (1US\$=96.32JPY) at 30 June 2009.

Comments from the Spanish Confederation of Employers' Organizations (CEOE)
(Madrid, 1 October 2009)

The CEOE welcomes the report as a positive, much-needed step at a critical moment in the development of employment. The fact that it is linked to the measures agreed on at the G20 Summit makes it all the more relevant and contributes to strengthening the ILO's role on the new international stage.

Another welcome sign is the closer cooperation with the Organisation for Economic Co-operation and Development (OECD). Collaboration between the two international organizations regarding the focus of the study and the sharing of analytical methods and results will undoubtedly bring benefits in terms of greater visibility and efficiency.

Furthermore, the inventory of measures prepared by the ILO (Annex 3 of the report) is extremely useful and demonstrates the added value offered by an organization with a unique observatory which allows it to improve and deepen knowledge of the various employment policies.¹

At the same time, notwithstanding our *positive overall assessment* of the report, we would like to make *four brief observations* on its content.

- As the report itself makes clear, analysis of overall employment trends has its limitations. The main problem derives from the *varied nature of the employment situations* and trends that have appeared as a result of the crisis in different parts of the world. We are, perhaps for the first time, faced with a truly global crisis, which has affected every region of the planet, but the nature of the effects varies widely (as the report makes clear). Consequently, the general conclusions drawn with regard to employment trends should be treated with caution, and that includes the analyses regarding recovery in global employment (Annex 5).
- The assessment of the measures adopted by the countries selected for attention in the report is *perhaps overly quantitative and not sufficiently qualitative* in terms of its focus. Any assessment carried out on the basis of the percentage or number of measures adopted in different areas is bound to have significant limitations when compared to an analysis based on the possible effects [of those measures] and the resources allocated to them.
- At the same time, *the interrelationships that exist between the various measures sometimes make it difficult to classify them in separate categories* (for example, measures aimed at reducing social security contributions are also employment support measures and could have been included, if prior consultations had been carried out, in the section dedicated to consultations on responses to the crisis).
- The last part of the report, Annex 4, brings together estimates of the employment impact of stimulus measures. In this section, it is claimed that employment worldwide could increase in a band range of 2.0 to 5.7 million over 2009. In addition to the general opinion expressed above concerning the need for caution regarding global assessments of employment trends, *it is difficult to determine the medium- and long-term impacts of these measures on employment*. In other words, the most significant limitation of this assessment is its failure to indicate how permanent the jobs created will be in the medium and long term.

¹ “Box 7. Youth employment programmes: Advantages and disadvantages” was also useful and provided valuable guidance.