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Priorities of IOE Members from Europe & Central Asia and suggestions for ILO work – 2018-2019

Introduction

The region of Europe and Central Asia is composed of countries with very diverse political, social and economic contexts and trajectories.

Economic growth in Europe is projected to remain stable (2.4 percent in 2018) while we observe that in Central Asia and the Caucasus growth rate is expected to slow down from a 6.0 percent increase in 2017 to 4.2 percent in 2018. One reason for this slowdown is the deteriorating environment for enterprises. According to the World Bank's Global Economic Prospects¹, this is due to "less supportive external conditions, intensifying capacity constraints, and less accommodative fiscal and monetary policies in commodity importers". Delays in required structural reforms may also have further repercussions on economic growth in certain countries of the sub-region.

As far as employment is concerned, there is a steady improvement in the European Union and unemployment figures are declining further. Despite the differences in national situations, the European Union average employment rate for 20-64 -year olds, has increased since last year and is now at 72.3 percent, the highest rate ever reached². As indicated in the Employment and Social Development Quarterly Review of the European Commission, unemployment in the European Union is approaching pre-crisis levels: "unemployment has receded by around 8.6 million people since its peak recorded in April 2013 and remained below 18 million people in December 2017, the lowest level since November 2008". The youth unemployment rate has also slightly decreased, from 15 to 14.80 percent³, even though national situations can show very different rates.

Regarding the unemployment rate, Central Asia is expected to remain stable in 2018 and 2019 (8.6 percent), while in Eastern Europe the unemployment rate is projected to decline, from 5.5 percent in 2017 to 5.3 percent in 2018⁴.

The impact of digital technology is becoming more visible in the business models and automation and artificial intelligence can provide a huge boost to productivity, with direct positive repercussions on economic growth. Also, the way we work and the diverse forms of work may profoundly change the labour market. In this modified scenario skills requirements are directly affected, with higher demand for technical and digital skills and a higher risk of skills mismatch, if the education and training system as well as the workers themselves do not quickly adapt and take advantage of the transition period to adjust.

However, the positive economic development mentioned above is not exempted from risks, inter alia the rise in global protectionism and increased political instability triggered by the refugee crisis. The European Union is facing additional uncertainty in view of the Brexit negotiations and implementation.

¹ World Bank Group. 2018. Global Economic Prospects, June 2018. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/29801> License: CC BY 3.0 IGO.

² European Commission, Employment and Social Development Quarterly Review – February 2018

³ Data from Trading Economics, July 2018, <https://tradingeconomics.com/>

⁴ Data from the ILO, World Employment and Social Outlook – Trends 2018

https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_615594.pdf

Against this background, the IOE members from Europe and Central Asia considered the following policy priorities to be of particular importance in order to help the ILO Regional Office for Europe and Central Asia to establish its programme of work and future activities.

Key Priorities for IOE Members in the region:

1. Promoting an enabling environment for enterprises

Such an environment is one where the establishment of enterprises is eased through regulation and infrastructural support, among others, and where job creation by enterprises or an entrepreneurial culture is boosted. In the light of the rapid pace of digital innovation, the private sector continues to play a major role in the labour market; start-ups and young entrepreneurs bring with them the creativity needed to cope with the technological changes and provide youth with new work opportunities. New business models are being developed, for instance with a shift towards more customized products or by redesigning global operating models, to improve efficiency and effectiveness. The promotion of business dynamism and investment and the easing of registration requirements for start-ups and new entrepreneurs are high on the agenda of the employers' organisations of the region.

2. Strengthening independent and representative employers' organisations

IOE Members in the region are faced with different challenges: in the countries of the European Union and Eastern Europe, despite being generally well-positioned to serve the needs of the employers' community, employers' organisations risk that the pace of change may affect their effectiveness and representativeness. In order to ensure continued relevance and to boost their usefulness to their constituency, those employers' organisations need to evolve and develop further advisory services for their members whose expectations are growing in nature and complexity. New strategies could include, for instance, more diverse and tailor-made services for members, more focused and more effective advocacy in the political arena, readiness to anticipate legal and institutional needs for digital businesses and start-ups. In some of the countries of Central Asia and the Caucasus, employers' organisations have still to build their foundations and to defend their independence against government attempts to bring these organisations under state influence. Stronger, active and responsible organisations are needed to shape the labour market and play their role in social dialogue institutions.

3. Preserving the development of diverse forms of work to optimise job creation

The diversification of forms of work can help both enterprises increase their ability to respond and adapt to market demands and workers to be more flexible. The full-time employment relationship will still remain, but, at the same time, other forms of work will be used to maximise the economic growth in a period of uncertainty and in accordance with their personal preferences and needs.

4. Improving skills development

The increasing pace of technological change requires more focus on the workers' skills and employability throughout their lifetime. However, despite the widespread support given to the lifelong learning approach in the past decade, this concept has yet to reach its full potential. It is important to promote the conversion of skills learnt into employability; this conversion must be made affordable and accessible. The responsibility for skills development shall not only be favoured and promoted, but rests also with the individuals who are expected to take responsibility and initiative in the pursuit of knowledge and valuable life skills.

5. Regulating migration and improving integration policies

Migration has become an increasingly crucial and sensitive topic in the region and there is a compelling need to develop migration policies that respond to the labour market needs and are socially acceptable. Employers' organisations have a major role to play in shaping these policies and should be adequately consulted prior to any political decision that can potentially lead to social tensions and instability.

Areas where ILO work in the region could be improved:

1. Fostering an enabling and productive environment for business and employment creation

For the ILO to effectively contribute to the decent work agenda, it needs to increase its efforts in this direction. With this purpose, the tool elaborated by the ILO, the [EASE tool](#), has been a very useful component of ILO work in Europe & Central Asia and its further promotion remains of the utmost importance for the region. The work undertaken this year in Albania, Armenia, Kyrgyzstan, Montenegro, Serbia and Ukraine is encouraging and should be continued and expanded to other countries.

2. Increasing the capacity-building support

Employers' organisations in many countries still need capacity-building support from the ILO (especially from ACT/EMP) to become more stable and stronger. Capacity-building trainings that have been delivered for instance in Armenia, Azerbaijan, Bosnia and Herzegovina, FYR of Macedonia, Kazakhstan, Kyrgyzstan, Moldova, Serbia, Ukraine and Uzbekistan should be strengthened and further customized to the evolving needs of employers' organisations.

3. Engaging more systematically with the tripartite constituents in ILO activities and projects

In addition to the continuation of capacity-building support, the employers would also expect the ILO Office to engage tripartite constituents from the outset in the planning of any programme, activities and projects, thus ensuring relevance, transparency, tripartite governance and ownership of results achieved. Such an engagement at an early stage of the projects will help the ILO avoiding a "top-down approach" whereby technical assistance projects do not respond to the needs of ILO constituents and are not properly adapted to the local context and culture.

4. Collecting data and information on workers under different contractual arrangements

Promoting the diversification of forms of work means also understanding its foundations and having reliable data on the workers under different contractual arrangements, as well as on the number of self-employed workers and the trends throughout the region. The ILO Office should undertake comprehensive research addressing these important aspects and work on gathering data from the Balkans, the Caucasus region and Central Asia, which could help to better understand the phenomenon.

5. Taking the global lead on skills guidance to policy makers

Already on many occasions and in many ILO meetings, the Employers' Group raised the need for the ILO to focus and develop its area of expertise on skills. In doing so, the ILO needs to provide concrete tailor-made policy guidance for specific countries and sectors on how to best anticipate emerging skill requirements so as to promote transition towards formality and avoid inequalities and polarization of skills/occupations, especially in developing economies. The ILO also needs to promote and strengthen proactive public policies on up-skilling and re-skilling, including better and effective ways to connect real labour market needs and formal education systems and through effective lifelong learning. The development of standards and guidelines for the mutual recognition of foreign qualifications would also be highly beneficial to the

debate on integration of migrants. The employers from Europe and Central Asia wish to reiterate their readiness to work with the ILO to develop such a strategy.

6. Engaging with companies only in close collaboration with ACT/EMP

The Employers would like to re-emphasize their last year's recommendation that the ILO's outreach to companies be done in close collaboration with the ILO Bureau for Employers' Activities (ACT/EMP) and the respective national employers' organisations in the region. Where this line of action is not followed, companies approached by the ILO may not react or even reject any engagement. National employers' organisation can serve as a valuable and effective facilitator in ensuring that companies understand and appreciate the possibilities and benefits of engagement with the ILO and they are increasingly interested in playing an active role in this regard, both at national and international level.

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