

Annex II

Theory of change underpinning the Programme of Action for Decent Work in Global Supply Chains

The current situation

Global supply chains (GSCs) are complex, diverse and fragmented. They have contributed to economic growth, job creation, poverty reduction and entrepreneurship and can contribute to a transition from the informal to the formal economy. They can be an engine of development by promoting technology transfer, adopting new production practices and moving into higher value-added activities, which would enhance skills development, productivity and competitiveness. The positive impact of GSCs on job creation is important in view of demographic changes in terms of ageing, population growth and the increase of women's participation in the labour market.

At the same time, failures at all levels within GSCs have contributed to decent work deficits for working conditions such as in the areas of occupational safety and health, wages, working time, and which impact on the employment relationship and the protections it can offer. Such failures have also contributed to the undermining of labour rights, particularly freedom of association and collective bargaining. Informality, non-standard forms of employment and the use of intermediaries are common. The presence of child labour and forced labour in some GSCs is acute in the lower segments of the chain. Migrant workers and homeworkers are found in many GSCs and may face various forms of discrimination and limited or no legal protection. In many sectors, women represent a large share of the workforce in GSCs. They are disproportionately represented in low-wage jobs in the lower tiers of the supply chain and are too often subject to discrimination, sexual harassment and other forms of workplace violence. In addition, they lack access to social protection measures in general, and maternity protection in particular, and their career opportunities are limited. Export processing zones (EPZs) are not uniform and have very different characteristics. Decent work deficits are pronounced in a significant number of EPZs linked to GSCs. Governments may have limited capacity and resources to effectively monitor and enforce compliance with laws and regulations. The expansion of GSCs across borders has exacerbated these governance gaps.

The intervention:

The ILO programme of action on global supply chains: To significantly reduce the decent work deficits in GSCs through an integrated intervention model pilot-tested in selected GSCs organized around five areas of action: (1) Knowledge generation and dissemination; (2) Capacity building; (3) Effective advocacy in decent work in global supply chains; (4) Policy advice and technical assistance; and (5) Partnerships and policy coherence.

Critical assumptions (expected institutional capacity and behaviour after ILO interventions):

- Governments take action to deal with national challenges which prevent ratification of international labour standards and their application.
- National labour administration and inspection systems provide effective services and enforce national laws.
- Effective national and cross-border social dialogue takes place.
- ILO development cooperation programmes and sectorial approaches to decent work in GSCs are scaled up and practical knowledge from enterprise levels influences national policy processes.
- Policy coherence on GSCs is developed among multilateral initiatives and strong international partnerships in support of ILO leadership on decent work in GSCs exists.
- Enterprises have access to comprehensive ILO country-level information for guidance on international labour standards and human rights due diligence.
- Effect is given to the revised MNE declaration, adopted at the GB 329 Session (March 2017) and its principles and operational tools.
- Sustainable development models applied in EPZs with a focus on FPRW.
- Strong research and knowledge base on key decent work data in GSCs is established and used for policy advice and technical assistance.
- National capacity to generate key datasets on GSCs increases and ILO coordinates statistical data on GSCs in cooperation with authoritative forums.

Changes arising as a result of the ILO interventions:

- Ratifications and implementation of the ILO standards relevant to decent work in GSCs will increase (globally).
- Workers will have access to legal remedies, including in EPZs.
- Enterprises will increasingly comply with national law, respect principles of internationally agreed standards and contribute to decent work and sustainable development.
- Governments will improve the rule of law and facilitate the transition from the informal to the formal economy.
- Independent and effective judicial systems will ensure that the implementation and enforcement of national labour laws will be stronger.
- Cross-border social dialogue will be effective and the ILO will support and facilitate, upon joint request from workers and employers.
- ILO flagship and development cooperation programmes relevant for the GSCs are reaching more enterprises and workers and will increasingly use their experience for policy advice at national levels.
- Global policy coherence will provide a clearer direction of the rule of the game on decent work in GSCs.
- Effect given to the revised MNE declaration, adopted at the GB 329 Session (March 2017), and its principles and operational tools.
- Enterprises will have access to a comprehensive set of information about country situations within their GSCs, laws and regulations and will increasingly apply labour rights due diligence in coherence with already existing international frameworks.
- Workers in EPZs will enjoy their fundamental labour rights and EPZs will increasingly apply sustainable development models.

The future situation

Decent work deficits are reduced in GSCs and opportunities for productive and decent jobs for women and men are created along the chains.