



## Governing Body

309th Session, Geneva, November 2010

GB.309/2/1

**FOR DECISION**

### SECOND ITEM ON THE AGENDA

## Agenda of the International Labour Conference

### The agenda of the 101st Session (2012) of the Conference

#### Overview

##### Issue covered

The following items are proposed for the agenda of the 101st Session (2012) of the Conference: (i) employment and social protection in the new demographic context (general discussion); (ii) sustainable development, decent work and green jobs (general discussion); (iii) a possible follow-up to the recurrent discussion on social security, in light of the outcome of the discussions and conclusions that may be adopted at the June 2011 session of the Conference; (iv) a possible Recommendation on policy coherence among economic, financial, employment and social policies (following the recurrent discussion on employment) (standard-setting); (v) decent work in global supply chains (general discussion); (vi) finance with a social purpose (general discussion); (vii) youth entrepreneurship: transforming jobseekers into job creators (general discussion); and (viii) the right to information and consultation in the framework of economic restructuring (general discussion).

##### Policy implications

As the Governing Body decides the agenda of the International Labour Conference, the decisions on the basis of this document will determine the programme of the Conference in the year in question.

##### Financial implications

The usual implications of items placed on the Conference agenda.

##### Decision required

Paragraph 11.

##### References to other Governing Body documents and ILO instruments

GB.307/PV, dec-GB.308/5, GB.309/WP/SDG/1, GB.309/3/1, GB.304/PV, GB.298/PV, GB.298/2.

Resolution concerning the recurrent discussion on employment, 2010.

ILO Declaration on Social Justice for a Fair Globalization, 2008.



## Introduction

1. At its 307th Session (March 2010), the Governing Body initiated a discussion on the agenda of the 101st Session (2012) of the Conference, which will contain the following standing items:
  - reports of the Chairperson of the Governing Body and the Director-General;
  - programme and budget and other financial questions; and
  - information and reports on the application of Conventions and Recommendations.
2. The Conference deals normally with three technical items. In March 2010, the Governing Body decided to place on the agenda of the 2012 Conference a recurrent discussion on the strategic objective of fundamental principles and rights at work covering all four categories of fundamental principles and rights, under the follow-up to the ILO Declaration on Social Justice for a Fair Globalization, 2008; and to postpone the consideration of the two items that would complete this agenda.<sup>1</sup> This discussion was postponed again in June 2010.<sup>2</sup>
3. In March and June 2010, the following items were submitted in the context of discussions concerning the 2011 and 2012 Conference agendas: proposal for standard setting (following the 2009 Conference discussions on the ILO crisis responses); decent work in global supply chains (general discussion); finance with a social purpose (general discussion); youth entrepreneurship: transforming jobseekers into job creators (general discussion); and the right to information and consultation in the framework of economic restructuring (general discussion). In addition, in June 2010, a general discussion on labour administration and inspection was proposed. The Governing Body completed the agenda of the 2011 Conference with the latter item.

## Follow-up to recurrent discussions

### The recurrent discussion on employment

4. The first recurrent discussion took place at the 99th Session (June 2010) of the Conference and covered the strategic objective of employment. The conclusions of the Committee for the Recurrent Discussion on Employment that were adopted by the Conference included a request to the Governing Body to reschedule the Conference discussion on employment and social protection implications of the new demographic context as soon as possible.<sup>3</sup>
5. Furthermore, paragraph 50 of these conclusions invited the Director-General to:

... submit to the November 2010 session of the Governing Body a document outlining the elements and possible forms of a framework with the objective of promoting coherence between these policies. This document should provide a coherent framework to give governments and social partners the best possible advice to achieve full and productive

<sup>1</sup> GB.307/PV, para. 13(c).

<sup>2</sup> dec-GB.308/5.

<sup>3</sup> ILO: Resolution concerning the recurrent discussion on employment, International Labour Conference, 99th Session, Geneva, 2010, conclusions, para. 51.

employment and decent work at the centre of economic and social policies, while enhancing cooperation and exchange of experiences among them.

6. At the present session of the Governing Body, a document on the question of policy coherence is submitted to the Working Party on the Social Dimension of Globalization<sup>4</sup> and a document on the follow-up to the recurrent discussion on employment is submitted to the Governing Body.<sup>5</sup> Among the members of the Committee for the Recurrent Discussion on Employment, the Workers' group and a certain number of Governments were in favour of examining the possibility of the development of a Recommendation on policy coherence.
7. It may be recalled that, following the 2009 Conference discussions on ILO crisis responses, the development of a Recommendation was proposed to the Governing Body, in order to provide guidance for governments and the international community to create a policy framework to protect against major economic and financial crises and their social consequences.<sup>6</sup> This proposal has been revised and is now entitled "a possible Recommendation on policy coherence among economic, financial, employment and social policies (following the recurrent discussion on employment)" (see the appendix, section III). It may benefit from the discussions that are expected to take place during the current session in the Working Party on Social Dimension of Globalization and in the Governing Body.

### **The recurrent discussion on social protection (social security)**

8. The Governing Body decided at its 304th Session (March 2009) that the second recurrent discussion, which will take place in June 2011, will be on the strategic objective of social protection (social security).<sup>7</sup> As explained in the proposal contained in section III of the appendix, in the tripartite meeting of experts on strategies for the extension of social security coverage held in September 2009, there was a consensus that the ILO would need to complement its present set of up-to-date Conventions and Recommendations by a mechanism that promotes the Social Protection Floor. This question should be discussed at the June 2011 Conference by the Committee for the Recurrent Discussion on Social Security. It is expected that a proposal related to this mechanism for the 2012 Conference agenda will result from this discussion.

### **Proposals**

9. Eight proposals are presently submitted for the 2012 Conference agenda (see the appendix):

<sup>4</sup> GB.309/WP/SDG/1.

<sup>5</sup> GB.309/3/1.

<sup>6</sup> GB.307/2(Rev.), Appendix I, paras 1–6.

<sup>7</sup> GB.304/PV, para. 52(b).

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- as requested by the Conference at its last session, a proposal for general discussion on employment and social protection in the new demographic context, which was previously placed on the 2009 Conference agenda<sup>8</sup> and has been updated;
  - a new proposal for general discussion on sustainable development, decent work and green jobs has been developed by the Office, as being a topical item;
  - a possible follow-up to the recurrent discussion on social security that will take place in June 2011;
  - a standard-setting proposal following the recurrent discussion on employment: a possible Recommendation on policy coherence among economic, financial, employment and social policies; and
  - the four previous proposals for general discussion, updated as appropriate: i.e. decent work in global supply chains; finance with a social purpose; youth entrepreneurship; transforming jobseekers into job creators; and the right to information and consultation in the framework of economic restructuring.
- 10.** Given the timing of the decision, if the Governing Body were to select the proposal for a Recommendation on policy coherence for 2012, a reduction in the timeline established by the Standing Orders of the Conference for the preparatory phase of standard-setting discussions, in line with its article 38 (for a single discussion) or article 39 (for a double discussion) would need to be approved.<sup>9</sup> This reduced schedule could be decided as follows: a summary report accompanied by a questionnaire should reach governments not less than 14 months before the opening of the session of the Conference – i.e. by April 2011; the government replies should reach the Office not less than eight months before the opening of the session of the Conference – i.e. by October 2011; the required report should reach governments not less than three months before the opening of the Conference – i.e. by March 2012. As regards the possible follow-up to the recurrent discussion on social security, see paragraph 31 of the proposal in section III of the appendix.
- 11. *In light of the above, and with the view to completing the agenda of the 101st Session (2012) of the Conference, the Governing Body is invited either:***
- (a) *to select two of the following proposals:***
- (i) *employment and social protection in the new demographic context (general discussion);***
  - (ii) *sustainable development, decent work and green jobs (general discussion);***
  - (iii) *a possible follow-up to the recurrent discussion on social security;***
  - (iv) *a possible Recommendation on policy coherence among economic, financial, employment and social policies (following the recurrent discussion on employment) (standard setting), with the programme of reduced intervals proposed in paragraph 10 above;***

<sup>8</sup> GB.298/PV, para. 57(i) and GB.298/2, paras 23–43.

<sup>9</sup> For more details, see for example, GB.308/5.

- (v) *decent work in global supply chains (general discussion);*
  - (vi) *finance with a social purpose (general discussion);*
  - (vii) *youth entrepreneurship: transforming jobseekers into job creators (general discussion);*
  - (viii) *the right to information and consultation in the framework of economic restructuring (general discussion); or*
- (b) *to select one of the proposals above and to postpone the consideration of the others.*<sup>10</sup>

Geneva, 1 November 2010

*Point for decision:* Paragraph 11

<sup>10</sup> If a standard-setting proposal is selected at a forthcoming session, another programme of reduced intervals for the completion of reports should be approved.

## Appendix

### I. A proposal previously placed on the agenda of the 98th Session (2009) of the Conference

#### 1. *Employment and social protection in the new demographic context*

##### Summary

Demographic transition and its implications for employment and social protection remain high on the policy agenda in a large number of both developed and developing countries. The agenda of the 99th Session (2009) of the Conference initially included a discussion on employment and social protection in the new demographic context. The discussion was postponed due to the outbreak of the economic crisis and the urgent need to discuss its impact and response. The 2010 conclusions concerning the recurrent discussion on employment proposed to reschedule this discussion as soon as possible. It is therefore proposed to place this item for general discussion on the agenda of the 101st Session (2012) of the Conference.

While population ageing is inevitable and irreversible, it is not a catastrophe if the right policy measures are put in place. Such coping mechanisms are to be found in the labour market and in the social transfer systems. Employment and social protection policies are imperatively linked and a holistic approach becomes more obvious in the context of demographic change. The impact of the global economic and financial crisis, as well as responses for recovery, has clearly shown these interrelationships. The ILO can play a key role in developing innovative and integrated strategies to meet these challenges.

The timing of a general discussion in 2012 would enable the Conference to take account of the conclusions concerning the recurrent discussions on employment (2010) and on social security (2011) and to provide an integrated decent work perspective as called for by the Declaration.

1. Since its inception, the ILO has shown concern about demographic change. The first instruments on the matter, adopted in the 1930s and revised in 1967, set out to provide invalidity, old-age and survivors' insurance. In 1962, the Report of the Director-General to the Conference acknowledged the key contributions that older workers can bring to economies and society.<sup>1</sup> Older workers were again on the agenda of the Conference in 1979,<sup>2</sup> and in 1980 the Conference adopted the most comprehensive instrument on the subject: the Older Workers Recommendation, 1980 (No. 162). The Recommendation aims to protect the right of older workers to equality of treatment and focuses on the measures that should be implemented to protect their needs.
2. The agenda of the 2009 session of the International Labour Conference initially included a discussion on employment and social protection in the new demographic context. However, with the onset of the global and economic and financial crisis in the third quarter of 2008 and consequently the urgent need to discuss the impact of the crisis and response, the discussion on demographic change was postponed.<sup>3</sup>
3. Demographic transition and its implications for employment and social protection remain high on the policy agenda, and a subject of interest to constituents. The 2010 conclusions concerning the recurrent discussion on employment underscored this and proposed to

<sup>1</sup> ILO: *Older people, work and retirement*, Report of the Director-General, International Labour Conference, 46th Session, Geneva, 1962.

<sup>2</sup> ILO: *Older workers: Work and retirement*, Report VI(2), International Labour Conference, 65th Session, Geneva, 1979.

<sup>3</sup> GB.304/PV, para. 291(c).

reschedule this discussion as soon as possible.<sup>4</sup> It is therefore proposed to place this item for general discussion on the agenda of the 101st Session (2012) of the Conference.

4. In 2012, three decades will have elapsed since the First World Assembly on Ageing took place in Vienna in 1982, and a decade since the Second World Assembly on Ageing was held in Madrid in 2002. The discussion should offer constituents a global view of the knowledge, policy issues and means of intervention, and facilitate the development of an integrated and coherent strategy for the Organization.
5. The report prepared by the Office for the 2009 discussion addressed the implications of the demographic transition, or population “ageing”, for societies and for the world of work in particular. The new demographic context is affecting and will affect all countries in all regions, both industrialized and developing, albeit at different rates and within different time horizons. Ageing is inevitable. It is at an advanced stage in developed countries and is progressing rapidly in developing ones. By 2050, 2 billion people will be aged 60 years or over and 80 per cent of them will live in developing countries.
6. There are numerous implications for economic performance and for labour markets, and in particular for employment and social protection, in different development contexts. Policy solutions are being developed and debated, especially in the industrialized countries which are at a more advanced stage of this demographic transition. Demographic transition in countries which continue to experience higher levels of poverty and of informality poses tremendous challenges. There is evidence that global awareness is increasing and there is a broad realization that developments in one region have an effect on others, through population movements and labour migration.
7. While population ageing is inevitable and irreversible, it is not a catastrophe if the right policy measures are put in place. Such coping mechanisms are to be found in the labour market and in the social transfer systems. Policy solutions to address demographic change need to take global, life-cycle and intergenerational perspectives. Dealing with the “ageing challenge” is not only about old-age policies, but policies throughout the life cycle and across age groups. Employment and social protection policies are imperatively linked, and this holistic approach becomes more obvious in the context of demographic change. The impact of the global economic and financial crisis, as well as recovery measures, has clearly shown these interrelationships. The most vulnerable population groups, such as youth and older workers, have been particularly affected by increasing unemployment and underemployment, and social security systems are experiencing severe financial pressure through the contracting of their tax and contribution base at a time when their benefit expenditure may be expected to increase.
8. The timing of a general discussion in 2012 would enable the Conference to take account of the conclusions of the recurrent discussions on employment (2010) and on social security (2011) and provide an integrated decent work perspective as called for by the Declaration.

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<sup>4</sup> See ILO: Resolution concerning the recurrent discussion on employment, op. cit., conclusions, para. 51.



## II. A new proposal for general discussion

### *Employment*

#### 2. *Sustainable development, decent work and green jobs (general discussion)*

##### Summary

A deteriorating natural environment, climate change and the transition to a low-carbon, sustainable growth path are increasingly affecting the world of work, generating both opportunities and potential threats. Globally and in many countries, key policies are being formulated. Positive outcomes for decent work require coherent policies. The discussion would assist constituents to effectively engage by identifying priorities, good policy practices and effective institutional mechanisms underpinning sustainable development with the creation of decent jobs in sustainable enterprises and a just transition.

### Rationale

9. Pollution, the overuse of natural resources, climate change and related disasters already affect hundreds of millions of men and women around the world and threaten to reverse progress made over the last decade to achieve the Millennium Development Goals (MDGs). Environmental challenges and policies to address them are having a growing impact on economies, enterprises and labour markets.
10. The need for a shift towards a sustainable, low-carbon development path called for in the Global Jobs Pact is increasingly recognized and acted upon. In the economic stimulus package to overcome the crisis, many governments have included large “green” components. An even larger number of countries around the world are putting policies and programmes in place to shift to a greener and more climate-resilient economy. A major fund with an intended volume of US\$100 billion annually by 2020 is being established to assist developing countries address the climate challenge.
11. At the international level, climate change and sustainable development remain high on the agenda with the agreement by the G20 to abolish perverse subsidies for energy and continued intense negotiations under the United Nations Framework Convention on Climate Change. In 2012, the UN Conference on Sustainable Development or “Rio+20”, hosted by Brazil, will focus on the themes of a green economy and governance for environmental sustainability.
12. Environmental constraints, climate change and the transition to a sustainable, low-carbon economy will have profound impacts on production and consumption patterns, on enterprises and workers. The shift will be impossible without a pervasive effort towards the greening of enterprises across the economy. In addition, the reduction of greenhouse gas emissions is leading to shifts within and between economic sectors as well as between regions. There is rapid growth of output and employment in low-carbon industries and services, in waste management and recycling and in the restoration of natural capital. Energy and resource-intensive sectors on the other hand are likely to stagnate or even contract.
13. While climate change is already disrupting economic activity and damaging or even destroying enterprises and jobs in many countries, well-designed adaptation measures are showing that climate resilience can go hand in hand with job creation and poverty reduction. Green jobs can serve as a bridge between MDG 1 (eradicate extreme poverty and hunger) and MDG 7 (ensure environmental sustainability).
14. A growing body of research suggests that the greening of enterprises and the green jobs created in the process more than outweigh losses in environmentally unsustainable

activities. The balance in employment from a transition to a low-carbon economy should range from moderate to significant gains, depending on countries and policies.

15. Experiences in some countries show that the transition can result in gains in the quality of employment. In sectors such as waste management and recycling which already employ tens of millions of workers around the world (1 per cent of the urban population of developing countries according to the World Bank) and which are set to grow, formalization of enterprises and jobs, and improvements in job quality, are not only possible but actually a precondition for an effective and environmentally beneficial recycling industry.
16. A successful and socially beneficial transformation of economies will hinge on coherent policies and on provisions for a just and smooth transition, including active labour market policies and major investments in skills upgrading.
17. The challenges of sustainable development, decent work and green jobs were identified in the Report of the Director-General to the International Labour Conference in 2007.<sup>5</sup> This led to the launch of the Green Jobs Initiative in partnership with the United Nations Environment Programme, the International Organisation of Employers and the International Trade Union Confederation, and to the creation of a rapidly growing ILO Global Programme on Green Jobs in 2008, which integrates all four dimensions of decent work and bundles relevant ILO expertise and capacity across the Office at headquarters and in the field. The Global Programme is currently active in 15 member States.
18. Discussions concerning the Global Jobs Pact at the Governing Body in 2007 and 2008 and at the Conference in 2009, as well as the recurrent discussion on employment in 2010, emphasized the opportunity for the creation of decent work and inclusive economic growth but also stressed the need for coherence between economic, environmental and social and labour policies to achieve positive outcomes. Green jobs are not a passive outcome of investments. The active participation of millions of entrepreneurs and managers and of hundreds of millions of workers will be indispensable to make the shift possible.
19. This engagement of the world of work, coherent policies and a smooth transition require social dialogue in the formulation and implementation of policies. There are compelling examples of the contribution social dialogue on international policy can make to the transformation to a green economy at all levels.

#### Suggested issues for discussion

20. The discussion at the Conference could include the following questions:
  - What are the most relevant impacts of climate change and of other environmental concerns as well as of climate and environmental policies on decent work and the world of work?
  - What are the opportunities and challenges resulting from the interrelationship between environmental factors and policies and economic and social outcomes?
  - What policies and programmes are effective in bringing about a shift to a low-carbon, energy- and resource-efficient economy and inclusive growth with decent jobs simultaneously?
  - How can social dialogue contribute to sustainable development and to a smooth transition?

<sup>5</sup> ILO: *Decent work for sustainable development*, Report of the Director-General, Report I(A), International Labour Conference, 96th Session, Geneva, 2007.

- What are the mechanisms and institutions to achieve the necessary policy coherence at international, national and sectoral levels, and how can the ILO contribute to effective and coherent policies?

#### Intended outcomes

21. The intended outcomes of the Conference discussion would be:

- A stocktaking and synthesis of global knowledge and experience about the interrelationship between sustainable development, decent work and green jobs.
- An inventory of policy lessons and good practices to assist constituents in addressing the social dimension of climate change and sustainable development.
- Guidance on ways the ILO can effectively articulate the Decent Work Agenda with national and international policies to address climate change and to achieve sustainable development.

### III. Proposals relating to the follow-up to recurrent discussions

#### 3. Possible follow-up to the recurrent discussion on social protection (social security)

##### Summary

At its 304th Session (March 2009) the Governing Body decided that the second recurrent discussion in 2011 would be on the strategic objective of social protection (social security). It is expected that the conclusions of the recurrent discussion in 2011 will stress the need for a guiding framework mechanism for national social security extension strategies and request a follow-up through the Conference. Whether this guiding mechanism will be designed in a standard-setting procedure by the Conference or as a non-binding mechanism will depend on the conclusions of the recurrent discussion in 2011.

Considering the importance of the Social Protection Floor for the extension of social security coverage in view of the attainment of the MDGs and the formulation of their possible successor mechanisms, and its contribution to mitigate the social impact of economic, financial and political crises and natural disasters, an early discussion of the follow-up to the 2011 recurrent discussion already in 2012 appears desirable. The Governing Body might wish to complete the agenda of the 101st Session (2012) of the Conference by an item discussing a policy-guiding mechanism on the extension of social security.

#### Background

22. In accordance with the aims and purposes set out in the Preamble of its Constitution (1919), the extension of social security worldwide has consistently been one of the main objectives of the ILO. The mandate was restated in 1944 in the Declaration of Philadelphia, which explicitly “recognizes the solemn obligation of the International Labour Organization to further among the nations of the world programmes that will achieve: ... the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care”, as well as “provision for child welfare and maternity protection ...”.<sup>6</sup> At the 2001 International Labour Conference the constituents reaffirmed the fundamental role of the ILO in the promotion and extension of social security, as well as its obligations. On this occasion, the Committee on Social Security concluded that “of highest priority are policies and initiatives which can bring

<sup>6</sup> ILO: *Declaration concerning the aims and purposes of the International Labour Organisation*, International Labour Conference, 26th Session, Philadelphia, 10 May 1944, para. III(f) and (h).

social security to those who are not covered by existing systems”.<sup>7</sup> It further emphasized the importance for all ILO activities in social security to be anchored in the Declaration of Philadelphia, the Decent Work Agenda and relevant ILO social security standards. In this regard, it was proposed, among others, that a major campaign be launched in order to promote the extension of social security coverage.<sup>8</sup> The Global Campaign on Social Security and Coverage for All was launched in 2003 with a view to: achieving concrete improvements in social security coverage in as many countries as possible; strengthening social partners’ and individuals’ know-how in the field of social security and developing useful tools for key actors; and placing social security at the top of the international policy agenda.

23. At its 97th Session (2008), the Conference adopted the Declaration, which introduced a scheme of recurrent discussions by the Conference.<sup>9</sup> At its 304th Session (March 2009) the Governing Body decided that the second recurrent item discussion in 2011 would be on the strategic objective of social protection (social security).<sup>10</sup> It also decided the General Survey of the Committee of Experts on the Application of Conventions and Recommendations would cover selected social security instruments.<sup>11</sup> Over the last decade, the pivotal role of social security systems in alleviating and preventing poverty, supporting the achievement of the MDGs and balancing social and economic national development strategies has gained widespread international acceptance. The present crisis has reinforced the public perception that social security systems also perform a vital role as social and economic stabilizers in times of crisis.

#### ILO and UN context

24. The Global Campaign on Social Security and Coverage for All has become the catalyst for the activities of the ILO in social security, which were reviewed in a report submitted to the Committee on Employment and Social Policy in November 2008.<sup>12</sup> Upon request of that Committee, a Tripartite Meeting of Experts on Strategies for the Extension of Social Security Coverage was held in Geneva from 2 to 4 September 2009.
25. The summary of the Chairperson of the meeting explicitly endorsed the two-dimensional strategy that the Office has pragmatically developed to extend the coverage of social security. One dimension comprises the extension of some income security guarantees and access to health care, even if at a modest basic level, to the whole population. This dimension may be called “horizontal” extension. The second dimension seeks to provide higher levels of income security and health protection to protect the standard of living of people when faced with fundamental life contingencies such as unemployment, ill health, invalidity, loss of breadwinner and old age. This dimension may be called the “vertical” aspect of extension. The horizontal dimension is conceptually identical to the social transfer component of the Social Protection Floor Initiative developed by the UN System Chief Executives Board for Coordination as one of its joint crisis initiatives in April 2009. The Initiative, led by the ILO and the World Health Organization, promotes a set of social transfers and rights that allows individuals to purchase or access essential goods and

<sup>7</sup> ILO: Resolution concerning social security, International Labour Conference, 89th Session, Geneva, 2001, conclusions, para. 5.

<sup>8</sup> *ibid.*, para. 17.

<sup>9</sup> ILO Declaration on Social Justice for a Fair Globalization, Annex, part II(B).

<sup>10</sup> GB.304/PV, para. 52(b).

<sup>11</sup> GB.304/PV, para. 211.

<sup>12</sup> GB.303/ESP/3.

services, which contribute to achieving the MDGs. At the core of the Social Protection Floor Initiative is the building of a coalition of international agencies and donors supporting countries to plan and implement sustainable social transfer schemes and essential social services. The Initiative has constituted a high-level advisory group led by the former President of Chile, Ms Michelle Bachelet. The Advisory Group is expected to issue a guidance report to the UN coalition in the second half of 2011.

26. The Social Protection Floor also constitutes a key element of the Global Jobs Pact that the Conference adopted in June 2009.<sup>13</sup> By placing the Social Protection Floor in the context of the Global Jobs Pact, the ILO reiterates the principles of inseparability, interrelatedness and mutual supportiveness of its strategic objectives that are emphasized by the Declaration<sup>14</sup> and that provide the analytical and conceptual framework for the 2011 recurrent discussion report. This report will provide the conceptual basis for the Conference discussion on policies and the past and future role of the ILO in supporting constituents in the implementation of national social security policies, while the 2011 General Survey<sup>15</sup> will analyse the effectiveness of ILO standards as guiding policy frameworks and national law and practice in parallel. Prepared in accordance with article 19 of the ILO Constitution, it covers four social security instruments (the Social Security (Minimum Standards) Convention, 1952 (No. 102); the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168); the Income Security Recommendation, 1944 (No. 67); and the Medical Care Recommendation, 1944 (No. 69)) and will provide substantial insights into the potential effectiveness and conceptual strengths and weaknesses of these instruments. The Committee for the Recurrent Discussion on Social Protection (Social Security) will have the opportunity to draw conclusions which will take into account the outcome of the discussion in the Committee on the Application of Standards regarding the General Survey.

#### Possible follow-up

27. At the meeting of experts in September 2009 there was also consensus that the ILO would need to complement its present set of up-to-date Conventions and Recommendations, which already offer guidelines for the vertical dimension of national extension strategies, by a mechanism that promotes the Social Protection Floor as a means to achieve horizontal extension of coverage and guides countries in building and developing their social security systems in such a way that basic social security to all in need is provided as a matter of priority.
28. It is expected that the conclusions of the recurrent discussion in 2011 will stress the need for such a guiding framework mechanism for national extension strategies and will request a follow-up through the Conference. Whether this guiding mechanism will take the form of an ILO standard or another form will depend on the conclusions of the discussion.
29. Considering the importance of the Social Protection Floor for the extension of social security coverage in view of the attainment of the MDGs and the formulation of their possible successor mechanisms, and its contribution to mitigate the social impact of economic, financial and political crises as well as natural disasters, an early discussion of the follow-up of the 2011 recurrent discussion already in 2012 might be desirable.

<sup>13</sup> ILO: *Recovering from the Crisis: A Global Jobs Pact*, 2009, paras. 12(1)(ii) and 22(9).

<sup>14</sup> ILO Declaration on Social Justice for a Fair Globalization, Part I(B).

<sup>15</sup> General Survey concerning social security instruments in light of the 2008 ILO Declaration on Social Justice for a Fair Globalization.

## Conclusions

30. Against this background, the Governing Body might wish to complete the agenda of the 101st Session (2012) of the Conference by an item relating to the outcome of the 2011 recurrent discussion on social security.
31. Depending on that outcome, and if a decision is taken to follow up with a standard-setting item, the Governing Body might need to authorize, in June 2011, a reduction in the timeline established by the Standing Orders of the Conference for the preparatory phase of standard-setting discussions, in line with its article 38 (for a single discussion) or article 39 (for a double discussion). In view of the factual and policy analytical knowledge of national law and practice accumulated for, and disseminated through, the recurrent discussion report and the General Survey for 2011, the Office would be in a position to service an accelerated standard-setting procedure.

#### **4. A possible Recommendation on policy coherence among economic, financial, employment and social policies (following the recurrent discussion on employment) (standard setting)**

##### Summary

Following the recurrent discussion on employment at the 99th Session (2010) of the Conference, the development of a Recommendation that could provide guidance to improve coherence at national level among economic, financial, employment and social policies with a view to promoting full, decent and freely chosen employment is proposed for the 2012 Conference agenda. This proposal may benefit from the discussions on policy coherence and the follow-up to the recurrent discussion on employment that are expected to take place during the present session of the Governing Body.

32. It has long been recognized that the quantity and quality of work in any country will be influenced by a wide range of economic and social policies. The achievement of decent work therefore requires cooperation and coherence across many policy fields.
33. The ILO has a clear mandate to promote policy coherence in the pursuit of decent work at both the national and international levels. This mandate is made explicit in a variety of important documents.
34. For example, the Declaration of Philadelphia (1944) provides the ILO with a responsibility to examine and consider all international economic and financial policies in the light of the fundamental objective of social justice.
35. In 2004, the World Commission on the Social Dimension of Globalization drew attention to the need for policy coherence nationally and internationally. Its conclusions stated:
 

Ensuring greater coherence among policies is the responsibility not only of the organizations of the multilateral system but also of the governments and parliaments which oversee their work. In particular, the international organizations need to be given a clear political mandate to achieve greater policy coherence ...<sup>16</sup>
36. More recently the ILO Declaration on Social Justice for a Fair Globalization (the Declaration) called for “members and the Organization to implement the ILO’s constitutional mandate, including through international labour standards, and to place full

<sup>16</sup> ILO: *A fair globalization: Creating opportunities for all*, Report of the World Commission on the Social Dimension of Globalization, Geneva, 2004, para. 605.

and productive employment and decent work at the centre of economic and social policies".<sup>17</sup>

37. The Declaration also states:

Other international and regional organizations with mandates in closely related fields can have an important contribution to make to the implementation of the integrated approach. The ILO should invite them to promote decent work, bearing in mind that each agency will have full control of its mandate. As trade and financial market policy both affect employment, it is the ILO's role to evaluate those employment effects to achieve its aim of placing employment at the heart of economic policies.<sup>18</sup>

38. Since 2008 the global financial crisis and the dramatic labour market and social consequences of the recession have demonstrated that despite the abovementioned commitments to policy coherence this objective has not been attained. There is therefore a clear need to provide greater guidance on what policy coherence should entail in practice at both the national and international level. The need for more practical and detailed guidance on how to implement policy coherence was articulated by ILO constituents at the International Labour Conference in 2010. The conclusions concerning the recurrent discussion on employment adopted by the Conference:

Request the Director-General to rapidly initiate discussions with the main international financial and economic institutions and other relevant international bodies with the objective to achieve a better coherence between economic, financial, employment and social policies at the international level. Invite the Director-General to submit to the November 2010 session of the Governing Body a document outlining the elements and possible forms of a framework with the objective of promoting coherence between these policies. This document should provide a coherent framework to give governments and social partners the best possible advice to achieve full and productive employment and decent work at the centre of economic and social policies, while enhancing cooperation and exchange of experiences among them. In preparing the elements of such a framework, the Office should consult with the main economic and financial international institutions with a view to achieving a better coherence among economic, financial, employment and social policy at the international level, bearing in mind the contribution this can also make to facilitate coherence amongst government policies at the national level and their advocacy internationally.<sup>19</sup>

39. During the 2010 Conference debate the Workers' group suggested that the framework for policy coherence mentioned above should take the form of a Recommendation. A number of governments supported this proposal.

40. Such an instrument could provide valuable guidance to improve coherence at national level between economic, financial, employment and social policies with a view to promoting full, decent and freely chosen employment. It could do so by promoting employment impact assessments of proposed policy measures as well as policy coordination mechanisms including tripartite policy consultations and inter-ministerial coordination.

41. The Recommendation would thus contribute to the strengthening of domestic economies and sustainable economic growth.

<sup>17</sup> ILO Declaration on Social Justice for a Fair Globalization, 2008, Part I(A).

<sup>18</sup> *ibid.*, Part II(C).

<sup>19</sup> ILO: Resolution concerning the recurrent discussion on employment, International Labour Conference, 99th Session, Geneva, 2010, conclusions, para. 50.

## IV. Four proposals for general discussion previously submitted

### *Employment*

#### 5. *Decent work in global supply chains (general discussion)*

##### Summary

The growth of supply chains that often stretch across the globe as a result of increasing globalization is generating much debate on the implications for the quantity, quality and distribution of employment throughout the world. Issues include opportunities and challenges for countries and individual companies to tap the economic development potential of global supply chains while maintaining or raising social standards. The proposed discussion item would address the economic, social and employment consequences of the structural changes taking place in key sectors of the global economy, specifically the identification of policies, programmes and tools to achieve productive employment and decent work outcomes in global supply chains. Special attention would be paid to the potential economic, social and employment effects that economic crises might have on global supply chains. To provide focus and grounding for the discussion, the report would use the framework of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), provide an overview and analysis of foreign direct investment and might select a few representative and important supply chains to guide the discussion (e.g. such as information and communication technology-related equipment, global food chains and services such as industrial design, software development or tourism).

42. Supply chains have a major impact on the structure of product, service and labour markets throughout the world. Participation in international supply chains has resulted in significant creation and growth of enterprises and employment in some developing countries and is a principal means by which many developing countries are linked to the global economy. This has resulted in the expansion of service, manufacturing and agricultural markets and production capability in these countries.
43. The fact that to date only some developing countries have been able to take advantage of these opportunities is a clear indication that countries, particularly developing ones, face both opportunities and challenges in terms of supporting the development, diversification and upgrading of their enterprise base.
44. Increased market openness and foreign direct investment, together with changes in technology, including transport and communication systems, have had a major impact on the organization of production and on business relationships. In many sectors, enterprises have decided to concentrate on core competencies while outsourcing a range of production and service-related activities. This has, in turn, resulted in increasingly long and often complex international supply chains that involve a variety of enterprises in the development and production and distribution of products and services.
45. Increasingly, outsourcing arrangements reflect a change in business relationships brought about by these changes. In important economic sectors, there has been an increase in the power of enterprises that market goods or services relative to the power of those firms that produce them, a shift that has had a profound impact on the world of work. In the past, most lead companies in global supply chains were located in developed countries. A new trend is the growth of multinational enterprises based in developing countries.
46. A decision to outsource is often a decision to offshore. These decisions are typically based on the consideration of a range of factors, including labour costs, production and service capacity, product quality, time to market, reliability, and access to infrastructure. The choice of suppliers affects the choice of country. Criteria can include the full range of factors identified in the 2007 Conference conclusions concerning the promotion of sustainable enterprises, including political and economic stability, the availability and capacity of human resources and the linguistic abilities of workers, quality of infrastructure



(transport, telecommunications), the availability of effective financial services, the strength of the rule of law, including as it relates to the protection and enforcement of property rights and the availability of conflict resolution mechanisms, among others. So the opportunities for countries to integrate into global supply chains and promote productive employment and decent work depend to a large extent on national policy frameworks.

47. A range of strategies can be employed by countries to better tap the potential of global supply chains to generate economic growth, productive employment and reduce poverty. Strategies to take advantage of global supply chain opportunities can include targeted programmes to upgrade skills, productivity and competitiveness of particular sectors and clusters of enterprises. Infrastructure development, product development, testing facilities, technology transfer and supplier development programmes can be effective ways to help enterprises, particularly in developing countries, to integrate in beneficial and sustainable ways into global supply chains. Furthermore, efforts to use value chains at the national and international levels to link the more than 1.3 billion working poor in the informal economy to more productive job opportunities can form part of a poverty reduction strategy.
48. The growth of supply chains and outsourcing raises issues surrounding the application of international labour standards. For a number of reasons, including inadequate resources, governments in developing countries do not always adequately monitor labour practices and enforce labour standards. Intense competitive pressures on enterprises, particularly at the lower end of the chain, have influenced the development and application of law. As a result, there have been growing concerns that international labour standards and fundamental principles and rights at work are not being observed in many areas of international business activity.
49. For a number of reasons, including growing concerns regarding labour and social practices in supply chains and the desire to upgrade management practices and productivity, many sourcing companies have begun to address labour practices of their suppliers. Often, these efforts involve the adoption of codes of conduct for suppliers and various implementation and monitoring schemes. These initiatives raise many questions, especially the issue of one enterprise assuming some responsibility for the labour practices of another enterprise, which it does not own or control.
50. There is a lack of clarity regarding the division of responsibilities between enterprises and governments in terms of how the sourcing company can effectively monitor the labour practices of its suppliers and how it should deal with non-compliance; and if and how enterprises can effectively implement codes, which often reference international labour standards in situations where the government does not assume or respect its responsibilities with respect to these standards.
51. Workers' organizations, in particular, have expressed concern that arm's length supply chain relationships can be a way for sourcing companies to avoid their obligations as employers in terms of respecting fundamental principles and rights at work. They argue that the relative power of sourcing companies can negatively affect the potential of collective bargaining to protect workers by denying workers down the supply chain access to the real decision-makers who effectively determine their working conditions. The right to information and consultation is especially critical in the current economic and financial crisis. Employers' organizations have expressed concerns that the proliferation of codes and monitoring regimes result in added cost and uncertainty for enterprises, without necessarily resulting in improved labour conditions. There is concern that enterprises are expected to shoulder responsibilities which should be met by the concerned governments. Furthermore, some governments, particularly in developing countries, express concerns that such arrangements may constitute a non-tariff barrier to exports.
52. Supply chains can also have a significant effect on national policy-making in the field of national taxation policy, competition or investment policies and even in the realm of social policies covering, for example, social security and welfare provision.

53. The recent decision of the International Labour Conference (2010) to develop a new promotional follow-up mechanism for the MNE Declaration also has the potential to provide visibility and avenues for action linked to the only international framework adopted unanimously on a tripartite basis.
54. Existing ILO programmes – such as Better Work, SCORE (Sustaining Competitive and Responsible Enterprises) and value-chain development for small and medium-sized enterprises – would also be discussed, including the possible replication in other sectors.

#### Some issues for discussion

55. The discussion would focus on how employment and decent work can be promoted in global supply chains. Issues to be covered may include:
  - What are some of the key structural changes and trends in global supply chains?
  - What are the key drivers of these trends?
  - How are these trends affected by the economic and financial crisis?
  - What is the impact of these changes on the quantity, quality and distribution of employment?
  - What could be the role of international policies to address the structural changes in global supply chains?
  - Which policies are most effective for upgrading competitiveness, productivity and decent work in global supply chains?
  - What could be the national, local and sectoral policies and strategies for promoting productive employment, and for linking the large number of working poor to national and global supply chains?
  - Which public regulations and other monitoring systems could address the issues related to the global supply chains and decent work?
  - What is and could be the role of programmes such as Better Work, SCORE and other initiatives to manage social issues in global supply chains?
  - What are the effects of global supply chains on collective bargaining and on social dialogue?
  - What are the implications for governments, workers' and employers' organizations of the structural changes in global supply chains and their impact on productive employment and decent work?
  - What advisory services, tools and technical assistance might be developed by the ILO to support job creation and enterprise upgrading in global supply chains, in line with the ILO MNE Declaration?
  - How can employers' and workers' organizations promote compliance with codes of conduct and international labour standards in global supply chains?

#### Intended outcomes

56. The intended outcomes of the Conference discussion would be:
  - a stocktaking of the international debate on the impact of structural changes in global supply chains on the quantity, quality and distribution of employment, in the context of the Decent Work Agenda;
  - recommendations for ILO work to enhance the use of the MNE Declaration through coherent policies, strategies and tools for technical support to constituents that promote productive employment and decent work in global supply chains.

## 6. *Finance with a social purpose* (general discussion)

### Summary

The financial crisis demonstrated the importance of financial strategies that serve the real economy and respond to the needs of households and enterprises. One of these strategies is microfinance. Its growth and impact are evidence that socially responsible finance is possible, feasible and sustainable.

Against the backdrop of the financial crisis, the Conference discussion would be an opportunity to extract the lessons learnt from the innovations for policy formulation. It would thus be a timely opportunity to define the ILO position on socially responsible finance, translating into action the Declaration of Philadelphia and the ILO Declaration on Social Justice for a Fair Globalization.

### Rationale

57. Several sessions of the Conference have identified access to credit and finance as a key constraint for decent work and productive employment, whether in the context of sustainable enterprises, rural development, youth employment, cooperatives, social protection, gender, the informal economy or migration. The Governing Body has also requested the Office to explore ways to gear financial systems more towards decent work and make finance more inclusive. To deepen the analysis, better understand these mechanics and locate entry points for policy, the Office started pilot initiatives in the framework of the joint outcome on social finance. Partnering with 21 leading institutions worldwide, the Office tested a variety of financial innovations to tackle decent work issues concretely, guided by local employers' and workers' organizations. In parallel, the Office started several initiatives to strengthen the capacity of workers' and employers' organizations to guide and assist their members in the access to and management of finance. This also covers governments that seek the advice of the Office in the design and management of social funds meant to absorb the shocks of the financial crisis.
58. The Conference discussion would review good practices in the use of financial instruments for productive employment and decent work and define the implications for policy-making. It would identify good practices in capacity building of the social partners and ministries of labour, and help them interact more effectively with ministries of finance and central banks.

### Relevance for decent work

59. Financial institutions can promote decent work in a variety of ways:
- Improvements in the access to finance enhance entrepreneurship, investments and productivity and stimulate the demand for labour; the closer financial intermediaries operate to smaller enterprises, the better they are able to respond quickly to the demand for finance. Financial institutions with a social purpose in particular, e.g. credit unions, municipal savings banks, promotional banks, community banks and microfinance institutions, demonstrate in different ways how to keep financial intermediation firmly responsive to the needs of households and enterprises in the real economy, whilst operating on market-based principles. This applies also to the design of individual financial products and services. Credit can be packaged in such a way that parents are induced to keep their children at school and not to make them work. An institution in Morocco, for example, gives parents an interest rebate if they produce a school attendance certificate for their children.
  - A programme in Bangladesh covering close to 1 million women provides free food grain for an 18-month period to destitute, female-headed households that are at the highest risk of hunger. The programme uses food grain relief assistance to attract the hardcore poor and cater to their immediate consumption needs, but then adds skills

training and savings and credit services to build their development capacity. Hence, when the cycle of free food grain ends, participants are able to engage in income-generating activities and become clients of regular microfinance programmes. This approach would merit to be better known in a situation of continuing food crisis.

- Finance can also be an effective tool to address debt bondage, a fundamental violation of labour rights. An institution in Pakistan, for example, combines social mobilization, training and savings to make sure that haaris, a group of former bonded labourers, do not slip back into debt bondage.
- Financial contracts represent a path out of informality. For a variety of reasons, some financial institutions provide incentives to their clients to formalize. A business association in Egypt, for example, links lending to clients' efforts to obtain documentation, thus encouraging borrowers to slowly "graduate" out of the informal economy. One of the documents required relates to the social security status of employees.
- Improvements in the access to finance can change the distribution of working time between men and women. Microfinance has been found to give more voice to women in household internal decision-making related to the credit-financed activity and in managing the entire household budget. Still, many women, especially in rural areas, have difficulties accessing financial services because of discrimination in access to literacy, property rights and social attitudes.
- Financial institutions with a social purpose address a host of other decent work issues:
  - (a) enhance access to insurance and microcredit for workers living with HIV and AIDS and their families and dependants, without any discrimination;
  - (b) design savings and investment products for families of migrant workers receiving remittances;
  - (c) offer access to life and health insurance;
  - (d) organize home or contract workers in savings and credit clubs;
  - (e) give young jobseekers a chance to start up;
  - (f) integrate people with disabilities into mainstream services;
  - (g) make it possible for employers in the informal economy to provide benefits to their workers, such as health insurance, etc.

## Objectives

60. The discussion at the Conference would:

- create knowledge about good practices: what works, when and under which circumstances in gearing finance to decent work, and how this knowledge can best be rolled out in the context of the Global Jobs Pact;
- identify possible partnerships between social partners, governments and financial institutions. The debate will throw light on possible areas for capacity building of the social partners and guide government policy to support such initiatives.

## Points to be discussed

61. Points to be discussed reflect the ILO policy statement in this field of work<sup>20</sup> and would include:

<sup>20</sup> GB.294/11(Rev.), appendix.

- How can financial instruments and institutions promote productive employment and decent work?
- How can finance move operators from the informal to the formal economy?
- What can workers' and employers' organizations do to better protect workers and independent producers against abuses in finance, avoid over-indebtedness, ensure transparent pricing and enhance ethical behaviour by bank staff?
- How best to assist ministries of labour in the management of funds set up to help create jobs for those laid off as a result of the financial and economic crisis or otherwise excluded from the labour market?
- How can employers' organizations:
  - (a) influence the portfolio orientation of financial institutions towards entrepreneurship development;
  - (b) better interact with financial institutions to deal with the credit crunch affecting SMEs, lower investment costs and promote risk-sharing instruments suitable for SMEs;
  - (c) articulate their members' needs with regard to a better access to capital;
  - (d) encourage savings by workers and facilitate remittances?
- How can workers' organizations:
  - (a) through pension funds and socially responsible investment promote social finance institutions;
  - (b) partner with local financial institutions to ensure the provision of affordable and secure savings, insurance and credit facilities for workers;
  - (c) enhance the financial competence of workers to ensure a better appreciation of the risks and opportunities of financial contracts, complementing collective bargaining efforts to protect real purchasing power of workers?
- How can the Office generally help constituents better interact with ministries of finance and central banks, especially with regard to consultations on financial policies that are likely to impact productive employment and decent work?

## **7. Youth entrepreneurship: Transforming jobseekers into job creators (general discussion)**

### **Summary**

The challenge of improving young people's access to decent work opportunities and engaging young women and men in the economy and society is a global challenge. Youth entrepreneurship is increasingly recognized as a valuable strategy for unleashing the productive and innovative potential of young people. It empowers them to create jobs and contribute positively to a sustainable economy and society. The International Labour Conference deliberated on youth employment in 2005 and youth entrepreneurship was briefly touched upon. In light of youth unemployment rates and the global financial and economic crisis, it would seem appropriate to further explore how youth entrepreneurship can advance the Decent Work and the Global Employment Agendas.

62. There are more than 1 billion young people aged 15–24<sup>21</sup> in the world today, of which 85 per cent live in developing countries. According to UN projections from 2007, the 50

<sup>21</sup> The definition of youth may vary from country to country. The standard UN definition comprises the age group between 15 and 24.

poorest countries in the world will more than double their population, from 0.8 billion in 2007 to 1.7 billion in 2050. Currently, it is estimated that almost 100 million young people are entering the global workforce every year.<sup>22</sup> Globally, in 2009 there were 81 million young people struggling to find work.<sup>23</sup> Given the current economic downturn, the youth labour market situation is all the more worrisome in view of the lack of progress in addressing youth labour market issues during more prosperous years. As analysed in a report based on labour market data up to 2007, global trends suggest that little progress has been made in improving the position of youth in labour markets, and young people still suffer disproportionately from a deficit of decent work opportunities.<sup>24</sup> To achieve the goal of providing decent work opportunities for all women and men, strong policy and programmes will be essential to stimulate a sound socio-economic recovery for today and for future generations.

63. According to the same report, young people are generally three times more likely than adults to be unemployed, making up 47 per cent of the world's unemployed. High unemployment is only part of the problem, as underemployment and poor working conditions are also prominent. There is strong empirical evidence from both developing and developed countries indicating that high rates of youth employment contribute to socio-economic stability. Young people are prone to work longer hours under informal, intermittent and insecure work arrangements characterized by low productivity and earnings and by reduced social protection. Young workers are more exposed to poverty than other age groups. In 2008, an estimated 152 million young workers were living with their families on less than US\$1.25 a day, amounting to more than 28 per cent of all young workers in the world.<sup>25</sup> The importance of absorbing this rapidly growing supply of labour is reflected by the fact that youth employment is a priority outcome in over 40 Decent Work Country Programmes. It is also worth noting that the United Nations has declared an International Year of Youth which began in August 2010.
64. When, during its 93rd Session (2005), the International Labour Conference discussed youth employment, youth entrepreneurship was discussed under active labour market policies. Increasingly, youth entrepreneurship is understood, accepted and adopted as a strategy for unleashing the productive and innovative potential of young people to enable them to participate actively in the economies of their countries. Furthermore, the need to enhance support to vulnerable women and men hit hard by the crisis, including youth, and the provision of entrepreneurial skills development, especially for unemployed young people, are among the key principles for promoting recovery and development in the Global Jobs Pact. Finally, the ILO Declaration on Social justice for a Fair Globalization recognizes the importance of sustainable enterprises in creating greater employment and income opportunities for all.
65. The promotion of youth entrepreneurship is a component of the ILO's youth employment programme. Increasingly, member States promote youth entrepreneurship within national action plans or as part of a national youth employment strategy. The promotion of youth entrepreneurship is one means of creating employment and ensuring that countries are able to benefit from the socio-economic potential of their young population. Programmes to promote entrepreneurship as a career path for young people need to be carefully planned; entrepreneurship is both demanding and inherently risky, particularly for young people who are already passing through a tenuous and vulnerable transition in life, while at the same time generally having limited business experience and material assets.

<sup>22</sup> ILO: *Facts on youth employment*, Geneva, June 2006.

<sup>23</sup> ILO: *Global employment trends for youth*, Geneva, Aug. 2010.

<sup>24</sup> ILO: *Global employment trends*, Geneva, Jan. 2009.

<sup>25</sup> ILO: *Facts on youth employment*, Geneva, Aug. 2010.

66. Entrepreneurship education should start at an early age and young entrepreneurs should be supported by a conducive entrepreneurship culture, an enabling business environment and effective entrepreneurship development tools to achieve their full potential. To be successful, the promotion of youth entrepreneurship must be approached comprehensively, emphasizing sectors with job-creation potential while adopting a broader approach to link youth to decent work opportunities. Through entrepreneurship education and business start-up training – and support programmes – including business incubators, cooperatives and microcredit – young women and men can acquire the necessary attitudes, knowledge, skills, behaviour, experiences, support services and assets that increase their chances to obtain decent work by being more employable or by starting a business. Strengthening the voice of young entrepreneurs is key to address the specific barriers they face and can facilitate graduation from self-employment in the informal economy to successful entrepreneurship.
67. Youth is not a homogenous group and programme strategies must be adapted to the needs of young women and men at different stages of education and work. Youth entrepreneurship programmes should implement targeted approaches to serve the needs of youth facing multiple barriers, such as gender, poverty, disability and HIV/AIDS. For young people coming out of crisis situations, self-employment is often the only available immediate option and comprehensive support programmes are needed to avoid high rates of business failure. Furthermore, responses may vary depending on whether young people are in school, preparing for the transition to work and a career, or out of school and already in the labour market looking for a job. Specific efforts may be needed to promote young women's entrepreneurship development.
68. The ILO has supported member States' efforts to promote youth entrepreneurship in a number of areas such as entrepreneurship culture, entrepreneurship education in secondary, technical/vocational and higher education institutions, business start-up, targeted business development services, the enabling environment and support to youth cooperatives and microfinance. In addition, the link between youth and social entrepreneurship, in which sustainable enterprises balance financial and non-financial objectives, is a promising area for stimulating youth entrepreneurship development among unemployed youth and marginalized populations in society.
69. Over the past five years, the Office has published a number of working papers focusing on youth entrepreneurship and is currently undertaking a global study about the impact of ILO-supported entrepreneurship education in secondary and vocational schools and in universities. The study looks at the extent to which entrepreneurship education graduates are more likely than other young people to start an enterprise and thus become active job creators for themselves and others and it looks at whether these graduates become better employees since they know more about entrepreneurship. However, there is still little documentation about youth entrepreneurship, and limited guidance on how to effectively and comprehensively promote it. It would be important to delve deeper into this vital area to tap its full job creation, empowerment and enterprise potential as an integral part of the Global Employment Agenda.
70. The discussion at the Conference could focus on the following questions:
- What is the nature, size and dynamics of youth unemployment, underemployment and informal employment and the potential role of youth entrepreneurship for productive employment creation and sustainable enterprise development?
  - What are the specific barriers to youth entrepreneurship, how are these being addressed through policies and programmes and what are the lessons learnt?
  - What is the role of the education system in educating future entrepreneurs and at which level and age could entrepreneurship education be introduced?
  - What is an ILO definition of youth entrepreneurship?

- What should be the role of employers’ and workers’ organizations?
- What is the unique contribution of the ILO in this domain as compared to other multilateral and bilateral institutions and donors?
- How could an expanded youth entrepreneurship programme make a significant contribution to the current challenges faced by member States, in light of the global financial crisis and projected increase in youth unemployment?
- What are effective ways of promoting decent work through youth entrepreneurship? What would be the most appropriate strategy for the ILO’s work in this area?
- What partnerships exist and what is the place of the ILO in these?
- What are effective and efficient measurements of youth entrepreneurship and its impact on employment creation and the development of sustainable enterprises?

71. The intended outcomes of the Conference discussion would be:

- stocktaking of the international debate on youth entrepreneurship and the policies and programmes being implemented by global actors in this field;
- review of the ILO strategy on youth entrepreneurship;
- guidance for the Office on effective youth entrepreneurship policies and programmes;
- development of an ILO definition of youth entrepreneurship;
- guidance for the Office on measurement of youth entrepreneurship.

## **Social dialogue**

### **8. The right to information and consultation in the context of economic restructuring (general discussion)**

#### **Summary**

Globalization and rapidly changing markets have led businesses to adopt numerous strategies in an effort to maintain and increase their competitive advantage. The current financial crisis has further amplified the need for, and has accelerated the pace of, adjustments required. One possible approach is to restructure the enterprise, which can take a variety of forms. Given the considerable impact that the outcomes of economic restructuring may have on the workforce, the enterprise and society at large, it is important that such restructuring be accompanied by appropriate forms of social dialogue – embedded in the enterprise – providing for effective responses to the challenges arising from these external pressures. This discussion would not represent an infringement on the right of managers to manage or of enterprises to consider restructuring among a number of options for maintaining their position in a given market. Rather, the inclusion of this item on the agenda of the International Labour Conference would provide an opportunity for constituents to reflect on the importance of social dialogue as a tool for effectively managing change. It would enable a clearer understanding of:

- the usefulness of this policy tool to help mitigate social hardship and facilitate recovery measures in times of crisis;
- the issues to be addressed during enterprise restructuring;
- how good labour–management relations can facilitate outcomes from restructuring which balance flexibility and security concerns;
- recent changes in national and international law and practice providing for information and consultation around such issues; and
- an assessment of the implications for the ILO’s work.



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## Background

72. Pressures on enterprises to restructure in response to national and international developments are increasing, owing to such factors as: changes in the situation of sectors – including the public sector – in national economies; the increase in new forms of productive organization, including the rapid expansion of global supply chains following the decline of mass production; and the impact of globalization coupled with the financial crisis. Many enterprises are facing more intense competition than before. This leads to pressures to adapt workplaces to match the efficiency, output and quality of market leaders – or, in many cases, to close down.<sup>26</sup> Whatever the cause, enterprise restructuring may result in social costs of various types, including job losses, higher unemployment, inequality of treatment among workers, greater insecurity in the workplace and industrial and social conflicts.
73. There are many examples where the social partners have collaborated successfully in responding to structural and other changes generated by the current crisis, mobilizing the full potential of their enterprises.<sup>27</sup> Mention should be made of those efforts to improve the adaptability of enterprises relying on a consultative approach and directed towards achieving a balance between flexibility and security. While not challenging the employer's need to restructure in an efficient and effective manner, such an approach can increase the competitiveness of enterprises by seeking the understanding and support of the workforce in implementing proposed changes. Through this approach, workers can continue to benefit from decent wages and working conditions and, by providing inputs into the proposed changes, they have the opportunity to affect the best possible outcomes for the workforce. In this context, changes are emerging in the traditional labour–management relationship. The patterns of negotiation are changing, as is the content of bargaining and the approaches adopted by the actors involved. Different solutions are being negotiated by the social partners at all levels, often leading to agreements on packages that deal with issues such as job security, working time, wages, lifelong learning possibilities and new methods of work organization.
74. Existing procedures for informing and consulting employees and their representatives are essentially twofold in nature. First, informal rules may be agreed between the social partners themselves at various levels through bargaining. Legal frameworks may also be developed, providing for information sharing and consultation in case of threatened or actual redundancies, transfers of undertakings, delocalization and other forms of restructuring affecting an enterprise. In many countries, legal provisions are frequently based on a reactive approach rather than recognizing the need for ongoing social dialogue at enterprise level and adequately considering the economic and employment impact of decisions taken.
75. Increasing globalization of capital, product and labour markets means that decisions affecting enterprises and their workers are often taken by multinational enterprises. Information and consultations at this level are not very well developed. This is in spite of the attempts of some multinational enterprises and regional integration groupings, especially in Europe, where adoption of the Works Council Directive in 1994 has led to the development of a wide variety of consultation and information exchange practices. Even in this situation, however, the main objective of providing workers with a real voice in corporate decision-making processes has been achieved in only some cases. In addition, many of the relevant European works councils' procedures remain predominantly directed to provision of information with the minimum information requirement often oriented

<sup>26</sup> ILO: *Changing patterns in the world of work*, Report of the Director-General, Report I(C), International Labour Conference, 95th Session, Geneva, 2006.

<sup>27</sup> L. Rychly, *Social dialogue in times of crisis: Finding better solutions* (Geneva, ILO, DIALOGUE Working Paper No. 1, 2009).

towards the past rather than the future situation of an enterprise.<sup>28</sup> Against this background and with a view to reinforcing the role of European works councils in informing and consulting employees, in particular in the event of significant change in the structure of companies, the 1994 European Works Council Directive was revised in 2009.<sup>29</sup> Member States have until 5 June 2011 to transpose the revised Directive into national law. European works councils currently operate in 820 companies across the European Union, covering some 14.5 million employees.<sup>30</sup>

76. The issues faced and the approaches to consultation and information adopted are however not uniquely European phenomena. Of the 72 countries included in the ILO's Employment protection legislation database (EPLex), 51 report some level of consultation with employees' representatives in the event of collective redundancies.<sup>31</sup> For example, the Labour Relations Act of South Africa sets out requirements for engagement in a "meaningful joint consensus-seeking process" with employees and their representatives whenever the employer proposes dismissals based on operational requirements or changes in terms and conditions of employment. This process allows for workers' representatives and management to seek agreement on measures to avoid, minimize the number of, change the timing of, or otherwise mitigate the adverse impacts of dismissals. It also provides for access to information on the reasons and need for such measures. In Botswana, a code of good practice on termination of employment (Trade Disputes Act) providing for similar consultations surrounding any proposed business reorganization that is expected to lead to retrenchments has been agreed by the social partners, but does not yet have the force of law.
77. Finally, in recent years global markets have grown rapidly, without the parallel development of economic and social institutions necessary for their smooth and equitable functioning,<sup>32</sup> a situation that exists both at the level of nations and of individual enterprises. The lack or weakness of such institutions and procedures of dialogue between governments and between employers and workers and their representative organizations makes it difficult to achieve consensus on important issues that affect enterprises operating within and across borders. As noted in a recent report on social dialogue, the current crisis led many governments to intensify their appeal to social partners to negotiate or participate in joint consultations. This is true even in countries with less dialogue-oriented administrations, not only in Europe but also in Asia or Latin America.<sup>33</sup>

## **The ILO's response**

### ILO normative action

78. The ILO's concern that workers in the enterprise be informed and consulted on issues which affect them and, more generally, in fostering ongoing cooperation between management and labour around enterprise development, was clearly articulated in the

<sup>28</sup> A. Weiler: *European works councils in practice* (Luxembourg, European Foundation for the Improvement of Living and Working Conditions, 2004).

<sup>29</sup> See the *Official Journal* of the European Union dated 16 May 2009 (L 122).

<sup>30</sup> For the full text of the proposal for a directive, see the European Commission website at: <http://ec.europa.eu/social/BlobServlet?docId=458&langId=en>.

<sup>31</sup> The Employment protection legislation database – EPLex – is accessible online at: <http://www.ilo.org/dyn/terminate/termmain.home>.

<sup>32</sup> ILO: *A fair globalization: Creating opportunities for all*, op. cit.

<sup>33</sup> L. Rychly: op. cit.

Declaration of Philadelphia when it called on the Organization to develop programmes with a view to promoting “effective recognition of the right to collective bargaining and cooperation between management and labour in the continuous improvement of productive efficiency ...” (paragraph 3(e)).

79. This constitutional obligation is reflected in various later instruments, such as the Co-operation at the Level of the Undertaking Recommendation, 1952 (No. 94), the Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113), and the Communications within the Undertaking Recommendation, 1967 (No. 129). Recommendation No. 129 provides detailed guidance on how to build mutual understanding and confidence within enterprises, stating that information should be provided to workers and their representatives and consultations should take place with them before decisions on matters of major interest are taken by management (Paragraph 2). The Recommendation provides that management should give workers information on a whole range of subjects, including, inter alia, with respect to the general situation of the enterprise and prospects or plans for its future development and to explain decisions which are likely to affect workers, directly or indirectly (Paragraph 15(2)). The Workers’ Representatives Recommendation, 1971 (No. 143) (Paragraph 6(2)(f)), refers specifically to consideration of priority to workers’ representatives in case of workforce reduction. These Recommendations emphasize that information and consultation processes should coexist with and complement the institution of collective bargaining. Similar provisions, some addressing more specific situations, are developed in a number of other ILO instruments.<sup>34</sup>

#### ILO technical cooperation

80. The ILO provides technical advice and assistance on issues with respect to the provision of information to and consultation with workers and their representatives within the framework of activities and projects in the field of social dialogue and related areas, such as labour legislation, employment and working conditions. In the area of labour law reform, the Office assists the constituents to draft labour laws, including those that address the impacts of economic reorganization.
81. For example, in the Caribbean Community (CARICOM), the Office provided technical support to the drafting of model harmonization legislation regarding termination of employment. This model legislation sets out procedures for information and consultation during economic restructuring which involves possible redundancies, in line with the relevant international labour standards. The Office continues to provide support to CARICOM and its member States to promote harmonization with the model legislation.

#### ***International Labour Conference discussion and outcomes***

82. A Conference discussion on this item could address, inter alia, such areas as:
- recent economic and social developments having major impacts on the competitiveness, job security, employment conditions, skills requirements, work organization and location of enterprises;
  - recent developments in labour–management relations at enterprise level, including new forms of consensus building through information and consultation, that proved useful to mitigate the impact of the crisis;

<sup>34</sup> For example, the Termination of Employment Convention, 1982 (No. 158), and the Seafarers’ Welfare Convention, 1987 (No. 163). See also the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (e.g. para. 57).

- related developments in social dialogue at national and transnational levels;
  - changes in national and transnational legislative frameworks and other institutional provisions and arrangements for information and consultation; and
  - consequences for ILO work, with a special focus on technical advice and cooperation.
83. Consideration could also be given in the context of a general discussion to the possible need to revise and update the existing international labour standards dealing with information, consultation and cooperation at enterprise level.