



Governing Body

312th Session, Geneva, November 2011

GB.312/INS/2/1

Institutional Section

INS

SECOND ITEM ON THE AGENDA

Agenda of the International Labour Conference

Agenda of the 102nd Session (2013) of the Conference

Overview

Summary

The following items are proposed to complete the agenda of the 102nd Session (2013) of the Conference: (i) sustainable development, decent work and green jobs (general discussion); (ii) a possible Recommendation on policy coherence among economic, financial, employment and social policies (following the recurrent discussion on employment) (standard setting); (iii) decent work in global supply chains (general discussion); (iv) finance with a social purpose (general discussion); (v) decent work in export processing zones (general discussion); (vi) promoting sound industrial relations through the prevention and resolution of labour disputes (general discussion); (vii) revision of the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71) (standard setting).

Policy implications

As the Governing Body is called upon to complete the agenda of the 2013 Conference, the decision on the basis of this document will have implications on the programme of the Conference in the year in question.

Legal implications

Application of the Standing Orders of the International Labour Conference and the Standing Orders of the Governing Body.

Financial implications

The usual implications of items placed on the Conference agenda.

Decision required

Paragraph 15.

Follow-up action required

Preparatory work according to the decision of the Governing Body on agenda items.

Author unit

Employment, Social Dialogue and Fundamental Principles and Rights at Work Sectors.

References to other Governing Body documents and ILO instruments

GB.273/2, GB.274/LILS/WP/PRS/3, GB.274/4(Rev. 1), GB. 301/13(Rev.), GB.301/ESP/5, GB.303/3/2, GB.306/TC/5, GB.309/2/2, GB.310/PV, Dec-GB.311/6, GB.311/6, GB.312/INS/2/2, GB.312/POL/1, GB.312/HL/1.

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

Introduction

1. The agenda of the 102nd Session (2013) of the Conference, will contain the following standing items:
 - reports of the Chairperson of the Governing Body and the Director-General;
 - draft Programme and Budget for 2014–15 and other financial questions; and
 - information and reports on the application of Conventions and Recommendations.
2. In addition, the Conference deals normally with three technical items. In March 2011, the Governing Body decided to place on the agenda of the 2013 session of the Conference a recurrent discussion on social dialogue, under the follow-up to the ILO Declaration on Social Justice for a Fair Globalization, 2008, as well as a general discussion on employment and social protection in the new demographic context. It deferred the selection of the third item.¹
3. In June 2011, the Governing Body decided to postpone, until the present session, its decision on the item that would complete the agenda of the 2013 session of the Conference, on the basis of the items remaining among those proposed in March 2011 (that is, the items not already selected in the context of the 2012 and 2013 Conference agenda) and of further items that it also requested the Office to develop, namely, on the revision of standards as a follow-up to the conclusions of the Cartier Working Party,² and on export processing zones (EPZs).³

Proposals

Follow-up to the conclusions of the Cartier Working Party

4. It will be recalled that the conclusions of the Cartier Working Party relating to a certain number of instruments identified as in need of revision, or for which there was a request for additional information on a possible need for revision or consolidation, have been taken into account in earlier proposals submitted to the Governing Body. Thus, a proposal on the protection of children and young persons was last presented in November 2007;⁴ and a

¹ GB.310/PV, para. 15.

² The Working Party on Policy regarding the Revision of Standards.

³ Dec-GB.311/6 and GB.311/6, para. 6.

⁴ See GB.300/2/2, paras 61–67. The consolidation of instruments proposed covered three Conventions and two Recommendations on night work of young persons: the Night Work of Young Persons (Industry) Convention, 1919 (No. 6); the Night Work of Young Persons (Industry) Convention (Revised), 1948 (No. 90); the Night Work of Young Persons (Non-Industrial Occupations) Convention, 1946 (No. 79), and Recommendation (No. 80); and the Night Work of Children and Young Persons (Agriculture) Recommendation, 1921 (No. 14); as well as the three Conventions and two Recommendations on medical examination of young persons (industry, non-industrial occupations, underground work) and conditions of employment of young persons (underground work): the Medical Examination of Young Persons (Industry) Convention, 1946

proposal on the reconstruction of conflict-affected countries was last presented in November 2002.⁵ Furthermore, two items relating to industrial relations remain included in the proposals for a general discussion at the next Conferences: new trends in the prevention and resolution of industrial disputes was submitted in November 2010 among the proposals for “future Conferences”; and the right to information and consultation in the context of economic restructuring was submitted in March 2011 among the proposals for the 2013 Conference.⁶

5. As regards the other instruments classified as in need of revision,⁷ it may be noted that a follow-up has not been considered appropriate by the tripartite constituents up to now. In the context of the Governing Body discussion on a possible standards-review mechanism, it was agreed that pending issues concerning the follow-up to the conclusions of the Cartier Working Party should be considered in the framework of this review mechanism.
6. In light of the request of the Governing Body, the Office has reviewed the abovementioned proposals. Consideration was given to the possible implications of items on related subjects already placed on the Conference agenda for 2012 and 2013 (i.e. the recurrent discussions on the fundamental principles and rights at work and on social dialogue, and the general discussion on the youth employment crisis) and to the limited capacity of the sectors engaged in a recurrent discussion to develop, in addition, a standard-setting item.
7. In particular, concerning the instruments on night work for young persons (which provide for specific protection from night work for young workers above the minimum age – that is, legally permitted to work, but still under 18), it should be noted that this group of workers is covered under the two up-to-date fundamental child labour Conventions,

(No. 77); the Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946 (No. 78); the Medical Examination of Young Persons (Underground Work) Convention, 1965 (No. 124); the Medical Examination of Young Persons Recommendation, 1946 (No. 79); and the Conditions of Employment of Young Persons (Underground Work) Recommendation, 1965 (No. 125).

⁵ See GB.285/2. The possibility of revising the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71), was considered in the context of this proposal.

⁶ See GB.309/2/2, paras 6–11 and GB.310/2, paras 72–83. Instruments covered included the Voluntary Conciliation and Arbitration Recommendation, 1951 (No. 92); the Co-operation at the Level of the Undertaking Recommendation, 1952 (No. 94); the Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113); the Communications within the Undertaking Recommendation, 1967 (No. 129); and the Examination of Grievances Recommendation, 1967 (No. 130).

⁷ Regarding instruments needing revision, the other instruments are the following: **occupational safety and health** – the White Lead (Painting) Convention, 1921 (No. 13); the Benzene Convention, 1971 (No. 136), and Recommendation (No. 144); the Lead Poisoning (Women and Children) Recommendation, 1919 (No. 4); the White Phosphorus Recommendation, 1919 (No. 6); the Anthrax Prevention Recommendation, 1919 (No. 3); the Guarding of Machinery Convention, 1963 (No. 119) and Recommendation (No. 118); the Maximum Weight Convention, 1967 (No. 127), and Recommendation (No. 128), **hours of work** – the Hours of Work and Rest Periods (Road Transport) Convention, 1979 (No. 153), and Recommendation (No. 161); **dockworkers** – the Marking of Weight (Packages Transported by Vessels) Convention, 1929 (No. 27); **seafarers** – the Seafarers’ Pensions Convention, 1946 (No. 71); **fishers** – the Fishermen’s Competency Certificates Convention, 1966 (No. 125), and the Vocational Training (Fishermen) Recommendation, 1966 (No. 126). Regarding the pending requests for information on the need for revision, the other instruments are the following: **working time** – the Night Work of Women (Agriculture) Recommendation, 1921 (No. 13); **migrant workers** – the Migration Statistics Recommendation, 1922 (No. 19); **inland navigation** – the Hours of Work (Inland Navigation) Recommendation, 1920 (No. 8).

namely, the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182), supplemented by their respective Recommendations and the up-to-date Night Work Convention, 1990 (No. 171). This age group is also a focus of youth employment issues and, as noted above, the Conference will have a general discussion on the youth employment crisis in June 2012.

8. At the same session in 2012, the Conference will discuss the recurrent report on fundamental principles and rights at work – within the Committee for the Recurrent Discussion – as well as the General Survey prepared by the Committee of Experts on the Application of Conventions and Recommendations covering the same subject, within the Committee on the Application of Standards. In order to determine the direction to take in the follow-up to the relevant Cartier Working Party conclusions, the Office therefore needs to be guided by these upcoming Conference discussions, and the constituents' views expressed therein, as well as the discussions in the Governing Body on the standards review mechanism.
9. Concerning the possible revision of the Employment (Transition from War to Peace) Recommendation (No. 71), the proposal has been revised and is presently submitted for the 2013 Conference session.
10. The item on new trends in the prevention and resolution of industrial disputes has been revised and is submitted as a proposal for general discussion for the 2013 Conference. This general discussion could present an important opportunity for member States to inform the Office on the need to update the Voluntary Conciliation and Arbitration Recommendation, 1951 (No. 92), and the Examination of Grievances Recommendation, 1967 (No. 130).⁸
11. The item on the right to information and consultation has been revised and is submitted as a proposal for standard-setting revision for the 2014 Conference with a view to updating and consolidating into a single instrument (a Recommendation) three related Recommendations: the Co-operation at the Level of the Co-operation at the Level of the Undertaking Recommendation, 1952 (No. 94), Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113), and the Communications within the Undertaking Recommendation, 1967 (No. 129).⁹ It is to be noted that the standards review mechanism to be discussed by the Governing Body at this session will also include these instruments.

An item on EPZs

12. A proposal on EPZs was last presented in a preliminary form in November 2010 as a proposal for “future Conferences”. Following the request of the Governing Body, the proposal has been developed and is submitted for the 2013 Conference agenda.

⁸ For the relationship between this proposal and the recurrent discussion on social dialogue on the same session's agenda, see the appendix, para. 60.

⁹ See GB.312/INS/2/2, including for the relationship between this proposed item on the 2014 session agenda and the recurrent discussion on social dialogue in 2013.

Previously submitted items

13. Among the items proposed in the context of the 2012¹⁰ and 2013 Conference agenda, the remaining items are the following:

- (i) sustainable development, decent work and green jobs (general discussion);
- (ii) a possible Recommendation on policy coherence among economic, financial, employment and social policies (following the recurrent discussion on employment) (standard setting);
- (iii) decent work in global supply chains (general discussion);
- (iv) finance with a social purpose (general discussion); and
- (v) the right to information and consultation in the framework of economic restructuring (general discussion).

Items (i) to (iv) are submitted again for a possible third item for the 2013 Conference agenda. For the reasons explained above, item (v) is now submitted for the 2014 Conference agenda for a possible standard setting.

Conclusion

14. In summary, the proposals submitted for the 2013 Conference agenda are the following:

- Four previously submitted proposals:
 - sustainable development, decent work and green jobs (general discussion);
 - a possible Recommendation on policy coherence among economic, financial, employment and social policies (following the recurrent discussion on employment) (standard setting);
 - decent work in global supply chains (general discussion); and
 - finance with a social purpose (general discussion).
- A newly-developed proposal (previously submitted in a preliminary form):
 - decent work in EPZs (general discussion).
- Two proposals related to the follow-up to the Cartier Working Party:
 - promoting sound industrial relations through the prevention and resolution of labour disputes (general discussion); and

¹⁰ The following items have already been placed on the 2012 Conference agenda: a recurrent discussion on the strategic objective of fundamental principles and rights at work covering all four categories of fundamental principles and rights at work; the youth employment crisis (general discussion); and a standard-setting item entitled “Elaboration of an autonomous Recommendation on the social protection floor” (single discussion).

- revision of the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71) (standard setting).

15. *In light of the above, and with the view to completing the agenda of the 102nd Session (2013) of the Conference, the Governing Body is invited to select one of the following proposals:*

- (i) sustainable development, decent work and green jobs (general discussion);*
- (ii) a possible Recommendation on policy coherence among economic, financial, employment and social policies (following the recurrent discussion on employment) (standard setting);*
- (iii) decent work in global supply chains (general discussion);*
- (iv) finance with a social purpose (general discussion);*
- (v) decent work in EPZs (general discussion);*
- (vi) promoting sound industrial relations through the prevention and resolution of labour disputes (general discussion), with adjustments as necessary to the recurrent discussion on social dialogue on the same session's agenda;*
- (vii) revision of the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71) (standard setting).*

Geneva, 18 October 2011

Point for decision: Paragraph 15

Appendix

I. Proposals previously submitted

1. *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. These initiatives will receive new impetus and direction from the outcomes of the United Nations Conference on Sustainable Development in 2012 (“Rio+20”) which is expected to renew the global commitment to sustainable development and to identify targets and indicators for national and international policy. The outcome of the Conference is likely to influence national policy-making and to shape the international policy agenda post-2015 when the Millennium Development Goals expire in their present form.

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

1. 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.
2. 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 (known as the Green Fund) with an intended volume of US\$100 billion annually by 2020 is being established under the United Nations Framework Convention on Climate Change (UNFCCC) to assist developing countries address the climate challenge.
3. 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 UNFCCC. 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.
4. 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.
5. 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).

6. 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.
7. 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.
8. 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.
9. 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 2007.¹ 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 20 member States. In a number of these, promising new policies and programmes have been adopted for the creation of green jobs and social inclusion. An update on the Programme is contained in document GB.312/POL/1.²
10. 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.
11. 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

12. 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?

¹ ILO: *Decent work for sustainable development*, Report of the Director-General, Report I(A), International Labour Conference, 96th Session, Geneva, 2007; see also GB.310/2.

² Additional information is available at: <http://www.ilo.org/global/topics/green-jobs/lang-en/index.htm>.

- 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?
- 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

13. 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 and its constituents can effectively articulate the Decent Work Agenda with national and international policies to address climate change and to achieve sustainable development.
- Guidance on how the ILO should contribute to the follow-up to and implementation of the outcomes of the “Rio+20” in 2012.

2. ***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 2013 Conference agenda.

14. 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.³
15. 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.
16. For example, the Declaration of Philadelphia (1944) provides the ILO with a responsibility to examine and consider all international economic and financial policies in light of the fundamental objective of social justice.
17. 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:

³ See GB.312/HL/1.

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 ...⁴

18. More recently the ILO Declaration on Social Justice for a Fair Globalization, 2008, reaffirmed the ILO's responsibility set out in the Declaration of Philadelphia and called for "Members and the Organization to implement the ILO's constitutional mandate, including through international labour standards, and to place full and productive employment and decent work at the centre of economic and social policies".⁵

19. 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.⁶

20. 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 levels. 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 of achieving 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.⁷

21. 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.
22. 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

⁴ ILO: *A fair globalization: Creating opportunities for all*, Report of the World Commission on the Social Dimension of Globalization (Geneva, 2004), para. 605.

⁵ ILO Declaration on Social Justice for a Fair Globalization, 2008, Part I(A).

⁶ *ibid.*, Part II(C).

⁷ ILO: Resolution concerning the recurrent discussion on employment, International Labour Conference, 99th Session, Geneva, 2010, conclusions, para. 50.

impact assessments of proposed policy measures, as well as policy coordination mechanisms including tripartite policy consultations and inter-ministerial coordination.

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

3. ***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 and the potential of global supply chains to stabilize labour markets and create new jobs. 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 (FDI) 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).

24. 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.
25. 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.
26. Increased market openness and foreign direct investment (FDI), 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, production and distribution of products and services.
27. 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 (MNEs) based in developing countries.
28. 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.

29. A range of strategies can be employed by countries to better tap the potential of global supply chains to generate economic growth and productive employment and to 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.
30. 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.
31. 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.
32. 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.
33. 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.
34. 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.

35. The recent decision of the International Labour Conference (2010) to launch a review to develop a promotional follow-up mechanism for the Multinational Enterprises and Social Policy (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.
36. 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

37. 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?
 - How can global supply chains help to stabilize labour markets, create jobs and contribute to addressing the current jobs crisis?
 - 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 and for 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

38. 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; and

- 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.

4. ***Finance with a social purpose (general discussion)***

Summary

Social finance has a key role to play in the promotion of job-rich and inclusive growth. Microfinance⁸ opens opportunities for productive employment, leads out of informality, helps improve working conditions and provides security against income shocks. In 2008 the ILO initiated collaboration with more than 70 microfinance institutions and microinsurance providers to experiment with innovations that address decent work deficits.

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

39. 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 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.
40. The Conference discussion would review good practices in the use of selective 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

41. Social finance influences different key aspects of decent work:
- 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, for

⁸ As defined in the ILO, social finance means gearing financial policies and financial institutions towards decent work outcomes. "Microfinance" and "socially responsible finance" are therefore subsets of social finance.

example, 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.
- Social finance addresses 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; and
 - (g) make it possible for employers in the informal economy to provide benefits to their workers, such as health insurance, etc.

Objectives

42. The discussion at the Conference would:

- create knowledge about good practices: what works, when and under which circumstances in gearing selective financial instruments to decent work; and

- identify possible partnerships between social partners, governments and relevant 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

43. Points to be discussed reflect the ILO policy statement in this field of work and would include:

- How can selective 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 restrictions in access to credit, 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?

II. A newly-developed proposal

5. *Decent work in EPZs (general discussion)*

Summary

EPZs are industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being exported again. EPZs are prevalent in both developed and developing economies. They take a variety of names in different countries and in general represent a policy instrument frequently used by governments to promote trade and FDI and job creation. Even though EPZs offer opportunities to access formal sector employment to groups of workers such as young women and low-skilled workers, they remain a source of ongoing concern regarding the quality and sustainability of jobs created and the enforcement of labour standards.

The proposed general discussion will aim at discussing recent trends in EPZs; identifying and disseminating good practices; identifying new areas for research, knowledge building and knowledge sharing;

identifying, notably in the context of continuing economic and financial crises, a strategy for future ILO action including technical cooperation, building on the ILO's comparative advantage in this area and providing clear directions to the Office as to the expected results and services to be delivered; and identifying potential areas for inter-agency work, taking into account the mandate and priorities of each UN agency.

Background

44. Several countries around the world have established EPZs in order to stimulate economic growth by attracting FDI. The ILO defines EPZs as “industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being exported again”.⁹ EPZs take a variety of names and forms in different countries (including free trade zones, special economic zones (SEZs), industrial development zones (IDZs), bonded warehouses, free ports and *maquiladoras*). A significant amount of the exports in many countries are concentrated in textiles and clothing and electronics. EPZs have become increasingly common as countries move from import-substitution policies to export-led growth policies. The typical incentives attributed to their growth include special concessions on taxes and tariffs and a relaxed regulatory environment, including with respect to the enforcement of labour rights and standards.
45. According to ILO estimations, in 2006 there were 3,500 EPZs or similar types of zones in 130 countries, accounting for over 66 million direct jobs. China alone would account for 40 million employees; outside China, EPZ employment would have doubled between 2002 and 2006 from 13 to 26 million.¹⁰ While Chinese expansion has been particularly rapid, EPZs have become commonplace in almost all regions of the world. In sub-Saharan Africa, the percentage change in EPZ employment has been even greater than in China, and EPZ employment has risen significantly in South Asia and Eastern Europe. EPZs account for significant – though recently declining – percentages of exports across many poor countries. Still, EPZ and EPZ-like employment remains a fraction of the global working population, with an average of less than three per cent of the global workforce in EPZs.¹¹

Overview of issues

46. As the number of EPZs around the world continues to grow, some of them continue to raise questions and concerns in terms of employment creation, respect for workers' rights – especially in the areas of freedom of association and collective bargaining, the application of labour law, and working conditions.¹²
47. Although the available data on employment levels in EPZs is not always clear, it would appear that EPZs rarely constitute a viable source of employment creation.¹³ The recent global economic downturn may have negatively impacted several EPZs, as slumping

⁹ See ILO: *Labour and social issues relating to export processing zones*, Report for discussion at the Tripartite Meeting of Export Processing Zones-Operating Countries, TMEPZ/1998 (Geneva, 1998) p. 3; see also GB.301/ESP/5.

¹⁰ W. Milberg and M. Amengual: *Economic development and working conditions in export processing zones: A survey of trends*, Working Paper No. 3 (Geneva, ILO, 2008), p. 4.

¹¹ *ibid.*

¹² For a recent overview of EPZ-related issues, see J.K. McCallum: *Export processing zones: Comparative data from China, Honduras, Nicaragua, and South Africa*, Working Paper No. 21, Industrial and Employment Relations Departments (Geneva, ILO, 2011).

¹³ GB.301/ESP/5.

demand has led to fewer markets for exports and possibly higher input costs. This may have further deteriorated the situation of employment in the developing world.

48. EPZs are moreover characterized by an absence of adequate mechanisms and processes for information sharing and consultation, let alone negotiation and dispute settlement.¹⁴ Some EPZ-operating countries have, under their laws, either deprived EPZ workers of their right to organize themselves, or placed severe limitations on the free exercise of this right.¹⁵ Even when labour legislation is applicable to EPZs without exemption, law enforcement may be problematic because of difficulties in accessing the zones and the usual challenges associated with labour inspection (notably, the lack of access by labour inspectors combined with lack of human and financial resources).¹⁶
49. From the point of view of conditions of work, EPZs appear to be often confronted with high levels of machine-related accidents, dust, noise, poor ventilation, and exposure to toxic chemicals.¹⁷ EPZs can therefore be associated with high labour turnover, absenteeism, low productivity and labour unrest. Several studies identify the issue of long working hours, often in violation of national laws, as endemic in EPZs throughout the world.¹⁸ Despite evidence of States' efforts to address these issues, the track record of many EPZs in this respect remains poor. As young women often account for the majority of the workforce in EPZs (with those at the lower end of the occupational and skill hierarchy), it is usually the female workforce of EPZs that experiences difficult living and working conditions, and is the first to be affected by global economic crises.

ILO action

50. The ILO has been monitoring developments in EPZs for over 20 years and has been reporting on its activities to the Governing Body which has on several occasions, instructed the Office to continue examining this question. In 1998, the ILO organized a highly successful Tripartite Meeting of Export Processing Zones-Operating Countries.¹⁹ The conclusions of this meeting have been the main framework for subsequent ILO action on EPZs. The Programme and Budget for 2006–07 included an InFocus Initiative on EPZs, which envisaged a number of activities.²⁰ In March 2008, the Governing Body discussed a paper on the latest trends and policy developments in EPZs²¹ and invited the Office to continue examining the issue and to provide further detailed information and statistical data. It further requested a progress report to be submitted to subsequent sessions.

¹⁴ *ibid.*

¹⁵ R. Gopalakrishnan: *Freedom of association and collective bargaining in export processing zones: Role of the ILO supervisory mechanisms*, Working Paper, International Labour Standards Department (Geneva, ILO, 2007), p. 1.

¹⁶ On the special role of labour inspection in EPZs, see Report of the Committee on Labour Administration, International Labour Conference, 100th Session, Geneva, 2011, *Provisional Record* No. 19, para. 22.

¹⁷ R. Loewenson: "Globalization and occupational health: A perspective from southern Africa", *Bulletin of the World Health Organization*, 2001, Vol. 79, No. 9 (Geneva).

¹⁸ Milberg and Amengual, *op. cit.*

¹⁹ ILO: *Note on the proceedings*, Tripartite Meeting of Export Processing Zones-Operating Countries (Geneva, 28 September–2 October 1998), TMEPZ/1998/5.

²⁰ These were reported in GB.303/3/2 (Appendix II, para. 2).

²¹ See GB.301/ESP/5 and GB.301/13(Rev.).

51. Since 2008 the Office has been developing a number of research, capacity-building and knowledge-sharing activities.²² The research activities aim at gathering both quantitative and qualitative information about industrial relations practices in EPZs (especially in the areas of freedom of association and collective bargaining, labour inspection and social dialogue). Furthermore, an online resource guide to compile key information on EPZs has been developed and maintained by the ILO's Bureau of Library and Information Services.²³
52. It should be noted that data collection on EPZ-related matters (such as employment trends and levels; gender and sectoral dimensions of EPZs; working conditions, including working time; occupational safety and health; and migrant workers), encounters major challenges. These challenges, explained elsewhere,²⁴ point to the need for developing a common definition of EPZs, as well as an inter-agency collaboration strategy aimed at facilitating the collection of up-to-date information on EPZs across the world.

Proposed Conference focus

53. Under the prism of the ILO Decent Work Agenda and the Global Jobs Pact, the Conference could focus on the following interrelated questions:
- (a) the contribution of EPZs to national industrial development policies and the role of FDI;
 - (b) strengthening productivity and improving the prospects for job creation and decent work in EPZs;
 - (c) the legal and institutional framework for realizing rights at work in EPZs;
 - (d) strategies for promoting the application and enforcement of labour legislation for workers in EPZs, notably through labour inspection;
 - (e) the role of the social partners in promoting decent work in EPZs, including through freedom of association and collective bargaining;
 - (f) the roles and responsibilities of international organizations representing workers and employers at the global level, including by sector of activities, in promoting decent work in EPZs; and
 - (g) the role of MNEs and other businesses involved in the global supply chain of MNEs, in promoting decent work in EPZs.
54. In the proposed general discussion, particular attention would be paid to the situation of young women workers who make up the bulk of the workforce in EPZs, as well as to the question of migration (including internal migration).

Possible outcomes of the Conference discussion

55. A general Conference discussion of EPZs may be a timely exercise, as the subject has not been addressed in a fully-fledged ILO tripartite discussion since 1998,²⁵ while the recent global financial and economic crisis has generated new socio-economic realities, including

²² See GB.309/2/2, Appendix II.

²³ Available at: <http://www.ilo.org/public/english/support/lib/resource/subject/epz.htm>.

²⁴ See GB.309/2/2, Appendix II.1.3(a).

²⁵ See ILO: *Labour and social issues relating to export processing zones*, Report for discussion at the Tripartite Meeting of Export Processing Zones-Operating Countries, Geneva, 1998, TMEPZ/1998, p. 3.

within EPZs. Additionally, the proposed Conference discussion may present an interest not only from the perspective of the ILO and its constituents, but also for other multilateral agencies (such as the World Trade Organization), which often solicit the Office's advice and request its technical input so as to ensure global policy coherence. Finally, the discussion would allow for wide dissemination of any good practices that may have recently emerged in this area.

56. In particular, based on recent ILO research and the expertise developed by the Office through a number of technical assistance and capacity-building projects, the proposed general discussion could aim at discussing recent trends in EPZs; identifying and disseminating good practices; identifying new areas for research, knowledge building and knowledge sharing; identifying, notably in the context of continuing economic and financial crises, a strategy for future ILO action including technical cooperation activity, building on the ILO's comparative advantage in this area and providing clear directions to the Office as to the expected results and services to be delivered; and identifying potential areas for inter-agency work, taking into account the mandate and priorities of each UN agency.

III. **Proposals related to the follow-up of the Cartier Working Party conclusions**

6. ***Promoting sound industrial relations through the prevention and resolution of labour disputes (general discussion)***

Summary

While global economic integration may have given rise to economic growth in a number of countries, the unequal distribution of its benefits has led to increased social tensions. The current economic downturn has exacerbated these tensions. This proposal seeks to examine recent trends in labour disputes, different approaches to the prevention and resolution of disputes and the role that voluntary conciliation, arbitration and mediation services can play in this regard. It will examine the role of the social partners and means for strengthening the prevention and resolution of disputes, through voluntary means.

57. In 1992 the Governing Body considered a proposal for a potential Conference agenda item regarding dispute settlement. This was subsequently the subject of deliberations during a number of Governing Body sessions, including a detailed report at the 261st Session, and most recently in March 1999. At the time, the topic was proposed for a general discussion, but the proposal was not taken up.
58. The social and economic developments that have resulted from globalization have been widely documented. While these phenomena have given rise to economic growth in a number of countries, the unequal distribution of its benefits has led to increased social tensions. The current economic downturn has exacerbated these tensions and there has been a dramatic rise in industrial disputes between employers and workers in some countries.
59. Labour disputes are recognized as a natural occurrence in the labour and employment relationship. The prevention, wherever possible, and the efficient and effective settlement of labour disputes are key features of sound labour relations. Voluntary conciliation and arbitration can play an important role in the prevention and settlement of disputes. As such, a stocktaking and discussion of new developments in relation to the prevention and resolution of disputes would be beneficial.

60. As an agenda item for the Conference, a general discussion could examine the numerous existing international labour standards²⁶ as well as national legislation and practice. The discussion would provide the Office as well as the constituents with recommendations for follow-up action. It could represent an important opportunity for member States to inform the Office on the possible need to update related ILO Recommendations, as outlined in the conclusions of the Working Party on Policy regarding the Revision of Standards (the Cartier Working Party).²⁷ It will complement the recurrent discussion on social dialogue at the same session of the Conference, the scope of which would be adjusted to take into account but not specifically address the prevention and resolution of labour disputes. A separate and detailed general discussion of the prevention and resolution of disputes is envisaged that would examine a number of subjects in detail.
61. The subjects that could be considered during a general discussion include, inter alia:
- the overall trends and developments in labour dispute prevention and resolution;
 - different approaches to the prevention and resolution of labour disputes;
 - the roles of voluntary conciliation, arbitration and mediation services in the prevention and resolution of labour disputes;
 - means of strengthening systems for labour disputes settlement and integrating new approaches, tools and techniques, referring to key features (i.e. the legal framework, institutions, mechanisms and procedures) of successful systems;
 - the role(s) of the social partners; and
 - prospects for further research, advisory services and technical cooperation.
62. Should the Governing Body decide to undertake a general discussion in a future session of the Conference, it may wish to request the Office to launch a research programme aimed at identifying the current situation with respect to legislation, institutions and practice on the subject.

7. *Revision of the Employment (Transition from War to Peace) Recommendation, 1944 (No. 71), (standard setting)*

Summary

The Employment (Transition from War to Peace) Recommendation, 1944 (No. 71), was adopted by the ILO in 1944. It is the only international labour standard that specifically provides for measures to promote the reconstruction of post-conflict societies through employment. However, the characteristics of conflicts and post-conflict recovery have changed considerably since the end of World War II. Consequently, the Recommendation needs to be updated in order to realize its full potential and to provide governments and social partners with up-to-date guidance.

Recently, the issue of rebuilding post-conflict societies through work has become one of the main concerns of the UN, as demonstrated by the UN Policy for post-conflict employment creation, income generation and reintegration, adopted in 2008. In line with the Organization's mandate, the ILO is one of the key players for the implementation of the Policy. In this regard, the adoption of a new international labour standard based on the Decent Work Agenda and the UN Policy would be one of the most appropriate ways to

²⁶ The Voluntary Conciliation and Arbitration Recommendation, 1951 (No. 92); the Examination of Grievances Recommendation, 1967 (No. 130); the Collective Bargaining Convention, 1981 (No. 154); the Collective Bargaining Recommendation, 1981 (No. 163); the Labour Relations (Public Service) Convention, 1978 (No. 151); and the Labour Relations (Public Service) Recommendation, 1978 (No. 159).

²⁷ The Voluntary Conciliation and Arbitration Recommendation, 1951 (No. 92), and the Examination of Grievances Recommendation, 1967 (No. 130).

implement the principles set out in the Policy. Furthermore, in addition to enhancing the ILO's efforts and credibility in the area of peace building, the revision of Recommendation No. 71 would provide the Organization with a unique opportunity to honour its commitment to economic and social recovery in the aftermath of conflict as part of the wider UN effort.

Background

63. In accordance with the ILO Constitution, and with the Declaration of Philadelphia (which was subsequently incorporated into the Constitution), the ILO's mandate is to promote social justice and the creation of decent jobs in order to achieve universal peace. More recently, the 2008 Declaration on Social Justice for a Fair Globalization and the 2009 Global Jobs Pact both reaffirm this goal. The adoption of international labour standards has been identified as one of the most appropriate ways to make this a reality and continues to be one of the primary means of action of the Organization.
64. The Employment (Transition from War to Peace) Recommendation, 1944 (No. 71), is the only standard that addresses the issue of restoring peace after armed conflict through employment and proposes a number of measures that States should take in the reconstruction of post-conflict societies. However, Recommendation No. 71 was adopted in 1944 in the specific context of World War II,²⁸ when conflicts largely had different characteristics than those of today. These contexts and approaches to post-conflict recovery have evolved significantly since.
65. The question of revising Recommendation No. 71 was raised for the first time in November 1998 by the Governing Body.²⁹ Subsequently, the Working Party on Policy regarding the Revision of Standards (the Cartier Working Party) requested information on the need to replace this Recommendation.³⁰
66. Faced with the recurrence and urgency³¹ of the challenges posed by contemporary armed conflicts, the question of rebuilding post-conflict societies through employment is understandably one of the main concerns of the United Nations and the wider international community, as reflected by the UN Policy for post-conflict employment creation, income generation and reintegration³² (hereinafter referred to as the UN Policy). This Policy, which was adopted in May 2008, was the result of several years of studies, analysis and work conducted jointly by a significant number of bodies from within the UN system.³³ In line with the principles enshrined in the ILO Declaration on Social Justice for a Fair Globalization (2008), the Policy's aim is to "scale up and maximize the impact, coherence and efficiency of employment support provided by UN agencies to post-conflict

²⁸ Moreover, the terminology used in Recommendation No. 71 is obsolete, as reference is made to "Axis aggression", "Axis territories" and "territories occupied by the Axis".

²⁹ GB.273/2.

³⁰ GB.274/LILS/WP/PRS/3, II.1, R1, 3(a)(ii), and GB.274/4(Rev.1).

³¹ GB.273/2, para. 68.

³² United Nations Policy for post-conflict employment creation, income generation and reintegration, United Nations, Geneva, May 2008. Available at: http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/@ifp_crisis/documents/publication/wcms_117576.pdf.

³³ The following agencies in particular contributed to the preparation of the UN Policy: ILO, UNDP, DESA, DPA, DPKO, ESCWA, FAO, OHCHR, OSAA, PBSO, SRSG CAAC, UNCDF, UNHCR, UNICEF, UNIFEM and UNRWA.

countries”.³⁴ To this end, the UN Policy gives the ILO, in collaboration with the United Nations Development Programme (UNDP), the leading role in supporting its implementation.³⁵

67. In addition, the Organization is committed to “promote its standard-setting policy”³⁶ and “ensure the role of standards as a useful means of achieving the constitutional objectives of the Organization”,³⁷ in such a way as to honour its commitments and work effectively to promote the settlement of conflicts, economic recovery and peace building. More recently, at the 306th Session of the Governing Body in November 2009, the Committee on Technical Cooperation recalled the need for a “strong commitment” towards and “unwavering ILO support” for the UN Policy.³⁸
68. As a result of its major contribution, the ILO has been given a central role to play and is, given its mandate, one of the key agencies in the Policy’s implementation.
69. Recommendation No. 71 is the only international labour standard to date that fully identifies the mechanisms needed to help rebuild post-conflict societies through employment, and is thus in a position to strengthen the adherence to the UN Policy significantly. If revised – and better framed within the context of current conflicts and their new demands – the Recommendation would be able to provide essential support to the peace-building efforts carried out by the ILO and the wider UN system.

The ILO’s role in the peace-building process

70. As a result of both its unique tripartite structure and experience, the ILO clearly has a comparative advantage for promoting employment in post-conflict contexts amongst other international organizations and UN specialized agencies.³⁹ Given its mandate with regard to employment promotion, international labour standards and social justice, the Organization has a crucial role to play in the reconstruction and development efforts that countries undertake in post-conflict situations. This is also recalled in the ILO Declaration on Social Justice for a Fair Globalization, 2008, which recognizes that the ILO has a key role to play in the peace-building process.
71. Typically, in post-conflict situations, adequate employment opportunities and income generation are vital for short-term stability, socio-economic reintegration and the achievement of sustainable peace and stable democratic societies. The shift in the nature of conflicts has brought this topic back to the centre of peace-building efforts. Consequently, various summits and institutions have reiterated the importance of decent work and the need to enhance its impact through the concrete measures outlined in the UN Policy. The programmes developed and implemented over the last two decades by the ILO and other partners have yielded important lessons for effective action.
72. The Committee of Experts on the Application of Conventions and Recommendations has highlighted the importance of the right to work in post-conflict situations. The Committee

³⁴ UN Policy, para. 5 (see also GB.306/TC/5).

³⁵ *ibid.*: the “ILO and UNDP ... will provide leadership in supporting the implementation of this policy”.

³⁶ *ibid.*

³⁷ ILO Declaration on Social Justice for a Fair Globalization, 2008.

³⁸ GB.306/TC/5.

³⁹ GB.273/2, para. 67.

has also made specific reference to Recommendation No. 71, recalling the centrality of the measures it provides for.⁴⁰

73. Updating international labour standards that could be used to promote the reconstruction of post-conflict societies through work would strengthen the ILO's support to post-conflict operations foster democratic and stable transitions and support the implementation of the UN Policy.

The need to revise Recommendation No. 71

74. In sum, since the adoption in 1944 of Recommendation No. 71, there have been major geopolitical changes, the main impact of which has been a change in the characteristics of contemporary conflicts. Since the end of the Cold War, there has been an increase of internal armed conflicts, often sparked by ethnic or religious differences. Similarly, the general climate of insecurity, particularly for civilians, is also a new factor, as many latent tensions continue to persist after the cessation of hostilities and threaten to ignite further clashes. Similarly, a significant experience has been gained in addressing post-conflict situations. Women and vulnerable groups in societies often pay the highest prices, therefore particular attention should be given to find adequate space for gender equality issues in the new text.
75. These are all important factors that warrant the revision of Recommendation No. 71.
76. Unlike the UN Policy, Recommendation No. 71 does not specifically contemplate the need to take a step-by-step and priority-based approach to the peace-building process. In other words, the 11 principles set out in the Recommendation do not strictly form part of a progressive and coherent approach to crisis management, but rather propose solutions to one-off and isolated problems, without distinguishing between those that require urgent action and those that need to be settled through a framework of mid- to long-term action.
77. The UN Policy takes a completely different approach, as its first guiding principle "be coherent and comprehensive", calls for the avoidance of "isolated and fragmented responses",⁴¹ and highlights the need for multifaceted and interlinked interventions. The UN Policy is based on three programming "tracks",⁴² each of which has a specific objective and addresses specific challenges. While the tracks vary in intensity, they should be implemented simultaneously.⁴³
78. Such an approach makes it possible to tackle the process of rebuilding post-conflict societies with all their subtleties and to take into account in a coherent way the multitude of challenges and to find appropriate solutions. Instead of viewing the peace-building process in a static way, an evolving approach is proposed, which can be adapted according to the context of the crisis in question. Recommendation No. 71, could therefore be revised to provide a comprehensive approach to the problems as well as to include the link to the building of the ILO for strategic objectives in the specific settings, while providing the flexibility needed for effective action by the constituents.
79. In this regard, the revision of Recommendation No. 71 would provide a unique opportunity for the ILO to honour its commitments, in terms of both its original mandate and its recent

⁴⁰ General Survey concerning employment instruments, 2010, para. 190.

⁴¹ UN Policy, op. cit., Annex 3, Guiding principle 1: "be coherent and comprehensive".

⁴² *ibid.*

⁴³ The first of the three tracks focuses on the need for an urgent response to satisfy the basic needs of, and to take care of, certain particularly vulnerable groups, while the second is focused more on the recovery of the local economy, and the third on the creation at the national level of an economic and legal framework that will encourage long-lasting and sustainable peace.

involvement in the implementation of the UN Policy. Accordingly, special attention should be given to the proposal to adopt an up-to-date standard that could greatly enhance the effectiveness of the Organization in the field of peace building.