

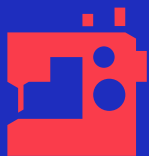


International  
Labour  
Organization



# ► Challenges and opportunities to advance decent work in five countries and supply chains

A synthesis report





▶ **Challenges and opportunities  
to advance decent work in five  
countries and supply chains**

A synthesis report

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First published 2023



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ISBN 978-92-2-038105-2 (print)  
ISBN 978-92-2-038108-3 (pdf web)

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## Foreword

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The [International Labour Organization](#) (ILO) is the United Nations specialized agency devoted to advancing peace and social justice. The ILO promotes opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity.

The ILO [Sectoral Policies Department](#) (SECTOR) promotes decent work by supporting the Organization's tripartite constituents – governments, employers and workers – in seizing opportunities and addressing challenges in 22 different economic and social sectors at the global, regional and national levels. With funding from the [European Union Programme for Employment and Social Innovation](#), SECTOR and the [Directorate-General for Employment, Social Affairs & Inclusion](#) (DG-EMPL) have implemented the “Sustainable Supply Chains to Build Forward Better” project, which uses supply chains to advance decent work in five sectors in five countries: coffee in Colombia, electronics in Viet Nam, fisheries in Namibia, rubber gloves in Malaysia and textiles and clothing in Madagascar.

The present report summarizes the findings from rapid assessments and deep-dive research into decent work challenges and opportunities in the five selected supply chains and countries. In a context of rapidly evolving and expanding human rights due diligence requirements, these findings can be used by the ILO's tripartite constituents – governments, employers' and workers' organizations – and other key supply chain stakeholders to develop and refine policies and strategies to advance responsible business conduct and decent work, including respect for the principles of international labour standards.

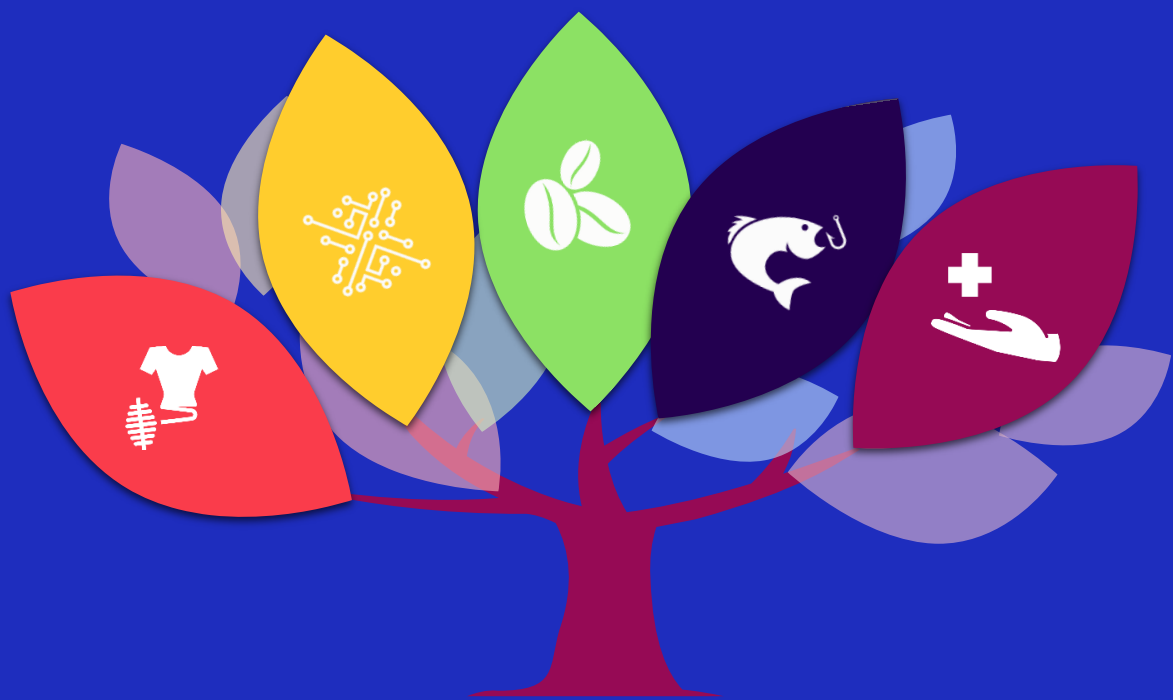
The findings can also be used by enterprises across the globe when conducting and continuously improving human rights due diligence in line with the United Nations Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (the “MNE Declaration”), and the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD). This includes enterprises operating in the European market that are preparing for – or already in the process of implementing or adapting to – the expanding requirements to respect human rights, international labour standards and environmental standards in their own operations and supply chains.

The present report is the result of the combined efforts of colleagues in SECTOR, the ILO offices responsible for the five countries concerned and across the ILO. It has been prepared by Praxis Labs under the overall supervision of Kassiyet Tulegenova, Casper N. Edmonds and Alette van Leur. Substantial technical contributions were provided by Adam Greene, Caitlin Helfrich and Waltteri Katajamaki. This work also benefited from valuable inputs, comments and guidance from a wider group of colleagues, including Anne-Laure Henry-Gréard, Hue Vu Kim, Thao Nguyen Thi Thanh, Siu Ming Lee, Oliver Mungu Numwa and Paola Campuzano, as well as Oisín Murphy from DG-EMPL. The final report was edited by Mark Johnson.

We are grateful to DG-EMPL and the European Commission for the generous and strategic financial support and technical inputs for the Sustainable Supply Chains to Build Forward Better project, as well as for this research report.

### **Alette van Leur**

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The Sustainable Supply Chains to Build Forward Better project

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## Abbreviations and acronyms

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<b>ASEAN</b>	Association of Southeast Asian Nations
<b>DG EMPL</b>	Directorate-General for Employment, Social Affairs and Inclusion
<b>EaSI</b>	European Union Programme for Employment and Social Innovation
<b>EC</b>	European Commission
<b>EU</b>	European Union
<b>FDI</b>	Foreign direct investment
<b>FNC</b>	National Federation of Coffee Growers of Colombia
<b>FTA</b>	Free Trade Agreement
<b>GDP</b>	Gross Domestic Product
<b>ILC</b>	International Labour Conference
<b>ILO</b>	International Labour Organization
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>MNE</b>	Multinational enterprise
<b>NAP</b>	National Action Plan on Business and Human Rights
<b>NDC</b>	Nationally Determined Contribution
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OSH</b>	Occupational safety and health
<b>PPE</b>	Personal protective equipment
<b>SDGs</b>	Sustainable Development Goals
<b>UN</b>	United Nations
<b>UNEP</b>	United Nations Environment Programme
<b>UNGPs</b>	United Nations Guiding Principles on Business and Human Rights

# 1.



# Introduction

---

## 1.1 Background

The present report synthesizes the findings of five research reports on decent work challenges and opportunities in five different supply chains in five countries:



[Textile and clothing manufacturing in Madagascar](#)



[Electronics manufacturing in Viet Nam](#)



[Coffee production in Colombia](#)



[Fisheries in Namibia](#)



[Rubber glove manufacturing in Malaysia](#)

These studies on supply chains in five countries were produced by the International Labour Organization (ILO) in 2022 and 2023 with financing from the European Union (EU) Programme for Employment and Social Innovation (EaSI) and support from the European Commission's Directorate-General for Employment, Social Affairs and Inclusion as part of the [Sustainable Supply Chains to Build Forward Better project](#) (Box 1).

► **Box 1. The Sustainable Supply Chains to Build Forward Better project**

The Sustainable Supply Chains to Build Forward Better project uses supply chains as an entry point for advancing decent work in selected countries.

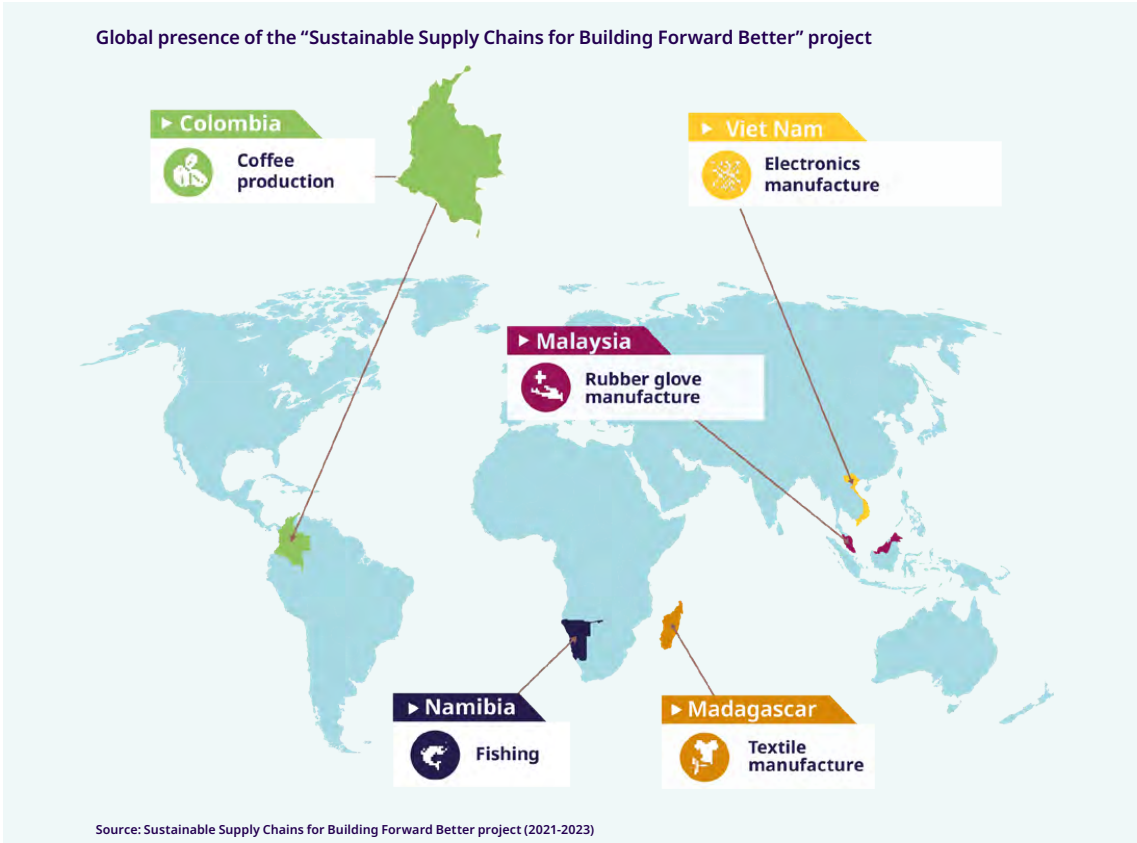
The project provides knowledge, tools, guidance, policy advice, technical assistance and training to governments, employers’ and workers’ organizations and other key supply chain stakeholders in five sectors in five countries: coffee in Colombia, textiles in Madagascar, rubber gloves in Malaysia, fisheries in Namibia and electronics in Viet Nam.

The first module focuses on research on decent work challenges and opportunities in the five selected countries and supply chains in the context of the COVID-19 crisis to enhance the understanding and evidence-base of policy-makers, the social partners and other stakeholders. Two types of research and analysis were undertaken: rapid assessments (Colombia and Madagascar) and deep dives (Malaysia, Namibia and Viet Nam).

The second module focuses on the production of tools and guidance to ensure that the ILO’s tripartite constituents and other key stakeholders are better equipped to advance decent work in fairer, more resilient and sustainable supply chains.

The third module focuses on providing support to national, sectoral, regional and global constituents and stakeholders to further develop and implement policies and measures to advance decent work in the selected supply chains. This is one of the first ILO projects to explicitly use supply chains as a strategic entry point to advance decent work in the selected supply chains, as well as in the broader economies of the five countries concerned. The ILO’s new strategy on decent work in supply chains, which was adopted by the ILO Governing Body at its 347th Session in March 2023, highlights the need to use supply chains as an entry point to address the needs of ILO constituents.

Sources: [Sustainable Supply Chains to Build Forward Better project](#) and [ILO strategy on decent work in supply chains](#)





The goal of the five supply chain studies was the same as the objective of this synthesis report: to enhance the evidence base for ILO tripartite constituents – governments, employers’ and workers’ organizations – and other key supply chain stakeholders to develop and refine policies and strategies to advance decent work (Box 2).

### ► Box 2. Decent work

Decent work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men.

The Decent Work Agenda comprises four strategic objectives, which are set out in the ILO Declaration on Social Justice for a Fair Globalization (2008): (i) employment creation; (ii) social protection; (iii) fundamental principles and rights at work; and (iv) social dialogue, with gender equality and non-discrimination as cross-cutting objectives.

These strategic objectives are integral elements of the 2030 Agenda for Sustainable Development, particularly Sustainable Development Goal (SDG) 8, which calls for the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Source: [ILO, decent work](#); [ILO Declaration on Social Justice for a Fair Globalization](#); and [UN, Sustainable Development Goal 8](#).

The present report and the five supply chain studies are also intended to be used by enterprises, the tripartite constituents and other key stakeholders to obtain a better understanding of the material issues and supply chain risks in the five countries.

Such information is particularly important for enterprises operating in the European market which are preparing for, or in the process of implementing the expanding requirements to respect human rights, international labour standards and environmental standards in their own operations and supply chains, including through due diligence.

The report is also intended to be used by enterprises across the globe when conducting human rights due diligence in line with the [UN Guiding Principles on Business and Human Rights](#), the ILO [Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#) (the “MNE Declaration”) and the OECD [Guidelines for Multinational Enterprises](#).

## 1.2 Purpose and scope

The purpose of the report is to enhance the evidence base for the ILO's tripartite constituents – governments, employers' and workers organizations – and other key supply chain stakeholders in the European Union and other regions to further develop and refine policies and strategies to advance decent work in supply chains.

The report comprises an analysis of supply chains in a changing global context, which is based on a comprehensive literature review, as well as summaries of the findings and recommendations of the rapid assessments and deep-dive research studies conducted in selected supply chains in Colombia, Madagascar, Malaysia, Namibia and Viet Nam.

The objective is to support and inform future deliberations by the ILO's tripartite constituents on how supply chains can most effectively be used as entry points to advance decent work for all and how more resilient, inclusive and sustainable supply chains can be fostered.

## 1.3 Methodology and limitations

The report is based on the findings of the research conducted on decent work challenges and opportunities in the five countries and supply chains. The research was carried out during the COVID-19 pandemic, which hampered fieldwork and limited access to stakeholders, including government officials, employers and workers.

The research methodologies used in each supply chain and country were not primarily intended to provide generalizable findings. While some of the conclusions and recommendations relating to a specific country and supply chain may be relevant to other countries and supply chains, they would need to be further contextualized to be applied to other situations.

The report is also based on a literature review of developments and trends in relation to decent work in supply chains. The review was conducted to contextualize the five rapid assessments and deep-dive research reports on decent work opportunities and challenges in the five selected countries and supply chains. Praxis Lab used an optimal database combination strategy to identify relevant literature for review. In addition, reports and literature produced by national and international organizations were reviewed to triangulate the qualitative and quantitative data collected.

The report has been reviewed by experts from the ILO and the European Commission, and their comments have been incorporated to the greatest extent possible.

## 1.4 Structure of the report

**Chapter 1** sets out the background, purpose, scope, methodology and structure of the report.

**Chapter 2** discusses five global trends and developments that are affecting global supply chains, including demographic shifts, climate change, technological advances, the new era of globalization and evolving governance frameworks.

**Chapter 3** contains short summaries of the five supply chain studies in the five countries concerned, focusing on decent work issues and gender equality.

**Chapter 4** focuses on ways to advance the four strategic objectives of the Decent Work Agenda in supply chains, including through ILO support to governments, employers' and workers' organizations for the establishment of social dialogue mechanisms.





2.





# Supply chains in a changing global context

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Global supply chains have become a common feature of investment, production and trade in the global economy, creating employment and opportunities for economic and social development.<sup>1</sup> Foreign Direct Investment (FDI) and sourcing through global supply chains can create employment for workers and opportunities for employers to compete in global markets, obtain access to new technology and finance, increase productivity and improve working conditions. For these reasons, most governments have actively sought to increase international trade in recent decades by reducing tariffs and non-tariff barriers to trade.

Global supply chains have contributed to economic growth, job creation, poverty reduction and entrepreneurship. They can be an engine of development by promoting technology transfer, new production practices and higher value-added activities, with a positive impact on job creation. However, global supply chains are also complex, diverse and fragmented, and failures at all levels have led to decent work deficits, which have contributed to the undermining of labour rights, and particularly freedom of association and collective bargaining.<sup>2</sup> This is particularly the case in countries where informality is widespread and where the capacity is weak for the enforcement of labour laws and respect for fundamental principles and rights at work.

In certain global supply chains, seasonal demand and volatile sourcing contracts can also drive excessive and inadequately compensated overtime, while insecure forms of employment tend to affect women and migrant workers more than other groups. Although the vast majority of child labour and forced labour occurs in domestic supply chains, there is a non-negligible risk of these abuses in the lower segments of global supply chains in countries where there are persistent child labour and forced labour practices.<sup>3</sup> Moreover, the migrant workers and homeworkers engaged in many supply chains may face various forms of discrimination, and may have limited or no legal protection.<sup>4</sup>

Global and domestic supply chains are ever changing. They are currently undergoing rapid and profound reconfiguration as a result of:

1. demographic shifts
2. climate change
3. technological advances
4. a new era of globalization and
5. emerging governance frameworks

These intersecting, overlapping and high-level drivers of change, which are discussed below, will continue to shape global, regional and domestic production networks in the years to come, including the coffee supply chain in Colombia, fisheries supply chain in Namibia, textile supply chain in Madagascar, electronics supply chain in Viet Nam, and the rubber glove supply chain in Malaysia.

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1 ILO, 2016. [Decent work in global supply chains, Report IV](#), ILC, 105th Session.

2 ILO, 2016. "[Resolution concerning decent work in global supply chains](#)", ILC, 105th Session.

3 Alliance 8.7, 2019. [Ending child labour, forced labour and human trafficking in global supply chains](#).

4 ILO, 2016. [Decent work in global supply chains](#), op. cit.

## 2.1 Demographic shifts

The United Nations forecasts that the world population will reach 8.5 billion in 2030 and will exceed 9.7 billion by 2050. Over half of that population growth will be in just nine countries, eight of them developing or emerging economies.<sup>5</sup> Sub-Saharan Africa is projected to have the highest growth rate, with the population of the region doubling by 2050.<sup>6</sup>

In low- and middle-income countries, such as Colombia, Madagascar and Namibia, the jobs generated in and through global supply chains contribute to addressing the high levels of youth unemployment. In these and other countries, a job as a coffee picker, in a textiles firm or fish processing plant offers the opportunity for youth and women to work their way out of poverty.

As the world's population increases, the size of the global middle class is expected to continue growing, from around 3.2 billion in 2018 to 5.4 billion by 2030. This suggests that there will be growing global demand for the goods and commodities produced in Colombia, Namibia, Madagascar, Viet Nam and Malaysia for many decades to come. However, the demand for goods and services will increasingly shift from Europe and North America to Asia and other regions with growing populations, economies and middle classes.

Meanwhile, labour migration is expected to continue growing in response to the lack of job opportunities in rural areas, increasing inequalities within and between countries, and climate change. In this context, women, young workers and internal and external migrants employed in low-skilled jobs in export industries have been shown to be at higher risk of poor working conditions and violations of their rights, reflecting similar problems in the wider economy. The five supply chain studies confirm that migrant workers are more vulnerable to unfair recruitment practices and at greater risk of forced labour than non-migrants, especially in coffee picking in Colombia, rubber glove production in Malaysia and fisheries in Namibia.

The five supply chain studies also show that the initial impact of the COVID-19 crisis on employers and workers was devastating in terms of lives, incomes and livelihoods lost (Box 3). The exception was rubber gloves manufacture in Malaysia, where demand spiked during the pandemic and where the volume of production increased by 85 per cent in 2020 and a further 33.3 per cent in 2021. In view of Malaysia's leading position in the production of medical gloves, this is also likely to be the case in any future large outbreaks of COVID-19 or other pandemics.

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5 In descending order of expected population increase, the nine countries are: India, Nigeria, Pakistan, Democratic Republic of the Congo, Ethiopia, United Republic of Tanzania, Indonesia, Egypt and United States of America.

6 United Nations, 2019. [World Population Prospects 2019: Highlights](#).

**► Box 3. The COVID-19 crisis and the ILO**

The COVID-19 pandemic cost millions of lives. According to the WHO, excess mortality was at least 3 million in 2020.

The ensuing economic crisis has had far-reaching consequences on economies, enterprises and workers, as the disease and the public health measures taken by authorities to contain the spread of the virus resulted in widespread job losses. The pandemic is estimated to have reduced global economic growth by around 3 per cent. It also revealed inadequacies in ensuring basic rights at work in an unprecedented way and gave rise to discussion of what are essential professions and services.

Although disease transmission and death rates varied wildly across regions and countries, everyone paid a price in terms of increased unemployment and insecurity. In the early stages of the pandemic, the ILO predicted the loss of 25 million jobs globally. However, ultimately, in 2020 alone, an estimated 114 million jobs were lost, disproportionately affecting the most disadvantaged countries, communities and individuals.

As employment opportunities were lost as a result of lower demand and restricted movement, more people were pushed into poverty. Bankruptcies and the loss of working hours resulted not only in increased unemployment, but also underemployment, inactivity and informality, as well as challenges to occupational safety and health (OSH) and other fundamental rights at work. A generation of young people worldwide experienced unprecedented disruptions to their education, training and employment.

Border closures and lockdowns to contain the pandemic hindered the movement of goods and resources and caused major disruptions of trade and supply chains. This had far-reaching implications for governments, employers and workers, exacerbating poverty and economic, social and gender inequality. The fragility of global supply chains and our dependence on them became even more visible when, in the middle of the COVID-19 crisis, the Suez Canal was temporarily disrupted by a container ship barely able to navigate the narrow passage. The economic impact of this incident was estimated at billions of dollars each day, reducing annual global trade growth by up to half a percentage point.

As the pandemic progressed, the increase in vaccination rates led to fewer workplace closures. However, in many low- and middle-income countries, fiscal constraints and slow vaccination rates obstructed recovery. Variations in responses and financial stimulus recovery packages between countries and income groups meant that not all workers and businesses benefited equally. The relative size of fiscal stimulus packages compared with the loss of working hours was much smaller in developing countries, while access to treatment and vaccines was highly unequal.

Women, children and migrant workers were among those most affected by the pandemic and the related intersecting challenges, highlighting the widespread inadequacy of social protection, limited social dialogue and the denial of rights at work in many countries, and particularly those with high levels of poverty and informality. Gender inequality was worsened by the impact of the pandemic on women's employment, as women's share of net job losses was higher than their share of employment in many regions. As women represent a large proportion of informal workers globally, they were particularly affected by the loss of informal jobs. Furthermore, employment recovery has been relatively slow for women, as a large number of women in developing economies rely on employment that is directly or indirectly linked to supply chains. In addition, when lockdowns kept men home from work, and children home from school, the household care burden of women increased. Moreover, as women make up the majority of healthcare workers and educators globally, they faced an additional burden during the pandemic with high workloads in dangerous working conditions without adequate compensation.

Prior to the pandemic, an estimated 160 million children – 63 million girls and 97 million boys – were engaged in child labour, nearly half of them in hazardous work, primarily in agriculture and domestic supply chains. The increase in poverty and extended school closures during the pandemic increased the number of children at risk. Social protection responses to COVID-19 were temporary, often underfunded and frequently insufficiently sensitive to the needs of children and gender issues.

During the COVID-19 crisis, the ILO's tripartite constituents came together to discuss its devastating impact on the world of work. At the International Labour Conference (ILC) in June 2021, they adopted the Global Call to Action for a Human-Centred Recovery from the COVID-19 Crisis that is Inclusive, Sustainable and Resilient. In the Call to Action, ILO Members undertook to foster more resilient supply chains supported by sustainable international trade and investment that contribute to:

- (i) decent work;
- (ii) the sustainability of enterprises along the supply chain, including micro, small and medium-sized enterprises;
- (iii) environmental sustainability; and
- (iv) the protection of and respect for human rights in line with the three pillars of the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Sources: ILO, 2022. ["ILO Monitor on the world of work", Ninth edition](#); and ILO, 2021. [ILO Global Call to Action for a Human-Centred Recovery from the COVID-19 Crisis that is Inclusive, Sustainable and Resilient](#), ILC, 109th Session.

The supply chain studies in the five countries also show that many of the sectors have continued to grow in the aftermath of the pandemic. This is particularly the case of electronics in Viet Nam, as well as fisheries in Namibia and coffee in Colombia (see Chapter 3).

As a result of continuously growing global demand and their experiences during the COVID-19 crisis, many governments, employers and workers are increasingly concerned about the security of supplies. In many countries, debates on the need to ensure that supply chains are more inclusive and sustainable are increasingly focusing on how supply chains can be more resilient and function at least as well as they did before the COVID-19 crisis.

## 2.2 Climate change

In July 2022, the United Nations General Assembly declared that access to a clean, healthy and sustainable environment is a universal human right.<sup>7</sup>

In this regard, the United Nations Environment Programme 2021 Emissions Gap Report indicates that, despite all efforts, there is a 66 per cent chance of a global temperature rise of 2.7°C by the end of the century.<sup>8</sup> This is almost double the 1.5°C limit that signatories to the Paris Agreement are committed to pursuing.

In a recent report,<sup>9</sup> the Intergovernmental Panel on Climate Change concludes that global warming is becoming increasingly complex and difficult to manage. It already has and will have profound and prolonged effects on all ecosystems and human systems. Climate change will continue to negatively affect water availability, crop production, animal and livestock health and productivity, fisheries yields and aquaculture production, including in Colombia and Namibia. It will also have a negative impact on human health and well-being, especially in terms of infectious diseases, heat stress, malnutrition, food and water security and mental health. Moreover, more extreme weather events will lead to increased inland flooding, storm-induced damage to coastal areas and damage to infrastructure and key economic sectors, including the textiles industry in Madagascar and electronics in Viet Nam.

Climate change will therefore change how humankind consumes, produces, lives and works. Working conditions are negatively affected by climate change, including as a result of the increased exposure of workers to heat stress and air pollution.<sup>10</sup> An ILO study has estimated that the projected increase in global temperatures will make 2 per cent of all work hours too hot for work by 2030.<sup>11</sup> The five supply chain studies find that heat stress is already a material OSH risk in some segments of coffee growing in Colombia, fisheries in Namibia, textiles in Madagascar and electronics in Viet Nam.

As part of their commitment to meet the goals of the Paris Agreement, ILO Member States around the globe are developing policies and taking action to mitigate climate change and adapt to global warming. These include nationally determined contributions (Box 4), as well as sustainable sectoral and industrial policies, and efforts to de-carbonize specific supply chains. In response to these policies and changing consumer preferences, enterprises everywhere are increasingly investing in new technologies and business models to reduce greenhouse gas emissions and improve resource efficiency. This includes the increasing re-use of materials and recycling, which are key components of the circular economy.

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7 United Nations. “[UN General Assembly declares access to clean and healthy environment a universal human right](#)”, UN News, 28 July 2022.

8 United Nations Environment Programme (UNEP), 2021. [Emissions Gap Report 2021](#).

9 Intergovernmental Panel on Climate Change (IPCC), 2023. [Climate Change 2023: AR6 Synthesis Report](#).

10 ILO, 2019. [Safety and Health at the Heart of the Future of Work: Building on 100 Years of Experience](#).

11 ILO, 2018. [World Employment and Social Outlook 2018: Greening with Jobs](#).

#### ► Box 4. Nationally determined contributions

The key instrument and innovation of the Paris Agreement is the introduction of non-binding national plans to mitigate climate change. These nationally determined contributions (NDCs) have become the most important policy response to climate change. Over 100 countries have updated their first NDCs or adopted new NDCs, and an increasing number have developed specific net zero pledges, long-term strategies and laws.

NDCs also increasingly include measures to ensure a just transition towards environmentally sustainable economies and societies. However, the integration of the four strategic objectives of the Decent Work Agenda and the nine key policy areas of the ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all is uneven. Reports by employers' and workers' organizations that they are frequently not included in the formulation and implementation of NDCs are of particular concern.

Source: ILO, 2023. *Achieving a just transition towards environmentally sustainable economies and societies for all*, Report VI, ILC, 111th Session (forthcoming).

Along with the increased risk of supply chain disruption and concerns about the security of supplies (section 2.1 above), the increasing automation of production and geopolitical turbulence (see sections 2.3 and 2.4 below), the imperative to decarbonize supply chains is causing many multinational brands and buyers to explore options for re- or nearshoring production. This could have a negative impact on employers and workers in all five supply chains studied and highlights the importance of ensuring that the transition to environmentally sustainable economies and supply chains is well managed, job-rich and just (Box 5).

#### ► Box 5. ILO Guidelines for a just transition

The Paris Agreement affirms “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”.

A just transition consists of promoting a green economy in a way that is as fair and inclusive as possible for everyone concerned – workers, enterprises and communities – by creating decent work opportunities and leaving no one behind. A just transition involves maximizing the social and economic opportunities of climate and environmental action, while minimizing and carefully managing any challenges, including through effective social dialogue and stakeholder engagement and respect for the fundamental principles and rights at work.

In the ILO context, the ILO Guidelines for a just transition towards environmentally sustainable societies and economies for all (2015) represent a comprehensive framework for action. They set out the policies that countries can draw on to implement their climate change commitments, while underlining the importance of policy coherence and effective social dialogue and tripartism. They include macroeconomic and growth policies, labour market policies, industrial and sectoral policies, enterprise policies and policies on skills development, rights, social protection and OSH.

Source: ILO, 2015. [“Guidelines for a just transition towards environmentally sustainable economies and societies for all”](#).

## 2.3 Technological advances

Technological advances, whether digitalization, automation, new materials or new products, are rapidly transforming global and domestic supply chains.

They have led to the emergence of increasingly complex and fragmented supply chains, which have lowered trade and market barriers by allowing producers to focus on specific parts or components, without having to develop the capacity to produce an entire finished product. For instance, digitalization is a critical element in the development of the ‘just-in-time’ approach to supply chain management which directly aligns raw material orders from suppliers with production schedules. It is also driving the rapid expansion of the supply of services within and across borders.

ILO studies have highlighted the potential of digitalization, robotics and automation to create major disruption in supply chains in terms of employment and production, including in automotive, electronics and textiles, clothing and footwear supply chains in the ASEAN region.<sup>12</sup> Another, more recent ILO paper takes a more cautious view. While it acknowledges that new technologies offer numerous potential benefits, including streamlined just-in-time production, reduced inventories and waste, reduced transport costs and delivery times, improved product quality, reduced reputational risks and improved brand image, it concludes that it remains to be seen whether the technologies can overcome the competitive advantage of developing countries with lower labour and production costs.<sup>13</sup>

The evidence from the five supply chain studies is varied and adds new perspectives to global debates concerning the so-called Fourth Industrial Revolution and its impact in terms of job creation, transformation and destruction. For example, coffee harvesting machines are being used to harvest coffee in many countries. However, the vast majority of Colombian farmers hand-pick coffee beans because of the small size of farms and the steep and inaccessible mountainous terrain, and also to preserve the quality of their beans, which do not ripen at the same time. Similarly, while technologies exist for the automation of textiles and clothing production, including laser cutters and sewbots, they have not yet been introduced in Madagascar, where labour costs are among the lowest in Africa. In contrast, there appears to be a growing uptake of digitalization and robots in the production of electronics in Viet Nam and of rubber gloves in Malaysia, partly in response to labour shortages, but also due to the complexity of the products and targeted investments to increase productivity.

In general, the introduction of digitalization differs significantly between countries and supply chains, depending on the national labour market and the structure of the sector, as well as demographics, wages, regulations, tax regimes, consumer preferences and a range of other factors. While significant opportunities to harness the benefits of new and advanced technologies remain unrealized, there are as yet no signs of any negative employment impacts of digitalization or automation in the five supply chains and countries studied.

In this regard, the ILO Centenary Declaration for the Future of Work calls on governments, employers’ and workers’ organizations in all countries to ensure that “diverse forms of work arrangements, production and business models, including in domestic and global supply chains, leverage opportunities for social and economic progress, provide for decent work and are conducive to full, productive and freely chosen employment” (Box 6).

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12 ILO, 2016. [ASEAN in transformation: The future of jobs at risk of automation](#), Bureau for Employers’ Activities, Working Paper No. 9.

13 Barcia de Mattos, F., et al., 2020. [Robotics and Reshoring: Employment implications for developing countries](#), ILO.



### ► Box 6. The ILO Centenary Declaration for the Future of Work

The ILO Centenary Declaration for the Future of Work was adopted by the International Labour Conference in 2019, the ILO's centenary year.

The Declaration calls on all Member States to ensure that all people benefit from the changing world of work. Its “human-centred approach” focuses on three areas of action:

- Increasing investment in people's capacities
- Increasing investment in the institutions of work
- Increasing investment in decent and sustainable work

These action areas reflect the key recommendations of the report of the Global Commission on the Future of Work, published in January 2019.

Source: ILO, 2019. [ILO Centenary Declaration for the Future of Work](#), ILC, 108th Session; ILO, 2019. [Work for a Brighter Future: Report of the Global Commission on the Future of Work](#).

## 2.4 A new era of globalization

Well-functioning global supply chains rely on the availability of labour, resources and logistics, which vary on a spatiotemporal scale and are affected by geopolitical and macroeconomic trends and developments. In recent decades, there has been a long-term trend towards more regional and shorter supply chains. As the world enters a new era of globalization, characterized by nationalism, wars, geopolitical conflict and trade turbulence, global and domestic supply chains are continuing to evolve in response to crises and external shocks.

At the time of writing, increased global demand following the COVID-19 pandemic and related supply constraints have been further exacerbated by the Russian Federation's aggression against Ukraine,<sup>14</sup> which has increased global energy and food prices. Rising commodity prices and high inflation have in turn affected business outlooks, livelihoods and food security, and undermined gains in the eradication of poverty and hunger in Colombia, Madagascar, Namibia and many other developing economies and emerging markets.<sup>15</sup>

Meanwhile, many countries have been negatively affected by the trade war between the United States and China, as well as by the increased protectionism resulting from the pandemic. Viet Nam is a notable exception to this trend. Foreign direct investment in the country's electronics industry has continued to increase as a result of the “China plus one” supply chain diversification strategy of many electronics brands.

Many observers expect supply chain disruptions caused by conflict and trade disputes to become more frequent and unpredictable in future, highlighting the importance of carefully considering levels of dependency on external sources for basic needs. In addition to the regionalization of supply chains, which have proven more sustainable in situations of trade turbulence and conflict, many governments are encouraging and incentivizing re-, near- or so-called “friend”-shoring. At the same time, leading multinational enterprises are moving from a “just-in-time” to a “just-in-case” approach to managing supply chains and securing the continuity of supplies in an increasingly volatile world.

<sup>14</sup> ILO, 2022. [Resolution concerning the Russian Federation's aggression against Ukraine from the perspective of the mandate of the International Labour Organization](#), Governing Body, 344th Session.

<sup>15</sup> World Bank, 2023. [Global Economic Prospects: January 2023](#).



## 2.5 Governance frameworks to advance decent work and sustainability

As supply chains become increasingly complex, oversight of resources, products and services crossing boundaries and sectors is falling under multiple, often complex, jurisdictions, presenting both challenges and opportunities for the protection of the environment, as well as human and labour rights.

In response to these opportunities and challenges, the 187 Member States of the ILO have implemented a wide range of policies, strategies, actions and programmes to ensure that economic development and decent work in global supply chains, including respect for international labour standards, go hand-in-hand:

1. Many Member States have taken action to diminish governance gaps by formulating new and revising existing laws and by strengthening national labour administration and labour inspection systems. They have also worked through the ILO and other international and multilateral organizations and regional groups for the integration of labour provisions in trade agreements and public procurement. Other interventions include legislation on corporate sustainability and social responsibility in supply chains, sometimes providing for the cross-border regulation of supply chains.
2. Private compliance initiatives to advance responsible business conduct and respect for human and labour rights have in turn been launched by individual companies and industry-wide and multi-stakeholder groups. They have focused on countries and supply chains with governance and implementation gaps, and on a wide array of issues, and have made use of a range of strategies, including human rights due diligence, auditing, the sharing of best practices, complaints mechanisms, peer learning, guidance and capacity building.

In this regard, the Resolution adoption by the International Labour Conference (ILC) in 2016 concerning decent work in global supply chains clearly indicates that governments, business and the social partners have complementary but different responsibilities in promoting decent work in global supply chains:

1. States have the duty to adopt, implement and enforce national laws and regulations, and to ensure that the fundamental principles and rights at work and ratified international labour Conventions protect and are applied to all workers.
2. Business enterprises are required to comply with all applicable laws and have a responsibility to respect human and labour rights in their supply chains, consistent with the UN Guiding Principles.<sup>16</sup>

The legal and regulatory frameworks and policies that govern global supply chains have evolved over time and are continuing to do so. For the purposes of this report, they may be summarized as follows:

1. Free trade agreements
2. Multilateral instruments
3. The expansion of human rights due diligence requirements
4. Multistakeholder and private compliance initiatives

<sup>16</sup> ILO, 2016. [Resolution concerning decent work in global supply chains](#), op. cit., para. 15.

## 2.5.1 Free trade agreements

Since the 1990s, regional integration processes and free trade agreements (FTAs) have increasingly included labour provisions. Such provisions have now become standard in FTAs signed by Canada, the European Union and the United States. They list minimum commitments for the protection of human rights at work and refer to specific international labour standards or instruments adopted by the ILO. They also provide for conflict resolution systems, funds and parallel labour cooperation or consultation.

European Union FTAs have included dedicated chapters on trade and sustainable development since 2011. These were enhanced in 2022 by the European Commission plan to increase the effectiveness of EU trade agreements in protecting the climate, environment and labour rights. This includes a results-oriented and priority-based engagement with partner countries, increased support for and participation of civil society, and a stronger focus on implementation and enforcement. One example is the Comprehensive Economic and Trade Agreement between Canada and the EU, which requires its parties to comply with the minimum standards set out in the ILO Declaration on Fundamental Principles and Rights at Work (1998), and which also includes environmental measures.<sup>17</sup>

The United States-Mexico-Canada Agreement (USMCA), known as the Canada–United States–Mexico Agreement (CUSMA) in Canada, entered into force on 1 July 2020. It supersedes and is in many respects similar to the North America Free Trade Agreement (NAFTA). However, the labour provisions of the USMCA are no longer side agreements, as was the case with NAFTA, but integral chapters of the agreement, with additional provisions subject to enforcement and to full dispute settlement procedures.<sup>18</sup>

Colombia, Madagascar, Malaysia, Namibia and Viet Nam have all signed FTAs with either Canada, the European Union and/or the United States. These include bilateral FTAs, such as the Canada-Colombia Free Trade Agreement, which entered into force in 2011, and multiparty FTAs, such as the African Growth and Opportunity Act (AGOA), under which Madagascar and Namibia are eligible until 2025 for duty free treatment in the United States for certain products.

The European Union and its Member States have entered into a trade agreement with Colombia (and Peru and Ecuador); an economic partnership agreement with Madagascar (and other Eastern and Southern Africa States); an economic partnership agreement with Namibia (and other Southern Africa Development Community countries); and a free trade agreement with Viet Nam. The two economic partnership agreements have not yet been ratified by all parties but are being applied provisionally. Negotiations for an FTA with Malaysia began in 2010 but have been paused since 2012.

## 2.5.2 Multilateral instruments

The most important multilateral instruments to prevent and address human rights risks related to business and supply chain activities include the:

1. [UN Guiding Principles on Business and Human Rights](#) (UNGPs)
2. [ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#) (MNE Declaration)
3. [OECD Guidelines for Multinational Enterprises](#) (OECD MNE Guidelines)

These instruments are interlinked and provide a comprehensive framework for both States and business enterprises to address the impact of business on all human rights, including the fundamental principles and rights at work.

<sup>17</sup> Bartels, L., 2017. "[Human Rights, Labour Standards, and Environmental Standards in CETA](#)", University of Cambridge Faculty of Law Research Paper No. 13/2017.

<sup>18</sup> Congressional Research Service, 2021. "[Worker Rights Provisions and U.S. Trade Policy](#)", R46842.

The UNGPs consist of three pillars first presented in the United Nations “Protect, Respect and Remedy” Framework (2008):

1. The duty of the State to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation and adjudication
2. The corporate responsibility to respect human rights, which means that business enterprises should act with due diligence to avoid infringing on the rights of others and address adverse rights impacts with which they are involved
3. The need for greater access by victims to effective remedy, both judicial and non-judicial.

The United Nations Human Rights Council unanimously endorsed the UNGPs in June 2011. They apply to all States and to all business enterprises, both transnational and others, irrespective of their size, sector, location, ownership or structure.

In 2014, the United Nations Human Rights Council called on all Member States to develop a National Action Plan on Business and Human Rights (NAP) to support the implementation of the UNGPs. Thirty countries have either developed a NAP or included a business and human rights chapter in existing human rights NAPs, and 21 countries are in the process of developing a NAP or have committed to developing one. Colombia launched its NAP in 2015, and Malaysia and Viet Nam are in the process of preparing one, although Madagascar and Namibia have not yet committed to doing so.<sup>19</sup>

Many of the existing NAPs identify the ratification and effective application of international labour standards in national law as a key means of ensuring that the national legal framework provides sufficient protections for labour rights, as part of the State’s duty to protect against human rights abuses in business. A number of NAPs specifically highlight the role of the ILO MNE Declaration in the achievement of their objectives (Box 7). Several NAPs also promote the [ILO Helpdesk for Business](#), which provides guidance to company managers and workers on how to better align business operations with international labour standards and build good industrial relations, as a useful tool to guide efforts to respect human rights in business operations.<sup>20</sup>

#### ► Box 7. The ILO MNE Declaration

The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy contains guidance on social policy for all enterprises, both multinational and national, governments, and employers’ and workers’ organizations. Its principles are based on the provisions of international labour standards, and it cites specific conventions that governments should ratify and implement effectively.

The MNE Declaration was updated in 2017 to take into account developments within and outside the ILO, including the UNGPs and the 2030 Agenda for Sustainable Development. It refers to the UNGPs and recognizes the similar approach in both instruments in acknowledging the different yet complementary roles of the various actors (governments, business and social partners) in the promotion of business respect for human rights.

The guidance contained in the MNE Declaration on due diligence is aligned with the UNGPs, while further highlighting the central role of freedom of association and collective bargaining, social dialogue and industrial relations, as part of the ongoing due diligence process.

Source: [ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#).

<sup>19</sup> The United Nations Working Group on Business and Human Rights [monitors the status of the development of NAPs by States](#).

<sup>20</sup> ILO, 2021. “[The linkages between international labour standards, the United Nations Guiding Principles on Business and Human Rights, and National Action Plans on Business and Human Rights](#)”, Briefing note.

### 2.5.3 Expanding human rights due diligence

While the UNGPs apply to all enterprises irrespective of size, policy-makers in a growing number of countries are increasingly enacting laws and proposing regulation that requires large enterprises to conduct due diligence on the environment as well as human and labour rights:

- On 22 February 2017, the French Parliament adopted the [Corporate Duty of Diligence Act](#), which requires large companies with operations in France to identify and prevent risks to human rights and the environment that could occur as a result of their or their subsidiaries' business activities. It entered into force on 27 March 2017.
- On 10 June 2021, the [Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions](#) (the Transparency Act) was adopted by the Norwegian Parliament. The Act requires larger enterprises to report on their action to ensure compliance with fundamental human rights and decent working conditions in the enterprises themselves, their supply chains and with their business partners. It entered into force on 1 July 2022.
- On 25 June 2021, the upper house of the German Parliament approved the [Act on Corporate Due Diligence Obligations in Supply Chains](#), which requires large enterprises with operations in Germany to identify risks of human rights violations and environmental destruction in direct suppliers and, if they have substantiated knowledge of potential abuse, also in indirect suppliers. It entered into force on 1 January 2023.

In addition to these legally binding initiatives, on 13 September 2022 the Government of Japan published a set of non-binding [Guidelines on Respecting Human Rights in Responsible Supply Chains](#). These guidelines encourage large enterprises to adopt a comprehensive policy and commitment to human rights, including human rights due diligence, through inspections and audits across their supply chains.

On 23 February 2022, on the same day that the European Commission published a [Communication on Decent Work Worldwide](#), it released a [proposal for a Directive on corporate sustainability due diligence](#) (CS3D). The CS3D proposal aims to foster sustainable and responsible corporate behaviour and to anchor human and labour rights and environmental considerations in company operations and corporate governance. The new rules will require large businesses to address the adverse impacts of their action, including in their value chains within and outside Europe.

If the CS3D proposal is approved by the European Parliament and the Council, Member States will have two years to transpose the Directive into national law. An estimated 50-70,000 of the world's largest enterprises will then be required by law to reinforce or establish new mechanisms to ensure that they and their suppliers respect human rights, international labour standards and environmental standards in their operations.

These developments are building on legislative initiatives in a growing number of countries requiring enterprises to address forced and child labour in supply chains and to ban the import of goods made using forced or child labour:

- In 2012, at the state level, California adopted the [Transparency in Supply Chains Act](#), which requires large retailers and manufacturers to disclose on their websites their efforts to eradicate slavery and human trafficking from their direct supply chain for tangible goods offered for sale.
- In 2015, the United Kingdom adopted the Transparency in Supply Chains Clause of the [Modern Slavery Act 2015](#), which was amended in 2020. The clause requires enterprises domiciled or doing business in the United Kingdom to report the measures taken to prevent slavery and human trafficking in their supply chains.

- ▶ In 2016, in the United States, the [Trade Facilitation and Trade Enforcement Act](#) was signed into law by President Obama. Section 910 of the Act prohibits the import of goods made using forced labour and child labour, closing a loophole in the 1930 Tariff Act, which allowed such goods to be imported if the product was not made in sufficient quantities domestically to meet demand. The [Tariff Act](#) prohibits businesses from importing merchandise mined, produced or manufactured, wholly or in part, in any foreign country by forced labour, indentured labour or child labour.
- ▶ In 2018, the Australian Parliament adopted the [Modern Slavery Act](#), which requires large entities based or otherwise operating in Australia to report on the risks of modern slavery in their operations and supply chains, and the action taken to address those risks. It entered into force in 2022.
- ▶ In 2019, the Dutch Senate adopted the Child Labour Due Diligence Act. The Act requires companies to report that they have carried out supply chain due diligence pertaining to child labour. It is not yet clear when the Act will enter into force.
- ▶ In 2021, members of the Dutch Parliament introduced the Responsible and Sustainable International Business Conduct Bill with the aim of introducing due diligence in value chains to combat violations of human rights, labour rights and the environment in the conduct of foreign trade. The Bill is currently under review, and it is not yet clear when or whether it will be enacted.
- ▶ In 2021, the Canadian Senate adopted the [Fighting Against Forced Labour and Child Labour in Supply Chains Act](#). The Act is currently awaiting approval by the House of Commons but, if passed, will create requirements for entities based or otherwise operating in Canada to report on the risks of the use of forced labour or child labour in their supply chains, and to disclose the measures taken to reduce those risks.
- ▶ In 2021, the United States adopted the Uyghur Forced Labor Prevention Act, which presumes that any goods produced in Xinjiang are prohibited under the Tariff Act of 1930 and may not enter the United States, unless the importer can provide clear and convincing evidence that the goods were not produced using forced labour.
- ▶ In 2022, the European Commission published a proposal for a [Regulation prohibiting products made with forced labour on the Union market](#). If adopted, the proposed Regulation will prohibit the placing on the European Union market of products made using forced labour, as well as their export from the European Union. Under the Regulation, Member States will be required to designate competent national authorities to investigate products for which there are well-founded suspicions that they have been made using forced labour. If national authorities find forced labour, they will have to order the withdrawal of the products already placed on the market and prohibit the placement of the products on the market and their export.

While large enterprises in Australia, Europe, Japan, Norway and the United States are preparing for these new legislative initiatives and regulations, or have already adapted to them, it is noteworthy that there are limited and varying levels of understanding of the rapidly evolving and expanding due diligence requirements among representatives of governments, employers' and workers' organizations in the five supply chains in Colombia, Madagascar, Namibia, Malaysia and Viet Nam. This places governments, employers and workers in these and other developing countries at a disadvantage in terms of preparing for the new rules of the game in key export markets. There is accordingly a risk that the expansion of due diligence requirements could disincentivize some public buyers and enterprises from sourcing in countries that are not prepared for the new rules of the game and have weak systems of governance, which could lead to a decline in trade, export earnings and employment, as well as other consequences.

## 2.5.4 Multistakeholder and private compliance initiatives

In response to news reports and public concerns about working conditions in export factories, mostly in developing and emerging countries, enterprises began developing and implementing supplier codes of conduct over 30 years ago, with the first known company supplier code of conduct published in 1991. Over the past three decades, thousands of enterprises, sector associations, commodity-related bodies and multi-stakeholder initiatives have produced codes of conduct to improve compliance with national law, industry or international standards. By requiring compliance with national law and respect for human and labour rights, OSH, environment, ethics/anti-corruption and other management systems as part of their legally enforceable purchasing contracts, enterprises promote compliance by their suppliers with national law, increase their own operational efficiency and reduce reputational risks.<sup>21</sup>

Acknowledging that all business enterprises, including suppliers, are required to comply with national law and have a responsibility to respect human rights in their operations, as laid out in the UNGPs and the MNE Declaration, private compliance initiatives led by individual enterprises or industry-wide and multi-stakeholder groups make use of strategies such as ethical procurement, environmental, social and governance (ESG) due diligence, auditing and reporting, complaints mechanisms, peer learning, best practice sharing, guidance and capacity building to promote compliance and respect for human rights among suppliers.<sup>22</sup> Such measures are increasingly part of the so-called “smart mix” of advancing responsible business conduct, decent work and respect for human rights in and through supply chains and various sectors. While voluntary company-driven initiatives are critical to meeting these goals, and can provide important additional accountability, they are not nevertheless a substitute for sound public governance systems, as governments retain the duty to implement and enforce national laws and regulations in line with ratified international labour standards.<sup>23</sup>

In conclusion, the continuously evolving governance frameworks and the expansion of due diligence requirements in law and practice present both opportunities and challenges for governments, employers and workers in all the ILO’s 187 Member States, including in the countries covered by the present supply chain studies. In response, and guided by its new [strategy on decent work in supply chains](#), the ILO is scaling up its support to all Member States to seize the opportunities offered by these new game-changing initiatives to advance responsible business conduct and decent work, and to ensure that no one is left behind.

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21 UNPRI, 2022. “[How investors can advance decent work](#)”.

22 ILO, 2016. Resolution concerning decent work in global supply chains, op. cit.

23 Ibid.





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# 3. Findings of the five supply chain studies

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The rapid assessments carried out in the coffee supply chain in Colombia and the textiles supply chain in Madagascar, and the deep-dive research studies conducted in the fisheries supply chain in Namibia, the electronics supply chain in Viet Nam and the rubber gloves supply chain in Malaysia, provide important new insights into decent work opportunities and challenges in supply chains.

## 3.1 Coffee in Colombia

### 3.1.1 The coffee supply chain

In Colombia, coffee is primarily produced on small farms, which on average cultivate fewer than five hectares. The work is carried out by a combination of family labour, which relies on income from the farm, largely by women and youth (Box 8), as well as by waged workers, primarily men.

Exports of goods and services accounted for 16.41 per cent of GDP in Colombia in 2021, and exports of coffee, tea, and spices amounted to 7.74 per cent of total exports. Most of the coffee is exported to the United States (over 40 per cent), followed by Europe (29 per cent) and Japan (8 per cent). The fact that coffee is a global commodity and subject to global shifts in commodity prices due to weather, supply and demand and other factors exposes coffee growers and producers to highly fluctuating and volatile coffee prices.

Responding to changing consumer demands, coffee producers are increasingly focusing on higher yields, more efficient production and higher quality, including specialty coffees, innovations in cultivation and manual picking. The search for higher quality has resulted in new employment opportunities and the need for skilled workers across the supply chain.

Of significant importance to the Colombian economy, the coffee supply chain is characterized by the presence of several large international buyers and multinational companies, many of which have supplier requirements regarding human rights, labour and environmental standards. While the State is responsible for the formulation, implementation and enforcement of national labour law in line with ratified ILO conventions, implementation gaps remain.

**► Box 8. On gender equality**

Women are involved in all stages of coffee production constituting up to 30 per cent of producers. As a result their additional household and community duties and obligations, including the provision of food to workers, results in a double or triple workload compared to men, often unpaid. Prevented from participating in crop care and management, the role of women continues to be undervalued and marginalized.

However, as a result of the increased interest in specialty coffees, women's roles in the supply chain have become increasingly visible, prompting the National Federation of Coffee Growers of Colombia (FNC) to draft a gender equity policy in 2020. Women have started forming their own associations, through which they produce and market their own specialty coffees. These changes are slowly providing women producers with increased autonomy and economic and social recognition. The [story of Hony Avilez, the first certified woman coffee picker in Colombia](#), illustrates this development.

### 3.1.2 Decent work issues

In the agricultural sector, Colombia's coffee supply chain is the largest generator of jobs, including for pickers, plantation administrators and extensionists.

In 2018, the coffee sector in Colombia provided work opportunities for around two million people, or 7.7 per cent of the total labour force, of which 900,000 were direct jobs, mostly informal and in rural areas. In 2020, a total of 478,344 households were involved in coffee production, accounting for almost 1.5 million people. However, as is often the case in the rural areas of the country, many coffee-producing households live below the international poverty line.

The workforce is composed of informal workers, seasonal labour migrants and, more recently, international migrants. Only an estimated 1.5 per cent of coffee pickers are employed under formal contracts, and the rest are informal workers on a daily wage or piece-rate basis, often under verbal contracts or as contributing family workers. Piece-rate work increases the pressure to work long hours, with pay below the minimum wage.

Working hours are long and often in excess of eight hours a day for six days a week. As a result of exhaustion and difficult terrain, OSH hazards are significant and vary according to the type of work performed. Working conditions tend to be poorer for unpaid contributing family workers, and especially for women. Initiatives are being taken by the Ministry of Labour and the FNC to improve OSH and address the working conditions of producers and pickers. They are also carrying out interventions to contribute to the reduction of child labour, which remains persistent in coffee-growing families.

The right to freedom of association and collective bargaining is not fully applied in the coffee sector in Colombia. While the FNC represents coffee producers, there is no organization or union specifically representing workers in the sector.

The informality of work and the use of verbal contracts adversely affect workers' social protection in the sector, and the relatively large group of workers aged 60+ in both production and picking is an indication of social protection gaps in terms of access to pensions in rural Colombia.

## 3.2 Textiles in Madagascar

### 3.2.1 The textiles supply chain

The export of goods and services in Madagascar amounted to 23.26 per cent of GDP in 2020, and the textile and clothing industry, the main manufacturing sector in Madagascar, accounts for 19.35 per cent of national GDP.

The textile and clothing supply chain consists of cotton farming and harvesting, ginning (separating the fibre from the seed) to produce cotton fibre, spinning to produce cotton yarn and weaving to produce fabric, and the manufacturing of finished garments. In 2017, there were 7,495 producers cultivating 21,473 hectares of cotton farmland who produced 4,892 tonnes of cotton (global production was 27 million tonnes). However, cotton production has declined in recent decades as a result of reduced rainfall, increased attacks by insects and pests, difficulties in procuring the necessary inputs (such as seeds and pesticides) due to rising prices and increased demand, and a lack of appropriate storage units for the cotton harvest and pesticides.

Virtually all the cotton fibre produced in Madagascar is exported. As a result, most of the fibre used in the spinning and weaving segment of the supply chain, whether natural or synthetic, is imported from China, Mauritius, India and Pakistan. Woven fabrics and yarn are primarily sold on the domestic market and, to a lesser extent, to a limited number of export-orientated manufacturers, which in turn import the majority of the fabrics used in their operations.

Many garment factories are found in free export zones, and most of the companies are so-called “free enterprises”. Approximately half of the companies in textile manufacturing are subsidiaries of multinational corporations, while the other half have direct commercial links to importers.



### 3.2.2 Decent work issues

The garment and textile supply chain in Madagascar creates employment opportunities across all tiers, with the majority of employment opportunities found in the garment manufacturing segment of the supply chain. Ginning operations employ 550 permanent workers and 270 seasonal workers, while the spinning and weaving segment of the supply chain employs 2,700 people in the country. In contrast, the garment manufacturing industry employs over 120,000 workers, or 0.8 per cent of the national labour force. As in the country as a whole, informal work is common within the garment and textile supply chain, particularly upstream in cotton production and ginning, but not in the manufacturing segment of the chain.

Normal working hours are eight a day, five days a week. However, 71 per cent of surveyed workers reported working more than five days a week, and 28 per cent reported working more than eight hours a day. Workers report that they do not always volunteer to undertake overtime, which cannot exceed 20 hours a week and must be authorized every three months by the labour inspectorate.

As in the country as a whole, wages across the supply chain are low, with 43 per cent of surveyed workers living below the World Bank's extreme poverty line of US\$1.90 a day. Most workers earn a monthly wage, although some work on a piece-rate or hourly basis. Wages in the sector range between US\$60 and 115 a month, which is above the national minimum wage in Madagascar (US\$50 a month). Of the workers surveyed, 76 per cent earn above the minimum wage. Most of the 24 per cent who earn less than the minimum wage work in the agricultural and weaving segments of the supply chain.

The five most active employers' organizations in Madagascar are the Madagascar Union of Industries (SIM), the Group of Free Enterprises and Partners (GEFP), the Madagascar Enterprise Group (GEM), Indian Ocean Women Entrepreneurs and the Group of Women Entrepreneurs of Madagascar (GFEM). The interests of workers are promoted by the Confederation of Malagasy Workers (CTM), the most representative legally constituted trade union group. The rights to freedom of association and collective bargaining are protected in Madagascar, with 36 per cent of surveyed workers reporting that they are members of a trade union, most of whom work in garment manufacturing and distribution. Meanwhile, 65 per cent report that there is a staff representative in their workplace. Collective bargaining negotiations are compulsory in companies with more than 50 workers. However only 12 per cent of workers are aware of the existence of a collective bargaining agreement at the workplace.

Indicators of forced labour, which provide a basis for assessing whether individual workers are victims of forced labour, were identified at all tiers of the supply chain, including being obliged to conduct work not agreed to in advance, being forced to work in degrading conditions and not being permitted to resign. The minimum working age in Madagascar is 15 years. However, 4.1 per cent of workers in cotton farming and ginning report that they have witnessed underage workers working alongside them, compared to 0.3 per cent of garment manufacturing workers.

Gender-based discrimination has been documented across the supply chain (see Box 9).

Workers employed in the garment and textile supply chain are exposed to various OSH hazards, including standing for extended periods at work, exposure to the sun for long periods, exposure to cotton dust, frequent noise pollution, use of heavy equipment and exposure to chemicals. The study found that 30 per cent of workers suffer from chronic illnesses, particularly fatigue, headaches or vertigo, and muscle pains. Employers have taken steps to provide personal protective equipment (PPE). However, the majority of enterprises, over 90 per cent, have no collective protective equipment or firefighting equipment (including extinguishers), or in-house emergency response systems (including emergency exits).

#### ▶ Box 9. On gender equality

64 per cent of the workers surveyed for the study were women. Women workers are predominately found in the garment manufacturing and distribution segment of the supply chain, while slightly more men than women were identified in the production of cotton.

Women workers were found to be more likely not to have an employment contract or to be employed on temporary contracts.

Survey respondents said women are paid less than men and that men have greater opportunities for promotion. The majority of workers reporting that they have experienced a form of workplace harassment (including offensive, embarrassing, or hurtful comments, inappropriate jokes, insults, rumour-spreading, spiteful gossip or being excluded) were women.

In Madagascar, women workers have the right to maternity leave, breastfeeding breaks and prenatal and family allowances. 52 per cent of the women surveyed said they could take breastfeeding breaks and 48 per cent reported that they could take maternity leave.

## 3.3 Rubber gloves in Malaysia

### 3.3.1 The rubber gloves supply chain

Malaysia is the largest producer of rubber gloves in the world. Exports of goods and services amounted to 68.84 per cent of GDP in 2021, with rubber gloves constituting 7.2 per cent of total exports. In 2021, Malaysia accounted for 49 per cent of global rubber glove exports, including 53.7 per cent of all examination gloves used as PPE during the COVID-19 pandemic, and 16 per cent of surgical gloves.

The Malaysian rubber glove supply chain consists of three tiers: smallholder rubber farms and plantations upstream; rubber processors midstream; and rubber glove manufacturers downstream.

Smallholder farmers produce 90.3 per cent of Malaysia's rubber harvest, the vast majority of which is coagulated rubber sap, known as 'cup lumps'. To a lesser extent, smallholder farmers and plantations also produce natural rubber (NR) latex, which is more labour intensive. The cup lumps and NR latex are sold to raw material dealers, who sell them to rubber processors. Rubber processors process cup lumps into Standard Malaysian Rubber (SMR) and NR latex into latex concentrate. SMR cannot be used in rubber glove manufacturing and is primarily supplied to the tyre manufacturing industry. Rubber glove manufacturers use latex concentrate or synthetic latex to produce a variety of types of latex and nitrile rubber gloves. Gloves are then sold to medical supply companies, third-party traders and public procurement for use as PPE in healthcare settings, among others.

Until the 1990s, Malaysia was the largest producer of natural rubber in the world. Today, it is the largest global producer of rubber gloves, but the seventh largest producer of natural rubber. Malaysian rubber glove manufacturers currently source the majority of the latex concentrate used in glove manufacturing from overseas, with 99.6 per cent being imported from Thailand.



### 3.3.2 Decent work issues

In August 2022, 66,739 people, or 0.3 per cent of the total workforce in Malaysia, were officially employed in Malaysian rubber glove manufacturing, approximately 61 per cent of whom were migrant workers. At the time of writing, some 17,441 people were employed in rubber processing, but employment opportunities appear to be decreasing as the volume of natural rubber produced in Malaysia falls. In this respect, it is important to note that it is generally difficult to obtain accurate statistics on the number of migrant workers employed in Malaysia due to the multiple ways in which their migration status can become irregular.

The numbers of smallholder rubber farmers and workers employed on their farms (who are usually employed informally on a profit-sharing basis) are even harder to determine. In 2013, according to the latest farm census data available, there were 283,683 smallholder rubber farms in Malaysia. However, this number is likely to have fallen in recent years as rubber farmland has been converted to palm oil.

Employers in the Malaysian rubber glove manufacturing and rubber processing industries are financially incentivized by the Government to hire more Malaysian workers. Employers nevertheless face difficulties in recruiting and retaining Malaysian workers in low-wage production and are consequently facing significant labour shortages. Rubber glove manufacturers have therefore come to rely heavily on migrant workers, predominantly from Nepal and Bangladesh, most of whom are men (Box 10).

#### ► Box 10. On gender equality

The workforce in rubber glove manufacturing and rubber processing primarily consists of men. This is not only a reflection of cultural practices in sending countries, but also because gender-based discrimination is embedded in Malaysian migration governance.



The onerous process of overseas recruitment has led to complex networks of recruitment actors, including recruitment agencies in Malaysia and in labour-sending countries, labour sub-contractors and local brokers. Deceptive recruitment practices and exorbitant recruitment-related costs have been documented. Once employed, workers face long working hours (the legislation allows up to 12 hours a day) and may struggle to take annual leave or public holidays. Workers employed in rubber glove manufacturing and rubber processing are exposed to various OSH risks, including high temperatures, noise pollution, corrosive chemicals and moving machinery parts. Migrant workers often live in company-owned dormitories, which can be unsanitary, guarded by private security firms and under company surveillance.

The interests of Malaysian rubber glove manufacturers are promoted and protected by the Malaysian Employers Federation (MEF) and the Malaysian Rubber Glove Manufacturers Association (MARGMA), while the Malaysian Trades Union Congress (MTUC) advances the rights of workers in the country. However, the rights to freedom of association and collective bargaining are not fully protected in Malaysia. Unions are legally required to register with the authorities, which can refuse to register a union if one already exists in an industry, and migrant workers are barred from holding leadership positions in unions. Moreover, the right to strike is curtailed unless two-thirds of union members vote in favour of strike action and the Director-General is informed seven days in advance. The level of worker organization in the Malaysian rubber glove manufacturing industry is very low.

Reports of forced labour in the Malaysian rubber glove industry have resulted in the United States imposing trade sanctions against seven Malaysian glove manufacturers. In response, major rubber glove manufacturers have spent millions of dollars reimbursing the recruitment fees of migrant workers. Nevertheless, employers report ongoing difficulties in conducting due diligence of recruitment agencies and introducing systems of accountability to verify that workers are not being charged fees in excess of those permitted. Past research suggests that indicators of forced labour remain present in the industry, despite the efforts to reimburse recruitment fees.<sup>24</sup> There is little data available on the use of child labour in the rubber glove supply chain in Malaysia.

Certain aspects of Malaysian legislation governing migration and employment are not aligned with international labour standards and have contributed to decent work gaps in the rubber processing and glove manufacturing industries. For example, migrant workers can be charged one month's wage as a recruitment fee, the upper limit on working hours exceeds the 56 hours a week, including overtime, recommended by the ILO, and workers are not protected from termination of employment in reprisal for raising grievances. Limited enforcement capacity further contributes to decent work gaps.

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<sup>24</sup> Bhutta et al., 2021. "[Forced Labour in the Malaysian Medical Gloves Supply Chain before and during the COVID-19 Pandemic: Evidence, Scale and Solutions](#)".

## 3.4 Fisheries in Namibia

### 3.4.1 The fisheries supply chain

The fisheries industry in Namibia includes industrialized marine capture fisheries, recreational fisheries, inland capture fisheries, mariculture and freshwater aquaculture. Community-based cooperatives and private small-scale fish farms dominate freshwater fisheries, while the more capital-intensive marine fisheries are mainly run by private export-oriented enterprises.

Exports of goods and services accounted for 31.74 per cent of GDP in Namibia in 2021 and were the third largest source of foreign income after mining and tourism. Fisheries contribute around 15 per cent of Namibian export earnings, in particular the commercial fishing of horse mackerel and hake. Over 90 per cent of total unprocessed and manufactured fish products are exported, primarily to the European Union, South Africa and other African markets. With its contribution of around 4.1 per cent of GDP, the Government identifies fisheries in its “Vision 2030” as one of the industries with the potential for growth through sustainable strategies.<sup>25</sup>

### 3.4.2 Decent work issues

According to the 2021 employment verification of the Ministry of Fisheries and Marine Resources, 18,105 people are directly employed on fishing vessels and land-based factories, of whom women are the largest component, with 64 per cent of employment in land-based factories.<sup>26</sup> These numbers do not include indirect service jobs, medical facilities or schools built around the industry. Work in the fisheries supply chain in Namibia is highly gendered (Box 11).

#### ► Box 11. On gender equality

While those employed at sea are primarily men, the majority of employees working onshore in processing factories are women.

Gender-specific provisions of the Labour Act address non-discrimination and sexual harassment for all workers in Namibia, including those in the fisheries supply chain. The Act includes provisions protecting workers against dismissal arising from pregnancy and/or maternity leave.

Despite regulations and guarantees of paid maternity leave, fewer than half of the women workers surveyed report receiving paid maternity leave (46.8 per cent).

Employment data indicates that the sector is labour intensive and has the potential for the creation of further employment opportunities along the supply chain. Some key informants perceive a positive impact on employment creation of the policy of the “Namibianization” of the fisheries sector, although others report that the policy has led to a reduction in wages and is creating challenges for employers to retain workers.

<sup>25</sup> FAO, 2015. “Fishery and Aquaculture Country Profiles: Namibia”, Country brief.

<sup>26</sup> Minister of Fisheries and Marine Resources, Hon. Derek Klazen, 2022. “Annual Ministerial Address to the Fishing Industry”.



Moreover, trade organizations note that the current quota system only allows at-sea fisheries to operate for up to six months a year, resulting in the widespread use of temporary working agreements. Regionally, workers' organizations observe that some enterprises have shifted activities and jobs across the main fishing ports from Lüderitz to Walvis Bay in response to lower port fees. There is some concern among key informants that further automation in the sector will affect employment opportunities.

Informal employment in the country is estimated at around 67.5 per cent for women and 65.6 per cent for men, with similar percentages in the fisheries sector. Fewer than 50 per cent of workers surveyed had a copy of their contract, which makes it practically impossible to complain of non-compliance with labour law and OSH standards in the workplace. OSH and job-specific training is scarce and, where it exists, the cost is often deducted from wages. Some key informants report that there has been a general improvement in the sector over the past decade, with more permanent hires, higher salaries and Government-mandated rest on board, although this view is not shared by all respondents.

Workers in the fisheries industry express dissatisfaction with general working conditions, low wages, working hours, compensation for overtime and low severance and pension payments. While the Labour Act sets limits on working hours, days and overtime, it also allows exceptions for "urgent" work, which includes work connected with the arrival, loading and provisioning of ships. The fishing sector has a variation in place in relation to sections 16, 17, 18 and 20 of the Labour Act, allowing employees to work more than the normal hours set out in the Act.<sup>27</sup>

The Namibian social protection system consists of contributory social security and social assistance schemes, which provide benefits for the elderly, people with disabilities and children. However, most of the Namibian population of working age is excluded from social security coverage, due in part to high levels of informality (24.7 per cent of GDP and 150,000 workers, or 16 per cent of the total workforce). Workers' organizations identify low severance and pension payments as another important area of concern. The common challenge in the global fisheries industry of the lack of protection for national crewmembers on foreign-flagged vessels against labour violations and work-related sickness, injury or death is also reported in Namibia. Some cases of sexual harassment, child labour and racism and discrimination have been reported, particularly in foreign-owned companies, and remain a challenge in the global fisheries sector.



<sup>27</sup> [Government Gazette of the Republic of Namibia, 2023. No. 8040 \(No. 38\), 1 March.](#)

In addition to the Namibian Employers' Federation (NEF), there are numerous sectoral organizations that support enterprises in the fisheries supply chain. They include the Confederation of the Namibian Fishing Associations (CNFA), which covers the Pelagic Fishing Association (PFA), the Namibian Hake Association (NHA), the Midwater Trawling Association (MTA), the Namibian Monk and Sole Association (NMSA), the Namibian Tuna and Hake Longlining Association (NTHLA), the Namibia Large Pelagic and Hake Longlining Association (NLPHLA), the Namibian Lobster Association (NLA), the Namibian Mariculture Association (NMA) and several other specialized fisheries associations.

Namibia also has three trade union federations and dozens of affiliated industrial unions, although unionization rates remain unclear. While nearly 80 per cent of the surveyed workers are members of a labour union, not all employers acknowledge unions and collective bargaining, and some workers report that they face repercussions as severe as the non-renewal of contracts if they join a union. As a result of the strong union membership in their workplaces, most workers surveyed are covered by a collective bargaining agreement, although many are unaware whether their workplace has an agreement. While the Labour Act guarantees freedom of association, in terms of joining and/or participating in the lawful activities of a trade union, key informants criticize the Act for allowing employers not to recognize unions as bargaining agents for their employees.

Among the authorities, there is confusion regarding the competent authority for labour inspection on fishing vessels due to the many actors involved. Few comprehensive and relevant inspections are carried out of labour rights and working conditions due to the lack of financial and human resources. There is also a lack of adequate response when violations are observed. Low detection rates of human rights violations on board vessels are often due to limited inter-agency collaboration.

## 3.5 Electronics in Viet Nam

### 3.5.1 The electronics supply chain

The electronics industry is one of the fastest-growing manufacturing and export industries in Viet Nam and is considered a key industry for national development. The growth of the sector is closely associated with the diversification strategies of many multinational enterprises with a view to increasing resilience in the event of supply chain disruptions and reputational risks.

As a result of favourable conditions arising out of trade liberalization, corporate tax reductions, the improvement of labour quality, relatively low wages and Government reforms, the country's position as an electronics exporter rose from 47th in the world in 2001 to 12th in 2019. Electronics accounted for 36 per cent of total exports and around a quarter of GDP. Mobile phone exports ranked second worldwide, with a value of over US\$50 billion.

The electronics sector is one of the most globalized in terms of production processes and functions located in different countries, connecting enterprises across the value chain. The European Union is Viet Nam's second largest export market, and the European Union-Vietnam Free Trade Agreement (EVFTA), reducing import tariffs by 74 per cent, is expected to further increase Vietnamese exports of electronics to the European Union market and contribute to an increased focus on responsible business practices.

Domestic suppliers find it difficult to enter the export market, as they lack investment capital, technological level and development policies, and as State-owned enterprises and MNEs benefit from more favourable land access and tax conditions than private domestic enterprises. Many domestic suppliers remain in the second and lower tiers of the global supply chain and in lower value-added activities, such as packaging, chemicals, services and printing.

### 3.5.2 Decent work issues

The electronics industry has become one of the largest employers in the country over the past decade, employing 1.3 million workers, or 2.5 per cent of the national workforce in 2022. Its contribution to manufacturing jobs increased from 2.8 per cent in 2010 to 7.3 per cent in 2021. Most of the workers in the industry are women (Box 12).

#### ▶ Box 12. On gender equality

Women account for 60 per cent of all workers in the electronics industry in Viet Nam. However, a majority of higher skilled jobs are still occupied by men.

Some employers recognize the need to offer targeted reporting mechanisms that women workers consider to be safe, accessible and non-threatening for use in situations of sexual harassment, or when they are exposed to gender discrimination or sexual violence. However, many women in Viet Nam are not aware that they have the option of reporting harassment, or refrain from doing so out of fear of retaliation.

More broadly, ensuring that the specific needs of women workers, such as lactation rooms, maternity leave and health check-ups, are addressed is also part of advancing gender equality and decent work in the industry.



Most work in the industry in Viet Nam is concentrated in labour-intensive but low value-added final product assembly, involving middle-skilled machine and equipment operators and assemblers. The profitability of industries such as electronics is therefore relatively low compared to their export volume. Most workers in the sector have labour contracts, and their average wages are higher than in other manufacturing industries. However, a 2017 report on labour inspection in the electronics industry highlighted non-compliance in terms of incomplete or inconsistent labour contracts, gaps in social dialogue, excessive overtime (particularly during periods of peak demand) and gaps in social insurance, OSH training and health check-ups. The increased focus on corporate social responsibility by multinational enterprises has been further strengthened by the Government and is supported by representative business organizations. Improvements include the recent adoption of digital technology for communicating workplace grievances, including online grievance platforms.





# 4

HÀN DÂY DẪN  
SOLDERING LINE





# Advancing decent work through supply chains

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Drawing on the five supply chain studies, this Chapter focuses on how fostering more resilient, inclusive and sustainable supply chains can advance the four strategic objectives of the Decent Work Agenda.

## 4.1 Employment creation

Colombia, Madagascar, Malaysia, Namibia and Viet Nam are all highly dependent on global markets, international, regional and bilateral trade agreements, foreign direct investment and well-functioning supply chains for economic growth and employment generation.

- ▶ Colombia is the fourth largest green coffee producer in the world, and the third-largest coffee exporting country. Employment in the sector accounts for 7.7 per cent of the total labour force.
- ▶ The textile and garment industries in Madagascar account for 25 per cent of its total exports and are a vital contributor to national GDP. In terms of employment, however, they only account for 0.8 per cent of the total labour force.
- ▶ While the Malaysian rubber glove industry is the largest producer of rubber gloves globally, producing 49 per cent of all gloves exported worldwide, it only employs 0.3 per cent of the total national workforce
- ▶ Fishing is Namibia's third largest export earning sector, with around 90 per cent of all fish caught being exported, primarily unprocessed, to the European Union. Employment in the sector accounts for 1.7 per cent of the total workforce
- ▶ The electronics industry in Viet Nam is one of the fastest growing export industries in the country and contributes 14 per cent of GDP, as well as 2.5 per cent of total employment

Making use of the opportunities offered by the five export sectors to enhance full, productive, and freely chosen employment is key to addressing poverty and advancing sustained, inclusive growth and decent work in the countries more widely, while promoting personal development and social integration. Within each of the five supply chains examined, the terms of trade and expansion of due diligence requirements for human and labour rights, OSH, environment, ethics/anti-corruption and management systems are having a direct impact on employment creation, and crucially on the extent to which the jobs created constitute decent work.

In the Colombian coffee sector, most workers are self-employed on family-owned farms, and the sector is characterized by labour-intensive activities, often performed by family labour and workers who derive income from the farm through seasonal, temporary and informal daily wage employment. A minority of workers have completed compulsory primary education. Promoting the development and recognition of new skills, including in response to the requirements of international markets, would further enhance the capacity of the sector to upgrade to high value-adding activities, such as growing and processing specialty varieties for higher-value markets which, as well as additional skills, will require investment in appropriate equipment and technology.

In Malaysia, the development of the rubber glove industry is supported by public research and development (R&D) and training at each tier of the supply chain with a view to creating a globally competitive industry. State support and technical assistance are being provided to improve agricultural and manufacturing practices and ensure that quality products are available to smallholder rubber farmers, rubber processors and rubber glove manufacturers. State bodies are also funding and running

skills training courses to upskill the workforce, although these are confined to Malaysian workers. The Twelfth Economic Plan 2021-2025 aims to support Malaysian enterprises to move up the value chain, particularly in the manufacturing and agricultural sectors. However, the lack of vertical integration within the rubber glove supply chain, as glove manufacturers source raw materials overseas rather than locally, has resulted in enterprises in the sector being limited to lower value-added and thus less profitable activities and products. This in turn has negatively impacted raw material production in Malaysia, which has repercussions for employment creation in the sector, particularly in the midstream and upstream segments.

Namibia is aiming to develop its fisheries sector as part of a [Blue Economy](#), which the World Bank has defined as the “sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health”. There is enormous potential to support the growth of the fisheries sector, including through investment in high-end sustainable products and being responsive to shifting global market demands. Over the past decade, the number of licensed vessels has tripled, although without evidence of a more robust human and environmental rights framework, and high overhead, operating and maintenance costs, in combination with low value-added production, are hindering the competitiveness of the sector. Moreover, it is still difficult for poor and disadvantaged communities to have access to job opportunities. With a view to reducing dependency on foreign capital, there is an urgent need for increased access to domestic sources of capital and skills, and to address the fragmentation of technical and vocational education and training (TVET) and enhance its alignment with basic and higher education.

In Viet Nam, as the assembly and testing of imported parts and components are relatively low value-added activities and offer only relatively small economic gains, the Government has formulated and implemented national policies to further promote foreign direct investment into local R&D facilities. Similarly, in Madagascar, the Government is currently formulating a sustainable industrial policy for the textiles and clothing sector with a view to increasing local added value. Such economic upgrading can create higher value-added employment opportunities for local workers in supply chains, through so-called ‘social upgrading’. To achieve decent work, social upgrading needs to be accompanied by economic upgrading through the process of suppliers moving to higher value activities in the global supply chain, which can be facilitated by training and the adoption of new techniques and technologies.<sup>28</sup>

#### 4.1.1 The impact of the COVID-19 crisis on employment

The COVID-19 crisis set back employment creation and job opportunities globally. Employers in the Namibian fisheries industry reported market disruptions, port closures, loss of access to cold storage and the cessation of shipping and air freight. Reduced demand, lower sales and a collapse in prices, in an economy that was already in recession, led to increased unemployment in the sector, and therefore had a knock-on effect on employment creation. Furthermore, in-country lockdowns limited the mobility of workers, reduced their working hours, overtime and the volume of work available, and thus their earning potential.

The garment and textiles supply chain in Madagascar also experienced lower sales and a reduction in employment opportunities, as retailers were forced to close stores at the onset of the pandemic, resulting in buyers cancelling or postponing orders. Border closures and the disruption to shipping and transport logistics reduced the availability of raw materials and increased their cost. As a result, employers took a financial hit, which led to workers being temporarily laid off, placed on temporary leave or dismissed. The pandemic therefore resulted in reduced demand for workers and fewer employment opportunities across the different tiers of the supply chain in Madagascar. While unemployment in Colombia’s coffee sector increased temporarily during the pandemic, rural poverty (although still high at 42.9 per cent) actually fell due to the sustained demand for food and raw materials.

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28 ILO, 2016. *Decent work in global supply chains*, op. cit.

With their limited resources, family businesses and other small and medium-sized enterprises (SMEs) encountered difficulties in accessing export markets, improving working conditions and OSH. SMEs were particularly affected by closures and public health measures during the pandemic, exacerbating economic hardship and affecting employment opportunities. In recognition of these difficulties, in some countries, such as Namibia, SMEs have received direct subsidies and tax exemptions to increase their access to global supply chains. In Viet Nam, support has been provided to SMEs to help them meet international technical standards and achieve economies of scale, including through preferential taxes, loans, credit guarantees, land rental preferences, technology transfers, training and human resource development to increase competitiveness.

Conversely, some supply chains experienced an increase in demand during the pandemic, which contributed to job creation. For example, the Malaysian rubber glove supply chain experienced such high levels of demand for PPE for healthcare workers at the onset of the pandemic that the volume of glove production increased by 85 per cent in 2020. This led to increased employment opportunities in the rubber glove manufacturing industry and, indeed, labour shortages as border closures limited the possibility for employers to recruit workers overseas. Even though the Government provided financial incentives for glove manufacturers to hire Malaysian workers, employers reported difficulties in recruiting and retaining Malaysian workers in low-wage labour-intensive employment on production lines.

Similarly, in Viet Nam, following a short period of decline due to logistical challenges and higher operational costs, the electronics industry grew during the pandemic as demand increased. As public health measures in Viet Nam were both less strict and more effective than in other countries with large electronics manufacturing industries, enterprises in Viet Nam were better able to benefit from the increased demand for the technology required to work from home and for home entertainment equipment. In addition, reduced trade between the United States and China, and the “China plus one” supply chain diversification strategy adopted by some large multinational enterprises led to further investment in Viet Nam.<sup>29</sup> The growth of the industry created employment opportunities and, as in Malaysian rubber glove manufacturing, even led to labour shortages in labour-intensive and low value-added activities.

#### 4.1.2 Addressing the impact of climate change on jobs

As noted above, the climate crisis will have a major impact on supply chains and decent work.

Climate change and environmental degradation have already had an impact on the Colombian coffee sector, including through price fluctuations and geographical shifts in cultivation. At its most severe, this poses an existential risk to the two million direct and indirect jobs in the sector. Action-oriented research is urgently needed on adaptation to the impact of climate change and on building resilience to climate extremes and disasters.

For example, in Namibia, the fisheries industry relies on fish stocks, such as rock lobster and pilchards, which are under increasing pressure from overfishing. Unless measures are enhanced to enforce sustainable fishing, the depletion of fish stocks will undermine further growth and employment opportunities in the industry.

While the effects of the changing climate will become increasingly severe in future decades, the policies adopted by governments to mitigate and address climate change are already affecting the functioning of supply chains in the five countries. For instance, in Malaysia, the Government provides funding as an incentive for the adoption of technology for the more efficient use of energy in rubber processing and manufacturing. In Viet Nam, the Government has adopted a scheme to advance the transition to a circular economy and to avoid e-waste and increase the re-use and recycling of raw materials.

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29 Hsu, S., 2021. [“Which Asian Nations Can Benefit From the ‘China Plus One’ Strategy?”](#), *The Diplomat*, 11 June.

In conclusion, while some of the supply chains surveyed only represent a small share of total national employment, they all offer significant potential for the creation of sustainable enterprises and employment. International, regional and bilateral trade agreements, as well as investment in the economic and social upgrading of supply chains, are key to realizing these opportunities. At the same time, effective national policies that promote good governance, stable macroeconomic and fiscal environments, quality education, adequate infrastructure and an enabling environment for sustainable enterprises will be critical to advancing decent work in the countries as a whole, including in these sectors.

The COVID-19 crisis has also emphasized the importance of enhancing the resilience of supply chains to external shocks and disruption, including those caused by the climate crisis now and in future. While measures to foster more resilient, inclusive and sustainable supply chains have a cost in the short term, they are increasingly considered to be an investment in safeguarding employment and sustainable societies and economies in the medium- to long-term.

## 4.2 Social protection

Social protection includes social security (pensions and maternity, disability, work injury and unemployment benefits) and labour protection (including wages, hours of work and OSH).

While the COVID-19 pandemic prompted unprecedented social protection responses in many countries and sectors, particularly in the form of OSH measures in workplaces, it also highlighted the inequalities and gaps in social security coverage between regions and within countries. In 2020, less than half of the global population was covered by at least one social protection benefit, and the vast majority of children were without any protection at all.<sup>30</sup> The lack of social protection is directly correlated with high levels of informality, which significantly reduce the tax base required for the provision of social protection, and also reduce employer and worker contributions to social protection schemes.

The supply chain studies reveal significant differences and global deficits in the social security coverage of workers across countries and sectors. While formal workers in the electronics industry in Viet Nam are eligible for social security benefits, coffee pickers in Colombia are not generally covered. In Malaysia, the Government has made efforts to extend social security coverage to both migrant workers and smallholder rubber farmers operating in the informal economy. The Namibian social protection system consists of contributory social security schemes and social assistance schemes, providing grants for the elderly, people with disabilities and children. However, these social security provisions do not cover all workers.

Meanwhile, in Madagascar, the National Social Insurance Fund (CNaPS) is responsible for the provision of social security benefits in respect of workplace accidents, industrial illnesses and/or disabilities, and for reimbursing the costs of treatment, functional rehabilitation and vocational retraining. Under a five-year OSH coordination plan, the CNaPS and the labour inspectorate set up a joint social insurance taskforce with responsibility for visiting garment factories. In 2019, joint inspections of enterprises led to 558 employers and 12,172 workers registering with the CNaPS. However, the rapid assessment indicated that only 68 per cent of the workers surveyed were enrolled in social security, and that employers stopped paying their social insurance contributions when the COVID-19 crisis hit the industry.

Across the supply chains examined in the five countries, work is characterized by informality and temporary contracts. In Colombia, Madagascar and Namibia, this is largely related to the seasonality of work. Informal workers and those with temporary contracts generally do not pay into and are not covered by health insurance or pension schemes. Moreover, the studies highlight specific gaps in the protection of marginalized communities, and particularly migrant workers, who are often excluded from social welfare systems as a result of their informal, temporary or irregular migration status.

30 ILO, 2021. [World Social Protection Report 2020–22: Social protection at the crossroads – in pursuit of a better future.](#)

With regard to labour protection, the studies have identified a number of decent work issues in relation to wages, working hours and OSH (see Chapter 3). In all five countries, these issues are not in most instances specific to the supply chain but are a reflection of general working conditions or labour market issues in the wider domestic economy.

It should be noted that the decent work issues highlighted in Chapter 3 were exacerbated by measures to combat COVID-19 in some countries and supply chains. For example, in Namibia, labour regulations were temporarily relaxed to protect jobs, while in Viet Nam the legal overtime limit was extended in response to increased demand.

However, in all countries, the most pressing challenge in terms of enhancing labour protection, both during and after the pandemic, is the weak capacity of labour market institutions to implement and enforce national laws. A first and crucial step in advancing decent work in more resilient, inclusive and sustainable domestic and global supply chains is to strengthen the capacity of labour inspectorates and improve compliance with national labour laws and ratified international labour conventions and protocols. This is therefore an important part of the [Sustainable Supply Chains to Build Forward Better](#) project in all five countries and supply chains.

### 4.3 Fundamental principles and rights at work and international labour standards

Through the ILO [Declaration on Fundamental Principles and Rights at Work](#), adopted in 1998 and amended in 2022, the 187 ILO Member States commit to respect, promote and realize the fundamental principles and rights at work, even if they have not ratified the relevant Conventions. They therefore have a duty to adopt, implement and enforce national laws and regulations to ensure that all workers enjoy the fundamental principles and rights at work.

There are five categories of principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of forced or compulsory labour; the abolition of child labour; the elimination of discrimination in respect of employment and occupation; and a safe and healthy working environment. These principles and rights are set out in ten ILO Conventions that are recognized as fundamental (Table 1).

► Table 1. Fundamental ILO Conventions

No.	Convention
029	<a href="#">Forced Labour Convention, 1930, and the Protocol of 2014</a>
087	<a href="#">Freedom of Association and Protection of the Right to Organise Convention, 1948</a>
098	<a href="#">Right to Organise and Collective Bargaining Convention, 1949</a>
100	<a href="#">Equal Remuneration Convention, 1951</a>
105	<a href="#">Abolition of Forced Labour Convention, 1957</a>
111	<a href="#">Discrimination (Employment and Occupation) Convention, 1958</a>
138	<a href="#">Minimum Age Convention, 1973</a>
155	<a href="#">Occupational Safety and Health Convention, 1981</a>
182	<a href="#">Worst Forms of Child Labour Convention, 1999</a>
187	<a href="#">Promotional Framework for Occupational Safety and Health Convention, 2006</a>

These fundamental principles and rights at work are increasingly referred to in free trade agreements, investment promotion frameworks, international instruments (such as the UNGPs, the ILO MNE Declaration and the OECD MNE Guidelines), private compliance and multistakeholder initiatives, and several legislative initiatives concerning due diligence in supply chains. While it can be challenging for governments, employers and workers to navigate these sometimes intersecting and overlapping frameworks, the fundamental Conventions constitute a lasting commitment by governments, employers' and workers' organizations in all countries to uphold basic human values, which are vital to our social and economic lives.

The five countries examined in the studies have ratified most, but not all of these Conventions (Table 2). By enhancing compliance with the principles of these Conventions, governments, employers and workers will be better placed to comply with the constantly evolving and expanding human rights due diligence requirements.

► **Table 2. Ratification of fundamental ILO Conventions**

Country	Freedom of association		Forced labour			Discrimination		Child labour		OSH	
	C087	C098	C029	P029	C105	C100	C111	C138	C182	C155	C187
Colombia	1976	1976	1969		1963	1963	1969	2001	2005		
Madagascar	1960	1998	1960	2019	2007	1962	1961	2000	2001		
Malaysia		1961	1957	2022	*	1997		1997	2000		2012
Namibia	1995	1995	2000	2017	2000	2010	2001	2000	2000		
Viet Nam		2019	2007		2020	1997	1997	2003	2000	1994	2014
<b>TOTAL</b>	3/5	5/5	5/5	3/5	4/5	5/5	4/5	5/5	5/5	1/5	2/5

\* ratified in 1958, denounced in 1990.

Of these 11 instruments, Viet Nam, Madagascar and Namibia have ratified nine, Colombia eight, and Malaysia seven. The low ratification rate of the two OSH instruments is in part due to the fact that a safe and healthy working environment has only recently been included in the fundamental principles and rights at work.

In total, Colombia has ratified 61 Conventions, Madagascar 47 Conventions and two Protocols, Malaysia 18 Conventions and one Protocol, Viet Nam 25 Conventions, and Namibia 17 Conventions and one Protocol. In September 2018, Namibia ratified the [ILO Work in Fishing Convention, 2007 \(No. 188\)](#), which is key to advancing decent work in the fisheries supply chain. The [Sustainable Supply Chains to Build Forward Better project](#) is assisting governments, employers' and workers' organizations in all five countries to apply the principles of ratified labour standards, and specific support is being provided to constituents in Namibia to implement Convention No. 188 in law and practice.

### 4.3.1 Freedom of association and the effective recognition of the right to collective bargaining

Freedom of association ensures that workers and employers can organize for the efficient negotiation of work relations. Governments play a key role in creating a stable political and civil climate, and the legal and institutional frameworks in which autonomous employers' and workers' organizations can operate freely, without fear of reprisal.



Combined with effective freedom of association, the effective recognition of the right to collective bargaining ensures that employers and workers are able to participate in voluntary negotiations when they choose to do so and that their outcome is fair and equitable. Collective bargaining allows both sides to negotiate a fair employment relationship for all workers and prevents costly labour disputes. In general, freedom of association and the effective recognition of the right to collective bargaining are enabling rights that are important for the attainment of all the strategic objectives of the Decent Work Agenda.

While employers are highly organized in all the supply chains, the unionization rate varies considerably among workers in the five sectors and countries. Most workers in the Namibian fisheries and seafood sector are unionized, and over 60 per cent of the surveyed garment manufacturing workers in Madagascar are union members. Conversely, in Malaysia, the unionization rate of workers, particularly migrant workers, is very low, and there are no unions specifically representing glove manufacturing workers. Similarly, there are no workers' organizations representing Colombian coffee pickers or seasonal migrant workers.

Even where union membership is high, the effectiveness of collective bargaining systems is not guaranteed. Although union membership is high in the fisheries industry in Namibia, a minority of workers in Namibia report being covered by a collective bargaining agreement, and many are unaware whether their workplace has one. Moreover, not all employers acknowledge unions or choose to participate in collective bargaining, which is a voluntary process, and some workers report threats of non-renewal if they decide to unionize or become union members. This is partly a result of gaps in the legal framework, as employers in Namibia are only required to recognize registered trade unions that represent the majority of the employees in a bargaining unit.

In Malaysia, certain gaps in the legal framework limit the power of unions and make it difficult for them to flourish. For example, unions are required to register, and registration can be refused if a union already exists in the industry. Going on strike is a criminal offence unless two-thirds of union members vote for strike action and notification is provided seven days in advance. Migrant workers cannot hold union leadership positions without gaining a prior exemption from the authorities.

### 4.3.2 Forced labour

The supply chain studies confirm the existence of indications of forced labour, which provide a basis for assessing whether or not individual workers are victims of forced labour, and of unfair recruitment practices in all countries and industries with a large proportion of migrant workers.

As noted above, reports of forced labour in the rubber glove manufacturing industry in Malaysia have led to United States trade sanctions against seven enterprises. In response to these sanctions, glove manufacturing enterprises have spent US\$ millions reimbursing migrant workers' recruitment fees, a rare example of coordinated and employer-led remediation efforts. Under its National Action Plan on Forced Labour 2021-2025, the Malaysian Government aims to strengthen recruitment practices and access to remedy. At the request of the tripartite constituents, the [Sustainable Supply Chains to Build Forward Better project](#) is actively assisting the Government, industry associations and the Malaysian Trades Union Congress to improve recruitment practices and the working conditions of migrant workers and eradicate forced labour in the supply chain.

Indicators of forced labour have also been documented in some segments of the garment and textile supply chain in Madagascar, including the requirement to perform work without advance agreement, being forced to work in degrading conditions and not being permitted to resign. The Government of Madagascar has ratified the two forced labour Conventions and the forced labour Protocol and is committed to combating forced labour in the textile and clothing industry as part of fostering a more resilient, inclusive and sustainable supply chain.

### 4.3.3 Child labour

There is limited data available regarding the existence of child labour in the five supply chains examined, including whether there is a lower, higher or similar incidence of child labour in the selected sectors than in the five countries overall. In Madagascar, a small percentage of cotton agricultural and ginning workers report working alongside children under the age of 15. Children are also reported to contribute to the work of coffee-growing household enterprises in Colombia.

All five countries have ratified the two fundamental child labour Conventions. Both Colombia and Madagascar are committed to combating child labour, focusing on the elimination of the worst forms of child labour, including through the formulation and implementation of ambitious national action plans.

### 4.3.4 Elimination of discrimination in respect of employment and occupation

Different forms of discrimination have been identified in most of the supply chain studies. However, it is not clear from the studies whether the incidence of discrimination in the selected sectors is lower, higher or similar to the level in the five countries generally. In any case, discrimination stifles opportunities, wastes human talent and accentuates social tensions and inequalities. Measures to prevent and eliminate all forms of discrimination are therefore critical to investing in people and advancing decent work in resilient, inclusive and sustainable supply chains.

In Namibia, workers report racism, discrimination and harassment associated with working in foreign-owned companies, where unfair dismissal of workers may be caused by cultural and language barriers between foreign ships masters, managers and Namibian personnel. Discrimination is also reported in the Colombian coffee sector, where the entry of Venezuelan nationals into coffee harvesting has generated conflicts involving low-wage competition, which has affected the working conditions of all coffee pickers. In Malaysia, migrant workers can face discrimination in recruitment, employment and termination. Women workers employed in garment factories in Madagascar and in electronics firms in Viet Nam face gender-based discrimination, including unequal pay and fewer promotion opportunities than men.

There are significant differences in women's participation in the five countries and sectors. Women dominate in specific roles in the land-based activities of the Namibian fisheries sector, in the Viet Nam electronics industry and in textiles and clothing manufacturing in Madagascar. In Colombia, women undertake a variety of jobs, as well as supporting roles required for family businesses to function. These include household chores, family care and, in some cases, the preparation of food for workers. These key economic activities constitute unpaid, and often unrecognized, work that is added to women's work in coffee cultivation. In practice, this amounts to a doubling, or sometimes tripling, of women's working hours compared to men.

In 2020, the National Federation of Coffee Growers of Colombia (FNC) drafted a gender equity policy, and progress has been made in strengthening and supporting women coffee producers. The Namibian Labour Act includes gender-specific provisions addressing non-discrimination and sexual harassment, and provisions protecting workers against dismissal arising from pregnancy or maternity leave. In Madagascar, women workers have the right to maternity leave, breastfeeding breaks and prenatal and family allowances, although these rights are not always respected in practice. In Malaysia, the right to maternity leave is limited to Malaysian citizens. Research conducted in Viet Nam identified the need to better address the specific needs of women workers, including health checks, lactation rooms, maternity leave and accessible reporting mechanisms and improved understanding throughout the workforce of harassment and victim support.

### 4.3.5 A safe and healthy working environment

Workers in the five supply chains are exposed to various OSH hazards and risks, including exposure to chemicals and airborne particles, noise, heavy machinery and extreme temperatures. The gaps in OSH protection identified include the failure to address hazardous working conditions, inadequate or no safety training, the lack of PPE or deductions from workers' wages to pay for PPE. However, it was not possible to determine whether OSH risks in the five sectors are higher, lower or similar to those in similar sectors or parts of the countries concerned.

In this regard, labour inspection plays a critical role in supporting the effective implementation of international labour standards and national labour laws. Labour inspectors support the creation of better working conditions for women and men by ascertaining the application of labour law in the workplace. They can also advise employers and workers on improvements in such areas as working time, wages and OSH.

It is therefore of concern that the five research reports so clearly show that there is a need for improved legal frameworks, better application of the law and strengthened labour inspection in all five countries and supply chains. While export processing zones have been very effective in attracting foreign investment to Viet Nam and Madagascar, regulatory gaps and lack of capacity limit the oversight of labour inspectors in these zones. In the fisheries supply chain in Namibia, there is a lack of comprehensive and well-coordinated inspection of living and working conditions, due to shortages of financial and human resources for inspection, combined with limited inter-agency collaboration and inadequate responses in the event of violations. The Department of Labour of Peninsular Malaysia also reports a lack of capacity and resources as a barrier to conducting more frequent labour inspections of rubber glove manufacturing workplaces.

## 4.4 Social dialogue

Sound employment relations and effective social dialogue contribute to good governance in the workplace, decent work, inclusive economic growth and democracy. Social dialogue is vital to meet the current and future challenges and opportunities in the various sectors and supply chains. From job losses to skills training, and from addressing discrimination to changing OSH requirements, social dialogue can help governments, employers and workers find solutions and facilitate the promotion of decent work.

Social dialogue, including collective bargaining, takes on diverse forms and occurs at different levels, depending on the context and traditions of each country. National and cross-border social dialogue are both important in ensuring that representatives of governments, employers and workers are fully engaged in and support the implementation of laws, policies and action to advance decent work.

Support for sectoral social dialogue has been the mainstay of the [Sustainable Supply Chains to Build Forward Better project](#). The social dialogue platforms that the project has helped to create or strengthen in the five countries can be used by the ILO's tripartite constituents and other key stakeholders to build more resilient, inclusive and sustainable supply chains:

- **The coffee supply chain in Colombia:** the ILO has supported the establishment and operationalization of the International Coffee Sector Roundtable, which offers a dialogue space for the tripartite actors and development partners active in the sector, led by the Ministry of Labour. In addition, in the Department of Huila, the project has supported the establishment and operationalization of the "Mesa Ejecutiva" for the coffee supply chain as a space for social and tripartite dialogue to advance decent work and address labour-related issues in coffee production. It was established under the coordination of the Departmental Subcommittee for the Coordination of Wage and Labour Policies in Huila, and includes the participation of the social partners, the FNC and other relevant sectoral actors in Huila.

- **The textile supply chain in Madagascar:** the ILO supported the organization of the [Decent Work Business Forum on sustainable and people-centred economic growth in supply chains](#), which was attended by the Prime Minister and representatives of the Government, employers' and workers' organizations, and international brands and buyers. Participants at the Forum discussed and agreed on national priorities and ambitions for the future of the textile and clothing industry, ways of enhancing compliance with national laws and respect for the principles of international labour standards, responsible business conduct in supply chains, and the development of sustainable industrial policies and legislation. As a follow-up to the Forum, the ILO will continue to support the development of an industrial textile and clothing strategy as a comprehensive framework for tripartite action to improve competitiveness and advance decent work.
- **The rubber glove supply chain in Malaysia:** the ILO is currently working with the Ministry of Human Resources and the Department of Labour of Peninsular Malaysia to expand the existing Task Force on Labour Law Compliance and Policy for the Rubber Manufacturing Sector to include workers' organizations and become a broader forum for tripartite and sectoral stakeholders in the sector. It is expected that the Task Force will become a social dialogue mechanism in which the Government, employers' and workers' organizations can devise and implement action plans to advance decent work in the rubber glove supply chain.
- **The fisheries supply chain in Namibia:** the ILO is supporting the creation of a National Commission on Decent Work in the Namibian Fisheries Sector, including through the organization of workshops and support for the development of the terms of reference of the Commission. The Commission will monitor and evaluate decent work in the fishing sector through constant, effective and robust social dialogue between the tripartite representatives of the sector. It will also support and coordinate the full implementation of Convention No. 188.
- **The electronics supply chain in Viet Nam:** through the implementation of several technical assistance projects, the ILO has supported the establishment and operation of a number of new sectoral dialogue mechanisms. Support is being provided for regular quarterly dialogue between the national stakeholders, with the participation of national tripartite constituents, the Viet Nam Electronics Industry Association and employer and worker representatives from large electronics enterprises. At these regular quarterly dialogue sessions, the constituents address challenges and opportunities to foster more resilient, inclusive and sustainable electronics supply chains in Viet Nam.

In view of the importance of social dialogue in addressing climate change, demographic shifts, technological advances, the new era of globalization and the expansion of human rights due diligence requirements (see Chapter 2), it is imperative to strengthen social dialogue institutions and the capacity of governments, employers' and workers' organizations to engage in social dialogue at all levels. Effective social dialogue institutions are key to fostering more resilient, inclusive and sustainable supply chains. They also contribute to addressing macroeconomic trends and developments, including the intersecting and overlapping crises that will change the way in which work and production is organized in future.

Co-funded by the European Union



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