



FOR DECISION

SECOND ITEM ON THE AGENDA

Date, place and agenda of the International Labour Conference

Date, place and agenda of the 100th Session (2011) of the Conference

Date

1. A definite proposal concerning the exact dates of the 100th Session (2011) of the International Labour Conference will be submitted to the Governing Body as soon as possible.

Place

2. *It is proposed that the session be held in Geneva.*

Agenda

3. The agenda of the 100th Session (2011) of the Conference will contain the following standing items:
 - Reports of the Chairperson of the Governing Body and the Director-General;¹
 - Programme and Budget proposals for 2012–13 and other financial questions; and
 - information and reports on the application of Conventions and Recommendations.
4. The agenda of this session of the Conference should also include a second discussion on the item entitled: “Decent work for domestic workers” with a view to standard setting, following a first discussion at the 99th Session (2010) of the Conference.

¹ Including the Global Report on discrimination in occupation and employment under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at Work (subject to any other decisions the Conference might take on the review of the operation of this follow-up).

5. Furthermore, under the follow-up to the Declaration on Social Justice for a Fair Globalization (the Social Justice Declaration), the ILO has introduced a scheme of recurrent discussions by the International Labour Conference that will start in 2010 with a discussion on the strategic objective of employment.² The purpose of these discussions is to: (i) understand better the diverse realities and needs of its Members with respect to each of the strategic objectives, respond more effectively to them, using all the means of action at its disposal, including standards-related action, technical cooperation, and the technical and research capacity of the Office, and adjust its priorities and programmes of action accordingly; and (ii) assess the results of the ILO's activities with a view to informing programme, budget and other governance decisions.³
6. A final decision on the cycle of recurrent discussions has not yet been taken but it appears that there is consensus that in 2011 the second discussion will be on the strategic objective of social protection. It was also supported that, because of the broad spectrum of issues covered, social protection should be discussed twice during the cycle and divided into labour protection (i.e. occupational safety and health, and working and employment conditions) and social security. In the proposals submitted to the Governing Body at its 303rd Session (November 2008), the two options were included.⁴
7. During the discussions at the Governing Body in November and the informal tripartite consultations on the follow-up to the Social Justice Declaration held on 2–4 February 2009, a large majority of constituents expressed their preference for social security as the subject of a recurrent discussion in 2011. Therefore, only this option has been developed and included in this document, it being understood that labour protection will be dealt with later in the cycle of recurrent discussions at the Conference (see appendix, section I).
8. In November 2008, the Governing Body also requested that the other five items that had been submitted as proposals for the 2011 session of the Conference be resubmitted for further examination. These five proposals – that have been updated as appropriate – are the following (see appendix, section II):
 - (a) decent work in global supply chains (general discussion);
 - (b) finance with a social agenda: microfinance for decent work (general discussion);⁵
 - (c) flexicurity as a tool facilitating adaptation to changes in the globalized economy (general discussion);
 - (d) youth entrepreneurship: transforming jobseekers into job creators (general discussion);
 - (e) the right to information and consultation in the framework of economic restructuring (general discussion).

² See GB.303/3/1, para. 12.

³ Social Justice Declaration, annex, II (B).

⁴ GB.303/3/2.

⁵ The previous title – Social finance: Microfinance for decent work – was slightly modified.

9. *Against this background and given that, according to its practice, the Conference examines in principle three technical items each year, the Governing Body is invited:*

(a) to include in the agenda of the 100th Session (2011) of the International Labour Conference the following item:

– a recurrent discussion on the strategic objective of social protection (social security); and

(b) to complete this agenda by selecting one of the following five proposals:

(i) decent work in global supply chains (general discussion);

(ii) finance with a social agenda: microfinance for decent work (general discussion);

(iii) flexicurity as a tool facilitating adaptation to changes in the globalized economy (general discussion);

(iv) youth entrepreneurship: transforming jobseekers into job creators (general discussion);

(v) the right to information and consultation in the framework of economic restructuring (general discussion).

Geneva, 17 February 2009.

Points for decision: Paragraph 2;
Paragraph 9.

Appendix

Proposals for the agenda of the 100th Session (2011) of the Conference

I. Proposal for a recurrent discussion on the strategic objective of social protection (social security)

Summary

Social security is a powerful tool for the prevention and alleviation of poverty. It is a basic human right and it constitutes an essential part of the Decent Work Agenda. The mandate of the ILO in social security, being anchored in the Declaration of Philadelphia, the 2008 ILO Declaration on Social Justice for a Fair Globalization, the Decent Work Agenda and relevant ILO social security standards, calls for programmes that will achieve, inter alia, “the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care”. In 2003, the Global Campaign on Social Security and Coverage for All was launched, with a view to achieving concrete improvements in social security coverage and placing social security at the top of the international policy agenda. However, the persistent coverage gap and growing insecurity worldwide, as well as the fundamental changes of the role and shape of social security systems and its perception in national policies, require an in-depth assessment of the global developments in social security. In light of this, in the context of the recurrent discussion, the International Labour Conference would review existing experiences and policies and develop a plan of action to support countries in providing social security to all in need as part of an integrated Decent Work Agenda.

Background

1. In 1944 the Declaration of Philadelphia recognized the “solemn obligation of the International Labour Organization to further among the nations of the world programmes that will achieve”, inter alia, “the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care”.¹ This mandate was reconfirmed by the 2008 ILO Declaration on Social Justice for a Fair Globalization,² which calls for an integrated approach to the strategic objectives and hence for a better integration of social security and protection with other strategic objectives of the Decent Work Agenda: employment policy, social dialogue and fundamental principles and rights at work. The fundamental role of the ILO in social security was explicitly spelled out by the International Labour Conference in 2001 in the context of a general discussion that concluded that “... each country should determine a national strategy for working towards social security for all”³ and proposed that “... a major campaign be launched in order to promote the extension of social security coverage”.⁴ In 2003, the Global Campaign on Social Security and Coverage for All (the Global Campaign) was launched, with a view to achieving concrete improvements in social security coverage in as many countries as possible and placing social security at the top of the international policy agenda.

¹ Constitution of the International Labour Organisation, annex (Declaration of Philadelphia).

² Social Justice Declaration, Preamble and I(A)(ii).

³ ILO: Conclusions concerning social security, International Labour Conference, 89th Session, Geneva, 2001, para. 16.

⁴ *ibid.*, para. 17.

2. In 2002 the Governing Body declared eight social security Conventions up to date, which means that they correspond to current needs. On this basis they are among the most valuable tools for achieving the extension and strengthening of social security worldwide under the Global Campaign. These Conventions are the Social Security (Minimum Standards) Convention, 1952 (No. 102); Equality of Treatment (Social Security) Convention, 1962 (No. 118); Employment Injury Benefits Convention, 1964 [Schedule I amended in 1980] (No. 121); Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128); Medical Care and Sickness Benefits Convention, 1969 (No. 130); Maintenance of Social Security Rights Convention, 1982 (No. 157); Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168); and the Maternity Protection Convention, 2000 (No. 183), as well as a number of recommendations (inter alia, the Income Security Recommendation, 1944 (No. 67)).
3. Ten years after the last general discussion on social security in the International Labour Conference, it is time for an in-depth assessment of the global developments in social security, its linkage to social dialogue, fundamental principles and rights at work as well as its interaction with employment policies as well as ILO activities in the field. The role and shape of social security systems, the perception of their role in national development policies and their impact on economic performance have been changing fundamentally during the last decades. The issues of governance and administration and the management of change in social security systems alongside sustainable financing have thus come to the fore in the process of their reforms. Credible, viable and just social policies require the broadest possible involvement and political ownership of the people themselves and their representative organizations.
4. In industrialized countries, reforms have sought to make national social security systems compatible with new challenges such as ageing, changing social realities, different patterns of work, promotion of active labour market policies, gender equality and globalization processes. The emerging new mix of schemes and redistribution of responsibilities require – in the light of the global financial and economic crisis – a thorough reassessment of the guarantees and the level of protection offered.
5. In developing countries, the extension of social security coverage is the most pressing issue. International organizations (such as the UN, UNICEF and WHO) increasingly recognize that investments in basic social security systems with a wide coverage at early stages of national development are a powerful tool to combat poverty, to support the achievement of the Millennium Development Goals and national economic and social development as a whole.
6. Policies for the extension of social security have to be linked to employment, education and wider social policies. At the same time, they have to embrace the emerging international experience of conditional and unconditional cash transfers and universal non-contributory tax-financed benefits. A credible strategy for working towards social security for all needs first to focus on a basic set of social security guarantees. These basic guarantees are then the launching platform for a further development process that provides more security when “fiscal space” increases as economies continue to develop. About 30 developing countries, e.g. Brazil, Bolivia, Lesotho, Mexico, Namibia, Nepal and South Africa, are already successfully putting in place elements of minimum social security guarantees through tax-financed basic social transfer systems.
7. The legitimacy of the ILO's action and in particular its Global Campaign rests on the international labour standards that give effect to its constitutional mandate. One of the central questions of the Global Campaign remains whether the extension of social security through a basic and modest set of social security guarantees is sufficiently backed by existing ILO means of action. In 2007 the Office analysed to what extent the existing framework of up to date ILO instruments support the mandate of the Global Campaign and

issued a technical paper.⁵ The findings were considered in the framework of a review of the role of ILO standards and campaign activities by the Committee on Employment and Social Policy in November 2008.⁶ The main findings were that the up to date social security Conventions have had a positive impact on the development of social security schemes in most countries worldwide and serve as models for regional instruments and national laws. However, there may be the need for additional means of action which will assist countries in achieving the basic set of social security guarantees and in gradually moving towards higher levels of social security protection, as laid down in Convention No. 102 and the other up to date social security standards.

8. The recurrent discussion on social security will – inter alia – benefit from the information on law and practice contained in a General Survey, based on article 19 and article 22 reports on social security standards.⁷ The General Survey would be discussed in June 2011 in the Conference Committee of Application of Standards. It will cover relevant instruments selected by the Governing Body and inform on new developments in social security law and practice in member States, on the need for support to countries in implementing ILO standards, as well as on the obstacles that countries encounter when envisaging ratification of the social security Conventions. Based on that survey, as well as on experiences derived from analysis of ILO technical cooperation and other activities in social security, the suggested recurrent discussion in 2011 could develop a general plan of action that advances the basic mandate of the Organization to promote policies to extend social security to all and ensure good governance of social security systems.

Objectives

9. The recurrent discussion on social security at the International Labour Conference in 2011 would have the following outcomes:
 - sharing of information, experiences and lessons learned on various policies aimed at managing change in social security, extending coverage and building universal comprehensive and fiscally sustainable social security systems that simultaneously support economic and social development; and
 - development and adoption of a general plan of action that advances the mandate of the Organization to promote sound governance of social security systems and policies to extend social security to all – inter alia – through social dialogue and at the same time are conducive to full employment policies. This could include:
 - identifying gaps in the ILO means of action in the area of social security (i.e. research and knowledge sharing, policy advice, standards and rights-related action, technical cooperation, promotion, etc. ...);
 - identifying strategies to promote a basic set of social security guarantees that will help countries to gradually move towards higher levels of protection in line with the ILO's constitutional mandate and existing ILO social security instruments;
 - establishing a strategic framework for ILO activities, that:
 - is based on the principles of the Declaration of Philadelphia and the ILO Declaration on Social Justice for a Fair Globalization;

⁵ ILO: *Setting social security standards in a global society – An analysis of present state and practice and of future options for global social security standard setting in the International Labour Organization*, Social Security Policy Briefings, Paper No. 2, Geneva, 2008.

⁶ See GB 303/ESP/3.

⁷ See GB.304/LILS/5.

- seeks to enhance a coherent set of policies, strategies and tools;
- outlines technical support to constituents to effectively design and manage comprehensive national systems;
- promotes the extension of social security to all in need that supports social and economic development in the framework of the Global Campaign;
- ensures ownership and participation of the protected people in the design and implementation of social policies;
- examining the need for additional means of action which would help countries:
 - to achieve a basic set of social security guarantees in keeping with the ILO’s constitutional mandate; and
 - building on this foundation, gradually move towards the higher levels of comprehensive social security set by Convention No. 102 and the other up to date social security standards.

II. Other proposals

Employment

1. Decent work in global supply chains (general discussion)

Summary

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

10. Supply chains have a major impact on the structure of product, service and labour markets throughout the world. Participation in international supply chains has resulted in significant creation and growth of enterprises and employment in some developing countries and is a principal means by which many developing countries are linked to the global economy. This has resulted in the expansion of service, manufacturing and agricultural markets and production capability in these countries.
11. The fact that to date only some developing countries have been able to take advantage of these opportunities is a clear indication that countries, particularly developing ones, face both opportunities and challenges in terms of supporting the development, diversification and upgrading of their enterprise base to be able to take advantage of the growth in global supply chains.
12. Increased market openness and foreign direct investment, together with changes in technology, including transport and communication systems, have had a major impact on the organization of production and on business relationships. In many sectors enterprises have decided to concentrate on core competencies while outsourcing a range of production and service-related activities. This has, in turn, resulted in increasingly long and often

complex international supply chains that involve a variety of enterprises in the development and production and distribution of products and services.

13. Increasingly, outsourcing arrangements reflect a change in business relationships brought about by these changes. In important economic sectors there has been an increase in the power of enterprises that market goods or services relative to the power of those firms that produce them, a shift that has had a profound impact on the world of work. In the past, most lead companies in global supply chains were located in developed countries. However, a new trend is the growth of multinational enterprises based in developing countries.
14. A decision to outsource often is a decision to offshore. These decisions are typically based on the consideration of a range of factors, including labour costs, production and service capacity, product quality, time to market, reliability, access to infrastructure and other factors. The choice of suppliers can involve the choice of country. Criteria can include political and economic stability, the availability and capacity of human resources and the linguistic abilities of workers, quality of infrastructure (transport, telecommunications), the availability of effective financial services, the strength of the rule of law, including as it relates to the protection and enforcement of property rights and the availability of conflict resolution mechanisms, among others. So the opportunities for countries to integrate into global supply chains and promote productive employment and decent work depends to a large extent on national policy frameworks.
15. A range of strategies can be employed by countries to better tap the potential of global supply chains to generate economic growth, productive employment and reduce poverty. Strategies to take advantage of global supply chain opportunities can include targeted programmes to upgrade skills, productivity and competitiveness of particular sectors and clusters of enterprises. Infrastructure development, product development, testing facilities, technology transfer and supplier development programmes can be effective ways to help enterprises, particularly in developing countries, to integrate in beneficial and sustainable ways into global supply chains. Furthermore, efforts to use value chains at the national and international levels to link the more than 1.3 billion working poor in the informal economy to more productive job opportunities can form part of a poverty reduction strategy.
16. The growth of supply chains and outsourcing raises issues surrounding the application of international labour standards. For a number of reasons, including inadequate resources, governments in poorer countries do not always adequately monitor labour practices and enforce labour standards. Intense competitive pressures on enterprises, particularly at the lower end of the chain, have influenced the development and application of law. As a result, there have been growing concerns that international labour standards and fundamental principles and rights at work are not being observed in many areas of international business activity.
17. For a number of reasons, including growing concerns regarding labour and social practices in supply chains and the desire to upgrade management practices and productivity, many sourcing companies have begun to assume a measure of responsibility for the labour practices of their suppliers. Often, these efforts involve the adoption of codes of conduct for suppliers and various implementation and monitoring schemes. These initiatives raise many questions, especially the issue of one enterprise assuming some responsibility for the labour practices of another enterprise, which it does not own or control.
18. There is a lack of clarity regarding the division of responsibilities between enterprises and governments in terms of how the sourcing company can effectively monitor the labour practices of its suppliers and how it should deal with non-compliance; and if and how enterprises can effectively implement codes, which often reference international labour standards, in situations where the government does not assume or respect its responsibilities with respect to these standards.

19. Workers' organizations, in particular, have expressed concern that arm's length supply chain relationships can be a way for sourcing companies to avoid their obligations as employers in terms of respecting fundamental principles and rights at work. They argue that the relative power of sourcing companies can negatively affect the potential of collective bargaining to protect workers by denying workers down the supply chain access to the real decision-makers who effectively determine their working conditions. The right to information and consultation is especially critical in the current economic and financial crisis. Employers' organizations have expressed concerns that the proliferation of codes and monitoring regimes result in added cost and uncertainty for enterprises, without necessarily resulting in improved labour conditions. There is concern that enterprises are expected to shoulder responsibilities which should be met by the concerned governments. Furthermore, some governments, particularly in developing countries, express concerns that such arrangements may constitute a non-tariff barrier to exports.
20. Supply chains can also have a significant effect on national policy-making in the field of national taxation policy, competition or investment policies and even in the realm of social policies covering, for example, social security and welfare provision.

Some issues for discussion

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

Intended outcomes

22. The intended outcome of the International Labour Conference general discussion would be:

- a stocktaking of the international debate on the impact of structural changes in global supply chains on the quantity, quality and distribution of employment, in the context of the Decent Work Agenda;
- recommendations for ILO work to enhance coherent policies, strategies and tools for technical support to constituents that promote productive employment and decent work in global supply chains.

2. Finance with a social agenda: Microfinance for decent work⁸ (general discussion)

Summary

The financial crisis has sharpened the appreciation of financial strategies that serve the real economy and respond to the needs of workers and employers. Microfinance illustrates that finance with a social responsibility is possible, feasible and sustainable.

Microfinance is a powerful engine to advance decent work. It opens opportunities for productive employment, it leads out of informality, helps improve working conditions and provides security against income shocks.

Microfinance carries the message of decent work to more markets and policy domains. Because of the large numbers and the dynamics involved it has a huge multiplier effect extending the Decent Work Agenda to 130 million working poor worldwide. The proximity of microfinance providers to the poor makes them perfect allies for employers' and workers' organizations, extending their outreach deep into the informal economy.

In January 2008, 23 leading microfinance institutions worldwide committed to experiment with innovations that address decent work issues. These innovations deliver decent work results in a tangible, verifiable way.

Against the backdrop of the financial crisis the International Labour Conference discussion would examine the outcomes of this experiment. It would be a timely opportunity to define the ILO position on finance with a social responsibility, translating into action the Philadelphia Declaration and the Declaration on Social Justice for a Fair Globalization.

Rationale

23. Over the past few years, in the context of the discussions on sustainable enterprises, rural development, youth employment, cooperative development, social protection, gender, the informal economy and migration, several International Labour Conference resolutions have identified access to credit and finance as a key constraint for decent work and productive employment. The Governing Body has also requested the Office to explore ways to gear microfinance to decent work. To deepen the analysis, better understand these mechanics and locate entry points for policy, the Office started pilot initiatives in the framework of the joint outcome on microfinance for decent work. Partnering with 23 leading microfinance institutions worldwide, the Office is testing a variety of financial techniques to tackle decent work issues concretely, guided by local employers' and workers' organizations.
24. The International Labour Conference discussion would review good practices in the use of microfinance for productive employment and decent work and define the implications for policy-making. It would identify opportunities for cooperation with social partner organizations and draw together ILO Conventions and Recommendations that articulate the links between finance and decent work. Lastly, the debate would examine concrete examples of successful microfinance applications to advance decent work.

⁸ "Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Microcredit is one such means." (Speech given by the Chairman of the Norwegian Nobel Committee, Mr Ole Danbolt Mjøs, Oslo, Dec. 2006, para. 1.)

Relevance for decent work

25. Social finance influences, inter alia, the following aspects of decent work:

- Improvements in the access to finance through microfinance institutions primarily stimulate the demand for family labour, apprentices and day workers. Increasingly however microfinance institutions gear their products towards larger enterprises with more wage labour.
- Several microfinance institutions are experimenting with differentiated pricing of their services to induce parents to leave their children at school. An institution in Morocco, for example, gives parents an interest rebate if they produce a school attendance certificate for their children.
- A programme in Bangladesh covering close to 1 million women provides free food grain for an 18-month period to destitute, female-headed households that are at the highest risk of hunger. The programme uses food grain relief assistance to attract the hardcore poor and cater to their immediate consumption needs, but then adds skills training and savings and credit services to build their development capacity. Hence, when the cycle of free food grain ends, participants are able to engage in income-generating activities and become clients of regular microfinance programmes.
- Several microfinance institutions directly address debt bondage, a fundamental violation of labour rights. A programme in Pakistan, for example, combines social mobilization, training and savings to make sure that “*haaris*”, a group of former bonded labourers, do not slip back into debt bondage.
- Microfinance also facilitates formalization. A business association in Egypt links lending to clients’ efforts to obtain documentation, thus encouraging borrowers to slowly “graduate” out of the informal economy. One of the documents required relates to the social security status of employees.
- Improvements in the access to finance can change the distribution of working time between men and women. Microfinance has been found to give more voice to women in household internal decision-making related to the credit-financed activity and in managing the entire household budget. Still, many women, especially in rural areas, have difficulties accessing financial services because of discrimination in access to literacy, property rights and social attitudes.
- Other decent work issues are addressed by microfinance institutions that:
 - (a) help HIV/AIDS-affected workers to save for medical treatment;
 - (b) design savings and investment products for families of migrant workers receiving remittances;
 - (c) offer access to life and health insurance;
 - (d) organize home or contract workers in savings and credit clubs;
 - (e) give young jobseekers a chance to start up;
 - (f) integrate people with disabilities into mainstream microfinance services;
 - (g) make it possible for employers in the informal economy to provide benefits to their workers, such as health insurance, etc.

Objectives

26. The discussion at the International Labour Conference would:

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

- identify options for partnerships between social partners, governments and microfinance institutions. It will show areas for capacity building of social partner organizations as well as of microfinance institutions and guide government policy to support such initiatives.

Points to be discussed

27. Points to be discussed reflect the ILO policy statement on microfinance for decent work.⁹ and would include:

- How can instruments used in social finance promote productive employment and decent work?
- How does microfinance help move operators from the informal to the formal economy?
- What can social partner organizations do to better protect workers and independent producers against over-indebtedness?
- How best to assist ministries of labour in the management of microfinance components in social funds?
- How can employers' organizations:
 - (a) help lower investment costs and promote the emergence of risk-sharing arrangements for small and medium-sized enterprises;
 - (b) facilitate access to capital for member enterprises;
 - (c) encourage savings by workers, facilitate remittances, etc.?
- How can workers' organizations:
 - (a) through pension funds and socially responsible investment give awards to microfinance institutions that advance decent work;
 - (b) partner with microfinance institutions to ensure the provision of affordable and secure savings and credit facilities for workers;
 - (c) enhance the financial competence of workers to ensure a better appreciation of the risks and opportunities of financial contracts?

3. Flexicurity as a tool facilitating adaptation to changes in the globalized economy (general discussion)

Summary

The main elements of a coherent policy mix that is today called "flexicurity" are flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies and modern, adequate and sustainable social protection systems. Flexicurity policies are instruments to cope with change in globalizing economies and should be designed and implemented through social dialogue and collective bargaining between the social partners and be adapted to particular firm, sector and country circumstances. But while there are long-term aspects of building the appropriate institutional framework for labour markets that deliver both on adaptability and security, there are also short-term aspects of coping with the fallouts of the present global crisis. While there is general agreement on common elements, a thorough discussion on the feasibility of flexicurity policies in the framework of decent work and the Global Employment Agenda (GEA) is still warranted.

⁹ GB294/11(Rev.), appendix.

- 28.** Flexicurity has developed from a buzzword to a serious policy issue. While it has been conceived in the European Union (EU) context, its potential reach is universal as it assumes a strong need for adaptation to change in today's global economy, which in turn also requires labour market security. Flexibility and adjustment security are two sides of the same coin that should help firms and their workers to cope with the demands of the globalized economy. The present crisis illustrates this quite clearly: adaptation is necessary but painful and, while measures to manage the employment fallout of the crisis are expanded or newly designed in most high-and middle-income countries, such measures are lacking in most developing countries.
- 29.** In a global economy context that sees firms, despite efforts of internal adjustments, less able today than before to guarantee lifelong or even long-term employment security for their workers, new types of security outside companies have to complement in-firm security.
- 30.** Such a partial shift from employment security towards a wider notion of labour market security can be observed in the set of common principles on flexicurity for modernizing the European labour markets that the European Council agreed upon in 2007. They are a deliberate combination of "flexible and reliable contractual arrangements, comprehensive lifelong learning strategies, effective active labour market policies and modern, adequate and sustainable social protection systems".¹⁰ The Council's conclusions note also that flexicurity policies should be designed and implemented through social dialogue and collective bargaining and that there is no single labour market model, but rather adaptation of the common principles to particular country circumstances. These principles have also been endorsed by the European social partners and are now driving the labour market reform agendas of the 27 EU Members.
- 31.** However, while conceived in the EU, the policies and processes underlying "flexicurity" may also be relevant for developing countries. There is indeed a need for the extension of social protection and a concomitant requirement to build or reinvigorate social dialogue. If one adds active labour market policies, for example job training measures, the basic building blocks of flexicurity are there. And, while these policies have an objective of their own (providing minimum income, some skills training and an increase in labour market governance), they also constitute an additional layer of labour market security that may increase the possibilities of labour market adjustment in more security.
- 32.** In their essence, flexicurity principles are compatible with decent work principles, are integrated in the Global Employment Agenda and the Employment Policy Convention, 1964 (No. 122), as they propose active policies for creating inclusive labour markets with low segmentation and high levels of employment. However, some important challenges remain, which could be subject to a general discussion:
- In the context of developing countries, arguing in terms of flexicurity often reveals the absence of important elements, such as active and passive labour market policies and representative actors and strong institutions of social dialogue. What policies are required to create a sound and sustainable policy environment that allows some security outside the workplace, by the same token providing firms and their workers with enhanced adjustment flexibility?
 - What are the costs and benefits of flexicurity policies for firms, individuals and public authorities and how can they be shared fairly?
 - Flexicurity is about the life cycle of individuals and about firm's needs for adjustment. For individuals, work-life balance requires a mix between flexible and

¹⁰ Council of the European Union: Towards common principles of flexicurity – draft Council conclusions (15497/07), Brussels, 2007, annex to the ANNEX, para. (2).

stable jobs over their working life.¹¹ Can the needs of individuals – and especially those of mothers and parents in general – for flexibility, stability and security be matched to employers’ needs for flexibility, and what policies are required in order to allow such a balance, taking into account the requirements of different sectors of the economy?

- How does flexicurity help in the present financial and economic crisis?

4. Youth entrepreneurship: Transforming jobseekers into job creators (general discussion)

Summary

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

- 33.** There are more than 1 billion young people aged 15–24¹² in the world today, of which 85 per cent live in developing countries. According to UN projections from 2007, the 50 poorest countries in the world will more than double their population, from 0.8 billion in 2007 to 1.7 billion in 2050. Further, it is estimated that almost 100 million young people will be entering the global workforce every year for the next ten years.¹³ Globally, in 2008 the number of unemployed youth increased to 76 million, and the youth unemployment rate increased by 0.4 percentage points. Given the current economic downturn, the youth labour market situation is all the more worrisome in view of the lack of progress in addressing youth labour market issues during more prosperous years. As analysed in a recent report based on labour market data up to 2007, global trends suggest that little progress has been made in improving the position of youth in labour markets, and young people still suffer disproportionately from a deficit of decent work opportunities.¹⁴ To achieve the goal of providing decent work opportunities for all women and men, strong policy and programmes will be essential to stimulate a sound socio-economic recovery for today and for future generations.
- 34.** According to the same report, youth are generally three times more likely than adults to be unemployed, making up 47 per cent of the world’s unemployed. High unemployment is only part of the problem, as underemployment and poor working conditions are also prominent. There is strong empirical evidence from both developing and developed countries indicating that youth employment contributes to socio-economic stability and that persistent unemployment among youth may lead to social unrest and high-risk activities such as drug use and crime. The importance of absorbing this rapidly growing

¹¹ “We observe more flexibility for young people and more stability for older workers” (P. Auer, S. Cazes: *Employment stability in an age of flexibility: Evidence from the industrialized countries*, ILO, 2003).

¹² The definition of youth may vary from country to country. The standard UN definition comprises the age group between 15 and 24.

¹³ ILO: *Facts on Youth Employment*, Geneva, June 2006.

¹⁴ ILO: *Global Employment Trends*, Geneva, January 2009.

supply of labour is reflected by the fact that youth employment is a priority outcome in over 40 Decent Work Country Programmes.

35. When, during its 93rd Session (2005), the International Labour Conference discussed youth employment, youth entrepreneurship was discussed under active labour market policies. Increasingly, youth entrepreneurship is understood, accepted and adopted as a strategy for unleashing the productive and innovative potential of young people to enable them to participate actively in the economies of their countries. Furthermore, the ILO Declaration on Social Justice for a Fair Globalization recognizes the importance of sustainable enterprises in creating greater employment and income opportunities for all.
36. The promotion of youth entrepreneurship is a component of the ILO's youth employment programme. Increasingly, member States promote youth entrepreneurship within national action plans or as part of a national youth employment strategy. The promotion of youth entrepreneurship is one means of creating employment and ensuring that countries are able to benefit from the socio-economic potential of their young population. However, programmes to promote entrepreneurship as a career path for young people need to be carefully planned; entrepreneurship is both demanding and inherently risky, particularly for young people who are already passing through a tenuous and vulnerable transition in life, while at the same time generally having limited business experience and material assets. Many young entrepreneurs are found in the informal economy and one in five working youth continues to live in extreme poverty.
37. Entrepreneurship education should be started at an early age and young entrepreneurs should be supported by a conducive entrepreneurship culture, an enabling business environment and effective entrepreneurship development tools to achieve their full potential. To be successful, the promotion of youth entrepreneurship must be approached comprehensively, emphasizing sectors with job-creation potential while adopting a broader approach to link youth to decent work opportunities. Through entrepreneurship education and business start-up training – and support programmes – including business incubators, cooperatives and microcredit – young women and men can acquire the needed attitudes, knowledge, skills, behaviour, experiences, support services and assets that increase their chances to obtain decent work by being more employable or by starting a business. Strengthening the voice of young entrepreneurs is key to address their specific barriers, and can facilitate graduation from self-employment in the informal economy to successful entrepreneurship.
38. Youth is not a homogenous group and programme strategies must be adapted to the needs of young women and men at different stages of education and work. Youth entrepreneurship programmes should implement targeted approaches to serve the needs of youth facing multiple barriers, such as gender, poverty, disability and HIV/AIDS. For young people coming out of crisis situations, self employment is often the only available immediate option; and comprehensive support programmes are needed to avoid high business failure. Furthermore, responses may vary depending on whether youth are in school, preparing for the transition to work and a career, or out of school and already in the labour market looking for a job.
39. The ILO has supported member States' efforts to promote youth entrepreneurship in a number of areas such as entrepreneurship culture, entrepreneurship education in technical and vocational schools, business start up, targeted business development services, the enabling environment and support to youth cooperatives and microfinance. In addition, the link between youth and social entrepreneurship, in which sustainable enterprises balance financial and non-financial objectives, is a promising area for stimulating youth entrepreneurship development among unemployed youth and marginalized populations in society.
40. Over the past five years the Office has published a number of working papers focussing on youth entrepreneurship and is currently undertaking a study about the impact of

entrepreneurship education in public and vocational schools that looks at the extent to which entrepreneurship education graduates are more likely than other youth to start an enterprise and thus become active job creators for themselves and others. However, there is still little documentation about youth entrepreneurship, and limited guidance on how to effectively and comprehensively promote it. It would be important to delve deeper into this vital area to tap its full job creation, empowerment and enterprise potential as an integral part of the Global Employment Agenda.

41. The discussion at the International Labour Conference could focus on the following questions:

- What is the nature, size and dynamics of youth unemployment and the potential role of youth entrepreneurship for employment creation?
- What are the specific barriers to youth entrepreneurship, how are these being addressed through policies and programmes and what are the lessons learnt?
- What should be the role of employers' and workers' organizations?
- What is the unique contribution of the ILO in this domain as compared to other multilateral and bilateral institutions and donors?
- How could an expanded youth entrepreneurship programme make a significant contribution to the current challenges faced by member States, in light of the global financial crisis and projected increase in youth unemployment?
- What are effective ways of promoting decent work through youth entrepreneurship? What would be the most appropriate strategy for the ILO's work in this area?
- What partnerships exist and what is the place of the ILO in these?

42. The intended outcomes of the International Labour Conference discussion would be:

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

Social dialogue

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

Summary

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

- the issues to be addressed during enterprise restructuring;
- how good labour–management relations can facilitate outcomes from restructuring which balance flexibility and security concerns;
- recent changes in national and international law and practice providing for information and consultation around such issues; and
- an assessment of the implications for the ILO's work.

Background

43. Pressures on enterprises to restructure in response to national and international developments are increasing, owing to such factors as: changes in the situation of sectors – including the public sector – in national economies, the increase in new forms of productive organization, including the rapid expansion of global supply chains, following the decline of “mass production” and the impact of globalization. In the latter case, many enterprises are facing much more competition. This leads to pressures to adapt workplaces to match the efficiency, output and quality of market leaders – or, in many cases, to close down.¹⁵ Whatever the cause, enterprise restructuring may result in social costs of various types, including job losses, higher unemployment, inequality of treatment among workers, greater insecurity in the workplace and industrial and social conflicts.
44. There are many examples where the social partners have collaborated successfully in responding to structural and other changes by mobilizing the full potential of their enterprises. Mention should be made of those efforts to improve the adaptability of enterprises relying on a consultative approach and directed towards achieving a balance between “flexibility” and “security”. While not challenging the employer’s need to restructure in an efficient and effective manner, such an approach can increase the competitiveness of their enterprises by seeking the understanding and support of the workforce in implementing proposed changes. Through this approach, workers and their representatives can continue to benefit from decent wages and working conditions and, by providing inputs into the proposed changes, they have the opportunity to affect the best possible outcomes for the workforce. In this context, changes are emerging in the traditional labour–management relationship. The patterns of negotiation are changing, as is the content of bargaining and the approaches adopted by the actors involved. In this respect, many solutions are being negotiated by the social partners at all levels, often leading to agreements on packages that deal with issues such as job security, working time, wages, lifelong learning possibilities and new methods of work organization.
45. Existing procedures for informing and consulting employees and their representatives are essentially twofold in nature. First, informal rules may be agreed between the social partners themselves at various levels through bargaining. Legal frameworks may also be developed, providing for information sharing and consultation in case of threatened or actual redundancies, transfers of undertakings, delocalization and other forms of restructuring affecting an enterprise. In many countries, legal provisions are frequently based on a reactive approach rather than recognizing the need for ongoing social dialogue at enterprise level and adequately considering the economic and employment impact of decisions taken.
46. Increasing globalization of capital, product and labour markets means that decisions affecting enterprises and their workers are often taken by multinational enterprises. Information and consultations at this level are not very well developed. This is in spite of the attempts of some multinational enterprises and regional integration groupings, especially in Europe, where adoption of the Works Council Directive in 1994 has led to the development of a wide variety of consultation and information exchange practices.¹⁶ Even in this situation the main objective of providing workers with a real voice in corporate decision-making processes has only been achieved in some cases, however. In addition, many of the relevant European Works Councils’ procedures remain predominantly

¹⁵ ILO: *Changing patterns in the world of work*, Report of the Director-General, Report I(C), International Labour Conference, 95th Session, Geneva, 2006.

¹⁶ As reflected in Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community.

directed to provision of information with the minimum information requirement often oriented towards the past rather than the future situation of an enterprise.¹⁷ Against this background and with a view to reinforcing the role of European Work Councils, the European Commission adopted in July 2008, a legislative proposal to improve the role of European Works Councils in informing and consulting employees, in particular in the event of significant change in the structure of companies.¹⁸ European Works Councils currently operate in 820 companies across the EU, covering some 14.5 million employees.¹⁹

47. However, the issues faced, and the approaches to consultation and information adopted are not uniquely European phenomena. Of the 71 countries included in the ILO's *Termination of employment digest*, 45 report some level of consultation with employee's representatives in the event of collective redundancies. For example, the Labour Relations Act of South Africa sets out requirements for engagement in a "meaningful joint consensus-seeking process" with employees and their representatives whenever the employer proposes dismissals based on operational requirements or changes in terms and conditions of employment. This process allows for workers' representatives and management to seek agreement on measures to avoid, minimize the number of, change the timing of or otherwise mitigate the adverse impacts of dismissals. It also provides for access to information on the reasons and need for such measures. In Botswana, a code of good practice on termination of employment (Trade Disputes Act) providing for similar consultations surrounding any proposed business reorganization that is expected to lead to retrenchments has been agreed by the social partners, though it does not yet have the force of law.
48. Finally, in recent years, global markets have grown rapidly, without the parallel development of economic and social institutions necessary for their smooth and equitable functioning,²⁰ a situation which exists both at the level of nations and individual enterprises. The lack or weakness of such institutions and procedures of dialogue between governments and between employers and workers and their representative organizations makes it difficult to achieve consensus on important issues which affect enterprises operating within and across borders.

The ILO's response

ILO normative action

49. The ILO's concern that workers in the enterprise be informed and consulted on issues which affect them and, more generally, in fostering ongoing cooperation between management and labour around enterprise development, were clearly articulated in the Declaration of Philadelphia when it called on the Organization to develop programmes with a view to promoting "effective recognition of the right to collective bargaining and cooperation between management and labour in the continuous improvement of productive efficiency ..." (paragraph 3(e)).

¹⁷ A. Weiler: *European Works Councils in practice*, European Foundation for the Improvement of Living and Working Conditions, Luxembourg, 2004.

¹⁸ The consolidated text of the directive as amended by the European parliament is accessible at: www.europarl.europa.eu/sides/getDoc.do?type=TA&refer.

¹⁹ For the full text of the proposal for a directive, please consult European Commission web site <http://ec.europa.eu/social/BlobServlet?docId=458&langId=en>.

²⁰ *A fair globalization: Creating opportunities for all*, report of the World Commission on the Social Dimension of Globalization (Geneva, ILO, 2004).

50. This constitutional obligation is reflected in various later instruments, such as the Cooperation at the Level of the Undertaking Recommendation, 1952 (No. 94), the Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113), and the Communications within the Undertaking Recommendation, 1967 (No. 129). Recommendation No. 129 provides detailed guidance on how to build mutual understanding and confidence within enterprises, stating that information should be provided to workers and their representatives and consultations should take place with them before decisions on matters of major interest are taken by management (Paragraph 2). The Recommendation provides that management should give workers information on a whole range of subjects, including, inter alia, with respect to “the general situation of the (enterprise) and prospects or plans for its future development” and to explain decisions which are likely to affect workers, directly or indirectly (Paragraph 15(2)). The Workers’ Representatives Recommendation, 1971 (No. 143) (Paragraph 6(2)(f)), refers specifically to consideration of priority to workers’ representatives in case of workforce reduction. These Recommendations emphasize that information and consultation processes should coexist with and complement the institution of collective bargaining. Similar provisions, some addressing more specific situations, are developed in a number of other ILO instruments.²¹

ILO technical cooperation

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

International Labour Conference discussion and outcomes

53. An International Labour Conference discussion on this item could address, inter alia, such areas as:
- recent economic and social developments having major impacts on the competitiveness, job security, employment conditions, skill requirements, work organization and location of enterprises;
 - recent developments in labour–management relations at enterprise level, including new forms of consensus building through information and consultation;
 - related developments in social dialogue at national and transnational levels;

²¹ For example, the Termination of Employment Convention, 1982 (No. 158), and the Seafarers’ Welfare Convention, 1987 (No. 163). See also the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (e.g. para. 57).

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