



SECOND ITEM ON THE AGENDA

**Agenda of the International
Labour Conference**

**The agenda of the 100th Session (2011)
of the Conference**

Introduction

1. At its 304th Session (March 2009), the Governing Body initiated a discussion on the date, place and agenda of the 100th Session (2011) of the Conference. It decided that the 100th Session would be held in Geneva and was informed that a definite proposal concerning the dates would be submitted later.
2. 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.
3. According to regular practice, the Conference deals with three technical items. One of these would be a second discussion on the item: “Decent work for domestic workers”, with a view to standard setting, following a first discussion at the 99th Session (2010) of the Conference.
4. In March 2009, the Governing Body decided to include in the agenda of the 100th Session (2011) the item: “A recurrent discussion on the strategic objective of social protection (social security)”, under the follow-up to the ILO Declaration on Social Justice for a Fair Globalization (the Social Justice Declaration). In the same session, the Governing Body also decided to postpone until its 306th Session (November 2009) the choice of the third technical item, so as to allow the Office to take into account the outcome of the 2009 Conference discussions on the ILO crisis responses.

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).

Proposals

5. Consequently, the five remaining proposals presented by the Office in March 2009 are submitted again. They have been updated where necessary, mainly to reflect the current crisis context. With respect to the question of microfinance, the title has been slightly modified and the text refocused in order to deal more generally with financial systems that are responsive to the needs of households and enterprises and integrate social responsibility. The five items are the following (see the appendix):
- (a) decent work in global supply chains (general discussion);
 - (b) finance with a social purpose (general discussion);²
 - (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 context of economic restructuring (general discussion).
6. In addition, as a follow-up to the 2009 Conference discussions on the ILO crisis responses and in particular the adoption by the Conference of the Global Jobs Pact, the Office has developed a new proposal for standard setting that could take the form of a Recommendation (see section 1 in the appendix; as it relates to the four strategic objectives, it has not been placed under one specific objective).
7. *In light of the above, the Governing Body is invited to complete the agenda of the 100th Session (2011) of the International Labour Conference, by selecting one of the following six proposals:*
- (i) proposal for standard-setting as a follow-up to the Global Jobs Pact;*
 - (ii) decent work in global supply chains (general discussion);*
 - (iii) finance with a social purpose (general discussion);*
 - (iv) flexicurity as a tool facilitating adaptation to changes in the globalized economy (general discussion);*
 - (v) youth entrepreneurship: transforming jobseekers into job creators (general discussion);*
 - (vi) the right to information and consultation in the framework of economic restructuring (general discussion).*

Geneva, 1 October 2009.

Point for decision: Paragraph 7.

² The previous title was “finance with a social agenda: microfinance for decent work”.

Appendix

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

1. Proposal for standard setting as a follow-up to the Global Jobs Pact

Summary

The global economic and employment crisis is still affecting working people and business (in particular small and medium-sized enterprises (SMEs)) in every country and job losses are predicted to continue into 2010. The adoption of the Global Jobs Pact by the Conference in June 2009 addressed the urgent policy challenge of growing poverty, increasing unemployment, falling demand and declining purchasing power by placing full employment and decent work at the heart of the necessary responses. The Pact sets a multi-dimensional programme for an economic recovery that will be wage-led and based on strengthened domestic demand in all countries, explicitly recognizing that developing countries need to have the policy space and resources to develop their own economic base with the assistance of the international community, including the international financial institutions.

As a follow-up to the Pact, it is proposed to include a standard-setting item in the agenda of the Conference, that could take the form of a Recommendation, which would provide guidance to governments, employers' organizations and trade unions in times of crisis.

1. The Global Jobs Pact (the Pact) was adopted at the 98th Session of the International Labour Conference (June 2009) as a framework for a comprehensive tripartite response to the crisis with the objective of maintaining and creating employment, strengthening social protection, promoting labour standards, reducing inequality, strengthening collective bargaining and maintaining wage levels. The Pact is based upon the Decent Work Agenda and the Social Justice Declaration and incorporates the four pillars of the ILO Decent Work Agenda.
2. The Pact not only identifies employment challenges resulting from the crisis, but also recognizes social, economic and structural causes that need to be dealt with if any recovery is to be achieved and sustained. Such structural issues require reform of the global economic and financial system and a more equitable distribution of income within societies.
3. The Pact specifically sets out a framework for the period ahead and a range of practical policies for the multilateral system, governments, workers and employers. This framework ensures linkages between social progress and economic development. The Pact emphasizes, in addition to the fundamental Conventions, the relevance of a number of international labour standards for a comprehensive crisis response. These include instruments concerning employment policy, wages, social security, the employment relationship, the termination of employment, labour administration and inspection, migrant workers, labour conditions on public contracts, occupational safety and health, working hours and social dialogue mechanisms.
4. The current crisis has shown the need for urgent:
 - policies to reduce the risk of economic and financial crises;
 - labour market and social policy instruments to mitigate the social and employment consequences of a crisis.

5. Recognizing the need for policy guidance, the Conference Committee on the Application of Standards, at its sitting in June 2009, discussed the relevance of labour standards to deal with the crisis and highlighted the need for a future instrument:¹

There was a clear consensus in the Committee on the importance of the role of international labour standards in dealing with the current crisis. The Committee emphasized that the crisis must not be used as an excuse for lowering standards. There could be no sustainable economic recovery without sustainable and up to date labour standards ...

The Committee considered that the Committee of the Whole might be inspired by the role played by the ILO in earlier times of crisis and economic recession or depression by envisaging a return to this question at the Conference in 2010 with a view towards the adoption of an instrument to guide governments in their policy-making and action, as well as the social partners, when confronted by critical global crises.

6. The Governing Body foresaw in March 2009 the possibility to have a follow-up to the outcome of the 2009 Conference discussions on crisis responses. In this context, it is proposed to place a standard-setting item on the agenda of the Conference in 2011, that could take the form of a Recommendation, in order to provide guidance for governments and the international community to create a policy framework to protect against major economic and financial crises and their social consequences.
7. After the Great Depression, governments introduced major policy innovations to create greater stability in market economies. During the long phase of prosperity and relative stability in the major industrial countries, many of the bitter lessons were forgotten and important regulations were dismantled. Codifying crises experiences and lessons learned from a crisis in an international instrument can play an important role in protecting societies against business practices that are too risky.
8. Within a market economy, economic cycles are inevitable, but countries are differently equipped to respond to crises and to protect their citizens against the harshest consequences of a severe economic downturn. The current crisis underlines the important role of social security provisions as automatic stabilizers and the positive role of well-established labour market instruments. Societies need to have preventive instruments and institutions in place and maintained also during periods of economic prosperity, because they are a precondition for effective and timely responses in case of crisis.
9. It is suggested that the new instrument draw on the principles of the Declaration of Philadelphia and the Social Justice Declaration as well as on the Decent Work Agenda and the Global Jobs Pact to establish guiding principles and policy guidance to deal with preventive crisis protection and effective crisis responses. The instrument should address the need for an integrated approach between macroeconomic and financial policies and employment and social policies. Furthermore it should strengthen policy coordination among nations and improve the policy coherence between the different international organizations. It should be based on a solid empirical and theoretical analysis of the current crisis in order to ensure that the bitter experience of the global crisis helps to create a better regulatory regime at national and international level.

¹ ILO: Report of the Committee on the Application of Standards, *Provisional Record* No. 16 (Part One) (Rev.), ILC, 98th Session, Geneva, 2009, paras 97 and 100.

Employment

2. 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 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.

3. Finance with a social purpose (general discussion)

Summary

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

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

Rationale

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

Relevance for decent work

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

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

- Finance can also be an effective tool to address debt bondage, a fundamental violation of labour rights. An institution in Pakistan, for example, combines social mobilization, training and savings to make sure that *haaris*, a group of former bonded labourers, do not slip back into debt bondage.
- Financial contracts represent a path out of informality. For a variety of reasons, some financial institutions provide incentives to their clients to formalize. A business association in Egypt, for example, links lending to clients' efforts to obtain documentation, thus encouraging borrowers to slowly "graduate" out of the informal economy. One of the documents required relates to the social security status of employees.
- Improvements in the access to finance can change the distribution of working time between men and women. Microfinance has been found to give more voice to women in household internal decision-making related to the credit-financed activity and in managing the entire household budget. Still, many women, especially in rural areas, have difficulties accessing financial services because of discrimination in access to literacy, property rights and social attitudes.
- Financial institutions with a social purpose address a host of other decent work issues:
 - (a) 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 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 Conference would:

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

Points to be discussed

27. Points to be discussed reflect the ILO policy statement in this field of work² and would include:

- How can financial instruments and institutions promote productive employment and decent work?

² GB.294/11(Rev.), appendix.

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

4. 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 is still warranted.

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”.³ 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 firms’ needs for adjustment. For individuals, work–life balance requires a mix between flexible and stable jobs over their working life.⁴ 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?

³ Council of the European Union: Towards common principles of flexicurity – draft Council conclusions (15497/07), Brussels, 2007, annex to the ANNEX, para. (2).

⁴ “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).

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

Summary

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

33. There are more than 1 billion young people aged 15–24⁵ 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.⁶ 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.⁷ 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, young people are generally three times more likely than adults to be unemployed, making up 47 per cent of the world's unemployed. High unemployment is only part of the problem, as underemployment and poor working conditions are also prominent. There is strong empirical evidence from both developing and developed countries indicating that high rates of youth employment contributes to socio-economic stability. The importance of absorbing this rapidly growing supply of labour is reflected by the fact that youth employment is a priority outcome in over 40 Decent Work Country Programmes.
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 need for enhancing support to vulnerable women and men hit hard by the crisis including youth and the provision of entrepreneurial skills development especially for unemployed youth is one of the key principles for promoting recovery and development in the Global Jobs Pact. Finally, the Social Justice Declaration recognizes the importance of sustainable enterprises in creating greater employment and income opportunities for all.

⁵ The definition of youth may vary from country to country. The standard UN definition comprises the age group between 15–24.

⁶ ILO: *Facts on youth employment*, Geneva, June 2006.

⁷ ILO: *Global employment trends*, Geneva, Jan. 2009.

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 necessary attitudes, knowledge, skills, behaviour, experiences, support services and assets that increase their chances to obtain decent work by being more employable or by starting a business. Strengthening the voice of young entrepreneurs is key to address 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 young people are in school, preparing for the transition to work and a career, or out of school and already in the labour market looking for a job. Specific efforts may be needed to promote young women's entrepreneurship development.
39. The ILO has supported member States' efforts to promote youth entrepreneurship in a number of areas such as entrepreneurship culture, entrepreneurship education in secondary, technical/vocational and higher education institutions, business start up, targeted business development services, the enabling environment and support to youth cooperatives and microfinance. In addition, the link between youth and social entrepreneurship, in which sustainable enterprises balance financial and non-financial objectives, is a promising area for stimulating youth entrepreneurship development among unemployed youth and marginalized populations in society.
40. Over the past five years, the Office has published a number of working papers focusing on youth entrepreneurship and is currently undertaking a global study about the impact of ILO-supported entrepreneurship education in secondary and vocational schools and in universities. The study looks at the extent to which entrepreneurship education graduates are more likely than other young people to start an enterprise and thus become active job creators for themselves and others and it looks at whether these graduates become better employees since they know more about entrepreneurship. However, there is still little documentation about youth entrepreneurship, and limited guidance on how to effectively and comprehensively promote it. It would be important to delve deeper into this vital area to tap its full job-creation, empowerment and enterprise potential as an integral part of the Global Employment Agenda.

41. The discussion at the 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 and sustainable enterprise development?
- What are the specific barriers to youth entrepreneurship, how are these being addressed through policies and programmes and what are the lessons learnt?
- What is the role of the education system in educating future entrepreneurs and at which level and age could entrepreneurship education be introduced?
- What is an ILO definition of youth entrepreneurship?
- What should be the role of employers' and workers' organizations?
- What is the unique contribution of the ILO in this domain as compared to other multilateral and bilateral institutions and donors?
- How could an expanded youth entrepreneurship programme make a significant contribution to the current challenges faced by member States, in light of the global financial crisis and projected increase in youth unemployment?
- What are effective ways of promoting decent work through youth entrepreneurship? What would be the most appropriate strategy for the ILO's work in this area?
- What partnerships exist and what is the place of the ILO in these?
- What are effective and efficient measurements of youth entrepreneurship and its impact on employment creation and the development of sustainable enterprises?

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

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

Social dialogue

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

Summary

Globalization and rapidly changing markets have led businesses to adopt numerous strategies in an effort to maintain and increase their competitive advantage. The current financial crisis has further amplified the need for, and has accelerated the pace of, adjustments required. One possible approach is to restructure the enterprise, which can take a 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 usefulness of this policy tool to help mitigate social hardship and facilitate recovery measures in times of crisis;
- the issues to be addressed during enterprise restructuring;
- how good labour–management relations can facilitate outcomes from restructuring which balance flexibility and security concerns;
- recent changes in national and international law and practice providing for information and consultation around such issues; and
- an assessment of the implications for the ILO's work.

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 coupled with the financial crisis. 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.⁸ 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 generated by the current crisis by mobilizing the full potential of their enterprises.⁹ 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

⁸ ILO: *Changing patterns in the world of work*, Report of the Director-General, Report I(C), International Labour Conference, 95th Session, Geneva, 2006.

⁹ L. Rychly: *Social dialogue in times of crisis: Finding better solutions*, Geneva, ILO, DIALOGUE Working Paper No. 1, 2009.

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.¹⁰ 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 directed to provision of information with the minimum information requirement often oriented towards the past rather than the future situation of an enterprise.¹¹ Against this background and with a view to reinforcing the role of European Works 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.¹² European Works Councils currently operate in 820 companies across the EU, covering some 14.5 million employees.¹³
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 employees' 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,¹⁴ a situation which exists both at the level of nations and individual

¹⁰ 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.

¹¹ A. Weiler: *European Works Councils in practice*, European Foundation for the Improvement of Living and Working Conditions, Luxembourg, 2004.

¹² 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.

¹³ For the full text of the proposal for a directive, please consult European Commission web site at: <http://ec.europa.eu/social/BlobServlet?docId=458&langId=en>.

¹⁴ ILO: *A fair globalization: Creating opportunities for all*, report of the World Commission on the Social Dimension of Globalization, Geneva, 2004.

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. As noted in a recent report on social dialogue, the current crisis led many governments to intensify their appeal to social partners to negotiate or participate in joint consultations. This is true even in countries with less dialogue-oriented administrations, not only in Europe but also in Asia or Latin America.¹⁵

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, was 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)).
50. This constitutional obligation is reflected in various later instruments, such as the Co-operation at the Level of the Undertaking Recommendation, 1952 (No. 94), the Consultation (Industrial and National Levels) Recommendation, 1960 (No. 113), and the Communications within the Undertaking Recommendation, 1967 (No. 129). Recommendation No. 129 provides detailed guidance on how to build mutual understanding and confidence within enterprises, stating that information should be provided to workers and their representatives and consultations should take place with them before decisions on matters of major interest are taken by management (Paragraph 2). The Recommendation provides that management should give workers information on a whole range of subjects, including, inter alia, with respect to "the general situation of the (enterprise) and prospects or plans for its future development" and to explain decisions which are likely to affect workers, directly or indirectly (Paragraph 15(2)). The Workers' Representatives Recommendation, 1971 (No. 143) (Paragraph 6(2)(f)), refers specifically to consideration of priority to workers' representatives in case of workforce reduction. These Recommendations emphasize that information and consultation processes should coexist with and complement the institution of collective bargaining. Similar provisions, some addressing more specific situations, are developed in a number of other ILO instruments.¹⁶

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.

¹⁵ L. Rychly: *Social dialogue in times of crisis: Finding better solutions*, ILO, Geneva, DIALOGUE Working Paper No. 1, 2009.

¹⁶ 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).

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. A Conference discussion on this item could address, inter alia, such areas as:

- recent economic and social developments having major impacts on the competitiveness, job security, employment conditions, skills requirements, work organization and location of enterprises;
- recent developments in labour–management relations at enterprise level, including new forms of consensus building through information and consultation, that proved useful to mitigate the impact of the crisis;
- related developments in social dialogue at national and transnational levels;
- changes in national and transnational legislative frameworks and other institutional provisions and arrangements for information and consultation; and
- consequences for ILO work, with a special focus on technical advice and cooperation.

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.