

World of Work

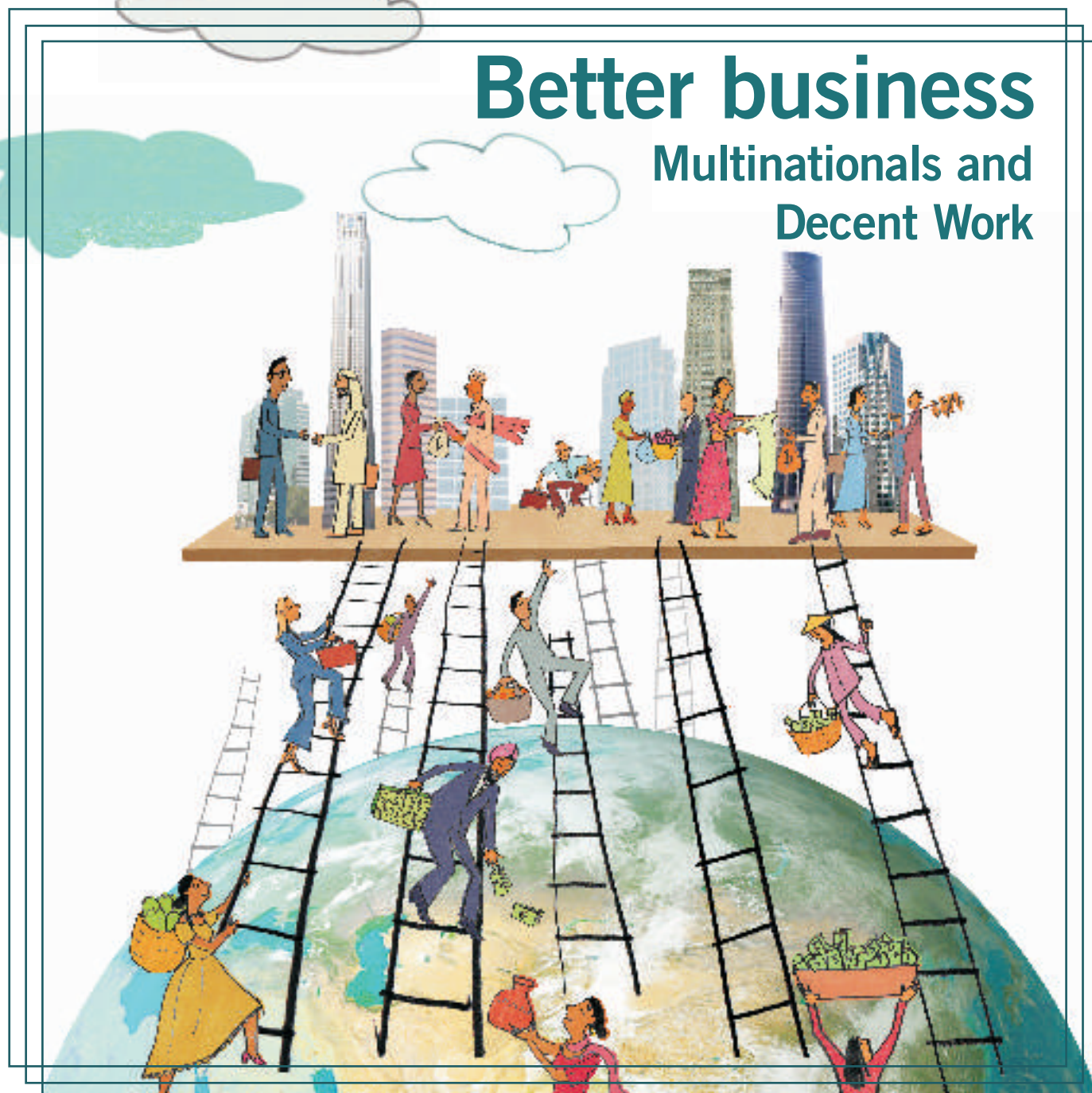


International
Labour
Office
Geneva

THE MAGAZINE OF THE ILO

Better business

Multinationals and Decent Work



No. 62, April 2008

Also in this issue

The Better Work Global Programme • Contracts in the cleaning industry • Child labour: Sharing experience from South to South • Child labour: ILO partnerships with industry • Getting into the formal economy • The global employment challenge • Photo report: Below zero - Working in the Arctic

The Multinational Enterprises Declaration



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The story of the ILO's Multinational Enterprises Declaration goes back more than three decades from before 1977, when it was formally adopted, to the end of the 1960s when the activities of multinationals were first beginning to attract serious attention – and, from some quarters, serious criticism. At the time, the term CSR – corporate social responsibility – had not yet been coined. “The Declaration was ahead of its time,” said ILO Director-General Juan Somavia recently at the 30th anniversary celebration of the Declaration, Multiforum (see cover story). “It is very much part of ILO history: now we have to make sure that it is also part of the future.”

Looking back from today's vantage point, some people wonder just how the ILO managed to achieve the feat of producing the Declaration. As Mr Somavia puts it, this was an extremely polarized era: “a time when it seemed highly unlikely that the social partners would achieve consensus on an issue as sensitive as multinational enterprises”.

But thanks to the hard work of many from both sides of industry over a period of several years, that consensus did prove possible. The ILO's Governing Body first agreed in 1971 to provide funds to hold an initial meeting on the relationship between multinationals and social policy, a decision endorsed by the ILO Conference a year later. The initial tripartite meeting on the issue was held in October and November 1972, and this was followed by a similar meeting in 1976, when the proposal to work towards a set of guidelines was agreed. Then the hard work really started: the first three months of 1977 saw a small tripartite working group work on the detailed draft of what was to become the MNE Declaration. Their work produced an agreed text, which was submitted to – and adopted by – the ILO's Governing Body in November 1977.

The Declaration has been periodically updated, most recently in 2006. It is more than ever relevant today, as articles in this issue of *World of Work* demonstrate. It can be found online at www.ilo.org/multi in 16 languages.

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Multinationals and Decent Work

With global reach, vast capital and potential to create or cut millions of jobs, multinational enterprises are playing an increasingly important role in the world economy. In this issue, *World of Work* looks at global employment and the actions taken by the ILO in cooperation with governments, the social partners and civil society to improve socially responsible labour practices.

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Created in 1919, the International Labour Organization (ILO) brings together governments, employers and workers of its 181 member States in common action to improve social protection and conditions of life and work throughout the world. The International Labour Office, in Geneva, is the permanent Secretariat of the Organization.

Better business

Looking back, looking forward



© M. Crozet/ILO

A major international forum in Geneva has marked the 30th anniversary of one of the first initiatives by the international community to put the social dimension into globalization. Andrew Bibby reports on a key tool to encourage multinational businesses to adopt socially responsible labour practices.*

GENEVA – The ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy – or, more simply, the Multinational Enterprises (MNE) Declaration – was a pioneering document when it was first adopted in 1977. Since then it has proved a valuable tool in establishing a framework under which global companies can operate as good corporate citizens of the

world, and in the ILO's work of promoting socially responsible labour practices.

These days, talk of corporate social responsibility (CSR) is widespread, and both companies and their customers are increasingly likely to take an interest in the ethics of business operation. Companies with strong CSR policies appreciate the importance of considering both environmental factors and the employment conditions they offer their workers, and it is in this latter area that the ILO's Multinational Enterprises Declaration inspires good practice.

Globalization has developed apace since the late 1970s when that phrase was first drawn up, and multinational enterprises have become even more important as global employers. Today around

* *World of Work* acknowledges with thanks the contributions to this article of Yukiko Arai, Technical Specialist, ILO Multinational Enterprises Programme.

65,000 multinationals between them employ more than 90 million people, or one in 20 of the global workforce – with the top hundred multinational companies directly responsible for the employment of about 15 million people. But they are indirectly responsible for many millions more: they have a potentially major role in the lives of millions of workers by helping to shape the employment conditions and opportunities for social dialogue in the countries in which they operate.

So it is heartening that some, at least, of these businesses are prepared to sign up publicly to the principles behind the Declaration. Attending the 30th anniversary forum in Geneva in November 2007 were senior executives from a number of major world companies, among them household names such as Nestlé, Panasonic, Telefónica and Manpower. Representing the ILO's tradition of tripartism, they were joined, too, by the general secretaries of a number of the Global Union federations, including Union Network International and the International Metalworkers' Federation.

According to ILO Director-General Juan Somavia, the Multinational Enterprises Declaration remains as relevant today as it was back in the 1970s when governments, business and union leaders first debated and discussed its shape. Opening the forum, Mr Somavia described the Declaration as reflecting the shared recognition that the needs of business and the welfare of workers go hand in hand. "The Declaration was ahead of its time," he claimed. "It is very much part of ILO history: now we have to make sure that it is also part of the future."

His words were echoed by one of the other speakers at the event, Nestlé's CEO and Chairman Peter Brabeck-Letmathe. "The Multinational Enterprises Declaration has been and will be for many years a strong document which underscores a key element of business: that, in order to have long-term success, you have to care about and create value for people. That's the only reason why a company can exist," he told his audience of senior business and trade union leaders.



THE ILO MULTINATIONAL ENTERPRISES DECLARATION: WHAT DOES IT SAY?



The Declaration begins by establishing some general principles, designed to promote good practice for all. Multinationals are asked to support the ILO's call for adherence to the Fundamental Principles and Rights at Work, and to work in harmony with the development priorities and aims of the countries they operate in.

There follows a section on employment promotion, job security, and issues of equality of opportunity and treatment. A second section of the Declaration focuses on the need to encourage skills training: multinationals "should ensure that relevant training is provided for all levels of their employees in the host country", to help improve skills and career opportunities for individual workers and to assist the development policies of the countries they are in.

A third section, entitled *Conditions of*

Work and Life, covers issues of wages, employment benefits and employment conditions, as well as minimum age requirements. Additional clauses promote appropriate action to ensure high occupational safety and health standards.

Finally, the Declaration includes a section encouraging sound industrial relations. Multinationals "should observe standards of industrial relations not less favourable than those observed by comparable enterprises in the country concerned", the text states. The right of workers to freedom of association is spelled out, as are workers' rights to organize and to negotiate their terms and conditions through collective bargaining. There are clauses on consultation, grievance procedures and dispute resolution.

The overall theme lying at the heart of the Declaration is also spelled out. It is "to encourage the positive contribution which

multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise".

The ILO Multinational Enterprises Declaration has since been joined by other international instruments, including the OECD Guidelines for MNEs and the UN's Global Compact introduced in 1999, as well as by other international initiatives. Encouragingly, today there is much greater recognition in the business community of the importance of corporate social responsibility than there was in 1977. Nevertheless, the ILO Declaration remains unique in having been produced by the ILO's tripartite process of social dialogue – a global agreement negotiated by representatives of both employers and workers, with a positive message at its core. It is a valuable tool in the global journey towards socially responsible labour practices.

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*Speaking at the MultiForum:
ILO Director-General
Juan Somavia;
Peter Brabeck-Letmathe,
Nestlé CEO;
Ebrahim Patel, COSATU;
Danny Kalman, Panasonic;
Oscar Maravar Sánchez-
Valdepeñas, Telefónica;
Philip Jennings,
Union Network International*



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Doing good and doing well

According to Juan Somavia, there is increasing pressure on business from consumers who are choosing to buy from companies with good social practices. "There is growing awareness for the need of a fair globalization, because the present course is widely recognized as being morally unacceptable and politically unsustainable," he told his audience in Geneva. "To be sustainable, enterprises have to be socially competitive." "Doing good and doing well are mutually reinforcing," said Mr J.-M. Salazar-Xirinachs, Executive Director of the ILO's Employment Sector.

Although it is a voluntary code of practice for companies, the Declaration has a weight beyond individual companies' own statements of social responsibility as an international statement of good practice drawn up through the ILO's formal tripartite structures – in other words, by employers, workers' representatives and governments working together. This was a point made by another speaker at the forum, Ebrahim Patel, executive member of the Congress of South African Trade Unions (COSATU). "Codes developed by companies to guide their own conduct – however helpful it may be to the company – can clearly not be an alternative to arrangements that are developed by consensus," he said. "In politics, the limits of unilateralism have become clear. In industrial relations, similarly, unilateralism, represented by

arrangements that companies develop on their own and impose as their practice, cannot replace the value of commonly-developed instruments."

As well as Nestlé, senior executives of Panasonic, Manpower and Telefónica signalled their commitment to the principles underlying the Declaration. For example, Panasonic's involvement in what would now be called corporate social responsibility went right back to the company's founder Konosuke Matsushita, said Panasonic HR director Danny Kalman. As far back as 1929, Mr Matsushita had called for industrialists to take responsibility for the growth and development of society and for the well-being of individuals in society, Mr Kalman explained, referring to the Panasonic founder's well-known book *People before Products*.

Telefónica's director of human resources Oscar Maravar Sánchez-Valdepeñas told the forum how his firm has changed from a company operating only in Spain with 67,000 employees in 1984 to today's position where it undertakes business in 23 countries and employs more than 240,000 people. As part of this process of radical change, Telefónica's model of industrial relations and collective bargaining has also been transformed, Mr Maravar said. He described how, in the 1980s, Telefónica took a strategic decision to move away from the old conflictual model of industrial relations, which had built up when the company was Spain's monopoly supplier of telephone services, to one based on

partnership and dialogue with the trade unions. "The new model of relationship required full mutual trust on both sides. It's been very complicated, but we've achieved it. The model is based on four goals: social dialogue, total transparency in terms of information, balance between the two parties, and a search to find solutions which are win/win," he said.

He said that in countries where labour conflicts had been endemic previously, disputes had been avoided in recent years. "We've learned to have dialogue. Trade unions have been playing a strategic role," he said.

Sitting beside him at the forum was Philip Jennings, general secretary of Union Network International (UNI), the service sector global union with whom Telefónica signed a Global Framework Agreement in 2001. Mr Jennings had a similarly upbeat message about the benefits of social dialogue at global level between multinationals and unions, pointing out the benefit of having a high-level mechanism in place to sort out issues and problems as they arose. He spoke strongly in favour of Global Framework Agreements, arguing "I say to all the companies in this room, and the hundreds of thousands who aren't here, that if you are concerned about your brand and your reputation, and the public perception of you as a business, a Global Framework Agreement based on the ILO Declaration and Conventions should be paramount."

Philip Jennings was concerned, however, about the difficulties which subcontracting by global firms could raise in relation to the workings of the Multinational Enterprises Declaration. It was a point also made by COSATU's Ebrahim Patel, speaking particularly in relation to conditions in developing countries. "One change since 1977 has been the growth of subcontracting by MNEs," he said. "Multinational companies have built up often complex global supply chains which reach out to millions of contractors and suppliers. In some key sectors, relationships between firms are transaction-based rather than hierarchical. This has transformed the employment relationship, since MNEs now state that they are not responsible for workers at the end of the supply chain." It is necessary, he implied, to ensure that the ILO Declaration remains relevant to business circumstances like these.

A second speaker from South Africa, from a business rather than a union background, had a different point to make. Bobby Godsell, until his recent retirement the CEO of AngloGold Ashanti

and before that a director of the Anglo American Corporation, focused on the role global companies need to play in the "host" countries where they are operating. These, he said, should be "not behind the closed doors of private meetings with presidents and ministers, but rather in the open chambers of the institutions of social dialogue.

"Common sense tells us that full democracy, truly independent trade unions, and full gender and race equality do not exist in 181 countries around the world. The conclusion I draw from this is that global companies wishing to conform to the values of the MNE Declaration will often have to do more than merely comply with the laws of their home countries," he went on.

PUTTING PRINCIPLES INTO PRACTICE

"Many multinational enterprises are putting the principles of the MNE Declaration into practice," says Mr J.-M. Salazar-Xirinachs, Executive Director of the ILO's Employment Sector. "They are doing interesting and important things to promote employment and skills development, protect workers' rights, and foster good industrial relations":

- **AngloGold** played a leading role in South Africa in challenging the denial of full trade union rights for black miners during apartheid.
- **Nestlé** is working to support local farmers through transferring technology, providing microcredit and supporting infrastructure development.
- **Panasonic** has supported cross-border dialogue between management and worker representatives, including the Panasonic European Congress.
- **Manpower** is engaging in partnership with government, trade unions, NGOs and international organizations to combat the worst forms of exploitation.
- **Telefónica** has effectively used its global framework agreement with UNI to build trustful relationships and transform industrial relations in countries where social dialogue is not fully developed.

The changing world of work

The world of work has changed in many ways since 1977, not least in the growth of new employment models based on temporary work placement, agency working, cross-border outsourcing and flexibility.



Bobby Godsell,
AngloGold former CEO;
David Arkless, Manpower;
Alke Boessiger, Union Network
International;
Marcello Malentacchi,
International Metalworkers'
Federation;
Dan Rees, Ethical Trading
Initiative;
Susan Hayter, ILO



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For some, flexible working might seem to suggest greater vulnerability at work. David Arkless, Manpower Inc. Senior Vice President, argues however that flexibility should be seen as a good thing. There is a virtuous circle, he told the ILO forum, whereby flexibility improves productivity, which improves business competitiveness, which in turn strengthens national economies and helps create more jobs. His industry has, he said, a “huge role” to play in the time ahead. Already, Manpower was placing almost 4.5 million people into permanent, temporary and contract jobs each year, he said, making it the largest employer outside the public sector.

But he was adamant that flexible working should not mean a retreat on employment conditions for workers. “We are absolutely with you in partnership for improved working standards,” he told the ILO forum. He went on to acknowledge the role of trade unions, together with NGOs, in that partnership: “I think you have a large and increasing role to play. Together we can do something,” he said.

He pointed out that multinational companies often had access to plants from which trade unions were currently excluded, and he called for global corporations to use their influence and power in a positive way in situations like these to promote the ILO Declaration and ILO Conventions and Recommendations. He also described his efforts to recruit global businesses in the fight against human traf-

ficking, a campaign which he has been particularly actively engaged in through the End Human Trafficking Now! movement.

Manpower works closely with the service sector global union Union Network International, and UNI’s Alke Boessiger welcomed this partnership. “We want to work with Manpower, Adecco and Randstad, who have committed to dealing with staff in a decent manner,” she said, pointing out that it was in everyone’s interest to ensure that the temporary work sector was a “clean” industry, where players played by the rules. But she expressed concerns that ILO Convention 181, covering private employment work agencies, had only received ratifications from twenty countries in the ten years since it was adopted in 1997.

Thirty years on, in other words, it would be a mistake to be complacent. Marcello Malentacchi, general secretary of the International Metalworkers’ Federation, described the ILO Declaration as “a good initiative” but claimed that it lacked the implementation and supervision mechanisms to ensure that it was followed. Philip Jennings had a similar message, arguing that the Declaration by itself wasn’t necessarily adequate as a way of making improvements. “I would like to find a way of making the ILO more relevant,” he said. He added that the increasingly important private equity community needed to be brought in to the discussions.

David Arkless shared this concern, and called for the ILO to have much stronger procedures for ensuring that both ILO Conventions and the MNE Declaration are implemented. “There is no point in having a Declaration unless you really police it,” he said. The MNE Declaration in particular he described as a “fantastic framework”, but he said it had to demonstrate that it could be effective in practice. He ended his contribution to the anniversary forum with a stirring call for action: “Let’s use the anniversary of the Multinational Enterprises Declaration to supercharge what we’re doing,” he said. “We can do it together.”



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"From all of this, it is clear that the ILO has much important work still remaining," said Mr Salazar-Xirinachs in summing up. He particularly identified four elements:

- To assist multinationals and other companies to better understand how the MNE Declaration can help them to contribute more effectively to economic and social development
- To assist governments to better understand and implement the recommendations of the MNE Declaration aimed at helping them attract investment which will contribute to Decent Work in their countries
- To assist employers' and workers' organizations to engage more fully and effectively with multinational enterprises to achieve productivity and growth through socially responsible labour relations
- To reach out to groups the ILO has not worked with in the past. For example, the ILO might have a role to play in helping financial markets understand the objectives of the MNE Declaration. "Although we may not be able to persuade financial markets to take a 250-year time horizon for investments, following Panasonic's founding philosophy, we might be able to get at least some of them past focusing only on the next quarter," he said.

For ILO Director-General Juan Somavia, one challenge for the future is how to promote the importance of social dialogue as the cornerstone of social responsibility in business. "Being socially responsible does not mean 'doing things' for workers. It means sitting down and talking about a range of issues with unions and workers' representatives. It means dialogue," he said. Dialogue can be difficult and complicated, he acknowledged, but he argued that the results which come from the process are longer-lasting. The task, he said, is to work for a fair globalization where business is profitable and sustainable, and also where social equity is promoted and natural resources conserved.

Please see www.ilo.org/multi or contact multi@ilo.org for further information.

THE ILO IN SUPPORT OF SOCIALLY RESPONSIBLE LABOUR PRACTICES IN MULTINATIONALS: BRIEF HIGHLIGHTS

Since 2004 **Volkswagen**, in collaboration with the ILO and GTZ (German Corporation for Technical Cooperation), has been implementing a Global Compact and Safety and Health project to improve working conditions in their supply chain. The ILO manages the project. Through partnership with Volkswagen suppliers, the company strengthened labour inspection to ensure legal compliance. The project reaches out to small and medium enterprises, helping them increase productivity by improving safety at the workplace level in the countries of operation – Brazil, Mexico, and South Africa. "In just five days we had already implemented many of the recommendations without any large costs involved," said one South African Managing Director.

Magyar Telekom, Hungary's largest telecommunications company with operations in Bulgaria, Macedonia, Montenegro and Romania, is a fully-consolidated subsidiary of Deutsche Telekom. Although Magyar Telekom's corporate culture already encompasses CSR-related activities, it participated in an ILO training in 2006 on equal opportunities and diversity policies "to gain support in rethinking the various initiatives and programmes already in place in the company in a more systematic way". In 2007 Magyar Telekom won the Diversity Award among member companies of the Deutsche Telekom Group.

Also in Hungary, in 2007 ILO-STEP issued a call from proposals from companies to share **good practices in equal opportunity and diversity management** at the workplace. Nine companies responded, including subsidiaries of foreign multinationals as well as large state-owned companies and one small business. They described 32 initiatives, now published by the ILO Office in Budapest.

The ILO has recently carried out **research on value chains** in two sectors, agribusiness and electronics. The electronics study was launched on the occasion of the Tripartite Meeting on the Production of Electronic Components for the IT Industries in May 2007.

A new **ILO Helpdesk** is to be launched in 2008 to provide expert advice on how companies can realize international labour standards and the principles of the ILO Tripartite Declaration on Multinational Enterprises and Social Policy. It responds to the ever-growing interest of companies in referencing international labour standards and internalizing them into their operations, including in global value chains.

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Mr J.-M. Salazar-Xirinachs, Executive Director, Employment Sector, ILO

We're in business!

From Better Factories to Better Work



© IFC

The ILO's work with the private sector is not new. But in recent years there have been some interesting developments in ILO support to companies in their CSR-related activities. *World of Work* looks at a country project that grew into a major global programme, and interviews Ros Harvey, the Better Work Global Programme Manager.

GENEVA – Global supply chains are the way the world does business. They bring gains, but also challenges. Consumers, investors, workers, employers, activists and media are taking a closer look at the impact of global supply chains on workers and their communities.

There is a growing worldwide demand for:

- the protection of workers by labour standards
- safer and higher quality products
- industries that are environmentally sustainable

The Better Factories project in Cambodia is now in its eighth year. Aimed at improving working conditions in textile and garment industries, this

unique programme of the ILO combines monitoring, remediation and training in a virtuous cycle of improvement. Working with the Government of Cambodia, the Garment Manufacturers' Association in Cambodia (GMAC) and unions, it benefits workers, employers and their organizations as well as consumers in Western countries. It is helping to reduce poverty in one of the poorest countries of the world.

International buyers representing 70 per cent of Cambodian exports in apparel are now actively participating in the project. The government decided that participation in the programme should be a condition for export, and the country has successfully created the "Cambodia Brand", which in turn has boosted competitiveness of the country's industry. Exports have grown by 10 per cent in volume and 20 per cent in value. Dialogue amongst key stakeholders – government, employers, workers as well as international buyers – has been crucial to its successes, which include the generation of over 30,000 jobs, 43 per cent unioniza-

IMAGINE ...

... international buyers using the Internet to see how supplier factories in developing countries are treating their workers.
... local plant managers getting information and training to help them improve compliance with labour standards and increase their productivity.
... the lives of millions of workers and their families improved by raising labour standards.

tion rate, and a decrease in child labour to below 1 per cent.

The success of the Better Factories project has inspired the creation of a major new global programme: *Better Work*, a partnership between the ILO and the International Finance Corporation (IFC), the private sector arm of the World Bank Group. *World of Work* spoke to Ros Harvey, ILO and IFC Better Work Global Programme Manager.

World of Work: *What is the new Better Work programme all about?*

Ros Harvey: The *Better Work* programme is about fairer globalization and reducing poverty in developing countries. It is designed to improve the working conditions in global supply chains while also improving competitiveness and the business case. International buyers have a critical role in this process by supporting improvements in their own supply chains.

Better Work has designed three pilot country projects in Jordan, Lesotho and Viet Nam for implementation in 2008. The projects combine independent assessments of labour standards at the factory level with training and capacity building. These pilot projects alone will directly benefit nearly 800,000 workers. The project in Jordan was launched in February 2008. We are now focusing on agriculture in Africa as the next step.

World of Work: *What are the benefits and challenges of implementing labour principles in supply chains?*

Ros Harvey: As global competition increases, countries need to find ways to keep and develop their markets. They have to adopt a holistic strategy improving working conditions and compliance with labour standards, increasing productivity and promoting dialogue. Cambodia's success in attract-

ing international buyers and increased orders has provided an example of how compliance with labour standards is good for business. Improving labour standards in supply chains is good for business but it is also good for workers and their communities. It shares the benefits of trade to some of the poorest people in the world by making sure that they get paid properly, have decent working conditions and have their rights respected.

World of Work: *What support can the ILO and IFC provide for business and labour?*

Ros Harvey: The ILO's Declaration on Fundamental Principles and Rights at Work contains "the Four Freedoms of Labour": workplaces free from child labour, forced labour and discrimination, and that promote freedom of association and collective bargaining.

Other ILO tools to assist in promoting decent workplaces include the ILO's Tripartite Declaration on Multinational Enterprises and Social Policy, which marked its 30th anniversary last November; the tripartite agreement at the International Labour Conference in June 2007 on what constitutes sustainable enterprises and how to promote them, and a series of "action programmes" organized by sector where employers, unions and governments work together in industries such as tourism and textiles.

IFC has its Performance Standards which set social and environmental compliance standards for its investments. Performance Standard 2 sets out standards for IFC's clients on labour issues. It includes the ILO's core labour standards as well as a range of other labour standards.

IFC, often in partnership with organizations such as the ILO, also develops tools, projects, good practices notes, and other guidance for the private sector to go beyond compliance in their labour



Ros Harvey, Manager of the Better Work Global Programme

© R. Harvey/ILO

MEASURING IMPACT AND IMPROVING PERFORMANCE

Better Work measures its impact on workers, enterprises, industries and economies. A comprehensive monitoring and evaluation framework measures:

- *Impact on workers.* Are workers and their families better off? Have their working lives, health and access to education for their children improved?
- *Impact on enterprises.* Are enterprises improving productivity and quality? Do they save money by retaining more qualified workers? Have they accessed new markets?
- *Impact on industries and economies.* Is the industry growing? Are more people employed? Have the quantity and value of exports increased?



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>> standards performance. *Better Work* is one such example of these tools.

World of Work: *There are many corporate social responsibility (CSR) initiatives worldwide. What is the comparative advantage of a programme like Better Work?*

Ros Harvey: The broad range of stakeholders gives the new programme a high degree of credibility. *Better Work's* tools and country-specific programmes will enable us to work together with government, international buyers, employers' and workers' organizations on shared models that promote sustainable impact at the national level. *Better Work* combines independent assessment of labour standards with capacity building and training. It is not enough to ask what is the problem. We also have to work together to find solutions. The future rests with the collaboration of partners at the national level together with international buyers. Only through broad-based engagement can we find practical tools and solutions which are based on actual experience. We need to measure what we do, identify what works, and what doesn't. Through this process we will build support for change.

World of Work: *What are the strengths that the IFC and ILO bring to their partnership for Better Work?*

Ros Harvey: IFC and ILO bring their expertise to the table. *Better Work* builds on the respective strengths of the IFC and the ILO. The IFC is the private sector financing arm of the World Bank. It has performance standards on labour for its investment clients. The ILO is the specialized labour agency of the United Nations. *Better Work* combines expertise of the ILO in social dialogue, labour standards and their application, with those of the

IFC in private sector development. As international organizations they bring strong credibility and experience to the programme.

World of Work: *There was a session on labour during the Global Compact Leaders' Summit 2007. In what way was the relationship between business and labour principles discussed?*

Ros Harvey: Participants heard directly from both the CEOs and representatives of labour, employers and civil society as they discussed the relationship between business and labour principles. Moderating a panel that included representatives from the private sector, international and major trade union and employer organizations, ILO Director-General Juan Somavia emphasized the role of labour principles in business. According to Mr. Somavia, respect for fundamental rights at work, sound industrial relations and collective bargaining are all part of being a successful and sustainable enterprise.

For more information please visit
www.betterwork.org

GLOBAL TOOLS - LOCAL SOLUTIONS

Better Work builds a global pool of resources searchable by language, industry and country. Some of these include:

- a framework for assessing compliance with core international labour standards and national labour law, allowing enterprises to track the impact on quality and productivity.
- STAR - an information system that captures data on compliance and remediation (see sidebar on page 13).
- virtual communities for sharing knowledge among all stakeholders in the supply chain.
- training resources on workplace cooperation, quality assurance, health and safety, productivity, working conditions, human resource management and other local priorities.
- proven techniques that raise worker awareness on their rights and responsibilities through media such as comic books, radio and television soap operas.
- workbooks to solve problems in small and medium enterprises.
- model policies and good practice guides to address common challenges for enterprises.



BETTER WORKING CONDITIONS, BETTER BUSINESS - ONLINE

STAR (Supply chain Tracking of Assessments and Remediation) is Better Work's web-based, multilingual system for storing data, benchmarking performance, documenting progress, factor analysis and public reporting.

STAR lets enterprises share reports with buyers on their compliance with labour standards and what they are doing to improve. It is an efficient technology that allows enterprises and buyers to reduce resources spent on auditing and redirects them to finding solutions and fixing problems. It gives enterprises online guidance for improvement planning and is also used to track the impact of better labour standards on quality and productivity to demonstrate the business case for compliance.

STAR can be used anywhere in the world for self-guided assessment and improvement. Assessments and training are covered by fees.

WHAT THEY'RE SAYING ABOUT BETTER WORK . . .

"Better Work supports the empowerment of workers in some of the poorest countries of the world. Through achieving real freedom of association the lives of workers and their families will be improved."

Sharan Burrow, President, International Trade Union Confederation

"Compliance with national labour law lies at the heart of labour and social improvement in a globalizing world. Better Work offers on the ground help to employers to comply... Through compliance, employers are able to improve their economic performance and access to global markets."

Brent Wilton, Deputy Secretary-General, International Organisation of Employers

"Better Work represents a significant breakthrough in raising labour standards... We believe it will be invaluable as it strives to improve the working conditions for people making our products."

Michael Kobori, Vice President, Supply Chain Social and Environmental Sustainability, Levi Strauss & Co.

"Here in Lesotho, Better Work underscored that all social partners are interdependent and their goals overlap. It is helping us move forward on a common vision."



Bassem Khalil Al-Salem, Minister of Labour, The Hashemite Kingdom of Jordan; Ingrid Schullstrom, H&M; Sharon Burrow, ITUC; Neil Kearney, ITGLWF

Thabo Tshabalala, African Regional Secretary, International Textile, Garment and Leather Workers' Association

"Better Work Jordan establishes a partnership based on the principle that decent work conditions and the production of quality products at competitive prices can go hand-in-hand."

Bassem Khalil Al-Salem, Minister of Labour, The Hashemite Kingdom of Jordan

"Better Work is a great opportunity for companies... We want it to start in apparel and then expand to all other sectors..."

Farham A. Ifram, Chairman, Jordan Garments Accessories & Textiles Exporters Association

"Better Work is a practical and effective tool that helps us build capacity among workers and managers at our suppliers' factories."

Ingrid Schullstrom, CSR Manager, H&M

"Better Work is a comprehensive approach that embraces labour administration, capacity building in its widest sense and social dialogue in an effort to make social compliance a key element of global competitiveness."

Neil Kearney, Secretary General, International Textile, Garment and Leather Workers' Federation

No vacuum

Cleaning up cleaning contracts



© M. Crozet/ILO

A hidden army of workers is at work each day cleaning the world's office blocks. Many office staff never meet the people who empty their garbage and dust their desks, for cleaning contracts often specify that the work is to be undertaken out of normal work time, in the early morning or evening periods. Yet cleaners are an essential part of modern office life. Andrew Bibby reports.

GENEVA – Millions of people work in the cleaning industry. In the European Union alone it is estimated that about three million workers are cleaners, in a sector which contributes in total about €44 billion to the EU economy. Cleaners are more often than not women, working on a part-time basis and frequently trying to combine several cleaning jobs to make enough to live on. In many countries (including most EU Member States and

the United States) cleaners are particularly likely to be immigrants or belong to ethnic minorities.

Cleaning services are now generally outsourced to specialist contractors, so that neither the company whose offices are being cleaned nor – for office premises which are leased – the property company which actually owns the building is directly responsible for the wages paid or the employment terms in force. Because cleaning is a cost centre rather than an income generator for businesses, the emphasis when choosing a contractor is on keeping costs down. As the European Federation of Cleaning Industries (EFCI) and Union Network International (UNI) have pointed out in a joint communiqué, there is a “general trend among the clients (public as well as private) to select their cleaning contractors on the basis of price as the only criterion, without considering the quality of service, the working conditions, personnel training

or even the professionalism of the companies bidding on the contract”.

The result, all too often, is that cleaners’ wages are low and their employment conditions precarious. As one New Zealand woman cleaner, Rosa Faleniko, has put it, “I am worried that all my company now wants from me is to work harder and faster by cutting our hours. I do not think they understand what I do and they do not appreciate us.” She goes on to ask for a “decent wage” to be paid, “so that I can get my family off being reliant on benefits”.

Encouragingly, it seems that – in some parts of the world at least – her pleas are beginning to be responded to. Unions in, among other places, Australia, Germany, New Zealand, the United Kingdom and the United States, have launched campaigns particularly focused on the plight of contract cleaners. Among businesses, too, some companies have recently chosen to review the arrangements for their contracts. There are pioneering examples of social partnership between large contractors and unions, including a global framework agreement between UNI and the multinational contractor ISS Facility Services.

The problem of an uncontrolled race to the bottom on cleaning contracts is already acknowledged by some of those in the industry. The Australasian trade magazine Inclean recently quoted one executive as describing the industry as “devouring itself from within through nonsensical pricing”. From the union side, Tom Balanoff, president of UNI’s Property Services sector, describes meetings with property companies who privately agree with him that conditions need to improve but who also point out that they have to stay competitive in the rents they charge their clients.

The preferred solution of Balanoff’s own union, the SEIU (which organizes in Canada, Puerto Rico and the United States), is to seek to establish agreements on wages and conditions for cleaners which apply for office buildings in a whole metropolitan area. These market-wide master contracts have been successfully introduced in approaching 30 cities in the US, including New York, Chicago, Washington DC, and Los Angeles. Because the employers are typically sub-contractors whose contracts with property owners can be cancelled at 30 days’ notice, these master contracts have so-called “trigger agreements”, ensuring that improved wages and conditions are introduced only when

enough companies in the market have signed up. The purpose, the SEIU explains, is to make sure that no single contractor is put at a competitive disadvantage.

The latest city to be successfully targeted by the SEIU is Houston, where it took a strike by over 5,000 cleaners at the end of last year to bring in the new city-wide agreement. The strike attracted active support from what the SEIU described as a “strong coalition of faith, political and community leaders”, who came out in favour of the cleaners’ case. The agreement has seen cleaners’ wages rise typically by 21 per cent this year, and has given the workers access to affordable health insurance and to paid holidays.

Tom Balanoff says that the SEIU has deliberately focused its attention on the companies who own and rent the office blocks rather than the individual sub-contractors. The union has also been able to apply leverage through large public sector pension funds, such as the Californian retirement scheme CalPERS, who invest significant funds in commercial property, though trustees of private pension funds have been more difficult to convince. But Balanoff argues that the use of city-wide master contracts makes good sense all round: “In the end, it is to the owners’ advantage and to the contractors’ advantage. They don’t want high turnover of staff, and I don’t think they feel good about paying low wages,” he says.

The LHMU and SFWU unions in, respectively, Australia and New Zealand, have adopted a similar approach in a combined “Clean Start” campaign

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>> launched last year to help improve conditions for cleaning staff. The campaign, which has involved the hiring of fifty organizers, aims to establish what the unions describe as a cooperative relationship with property owners and contractors. Cleaning costs make up, they argue, a very small part of the overall costs of maintaining property, so that significant improvements in wages could be introduced with very little effect on the returns from rental income. “Our aim is for the property industry to recognize its vested interest in ensuring the adoption of high standards of cleaning and security through the use of contractors committed to a high quality of work,” they say. The campaign has drawn up a ten-point checklist of principles for what the unions describe as a responsible contracting policy.

Where property owners are resistant to this message, however, the LHMU and SFWU unions are prepared to try to shame the companies into action. One tactic has been to award “Golden Toilet Brush” awards to employers who fail to agree to improve standards in cleaning contracts. A similar approach has been adopted by the union Unite (formerly TGWU) in the United Kingdom, which has been running a campaign in recent years to try to improve cleaners’ wages in the City of London and Docklands business areas. Unite’s tactic has been to focus on the companies actually occupying the office blocks, trying to embarrass some of the highest profile financial institutions in London with the prospect of poor PR. Several major companies have been presented with a “Golden Vacuum” award, given – according to the union – “for sucking their cleaners dry”. Unite’s campaign for better treatment for cleaners is starting to strike a chord. Barclays Bank, for example, recently arranged for their cleaners to have a substantial pay rise, to £7.50 (\$15) an hour, above the union’s recommended minimum hourly rate. Unite has also signed collective agreements with the three largest contractors in the City of London. “Those companies to their credit know that the future must lie in competing on quality and innovation, not a race to the bottom on wages,” says Unite’s deputy general secretary Jack Dromey.

At the European regional level, the European Union’s structures for dialogue between the social partners have been successfully operating for the cleaning industry since 1999, bringing together the trade association the European Federation of Cleaning Industries and the property services sector of UNI Europa. Their work includes the joint communiqué mentioned earlier, which calls among other things for greater professionalism in the sector, an end to the “vicious circle” of cost cutting, and an emphasis on employee retention and the promotion of full-time work. The EFCI and UNI have also focused specifically on the need to encourage cleaning during ordinary daytime working hours. Daytime cleaning helps workers, they say, by allowing them to work longer hours and to better combine work with family and private life. They argue as well that it can help clients and contractors as well, by reducing costs and increasing the pool of available workers. Daytime cleaning is safer, too, they maintain.

UNI has also been a partner to a Letter of Agreement signed in 2003 with the multinational cleaning contractor ISS. This agreement (see sidebar) puts in place a framework for industrial relations across the group's worldwide operations, based closely on the ILO's core labour standards. The agreement includes among other things a commitment by the company not to use forced, bonded or child labour, a recognition of the right of workers of freedom of association and the right to collective bargaining, and an acceptance of the need to ensure that working conditions are decent. ISS has signed a Responsible Cleaning Contractor agreement in Australia with LHMU, is moving towards a similar agreement with the SFWU in New Zealand and has also recently signed an agreement in the Netherlands giving organizing rights to the union FNV Bondgenoten.



© ISS

A HUNDRED YEARS OF CLEANING



© ISS

Founded in Denmark in 1901, ISS Facility Services is one of the world's largest property service contractors with operations in 50 countries and about 400,000 staff worldwide. 80,000 workers were added to the payroll during 2006 alone, as a result of more than a hundred acquisitions by the company. ISS has recently expanded its operations in countries such as Australia, Bosnia, Israel, Mexico, the Philippines and Turkey.

The Letter of Agreement between ISS and UNI, signed in 2003, establishes a set of goals shared by both social partners:

- Fair competition and the highest possible standards in the service industry
- Foundations for financial growth and strengthening of the ISS service delivery
- A balanced achievement of financial success on one hand and adequately paid jobs on the other.

In its Responsible Cleaning Contractor Agreement in Australia, ISS and the Australian union LHMU jointly commit to a positive working relationship. The agreement includes the following section:

"ISS takes pride in being an employer of choice in the cleaning industry. The LHMU takes pride in organizing and representing Australian cleaners.

Together we commit to working towards a quality focused cleaning industry:

- where clients receive and pay for good service
- reputable contractors bid and win work based on fair contracting principles and reasonable reward, and
- cleaners enjoy good jobs with sufficient hours, fair pay, reasonable work rates and safe conditions."

Initiatives like these suggest a way forward for the industry. Nevertheless, in many parts of the world cleaners continue to find themselves right at the bottom of the pay ladder. In Hong Kong, for example, 54,000 cleaners remain on very low wages

after the High Court in May last year dismissed a case which sought to force the government to establish a minimum wage for cleaners. The Court found that there was no such requirement.

Sharing experience

A new global initiative against child labour goes from South to South



© M. Crozet/ILO

In the global campaign against child labour, Brazil's success stands out due to its unique ability to identify child labourers, and move them from exploitation to education. Now, a new "South-South" initiative involving collaboration between Brazil and the ILO will help share this experience of turning policy and commitment into concrete action among other developing countries.

GENEVA – In the increasingly successful global campaign against child labour, new lines of action are being drawn from "South to South".

Brazil, one of the countries with the most successful programme against child labour, has drawn up a new "South-South" charter in collaboration with the ILO that will allow a sharing of experiences with other countries with similar goals.

"The diplomacy of the 21st century must be the diplomacy not only of interests but also of active

solidarity, in a way that it reaches the people in other countries with concrete and continuous actions," says the Brazilian Minister of Foreign Affairs, Celso Amorim. He adds that a new agreement signed with the ILO will be essential to guaranteeing the sustainability of technical cooperation projects on the elimination of child labour.

Last December, Brazil and the ILO launched a new worldwide initiative to promote specific South-South technical cooperation projects and activities that contribute effectively to the prevention and elimination of child labour, particularly in its worst forms. The "Memorandum of Understanding between the International Labour Organization and the Government of the Federative Republic of Brazil for the Establishment of the South-South Cooperation Initiative to Combat Child Labour" places Brazil and the ILO in the vanguard of the South-South cooperation, according to Mr. Amorim.

Brazil has promoted South-South cooperation in other issues, but this is the first time the approach has been applied to fighting child labour. The new initiative is designed to help other countries enhance their structure and coordination of their programmes against child labour. Among those countries are two Lusophone countries in Africa, Angola and Mozambique, and Haiti in the Caribbean. The South-South cooperation initiative launched by Brazil is not only an opportunity for countries to benefit from the Brazilian experience in combatting child labour, but also for Brazil to learn from other countries in a spirit of horizontal cooperation. This is why the MOU includes not only countries that would “need” the technical assistance of Brazil, but countries such as India and South Africa, where a real partnership and an exchange of good practices in methodologies for combatting child labour can be undertaken.

Among developing or middle-income countries Brazil has become a reference point in the struggle against child labour for two reasons. Firstly, Brazil has had 15 years of experience in creating and implementing the technology needed to identify working children, take them out of exploitative work and get them into schools while providing their families with some income in what is known as “conditional cash transfer programmes”. Secondly, Brazil has been strengthening its social dialogue structures based on sound civil society coordination to improve social control over public policies in a way that keeps alive consensus building and focus among employers, workers and the government on the issue.

The new agreement with the ILO sets out clear responsibilities for the Brazilian Cooperation Agency (ABC) and the Ministry of Foreign Affairs in furthering current efforts to assist other developing countries in the struggle against child labour while clearly defining the role of the ILO’s International Programme on the Elimination of Child Labour (IPEC) and the ILO’s office in Brazil.

“This is essential, as it stimulates the horizontal cooperation and sharing of good practices, and allows a better empowerment by developing countries, moving them into the driver’s seat,” says Michele Jankanish, Director of ILO/IPEC. “It corresponds to the spirit of Convention 182 on the Worst Forms of Child Labour regarding cooperation between nations.”

She adds that the agreement “will also imply close links between colleagues in all countries, as more horizontal cooperation is expected.”

For Lais Abramo, Director of the ILO Brazil Office, such horizontal cooperation is essential to promoting the cooperation and social dialogue needed to prevent and to eliminate child labour.

“With the Memorandum, we are inaugurating a new phase of dialogue for construction of criteria that, with no doubt, will strengthen the mission of the international cooperation of the ILO,” she says.

This translates into more effective projects on the ground. Maria Beatriz Cunha, Programme Officer of the ILO Brazil Office (and former IPEC CTA in Brazil), says the MoU “reaffirms the commitment and the policies for the application of the ILO Convention 138 on minimum age and Convention 182” and will bolster efforts by Brazil and its partners in civil society to share their experiences with other countries.

The project is also expected to extend to India, South Africa and some other members of Mercosur to promote a dialogue on possible cooperation based on existing good practices. The ILO-Brazil initiative is also designed to create a forum for South-South cooperation in the fight against child labour among regional groups such as the Andean Pact, Mercosur, CPLP, and India-Brazil-South Africa Trilateral (IBSA) to foster horizontal cooperation among countries sharing successful experiences in the fight against child labour.

“The Memorandum aims to qualify the interchange of specialists and research, beyond the execution of projects of technical cooperation,” says the director of ABC, ambassador Luiz Henrique Pereira da Fonseca, adding that ABC is ready to work with the ILO to coordinate the consolidation and systematization of Brazilian good practices in a manner appropriate to situations in other developing countries.

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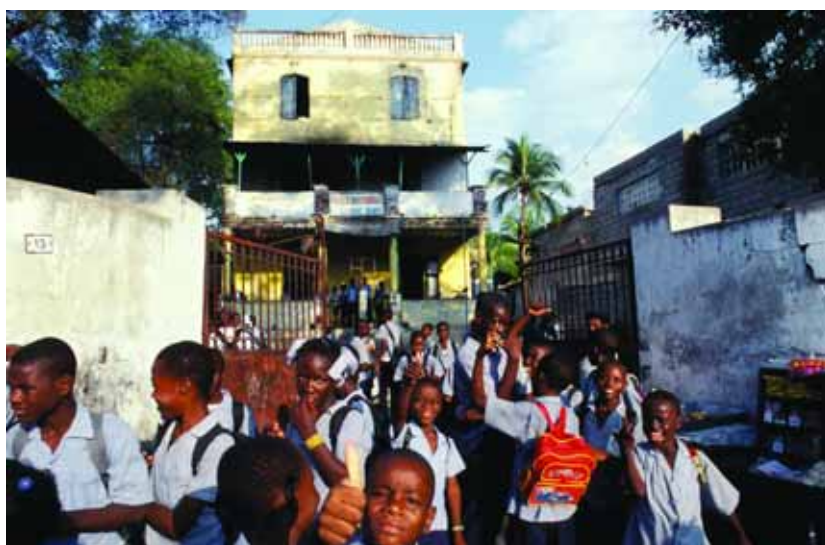
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Angola and Mozambique have already undertaken projects that anticipated the new South-South contacts, and a new ABC-funded project has been announced on eliminating and preventing the worst forms of child labour in Haiti. Structured as a pilot project, the Haiti project aims to withdraw 200 children from the worst forms of child labour and get them into primary education. It also may prevent another 600 girls and boys at risk from being exploited at work. In addition, Guinea-Bissau has also announced its interest in hosting a project of this nature.

Such cooperation is vital, according to ILO experts, to strengthen efforts in some Portuguese-speaking countries where the number of child labourers hasn't declined as rapidly as in Latin America.

"The Memorandum of Understanding is a portrait of the experience that the ILO has been developing," says Pedro Oliveira, from IPEC Brazil. "It is a symbol of the philosophy of the ILO of continuously sharing experience, in the context of the United Nations and the world of work."



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CHILD LABOUR IN DEVELOPING COUNTRIES

Most children in developing countries work in the agricultural sector, but there are important differences as to the extent of their involvement as well as their exposure to hazards at the workplace. At the global level, 2 out of 3 children work in agriculture. In some developing countries, especially in sub-Saharan Africa, rates can come close to 100 per cent. These distribution patterns are relatively unrelated to the distribution of the adult labour force by sector and the overall structure of the economy.

The Sialkot Soccer Ball Initiative (Pakistan)

Ten years ago the Atlanta Agreement signed by the ILO, UNICEF and the Sialkot Chamber of Commerce and Industry (SCCI) was an early example of voluntary industry collaboration with multilateral agencies and key stakeholders to address human rights issues in the global supply chain. Child labour was a major issue, and partners in the Initiative included the Government of Pakistan, the World Federation of Sporting Goods Industries (WFSGI), the Federation Internationale de Football Association (FIFA) and the social partners.

Since then, and in response to evolving global trends, the ILO has been asked to expand the scope of the soccer ball programme to all core international labour standards, beyond the prevention and elimination of child labour. Discussions are expected to lead to the Sialkot Compact – making Sialkot a model of excellence for soccerball production.



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Strengthening of government inspection systems and promotion of effective social dialogue are among the six priorities of the Compact.

The cocoa industry (West Africa)

Media attention on trafficked children employed in slave-like conditions in cocoa farms of West Africa led in 2001 to the Harkin-Engel Protocol which set a timetable to ensure that cocoa is grown without the use of child labour or forced labour. The ILO was a witness to this protocol.

In July 2002, this partnership established a foundation called the International Cocoa Initiative – Working towards Responsible Labour Standards for Cocoa Growing (ICIG) in Geneva. Today, the ILO continues to serve as an advisor to the Cocoa Foundation and participates in multi-stakeholder forums. From 2002 to 2006, ILO/IPEC supported initiatives to combat child labour in the cocoa and agriculture sectors in five African countries: Cameroon, Côte d'Ivoire, Ghana, Guinea and Nigeria.

PETROBRAS (Brazil) is developing its strategy on combating child labour in the agricultural sector with ILO support. The company has



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a particular interest in combating child labour in bio-fuel agricultural production, and is considering funding additional initiatives in the sector.

Abrinq Foundation (Brazil) brings together companies which are engaged in the promotion of child rights and combating child labour. There are 10 commitments that companies must adhere to before obtaining a logo from the Foundation. Awareness raising campaigns were also promoted jointly under the umbrella of the ILO-IPEC Time-Bound Programme (TBP).

"Red de Empresas en contra del Trabajo Infantil" (Argentina) is a network of companies against child labour created in 2007 supported by the ILO. Members include **ACCOR, ADDECO, ARCOR, ANDREANI, the Tobacco Chamber of Salta, Manpower, Nobleza Piccardo, Movistar** and **TELEFÓNICA**. This follows up on a 2004 Declaration of Argentine companies against child labour.

Tobacco Foundation (ECLT). Since 2003, ILO-IPEC has implemented a programme funded by the ECLT in Urambo, Tanzania to combat child labour in the tobacco sector. The ILO is also adviser to the ECLT Foundation.

Bangladesh Garments Manufacturers' and Exporters' Association (BGMEA). The ILO-UNICEF Memorandum of Understanding of 1994 led to the development of a programme to prevent and eliminate child labour in the garment sector in Bangladesh. After a successful implementation, the scope of the project was expanded to include other labour issues.



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Pakistan Carpets Manufacturers' and Exporters' Association (PCMEA). In 1998, the ILO signed an Agreement with the PCMEA and since then a programme has been implemented with positive impact and model interventions. The PCMEA has been a donor to the programme.

Getting into the **formal economy**

The Amhara Women Entrepreneurs' Association



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More women than men work in the informal economy in developing countries, so promoting women's entrepreneurship is key to facilitating the transition of workers from the informal to the formal economy. Roland Muller and Hans von Rohland look at an Association in Ethiopia which is working with support from the ILO to empower women in business.

ADDIS ABABA – The Amhara Women Entrepreneurs' Association (AWEA) has come a long way since it was founded less than a decade ago. To start with, the original 60 women members found it difficult to meet, struggling with poor communication services, unreliable transportation and other impediments.

Today, AWEA has grown to some 3,000 paying members. They are served by fully-equipped branch offices in four cities that coordinate the complex activities of what has become a member-driven association.

But AWEA still faces a daunting challenge. Most Ethiopian women still do not have access to any kind of training or the chance to meet other entre-

preneurs. They are trapped in a vicious cycle of poverty they cannot easily escape.

The transition from the informal to the formal economy is not going to happen overnight, but Frealem Shibabaw, the former president of AWEA, is cautiously optimistic: "The transition is not going to happen fast, but it will eventually happen with appropriate planning. We have to be very strategic and our strategies need to be adapted to the actual situation and the specific problems in the country."

Focusing on women's entrepreneurship is a powerful tool to facilitate transition from the informal to the formal economy. Support measures include skills development, literacy courses, legal information, improving market access, business development services, and microfinance.

Efforts to upgrade the informal economy with particular attention to women were also on the agenda of an ILO meeting last November. The *Tripartite Interregional Symposium on the Informal Economy: Enabling Transition to Formalization* brought together senior officials from 17 governments, 17 employers' organizations and 17 workers' organizations to discuss recent policy responses enabling the transition from the informal to the formal economy. The Symposium was a follow-up to the 2002 International Labour Conference general discussion and Resolution on Decent Work and the Informal Economy.

Women Entrepreneurs' Associations can facilitate the pooling of resources, increase women's bargaining power and voice as well as productivity. "They play an important role in assisting women entrepreneurs to improve their economic situation, generate new sustainable business ideas, and develop their skills. This is particularly true for developing countries with a considerable portion of their economies in the informal sector," says Regina Amadi-Njoku, ILO Regional Director for Africa.

"I am really benefiting from AWEA. I get the chance to sell my products in the bazaars free of

charge. We are also trying to improve our working space. Another benefit is that we received training in bookkeeping and I recently got a contract to supply bread for the local university,” says Hulu Agerishe Mamo, a restaurant owner in Bahir Dar.

Replicating business success stories

Achamyelesh Ashenafi, president of the Addis Ababa chapter of AWEA, believes that raising awareness about the success of women entrepreneurs through various events and trade fairs can overcome even the biggest hurdles, such as access to finance.

“These events have not only allowed women to share their experiences but also helped them to promote their own businesses. Participants were able to obtain a loan from banks and microfinance institutions,” she says.

Women’s enterprises in the informal economy tend to be small and are often concentrated in “saturated” markets and occupations based on traditional “female” skills. Lack of access to land, credit, technology, networks, markets, and business information constrains the ability of women’s enterprises to grow.

But sharing experience helps. It can encourage other women and enable them to replicate business success. It’s a simple yet powerful means of overcoming many of these obstacles.

So is training in business skills. Sham Sahea, one of the recipients of the Addis Ababa Women Entrepreneur of the Year Award, has been trained and now shares her experience with others. “I am in the leather business. I produce leather belts, wallets, hats, ladies’ bags and key-holders. So far I have been trained in market research. This training was of paramount importance to me. Now I know where my customers are.”

Reconciling work and family responsibilities

Women and men the world over – both in industrialized and developing countries – are struggling to earn a living for their families while coping with the care needs of children or elderly parents. But work-family conflicts and gender discrimination are rarely addressed in relation to developing countries and the informal economy, although they are an important factor in pushing women into informal economy employment.

“Ours is a male-dominated community. When you go to a meeting or important events you do not see many women around,” explains Frealem Shibabaw.



© A. Fiorenze/ILO

Lacking support for childcare undermines women’s prospects in the labour market. “As women and mothers, we face a double challenge at home and in our businesses. We can only face the challenge if women entrepreneurs find more support and encouragement,” says Achamyelesh Ashenafi.

The ILO has supported the efforts of AWEA and other partners in the country to move women out of informality through its Women Entrepreneurship Development and Gender Equality (WEDGE) programme. Since its creation in 2002, WEDGE Ethiopia has benefited more than 600 women and their dependants.

The programme has developed the capacities of various institutions to promote women entrepreneurship by providing training and creating a network of eight women entrepreneurs’ associations and other partner organizations.



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AN INTERVIEW WITH FREALEM SHIBABAW
FORMER PRESIDENT OF AWEA

© AWEA

World of Work: What were the most difficult obstacles you encountered in setting up your association?

Frealem Shibabaw: Most of the problems we faced resided in the fact that we were not aware of the mindset of the women we were supposed to work with. When we started lobbying and recruiting women to become members they were reluctant. It was almost impossible to convince them that joining the association is good for them and for their business. As a result, we decided to start with women we personally knew and that trusted us.

Another challenge was to get a clear idea of what we wanted to achieve, and what could be accomplished with the capacity available.

World of Work: How can women entrepreneurs' associations bring their members on the road to productivity, sustainability, and decent work?

Frealem Shibabaw: One of the greatest challenges was to help women develop their own capacities and businesses. They want to work out of poverty but they do not know how to get there. They need practical guidance, skills training, and support to gain market access.

But they lack the necessary resources. Women entrepreneurs usually have no capital to start or improve their business, and they do not know where to get it from. The few financial institutions lending to small enterprises have very complicated requirements that the women are not able to fulfil. Other problems are the lack of information and complex registration and licensing procedures for new businesses. Gathering information for our members on legal requirements and guiding them through can prove extremely helpful.

Last but not least, there is the challenge of local market access. Our women are not ready for export markets yet, but each region in Ethiopia has its specific products and there is a demand for products from other regions. So we tried to connect all the regional offices of the Women Entrepreneurs' Association and asked them to provide us with a list of products that are produced in their area. This enabled women entrepreneurs to network between themselves according to their business interests. Thanks to this very recent initiative, women have already started sending their products to other regions of the country.

World of Work: What was the role of the ILO in this process?

Frealem Shibabaw: The ILO was our first partner providing training for the leaders of the association. Later, the ILO continued support through its Business Development Services Programme addressing the training needs of our members and assessing business opportunities for them. A recent survey done by the ILO's Regional Office in Addis Ababa shows how these women changed the way they go about their everyday business.

The ILO has been working through associations and I think that this is the way to go forward, here in Ethiopia and in other African countries.

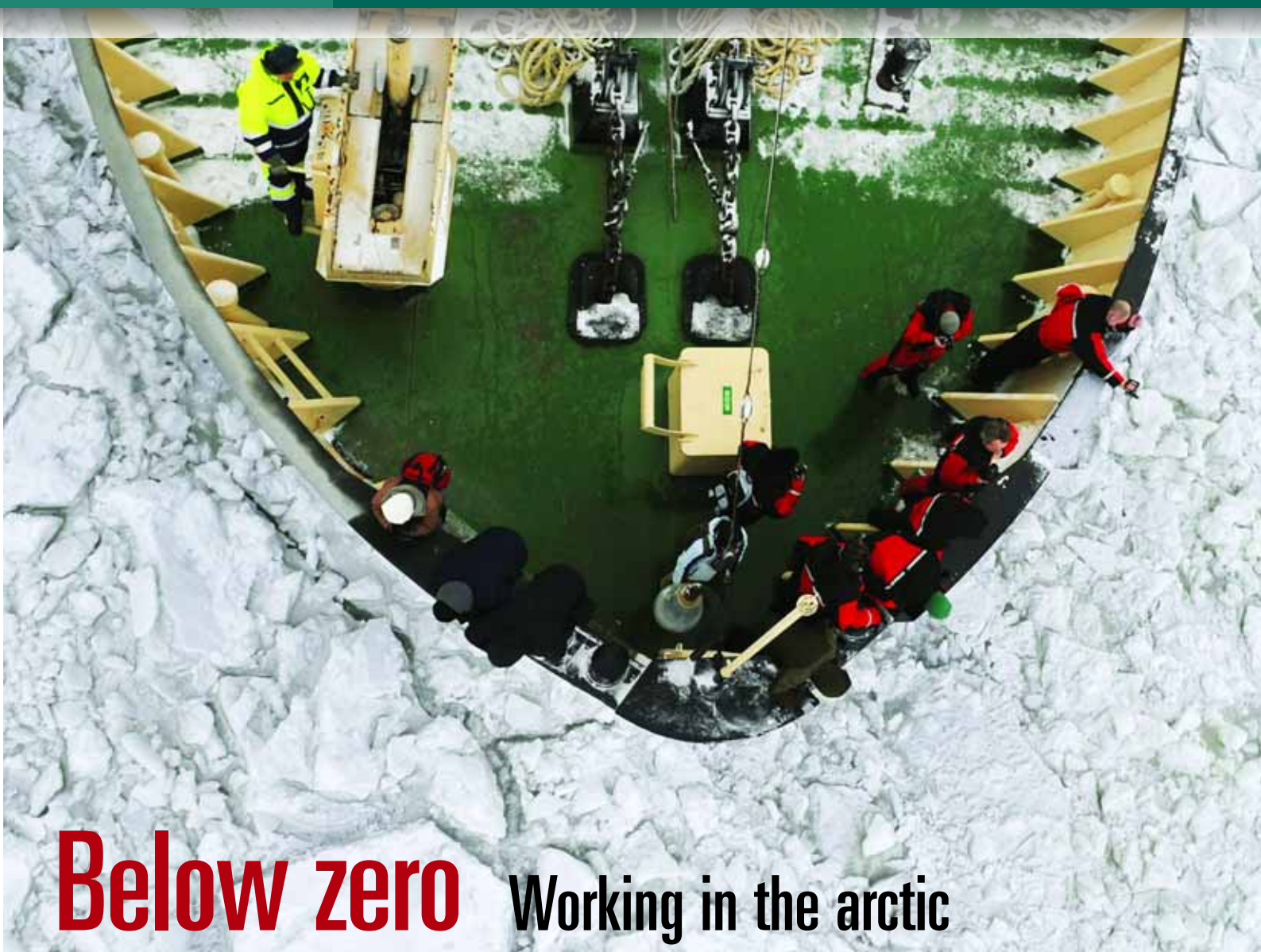
World of Work: What are your projects for the future?

Frealem Shibabaw: As the access to loans is one of the greatest problems women are facing right now, we want to establish a Women's Bank at the national level. We also plan further education and training activities. Both are key to empowering women.



© AWEA

Mulula Abraha, a disabled entrepreneur, running a shop



Below zero

Working in the arctic

Work goes on everywhere, even in sub-zero temperatures, as ILO photographer Marcel Crozet discovered last February when he visited the Finnish part of Lapland above the arctic circle. Lapland is home to more reindeer than people – with about 3.6 per cent of the Finnish population and fewer than 2 inhabitants per square kilometre it's by far the least densely populated area in the country.

Of Lapland's more than 185,000 inhabitants, only six per cent are Sami, an indigenous people whose ancestral lands span the Nordic countries and the Kola peninsula of Russia. Today, many Sami lead modern lives with modern jobs in the

cities both inside and outside their traditional area. Some 10 per cent still practice reindeer herding, which for traditional and cultural reasons is reserved for Sami people in some parts of the Nordic countries.

The ILO has worked with indigenous and tribal peoples since the 1920s. It is responsible for the only international instruments currently in force that deal exclusively with their rights. ILO Convention No. 169 concerning Indigenous and Tribal Peoples in Independent Countries, adopted in 1989, is a comprehensive instrument covering a range of issues pertaining to indigenous and tribal peoples, including land rights, access to natural resources, health, education, vocational training, conditions of employment and contacts across borders.

On the bridge of the icebreaker Sampo



The 75-metre long icebreaker Sampo, a former flagship of the Finnish navy built in 1961, still navigates in the Gulf of Bothnia south of Lapland. The ship can break up to 1.2 metres of thick ice. Climatic conditions in this arctic region are highly unpredictable and fair weather may turn at short notice into a violent blizzard. At midwinter temperatures may fall to -40°C . With a crew of nine, the Sampo can carry 150 passengers.





Top right: First officer J.P. Kousela watches the white horizon.

Far right: In the 8,800 hp engine room: this is the world of Teuvo Juopperi, engineer.





Sami in traditional clothing. The Anssi family has lived from reindeer herding for several generations. Today, the reindeer also serve for tourist sledding in the winter season. Above: the fire in the traditional Sami tent, the Kota, is always alight



In a fairy-tale landscape of ice, hills and forests, this unassuming chalet is actually the Lampivaara mine, a surface mineral deposit situated 130 km north of the arctic circle. Discovered in 1985, it is the only amethyst mine in Europe still active. Despite its looks, working conditions are hard: in winter temperatures may reach -50°C , and in summer thousands of mosquitoes invade the site. Only a handful of miners still work here. Extraction is respectful of the environment, while production mainly benefits local jewellery makers who sell their products to tourists. Every evening, small pieces of amethyst are weighed on the scales.

Right and below: Pascal, a gold prospector from France, discovered this place eight years ago and is unable to resist to its magic.



The global employment challenge



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¹ *The global employment challenge*, by Ajit K. Ghose, Nomaan Majid and Christophe Ernst, Geneva: ILO and New Delhi: Academic Foundation, 2008.

Ground-breaking research by the ILO reveals a major emerging issue in the world of work that to date has been barely recognized in policy development: the challenge of global employment.

GENEVA – A new study, *The global employment challenge*,¹ highlights why global as opposed to national employment is becoming so important for the future of jobs:

- the declining availability of productive jobs is now a worldwide phenomenon, affecting both North and South
- global forces, such as cross-border trade, capital and labour flows, are having significant consequences for employment in individual countries
- international labour market policies are now almost as important as national policies for expanding productive employment in less developed countries – where most of the world's workers live, and where

almost all of its new workers will live in the near future.

In response to this challenge, the study provides an assessment of the current state of employment in the world, a review of developments since 1990, an analysis of the interactions among structural factors, global forces and national policies, as well as recommendations for policy responses required both internationally and nationally for corrective action.

Counting the numbers

The world today has an estimated labour force (working-age persons – aged 15 and above – engaged in economically gainful activities, seeking or available for engagement in such activities) of 3.1 billion, nearly 1.2 billion more than in 1980. But the growth of the global labour force has actually been in decline since then, despite 46 million workers being added every year. ILO estimates sug-

gest that between 2007 and 2015, the world's labour force will grow at an annual rate of 1.3 per cent, and will be older and better educated. The share of developing countries in the global labour force will rise to as much as 75 per cent and that of developed countries will fall to 13 per cent, making the asymmetry in global productive resources even greater. India and China already account for 40 per cent of the world's workers, but although the developing world contains most of the world's population, its actual share in the global working-age population is lower, while the labour force participation rate is significantly higher.

Women workers constitute 40 per cent of the world's labour force, with the majority – 71 per cent – in the developing world, but the labour force is much more 'feminized' in developed countries. The study foresees that the degree of feminization in the global labour force will decline slightly with improved economic growth: in families earning higher incomes the requirement for both parents to seek work tends to decline. Both lack of and higher education increase female labour market participation significantly – poorly educated and highly educated women account for large shares of the female labour force.

Medium-income and least developed countries together account for nearly 80 per cent of the world's young workers. But ageing is a problem in the developed world as a decline in labour supply is evident and the skill structure of the labour force is open to alteration.

Developed countries have a much greater percentage of key productive resources such as skilled workers and capital: in 2000, they claimed 57 per cent of the world's skilled workers, with only 18 per cent of the global labour force, and accounted for 54 per cent of investment.

Countries in the report are classified into seven categories considering their structural characteristics and level of development. The categorization ensures that countries in any particular category are sufficiently similar in terms of economic structure for a single analytical framework to be applicable. Due to issues of data availability, the analysis mostly focuses on four groups:

- Developed countries
- CEE countries
- CIS countries
- Developing countries

The challenge for developing countries

The report found three major structural features

DECENT WORK FOR ALL: A GOAL FOR THE WORLD

The goal of "decent work for all" lies at the heart of the work of the International Labour Organization. It is a goal, moreover, that has now been embraced by the entire world community through the United Nations, its constituent agencies and its member States, as well as by political organizations at regional levels in the world.

The global employment challenge is about productive employment, which is the foundation of decent work. The scarcity of productive jobs for the women and men who seek them is the root cause of poverty, child labour, and forced labour. It is also that which impedes the attainment of the other elements of decent work, rights, social protection, and a voice at work.

The book provides an assessment of the state of employment in the world today. It shows how far removed from the goal of "productive jobs for all" we are. It consequently focuses on the economic factors, forces and policies that have shaped the current state of employment in the world, and on policies, national and international, which are now required to ensure progress towards the goal. It is a goal that cannot be achieved through social or labour policies alone. Indeed, social and labour policies cannot be effective unless their objectives are shared by economic policies as well.

The salience of economic and financial policies to the core mandate of the ILO was fully acknowledged by the Declaration of Philadelphia in 1944, which called upon the Organization to pursue the goal of "full employment and rising living standards" through its work, but also continuously to assess national and international "economic and financial" policies to see whether these facilitate or hinder the achievement of that goal. It is also reflected in the recent call by the High-Level Segment of 2006 of the UN Economic and Social Council for employment consequences to be explicitly taken into account in the programmes and policies of all international organizations, functional commissions, and regional development banks.

The study does not pretend to have all the answers. Indeed, its main objective is to engage the global academic community, international organizations and national policy makers in an active search for the answers, in research and debates on issues of vital importance. I firmly believe the study will attain this objective. On a basis of sound analytical and empirical work, the authors paint an insightful and, at times, even provocative picture of the employment challenge in the world today. While the book's findings and arguments do not necessarily always reflect the views of the ILO as an institution, it offers readers a serious and significant contribution to the study of employment in today's world.

Duncan Campbell

Director of the ILO Department of Economic and Labour Market Analysis

of productive employment in developing countries:

1. Dualism: a formal segment employing a small proportion of the labour force and a non-formal segment constituting the rest of the economy.
2. Surplus labour: underemployment in the non-formal segment is widespread.
3. Near-total absence of institutionalized social security.

These are analysed using three indicators: the share of the formal segment in total employment;



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>> output per worker in the non-formal segment; and unemployed rate. The results present a dismal picture of underemployment and low-productivity employment, with few countries showing any improvement during the period under review. The policy challenge facing developing countries is not just one of productively absorbing the growing labour force, but also of transferring masses of workers into full-time formal employment. To achieve this growth, says the study, strategies need to be designed with employment objectives in view, and national policies must focus on two basic objectives: first, the rate of employment growth in the formal segment must exceed the rate of labour force growth in the economy; second, labour productivity in the non-formal segment must grow at a reasonable rate. Another important policy challenge is ensuring an appropriate combination of output growth and employment elasticity (responsiveness to economic growth) in the formal segment so that the rate of growth of formal employment exceeds the rate of labour force growth. Substantial investment is also needed which can be provided by international policies that direct aid to enable poorer countries to sustain investment rates above domestic savings rates. Debt relief and humanitarian aid do not represent capital investment so are not considered substitutes for aid for investment. Another basic objective should be to transform the developing world brain drain into a 'brain circulation' that benefits both developing and developed countries by creating a system of fixed-term migration of highly-skilled labour.

The global employment challenge suggests that the decline in global poverty would have been greater had trade growth been accompanied by a

rise in investment rates in all or at least a majority of the countries considered. Thus policies for reducing poverty should be aimed at stimulating investment and output growth in the non-formal segment and ensuring employment-intensive growth in the formal segment. Primary education and primary health care must also be a central policy objective as imperatives for development.

What about the developed world?

Unemployment began rising in the developed world in the 1970s and has not been significantly reversed since by new policies. The unemployment rate often exceeds 5 per cent in more than half of the developed world. Another feature has been the growth of non-standard jobs in the shape of part-time and temporary employment in some European countries – 20 per cent part time and over 10 per cent temporary in eight of the countries studied.

A central feature of labour market development in developed countries since 1990 has been the persistence of a wide gap between the low- and high-skilled in terms of employment, with little demand for low-skilled labour. Policies to reduce the persistence of unemployment have proved ineffective and wrongly focused. The dwindling demand for low-skilled labour must be explained; if there were no skill bias in labour demand, unemployment would have disappeared in all categories of labour. Skills-based technological change and globalization have brought a process of structural change leading to job losses for low-skilled labour in agriculture and manufacturing. Changes in labour market policy that see governments directly participating in job creation by expanding public services and collaboration with the private sector on apprenticeships are suggested as future policies.

The low rate of labour force participation poses the main problem in CEE countries. It affects low-skilled workers 40 to 50 per cent more than high-



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skilled workers. There is also a long-term high unemployment rate often lasting a year or more. The report suggests two policy objectives. First, employment intensity of economic growth should be increased to avoid the situation of jobless growth. Although most CEE countries achieved rapid economic growth after 1994, it was associated with falling or stagnant labour demand. Second, employability of low- and medium-skilled workers who have been made redundant by structural changes during the periods of economic contraction and the following recovery should be increased.

There is limited data available on the employment situation in CIS countries and available data such as labour force surveys do not always provide unemployment rate estimates. This leads to an underestimation of unemployment and labour force participation rate. A massive growth crisis has triggered a decline in labour demand in CIS countries. However, this is not matched by a proportionate increase in unemployment as the decline in labour force participation rate adjusted labour supply to meet demand, affected particularly by substantial emigration of the working-age population from many CIS countries during 1992-2002. Although recent economic growth in CIS countries has been led by industry and services, employment elasticity has been negative or insignificant. The industry is not employment intensive because growth in this sector relies on extractive industries, not manufacturing ones. The three basic objectives proposed for the region are to:

- Increase employment elasticity in the non-agricultural, services sector
- Promote employment-intensive industrialization
- Transition from large-scale agriculture to household farming systems

What policies for the future?

The report calls for international policy to focus on two main objectives. First, 'aid for investment'

to the least developed countries providing the financial resources required for infrastructural and employment-growth programmes. Second, the development of a global framework for international migration to create a transparent system of fixed-term migration to counter the effects of the brain drain from South to North, and to guarantee the same rights and working conditions for migrants and non-migrants, while generating foreign exchange earnings and reducing surplus labour in the migrants' homelands.

National policies in developing countries must focus on activating two basic objectives: a rate of employment growth in the formal sector that is higher than that of the labour force itself, and a substantially positive labour productivity growth rate in the rest of the economy. Policies in developed countries will need to focus on the problems of low-skilled workers in the face of rapid skill-biased technological change.

The issue of jobless growth in many CEE and CIS countries also needs to be tackled with policies encouraging the growth of employment-intensive market services, developing new institutions for managing infrastructure and the transformation of the agricultural sector through credits and training for self-employment. There is also considerable scope for industrialization and development of natural resources.





PLANET WORK

A REVIEW OF TRENDS AND DEVELOPMENTS IN LABOUR ISSUES

Multinationals address social and environmental issues

Business ethics resonates more strongly than ever in today's global marketplace. Consumers are increasingly questioning where products and services come from, whether they are produced and delivered in socially and environmentally sound ways. Planet Work looks at what the press is saying about measures taken by multinational enterprises, governments, organizations, investors and innovators on how to create and promote ethical and sustainable business practices worldwide.

■ Following a meeting in Islamabad between Amar Lan, Advisor to the Prime Minister on Minorities Affairs, and political representatives from Austria, Germany, the Netherlands and Poland, the multinational companies of these countries have pledged US\$30 billion to invest in Pakistan's energy and other sectors. The investment will fund coal mining, wind energy and gas turbine projects. Projects to improve the education, health and tourism training centres will also be launched. This joint venture between local and international companies is hoped to create one million jobs within Pakistan and another million abroad. Other companies from Canada, the United States and United Arab Emirates are also looking to invest in new housing schemes in the country. (*Associated Press of Pakistan*, 4 March 2008)



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■ The biomimicry design movement is gaining popularity and publicity as it inspires companies to look to nature in greening their businesses. Author of *Biomimicry: Innovation inspired by*



Janine Benyus, promoting the marvels of the natural world for industrial design

nature and *Nature's 100 best technologies* and a *Time* magazine environmental hero of 2007, Janine Benyus is the driving force behind the biomimicry movement. The design method studies the natural world and mimics it in creating non-polluting, energy-efficient manufacturing technologies. Benyus's consultancy firm, the Biomimicry Guild, works with engineers and designers to translate these ideas into a corporate, commercial context. "We often find ourselves being asked not just how to green a product but how to begin greening a whole company," says Benyus. The Guild's clients include General Electric, Hewlett-Packard, Interface and NASA among others. It helped convert Interface's environmentally harmful textile manufacturing practices into a US\$1.3 billion model of sustainability. Many other companies have developed innovative designs inspired from nature. One is the 2005

Ford's Volvo Division's anti-collision system based on the way locusts' neurological mechanism allows them to swarm without crashing into one another. (*Business Week*, 11 February 2008)

■ RWE Innogy, a renewable energy expertise plant of the RWE Group and the REpower Systems Group, an international engineering company manufacturing wind turbines, have signed a Memorandum of Understanding (MoU). This provides for a negotiation of frameworks involving 450 offshore and onshore wind turbines to be manufactured and delivered by REpower from 2010 for the subsequent four to six years. Wind power is produced in large-scale wind farms connected to electrical grids, as well as in individual turbines for providing electricity to isolated locations. While wind power is a renewable energy source, there are



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many controversies related to the economic and environmental costs and high capital of wind farms. (*Energy Business Review*, 22 February 2008)

■ The exploitation of children in tobacco farms in Malawi goes back to the start of commercial production of tobacco in the country in 1889. Today, multinational tobacco companies in the region are starting to invest in agreements with NGOs and design anti-child labour projects as an effort to increase their social responsibility. Tobacco companies including Alliance One, Africa Leaf, Premium and British American Tobacco are sponsoring the Eliminating Child Labour in Tobacco Growing Foundation (ECLT). The project is run by Together Ensuring Children Security (TECS) trust. Although the Foundation is not without its share of critics, the TECS Program Director Limbani Kakhome says that while the project may not directly stop child labour, it will eventually better social conditions that will diminish the problem. Malawi has ratified the ILO Conventions Nos. 138 and 182, the former setting the minimum working age, and the latter outlawing child labour. (*Corpwatch.org*, 25 February 2008)

■ In order to improve trade benefits to coffee farmers from developing countries, international buyers and

roasters are moving to buy the crop directly from farmers. The East African Fine Coffees Association (EAFCA) have signed an agreement with international buyers Starbucks and Neumann Group to reduce the number of middlemen in the coffee supply chain. EAFCA Executive Director Philip Gitao says: "The aim of the agreement is to help member countries develop quality speciality coffees, train, and link them to the buyers after it is packed ready for consumption." Gitao says that this agreement gives farmers a beneficial deal to earn a good price, improve living standards, aid in poverty reduction and increase economic development. (*allAfrica.com*, 26 February 2008)



■ Representatives of cooperatives, NGOs and governments of ten ASEAN countries met in Quezon City, Philippines to discuss women's entrepreneurship and poverty alleviation. The conference, "Empowering ASEAN women through micro-enterprise development in Co-ops" presented development projects initiated by the Asian Women in the Cooperative Development Forum (AWF) and the ASEAN Forum (AF) on women's empowerment, poverty reduction through entrepreneurship development and the application of information and communica-

tion technology within the region. A variety of topics dealing with women's entrepreneurship were addressed, such as fair trade, information and technology services and cooperatives. (*Philippine Information Agency*, 24 February 2008)

■ Dominican University in California is starting a new study programme. The Sustainable Enterprise Certificate is offered to individuals who have completed an MBA and professionals with several years of management experience. The certificate helps participants understand present business sustainability issues and solutions. Program Coordinator Dr. Matthew Heim says, "We will not re-teach the basics of business and management. Our curriculum will provide managers with the right mix of theory and experiential learning that will enable them to tackle today's sustainability challenges." Sample course titles include: "Critical Thinking for Business Redesign"; "Social Impacts of Enterprises"; "Environmental Performance Leadership"; and "Thriving Regenerative Enterprise". (*Ascribe.org*, 22 February 2008)

■ A joint investment by Hewlett-Packard and Microsoft with the Investment, Industry and Information Technology Ministry was started in 2004 to bridge the digital divide. This has given birth to the 8th Community Technology Learning Centre (CTLC). The new centre, located in Valletta, Malta, will provide free training courses in Information and Communication Technology. "Digital divide" is a term used to describe the gap between people with access to digital and information technology and those without. The global digital divide reflects existing economic divisions and even widens the gap. In today's world where education, skills and resources and hence economic growth rely on information technology, such initiatives are increasingly important. (*The Malta Independent*, 3 March 2008)

Microinsurance

ILO and Gates Foundation join forces to develop range of insurance products in developing countries



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Bill and Melinda Gates, whose Foundation grant will help create the ILO Microinsurance Innovation Facility

A new partnership between the ILO and the Bill and Melinda Gates Foundation aims to develop new kinds of insurance and improve existing products to promote decent work for tens of millions of low-income people in the developing world. The US\$34 million Gates Foundation grant will help create the Microinsurance Innovation Facility, a one-of-a-kind, five-year initiative that will provide grants and technical assistance to dozens of organizations serving the poor.

GENEVA – Over the course of the next three years, the Microinsurance Innovation Facility will issue bi-annual requests for proposals and provide funding to pilot new insurance products, improve efficiency in the field, and use technology to create new products that better meet people's needs. The facility will also train technical specialists to help replicate successful models.

The effort is part of the Bill and Melinda Gates Foundation's Financial Services for the

Poor initiative, which is working with partners to develop and employ innovative ways to bring a wide range of financial services, including microinsurance, to people living in poverty and throughout the developing world. Microinsurance includes a range of products that can help workers manage economic hardship brought on by situations such as drought, hospitalization, or a death in the family.

Microinsurance can be used as a strategy to extend social protection coverage to excluded persons, such as workers in the informal economy or the rural poor, and contributes to more inclusive insurance markets. Through the facility's grantees, by 2012 at least 25 million people living in poverty will have access to insurance coverage that they otherwise would not have. In addition, the facility will conduct research to quantify the impact of the expanded availability and use, in order to guide future investments in the microinsurance industry.

More specifically, the new Microinsurance Innovation Facility will provide grants and technical assistance to support the development of valuable insurance products for low-income and rural households; encourage the emergence of institutional models and partnerships that effectively deliver insurance to large volumes of low-income women and men; and promote market education to help low-income consumers appreciate the utility of insurance and identify high value products.

By successfully tackling these three themes, this facility will be able to make a major impact on the insurance providers and social protection schemes that serve the low-income market. Its grantees will also dramatically improve the ability of their customers or members to manage risks and thus enable them to break the perpetual cycle of poverty.

According to the MicroInsurance Centre, a US-based consulting firm, there were an estimated 246 risk-taking providers of microinsurance covering over 78 million lives in the 100 poorest countries in 2006.



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“Although these numbers may seem impressive, they pale in comparison to the billions of poor women and men for whom microinsurance would be an appropriate contributor to their risk management strategy. Furthermore, few of the microinsurance products that are available provide sufficient value to substantially protect the poor,” says Bernd Balkenhol, head of the ILO’s Social Finance Programme.

The new facility is led by the Social Finance Programme, the ILO’s microfinance focal point, which promotes financial policies and appropriate financial services to create decent jobs and reduce the vulnerability of workers. Microfinance, including microinsurance, is an important aspect of the ILO’s work and a key outcome in its next biennial plan. The Social Finance Programme recently co-published a new study which provides practitioners and policy makers with guidance on how to deal with the issue of balancing business and poverty reduction by defining criteria for supporting microfinance institutions.

“The Bill and Melinda Gates Foundation is proud to partner with the ILO in efforts to serve millions of people with great needs and few resources,” said Bob Christen, director of the Foundation’s Financial Services for the Poor ini-

ABOUT THE GATES FOUNDATION



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Patty Stonesifer, Gates Foundation CEO, meets young African girls

Guided by the belief that every life has equal value, the Bill and Melinda Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people’s health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people – especially those with the fewest resources – have access to the opportunities they need to succeed in school and life. Based in Seattle, the foundation is led by CEO Patty Stonesifer and co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.



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tiative. “We hope the Microinsurance Innovation Facility will catalyse dozens of new, innovative approaches to offering and delivering microinsurance services. Through the ILO, their grantees, and the Microinsurance Innovation Facility, we are committed to learning more about the impact and value of insurance for people in developing countries.”

Global Employment Trends 2008

Global economic turbulence could generate 5 million more unemployed in 2008

been “compensated for in the rest of the world”, especially in Asia, where economic and job growth remained strong. However, it also warned that an expected slow-down in growth during 2008 could increase the global unemployment rate to 6.1 per cent, with a resulting absolute increase of at least 5 million unemployed worldwide.

Other key findings of the GET report

- Global economy growth of 5.2 per cent created an estimated 45 million new jobs in 2007, but failed to have any significant impact on the growth of unemployment. Overall, 61.7 per cent of the global population of working age – or an estimated 3 billion people – were employed in 2007. Although the global unemployment rate remained virtually constant at 6 per cent, that meant an estimated 189.9 million people, compared to 187 in 2006, were unemployed worldwide in 2007 2/.
- Despite growth in the economy and jobs, the worldwide deficit in decent jobs – especially for the poor – is “massive”. The ILO said five out of 10 people in the world are in vulnerable employment, either contributing family workers or own-account workers with a higher risk of being unprotected. In developing countries these two categories are most likely to work informally and hence have jobs that leave them vulnerable to poverty and risks such as low earnings, dangerous working conditions and lack of health insurance. The ILO said an estimated 487 million workers – or 16.4 per cent of all workers – still don’t earn enough to lift themselves and their families above the US\$1 per person, per day poverty line while 1.3 billion workers – 43.5 per cent – still live below the US\$2 per day threshold.
- The service sector continued to grow during 2007, further surpassing agriculture as the world’s most prevalent source of employment. The service sector now provides 42.7 per cent of the world’s jobs, compared to agriculture which provides 34.9 per cent. The industrial sector, which had seen a slight downward trend between 1997 and 2003, has continued a rather slow upward trend in recent years, representing 22.4 per cent of global jobs.

Regional trends

The GET observed that the Middle East and North Africa still had the highest unemployment rates at 11.8 and 10.9

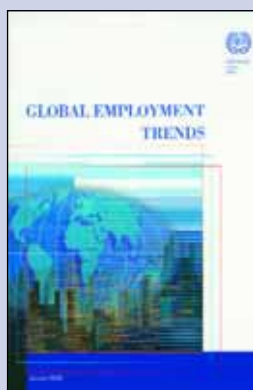


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The annual *Global Employment Trends* report issued in January¹ says economic turbulence largely due to credit market turmoil and rising oil prices could spur an increase in global unemployment of some 5 million persons in 2008. The new projection is in sharp contrast to 2007 when global labour markets and unemployment rates stabilized.

GENEVA – The global labour market picture has changed dramatically over the past year. From 2007, when sound global GDP growth of more than 5 per cent led to a “stabilization” of global labour markets with more people in work, a net increase of 45 million new jobs and only a slight increase in the number of people unemployed, to a total of 189.9 million persons worldwide, 2008 may be in marked contrast.

Significantly, the GET2008 report noted that the reduction in the growth in developed economies attributed to credit market turmoil and higher oil prices so far had



¹ *Global employment trends 2008*. Geneva, ILO.



per cent respectively in 2007, followed by Latin America & the Caribbean, Central & South Eastern Europe (non-EU) & the Commonwealth of Independent States (CIS) at 8.5 per cent. The situation in the Developed Economies & European Union (EU) seemed to be stagnating, the ILO report said, with job growth at its lowest in the last five years and unemployment up by 600,000 over 2006.

The report said it appeared that, on current information, the initial impact of the credit crisis on Developed Economies & EU growth would result in an estimated 240,000 fewer new jobs in the region. However, the ILO analysis also indicated that from a global perspective this downward tendency in the developed economies would be "offset by the rest of the world", largely due to strong economic and jobs growth in Asia.

It also said that South Asia was the leader in jobs growth during 2007, contributing 28 per cent of the nearly 45 million jobs created during the year worldwide. At the same time, the region has the highest share of vulnerable employment, much of which reflects the poor quality of jobs created. More than seven out of 10 people are either own-account workers or contributing family workers, carrying a higher risk of being unprotected, without

social security and without a voice at work.

In terms of vulnerable employment as a share of total employment, South Asia, with a rate of 77.2 per cent, was followed by sub-Saharan Africa at 72.9 per cent, South-East Asia & the Pacific at 59.4 per cent, East Asia at 55.7 per cent, Latin America & the Caribbean at 33.2 per cent, the Middle East at 32.2 per cent and North Africa at 30.7 per cent.

The report said East Asia appeared to be on its way to becoming a middle income region, as sustained productivity growth had increased incomes and helped lift millions of people out of poverty. The ILO said the estimated share of East Asian workers living with their families below the US\$2 per day poverty line dropped to 35.6 per cent today from 59.1 per cent 10 years ago, while the percentage living below US\$1 per day had decreased to 8.7 per cent from 18.8 per cent over the same period.

Sub-Saharan Africa had by far the largest share of working poor – people who are in work but unable to lift themselves out of poverty – and the gap with other regions continued to increase. Over half of those employed still do not earn enough to lift themselves and their families above the US\$1 dol-

lar per day poverty line, the ILO said, adding that more than eight out of 10 workers were living below the US\$2 per day threshold.

The report also noted that although the Middle East saw a considerable increase in the employment-to-population ratio the share of people of working age who were employed increased from 46 per cent in 1997 to 50.1 per cent in 2007. At the same time, the Middle East was also the only region where labour productivity decreased within the same period.

In North Africa, where productivity levels increased by more than 16 per cent in the last 10 years, extreme working poverty is now almost eradicated at 1.6 per cent of the employed population.

The study indicated positive developments in most labour market indicators in Central & South East Europe & CIS, where, in recent years, vulnerable employment decreased. A slight increase of the employment-to-population ratio also indicated a better use of the productive potential of the working-age population.

The GET reported that Latin America & the Caribbean was the only region where vulnerable employment has increased – from 31.4 to 33.2 per cent of total employment over the last ten years, with an increase of job creation in the services sector. This finding is consistent with indications of an increase in the size of the informal economy in this region.

For further details please see www.ilo.org/trends.

International Women's Day 2008



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Ms. Michaela Walsh,
Ms. Rupa Manel Silva,
Mr. Juan Somavia,
Ms. Evelyn Oputu,
Ms. Agnes Jongerius

With more and more women entering the workplace – many in vulnerable jobs – investing in decent work for women takes on new urgency. The ILO marked International Women's Day 2008 with a new report and a panel discussion on the value of investing in decent work for women. In the face of current labour market trends, the day's message was clear: investing in decent work for women is not only right, but smart.



² *Global employment trends for women*, March 2008. Geneva, ILO.

GENEVA – More women are working than ever before, but they are also more likely than men to get low-productivity, low-paid and vulnerable jobs with no social protection, basic rights nor voice at work. That's the message of a new ILO report issued for International Women's Day.

*Global employment trends for women*² said the number of employed women grew by almost 200 million over the last decade, to reach 1.2 billion in 2007 compared to 1.8 billion men. However, the number of unemployed women also grew from 70.2 to 81.6 million over the same period.

The ILO hosted a high-level discussion by women who have made a mark in the world of

finance and eminent trade unionists, focusing on the value of investment in women's development. Participating in the discussion were Ms. Evelyn Oputu, Managing Director, Bank of Industry and former Executive Director of First National Bank, Nigeria; Ms. Michaela Walsh, Founder of Women's World Banking and the first woman manager of Merrill Lynch International, United States; Ms. Rupa Manel Silva, Founder of the Women's Development Service Cooperative Society/ Women's Bank of Sri Lanka; and Ms. Agnes Jongerius, President of the Trade Union Confederation of the Netherlands, and Vice President of the International Trade Union Confederation.

To read more about investing in Decent Work for women and the views of the panel, see www.ilo.org: "International Women's Day 2008 – Smart women, right decisions: a recipe for decent work" and other features including a slide show, fact sheet and more background.

The new ILO report said improvements in the status of women in labour markets throughout the world have not substantially narrowed gender gaps in the workplace. The share of women in vulnerable employment – either unpaid contributing family workers or own-account workers, rather than wage and salaried work – decreased from 56.1 to 51.7 per cent since 1997. However the burden of vulnerability is still greater for women than men, especially in the world's poorest regions.

Other key findings

- Worldwide, the female unemployment rate stood at 6.4 per cent compared to the male rate of 5.7 per cent.
- Fewer than 70 women are economically active for every 100 men globally. Remaining outside the labour force is often not a choice but an imposition. It is likely that women would opt for remunerated work outside the home if it became acceptable to do so.

- At the global level, the female employment-to-population ratio – which indicates how much economies are able to take advantage of the productive potential of their working-age population – was 49.1 per cent in 2007 compared to a male employment-to-population ratio of 74.3 per cent.
- Over the past decade, the service sector has overtaken agriculture as the prime employer of women. In 2007, 36.1 per cent of employed women worked in agriculture and 46.3 per cent in services. In comparison, male sectoral shares were 34.0 per cent in agriculture and 40.4 per cent in services.
- More women are gaining access to education, but equality in education is still far from reality in some regions.

New policies for promoting female employment

Broadening access for women to employment in an enlarged scope of industries and occupations will be important to enhancing opportunities for them in the labour market, says the report. Society's ability to accept new economic roles for women and the economy's ability to create decent jobs to accommodate them are the key prerequisites to improving labour market outcomes for women, as well as for economic development as a whole.

"Access to labour markets and to decent employment is crucial to achieving gender equality," says Evy Messell, Director of the ILO's Bureau for Gender Equality, which hosted the



discussion on International Women's Day. "Yet women have to overcome many discriminatory obstacles when seeking jobs. Societies cannot afford to ignore the potential of female labour in reducing poverty, and need to search for innovative ways of lowering economic, social and political barriers. Providing women an equal footing in the workplace is not just right, but smart."



Maritime Labour Convention

Ratification by Bahamas gives new impetus to campaign

The Honourable Dion A. Foulkes, Minister of Maritime Affairs and Labour, with H. E. Theodore Brent Symonette, Deputy Prime Minister and Minister of Foreign Affairs, and Ms. Cleopatra Doumbia-Henry, Director of the International Labour Standards Department of the ILO.



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The Government of the Commonwealth of the Bahamas has ratified the historic Maritime Labour Convention (MLC), 2006 of the ILO. The move marks a major step toward achieving the goal of bringing the Convention into force in the next few years and brings the ILO closer to meeting the requirement for entry into force of the Convention, namely its ratification by at least 30 ILO member States with a total share of at least 33 per cent of world gross tonnage.

NASSAU, Bahamas – Sometimes called the “super convention”, the MLC saw governments, shipowners and seafarers agree on comprehensive international requirements for seafarers’ working and living conditions and to promote quality shipping in the rapidly growing maritime sector. Aimed at protecting the world’s 1.2 million or more seafarers, it addresses the evolving realities and needs of an industry that handles 90 per cent of the world’s trade.

Ratification makes the Bahamas the third major shipping country in the world, after Liberia and the Republic of Marshall Islands, to ratify the Convention adopted by the 94th International Labour Conference (Maritime) in Geneva in February 2006. The Bahamas is the third largest flag State in the world.

“This provides a clear indication of the continued commitment of the Bahamas to interna-

tional labour standards and the ILO,” said Ms. Cleopatra Doumbia-Henry, Director of the ILO’s International Labour Standards Department, on receiving the instrument of ratification from the Bahamian authorities. “It illustrates the leadership role of the Bahamas in the maritime industry and its determination to ensure quality shipping based on a strong socio-economic foundation and respect for the environment and decent conditions of work for seafarers.”

“The Bahamas had an important role in the development and final adoption of this ‘super convention,’” said Senator the Honourable Dion A. Foulkes, Minister of Maritime Affairs and Labour, “and I am personally proud that as Minister with responsibility for both portfolios, we are able to ratify this Convention at this time. The Bahamas has a demonstrated commitment to ensuring that ships flying the Bahamas flag are high-quality shipping operations. This necessarily includes ensuring conditions of decent work for those that work on Bahamas registered ships.”

The ground-breaking Convention sets out a seafarers’ “bill of rights” and is intended to be the “third pillar” in the international shipping regulation complementing the major maritime Conventions of the International Maritime Organization (IMO) on environmental protection and ship safety and security. It establishes a strong compliance and enforcement mechanism based on flag State inspection and certification of seafarers’ working and living conditions. This is supported by port State inspection of these ships to ensure ongoing compliance between inspections.

The Convention also contains provisions allowing it to keep in step with the needs of the industry and help secure universal application and enforcement. It sets minimum requirements for seafarers to work on a ship and contains provisions on conditions of employment, hours of work and rest, accommodation, recreational facilities, food and catering, health protection, medical care, welfare and social security protection.

See also Media Shelf, p. 46, for a description of the Compendium of Maritime Labour Instruments to be published in July 2008.

ILO Governing Body concludes 301st Session



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The 301st Session of the ILO Governing Body on 6-20 March saw a major statement by the President of the World Bank Robert B. Zoellick on strengthening cooperation with the ILO, and heard wide-ranging discussions among its government, employer and worker members on basic labour rights in Myanmar, Colombia, Belarus and other countries.

GENEVA – In his first address to a UN specialized agency since becoming President of the World Bank, Mr. Zoellick cited increasing ties with the ILO in pursuit of “an inclusive and sustainable globalization” and raised a broad range of other issues of joint concern to both organizations, including job creation, labour rights and other elements of the ILO’s Decent Work Agenda. Speaking to the Working Party on the Social Dimension of Globalization, he said his organization, the ILO and other international agencies should intensify efforts to forge a globalization that can “help to overcome poverty, to enhance growth with care for the environment and to create individual opportunity and hope”.

“We welcome your experience and insight,” he said, noting that the World Bank’s agenda “connects quite well with the Decent Work Agenda”. He also said the Bank was “very pleased ... to try to build a closer working relationship with the ILO across an agenda that also involves other partners” and to promote cooperation with the ILO’s tripartite constituents in what Governing Body Chairman H.E. Mr. Dayan Jayatilaka of Sri Lanka called “partnership through dialogue”.

“We have a vision of an inclusive and sustainable globalization”, he said. “What this comes down to, at the end of the day, is people. It’s trying to improve the lot of people across the globe. And that requires quality jobs, it requires better social conditions, and it requires opportunities for individual development in achieving aspirations... We can’t leave people behind.”

ILO Director-General Juan Somavia cited increased cooperation between the ILO and World Bank, and noted that the ILO tripartite members could provide a “vital conduit” for extending efforts to create jobs and reduce poverty at all levels of the world of work. He said “social dialogue is particularly important in difficult times and a key component in finding solutions” and that tripartism could help bring together governments, workers and employers as “social capital” for addressing the challenges of globalization and decent work.

The exchange with Mr. Zoellick took place as part of a discussion of an ILO paper analysing the global financial crisis, its impact on prospects for Decent Work and possible policy responses.

The Governing Body also examined the situation of forced labour in Myanmar, reviewed the 2006 Tripartite Agreement on Freedom of Association and Democracy signed by the representatives of the Government, employers and trade unions of Colombia and discussed action taken by the Government of Belarus to implement the recommendations of the 2004 ILO Commission of Inquiry with respect to freedom of association and the right to organize, and approved the 349th Report of the ILO Committee on Freedom of Association, drawing special attention to the cases of Colombia and Myanmar. In addition, it moved to tackle the issue of decent work for domestic workers by placing the issue on the agenda of the ILO’s International Labour Conference in 2010.

(For a full report on the discussions and decisions, see www.ilo.org/governingbody)

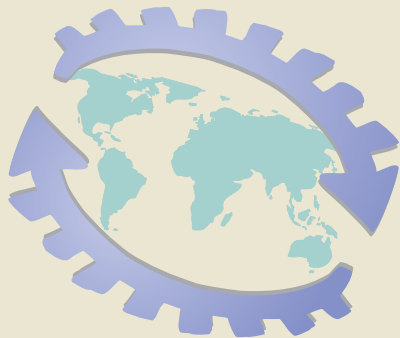


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All smiles at the ILO Governing Body: H.E. Mr. Dayan Jayatilaka with Mr. Robert Zoellick

AROUND THE CONTINENTS

A REGULAR REVIEW OF THE INTERNATIONAL LABOUR ORGANIZATION AND ILO-RELATED ACTIVITIES AND EVENTS TAKING PLACE AROUND THE WORLD



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EC becomes ILO main partner in development aid

■ In 2007, for the first time ever, the European Commission became the ILO's main partner in implementing development aid activities. The funds awarded by the Commission allow the ILO to carry out a number of projects, including the protection of migrant workers and the fight against human trafficking in the Gulf countries; developing employment and skills in Vietnam; reducing poverty by expanding trade and employment in five ACP (African, Caribbean and Pacific) countries; bolstering social protection in the informal economy and developing professional training in Bangladesh. A new agreement signed between the European Commission and the ILO at the end of 2007 will enable the funding of several projects to fight child labour through education in 12 ACP countries.

For more information, please contact the ILO Office for the European Union and the Benelux countries in Brussels

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fax: +32 02 735 4825 or

e-mail: brussels@ilo.org

Earthquake in Peru: 14,800 jobs lost

■ A joint report by the ILO, the United Nations Development Programme (UNDP) and the Peruvian Ministry of Labour estimates that 14,800 jobs were lost in the provinces of Ica, Chincha and Pisco following the earthquake of August 2007. This represents a 7.6% drop in employment, with women the hardest hit by job losses. While the production capacity of large companies was quickly restored, the earthquake has had long-lasting consequences for smaller businesses and the self-employed. In Ica region, for example, 83.7% of houses were damaged and 65% were completely destroyed. This has a significant impact on the informal economy since 19% of families carried out some form of economic activity from their homes; this type of activity has fallen by 86% since the earthquake. The ILO is helping victims of the earthquakes through 13 projects for removing rubble and quickly repairing road infrastructure.



For more information, please contact the ILO Regional Office for Latin America and the Caribbean in Lima,

at phone: +511 6150300;

fax: +511 6150400 or

e-mail: oit@oit.org.pe

Moving the Decent Work Agenda forward in the Arab region

■ Addressing the 35th Session of the Arab Labour Conference in Sharm el Sheikh, Egypt, ILO Director-General Juan Somavia underscored the need to ensure that the benefits of economic growth are translated into social justice for the people of the Arab region. Mr. Somavia emphasized that "This current model of globalization is not delivering for ordinary people. We are seeing disparities growing, discontent rising, and enemies of human security in every society fanning the flames of discord."

The Conference, attended by more than 500 participants, brought together high-level government, employer and worker representatives from the ALO's 22 member States. In launching a two-year plan of action with the Arab Labour Organization (ALO), Mr. Somavia highlighted the revitalized leadership of ALO Director-General Ahmed Luqman. The joint plan targets critical regional challenges including generating jobs especially for youth, expanding social protection and social dialogue, and promoting rights at work. The creation of decent work for all is an urgent question in a region faced with the need to create around 100 million jobs over the next 20 years.



Mr Achim Steiner with ILO Director-General Juan Somavia at the Global Ministerial Environment Forum in Monaco

For more information, please contact the ILO Regional Office for the Arab States in Beirut, at phone: +961.1.752.400, fax: +961.1.752.405 or e-mail: beirut@ilo.org

Green jobs, globalization and climate change

■ ILO Director-General Juan Somavia highlighted the potential for the creation of environmentally friendly green jobs in a panel discussion and press conference at the Governing Council/Global Ministerial Environment Forum organized by the United Nations Environment Programme in Monaco. More than 100 ministers from across the globe attended the Global Ministerial Environment Forum (GMEF) – the world's forum for environment ministers – alongside senior figures from industry and economics, science, local government, civil society, trade unions and intergovernmental bodies.

“The challenge that brings us together is about much more than

the environment. It's about the need for a profound transformation in the way we produce and consume – and the commitment to working together to enable the economy and society to effectively make that transition,” Mr. Somavia said. “The objective of the Green Jobs initiative is to promote and identify the many technological innovations, investment opportunities, enterprise and quality job creation potential of a sustainable development path.”

Global alliance against forced labour

■ In February, the Vienna Forum Against Human Trafficking generated new momentum for a global alliance aimed at abolishing forced labour in the next decade, with strong support from employer

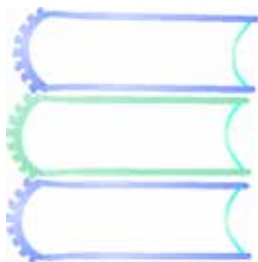


and labour representatives. Organized by the “UN.GIFT” coalition of six intergovernmental agencies, the Forum showed universal agreement on the need to harness international outrage against trafficking and forced labour into an international alliance proposed by the ILO. According to the ILO, at least 2.4 million women, children and men are trafficked into severe forms of labour and sexual exploitation in destination countries, in mainstream industries as well as the informal economy, generating an estimated US\$32 billion in annual profits. At the Forum, the ILO organized well-attended sessions on supply chain management, the demand for forced labour and sexual exploitation, and the roles of employers' organizations, businesses and trade unions in combating trafficking, where participants discussed measures to prevent human trafficking.



For more information, please contact the ILO's Special Action Programme against Forced Labour, e-mail: forcedlabour@ilo.org

MEDIA SHELF



■ Freedom of Association in practice: Lessons learned

Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, 2008. International Labour Conference, 97th Session 2008, Report 1 (B) ISBN 978-92-2-119481-1. ILO, Geneva, 2008. US\$30; £17; €23; 35 Swiss francs. Also available in French and Spanish.

This invaluable Global Report on freedom of association and the right to collective bargaining argues that achieving the goal of decent work for all women and men in conditions of freedom, equity, security and human dignity is only possible if they can have a say in how this impacts on their work and living conditions as well as on economic and social development. It emphasizes the need for a conducive environment in law and practice to facilitate collective bargaining and conflict resolution, well-functioning labour administration, and strong workers' and employers' organizations.



■ In defence of labour market institutions

Janine Berg and David Kucera (eds.) ISBN 978-92-2-119319-7. ILO, Geneva, 2008. US\$95; £60; €80; 125 Swiss francs

This volume offers a valuable contribution to the critically important debate on the merits of labour market institutions, regulations and policies and their economic costs. Challenging the conventional wisdom that excessive labour market regulation equates labour market rigidity and is detrimental to growth and development, particularly in developing countries, it offers economic and social reasons for maintaining certain policies and standards, differentiating between the needs and challenges of countries with varying levels of income.



■ The global employment challenge

Ajit K. Ghose, Nomaan Majid, Christoph Ernst ISBN 978-92-2-120305-6. ILO, Geneva, 2008. US\$40; £22; €30; 50 Swiss francs

Offering groundbreaking analysis of the nature and characteristics of employment and emerging trends in the world today, this volume provides a detailed and comprehensive picture of the serious challenges faced by today's policy-makers.

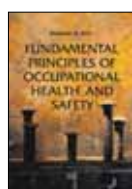
See this book featured on page 30.



■ Compendium of Maritime Labour Instruments

ISBN 978-92-2-120454-1. ILO, Geneva, 2008. US\$30; £18; €25; 40 Swiss francs. Also available in French and Spanish

This essential new reference source presents the full text of the Maritime Labour Convention, 2006, along with a collection of related standards, including the Seafarers' Identity Documents Convention (Revised), 2003 (No. 185), the Work in Fishing Convention, 2007 (No. 188) and its accompanying Recommendation, and the ILO's fundamental Conventions and the Declaration on Fundamental Principles and Rights at Work and its follow-up.



■ Fundamental principles of occupational health and safety

Second edition Benjamin O. Alli ISBN 978-92-2-120454-1. ILO, Geneva, 2008. US\$34.95; £16.95; €25; 40 Swiss francs

Based on the provision defined in the "core" ILO standards and instruments concerning occupational health and safety (OHS), this practical guide to developing effective OHS policies and programmes focuses on key topics essential to promoting and managing national and enterprise OHS systems. This second edition covers new areas of OHS such as the recent ILO standard on the promotion of OHS; HIV/AIDS and the world of work, OHS management systems, and new chemical safety information tools.



■ Guide for the preparation of national action plans on youth employment

Gianni Rosas and Giovanna Rossignotti

ISBN 978-92-2-120616-3. ILO, Geneva, 2008. US\$12.95; £7; €10; 15 Swiss francs

This indispensable guide has been developed by the ILO to assist governments, employers' and workers' organizations as well as other relevant stakeholders such as youth groups in preparing National Action Plans on Youth Employment.



■ Eliminating discrimination against indigenous and tribal peoples in employment and occupation

ISBN 978-92-2-120519-7. ILO, Geneva, 2007. US\$12; £7; €10; 15 Swiss francs

Swiss francs

This guide to ILO Convention No. 111 provides an important framework for promoting the rights of indigenous women and men to equality and decent work. A vital source of information for indigenous peoples and their representatives and a tool for engaging with policy and decision makers, as well as for the broader development community, it highlights that indigenous peoples' equal access to decent work that respects their needs and aspirations is not only a matter of human rights but crucial to the attainment of international and national development objectives.



■ Consolidated good practices in education and child labour

ISBN 978-92-2-1220734-4. ILO, Geneva, 2007. US\$25; £15; €22; 35 Swiss francs.

This book presents some of the most important good education and skills training practices identified by ILO-IPEC that can be used to form intervention strategies to eliminate and prevent child labour. It is a first step towards sharing ILO-IPEC's vast knowledge of the field and in linking the elimination of child labour to the Education For All initiative.



■ Occupational Injuries Statistics from Household Surveys and Establishment Surveys: An ILO manual on methods

Karen Taswell and Peter Wingfield-Digby

ISBN 978-92-2-120439-8. ILO, Geneva, 2008. US\$45; £25; €35; 55 Swiss francs.

Newly developed tools for collecting data on occupational injuries to supplement the data compiled through notification systems. Practical guidance,

explanations of the concepts, step-by-step approach, model questionnaires and training materials.



■ **Active labour market policies around the world: Coping with the consequences of globalization**

Second edition

Peter Auer, Ümit Efendioglu and Janine Leschke

ISBN 978-92-2-120456-5. ILO, Geneva, 2008.
US\$29.95; £18, €25; 40 Swiss francs.

Thoroughly revised and updated, this acclaimed volume provides an authoritative account of how ALMPs can help make globalization work better in the interest of workers around the world. Includes a new chapter on financing ALMPs.



■ **From conflict to cooperation: Labour market reforms that can work in Nepal**

Robert Kyloh

ISBN 978-92-2-120166-3. ILO, Gene-

va, and Academic Foundation, New Delhi, 2008.
US\$24.95; £12.95, €20; 30 Swiss francs.

Reviews the history of labour relations in Nepal and considers criticisms of the existing industrial relations system. Focusing on broad economic developments since 1990, this book sheds light on how labour legislation and labour institutions have influenced investment, growth and jobs over the long term.

INTERNATIONAL LABOUR REVIEW VOL. 147 (2008), NO. 1

■ **Toward managed flexibility: The revival of labour inspection in the Latin world**

Examining the role of labour inspection in the context of the revival of labour market regulation, Michael J. Piore and Andrew Schrank distinguish between the Latin model, where inspectors have authority to tailor enforcement to firms' exigencies, and the less flexible United States approach. The Latin model can reconcile regulation with economic flexibility and transform inspectors into the shock troops of a campaign for decent work. But its vulnerability to arbitrary behaviour on their part needs to be addressed through: management of organizational cultures; exposure and systematization of the tacit knowledge underpinning inspectors' judgements; and research into the relationship between labour standards and business practices.

■ **Fixing minimum wage levels in developing countries: Common failures and remedies**

Some developing countries have set their minimum wages too high or too low to constitute a meaningful constraint on employers. Catherine Saget's article compares minimum wages

worldwide, proposes several ways of measuring them in developing countries and discusses whether they are effective thresholds in those countries. The second part of the article considers the institutional factors leading countries to set minimum wages at extreme levels. The author concludes that the minimum wage is used as a policy instrument to several ends – wage negotiation, deflation and social dialogue – which results in the absence of a wage floor, weak collective bargaining, or non-compliance.

■ **Continuity and change in the southern European social model**

Maria Karamessini points out that over the past 20 years or so, the southern European model has undergone substantial change in every way. Changes in industrial relations, wage-setting and employment protection legislation have tended to increase wage and labour flexibility and restrict labour market segmentation. Changes within the welfare state have sought to improve labour force skills, fill gaps in social protection, reduce inequalities in social security and contain social expenditure growth. Yet institutional change has not eliminated the

main features of this model: pronounced labour market segmentation and familism; however, extremely low fertility rates are indicative of the limits of familism in the near future.

■ **Do worker absences affect productivity? The case of teachers**

This article by Raegen T. Miller, Richard J. Murnane and John B. Willett studies the impact of teacher absences on education. Using data spanning three academic years, about 285 teachers and 8,631 predominantly economically disadvantaged students from a United States urban school district, it tests assumptions that a substantial portion of teachers' absences is discretionary and that these absences reduce productivity – students' mathematics scores. Since absent teachers are typically replaced by less qualified substitutes, instructional intensity and consistency may decline: ten days of teacher absence reduce students' achievement score by about 3.3 per cent of a standard deviation – enough to lower some students' designation in the state proficiency system and, thus, their motivation to succeed.

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microInsurance Innovation facility

■ PROTECTING THE WORKING POOR



International
Labour
Organization

The **Microinsurance Innovation Facility**, a partnership between the International Labour Organization (ILO) and the Bill & Melinda Gates Foundation, will help promote decent work for millions of low-income people in developing countries. To support the emergence of valuable insurance coverage to protect the working poor, over the next five years (2008 to 2012) the Facility will engage in four sets of activities:

-  **1** Offer **innovation grants** to stimulate new ideas and test new approaches to providing better products to un- and under- served markets
-  **2** Create a market for **technical assistance** (TA) by supporting the development of TA providers while at the same time co-financing the demand
-  **3** Conduct **research** to analyse the impact that insurance has on the risk-managing capacity of poor men and women, and identify models of success
-  **4** **Disseminate lessons** learned among key stakeholders

Over the
next five years,
the Facility
will issue
40 to 50
innovation grants
for a total of
US\$18 million.

What is microinsurance? It is a mechanism to protect low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. This definition is essentially the same as one might use for regular insurance except for the clearly prescribed target market: low-income people.

The Facility is particularly interested in coverage for persons who are not presently served or are underserved by mainstream commercial and social insurance schemes, especially persons working in the informal economy.

For more information,
see: www.ilo.org/socialfinance
or email: microinsurance@ilo.org

