

**ILO – AICESIS - SER International Conference, The Hague, 29-30 October 2015**

*“Promoting Workplace Compliance including in Global Supply Chains: The role of Economic and Social Councils and similar social dialogue institutions”*

**Speech by ILO’s Deputy Director General for Policy, Sandra Polaski**

President Agripino Antonio NÚÑEZ COLLADO

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Distinguished members of:

- Economic and Social Councils and Similar Institutions,
- The International Trade Union Confederation (ITUC),
- The International Employers Organisation (IOE),
- International Organizations
- Representatives of Academia and Research Institutions
- ILO Colleagues,
- Dear friends,

**Opening Address**

On behalf of Mr Guy Ryder, Director General of the ILO, I would like to welcome you all to this Conference on **“Promoting Workplace Compliance including in Global Supply Chains: The role of Economic and Social Councils (ESCs) and similar social dialogue institutions (SIs)”**. This conference has been jointly organized by AICESIS and the ILO, with the invaluable support of The Social and Economic Council of the Netherlands (SER), to whom we wish to extend our gratitude for hosting and co-organizing this event.

The ILO and AICESIS have had a longstanding cooperation, based on a solid foundation of shared aims and objectives: to promote social dialogue, tripartism and social justice. Our collaboration has led to a Memorandum of Understanding, which reinforced our partnership, and a number of notable achievements. For example, in May 2012 we jointly organized a high-level conference on extending social protection and inclusive globalization. AICESIS has endorsed the Decent Work Agenda and we have jointly organised a number of events focusing on the role of Economic and Social Councils in promoting the Global Jobs Pact and social dialogue.

Last year marked another milestone, with the adoption of the ‘Seoul Declaration’, which committed Economic and Social Councils to promote social protection floors for all through social dialogue, which serves as a tool for extending national social protection systems in line with the ILO Recommendation on Social Protection Floors and ILO Convention 144 on Tripartite Consultation. We in the ILO deeply value and appreciate our collaboration with AICESIS.

*Pause [Tunisian national dialogue quartet – 2015 Nobel prize]*

Social dialogue is a vital tool for inclusive economic and social development and for good governance. It is means for ensuring the freedom and fundamental rights of people worldwide. We have seen the value of this work first hand through the great achievement of Tunisia's National Dialogue Quartet, who was awarded the Nobel Peace Prize for their decisive contribution in ensuring a smooth transition to democracy and building a pluralistic society in Tunisia in the wake of the 2011 Jasmine Revolution.

The Tunisian National Dialogue Quartet consists of ILO constituents – the Tunisian General Labour Union (UGTT) and The Tunisian Confederation of Industry, Trade and Handicrafts (UTICA) – along with the Tunisian Human Rights League (LTDH) and the Tunisian Order of Lawyers.

We take great pleasure in receiving the Tunisian social partners today at our conference. Tunisian social partners, you displayed courage and perseverance, and a deep commitment to human rights and democracy. For this the Nobel Peace Prize is a well-deserved acknowledgment. You and your partners demonstrated that dialogue, negotiation, concession and cooperation between all parties concerned can bear fruit, even in the most challenging circumstances. You demonstrated that answers can be found together, even if it requires extensive time and effort and good faith compromises from all sides. You also exemplified the human obligation to raise our voices to address poverty and injustice, income inequality and human rights violations.

The ILO is proud to have been able to support you in achieving the landmark social contract concluded by the Head of Government and the leaders of UTICA and UGG in January 2013 in Tunis in the presence of ILO Director General Guy Ryder.

*Pause*

Let me turn now to the topic of this conference, the role of Economic and Social Councils and similar social dialogue institutions in promoting workplace compliance, including in Global Supply Chains. We believe there is a shared understanding among social partners that compliance with labour standards, national labour laws and applicable collective agreements in global supply chains has become an imperative for businesses, in light of corporate values and reputations, emerging global principles, consumer preferences and the free availability of internet information.

Over the next two days we will discuss in detail the role of economic and social councils in promoting compliance in the workplace. We will discuss both the responsibilities of governments and the role employers and workers can play in setting standards and achieving compliance with laws and regulations that help guarantee decent work in safe and healthy working environments.

We will explore the role of economic and social councils and similar institutions in bringing together relevant social actors to reach consensus and cooperate in dealing with the challenges of workplaces that are part of global supply chains to achieve compliance throughout such chains. The issues of rights and good governance in the workplace, as well as performance, competitiveness and inclusive economic growth lie at the heart of our conference.

In the ILO we identified the need to strengthen workplace compliance through labour inspection as one of eight priorities or “areas of critical importance” during our current biennium workplan, and in this context we piloted several initiatives to test new approaches and build our knowledge and capacities. This work will now become one of the ten key outcomes for the ILO’s next two years.

The ILO firmly believes that effective social dialogue and a positive working relationship between governments, employers and workers is vital to achieving compliance with laws, core labour standards and ultimately with decent, respectful, healthy and safe workplaces. We also believe that this is the best foundation for successful and sustainable businesses, both in global supply chains and at national levels.

Global supply chains can offer substantial benefits to participants on all sides of these relationships. And yet experience has shown again and again that they can pose risks for both multinational corporations and local suppliers, for their workers and for the governments concerned.

Achieving workplace compliance is complex and it is necessary to take into account national and sectoral differences to arrive at successful policies and actions. Each of the economic and social actors has an indispensable role to play to create proactive, responsible and effective solutions.

Governments and their central agencies must play a decisive role in setting the rules and ensuring enforcement, but it is unlikely that they can achieve full compliance without the input and empowerment of workers and businesses through social dialogue and concrete workplace action.

The challenge to close the gap that so often exists between legal standards and workplace practice is perhaps most acute in some developing economies where rapid industrialisation has led to dramatic growth and diversity of jobs but the capacity of the state to exercise governance of the labour markets has not kept pace.

We should not forget however that industrialized countries, including in Europe, face very serious challenges too. The policy response to the financial crisis has led to sharp cuts in resources for labour inspection in some countries. The growth of informal or undeclared work and the presence of migrant and even trafficked labour have created new dynamics and risks in the labour market. Industrial relations systems have been weakened in some countries and this has reduced their capacity to support the labour administration in achieving compliance. All these weaknesses are likely to be further stressed by the huge influx of refugees in Asia and in Europe.

These changes in the structure of labour markets and the nature of employment relationships, the limits of the state to effectively regulate increasingly globalised industries and complex supply chains all challenge the institutions of labour inspection.

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The collapse of the Rana Plaza complex in Bangladesh, in which over 1100 workers died, was a particularly extreme illustration of the costs of weak compliance and labour inspection. The incident prompted strong and sustained international pressure for change and proved to be the catalyst for reform, including changes to labour law, scaling up of the labour inspectorate and capacity building to help ensure that factories are safe. It also brought renewed attention to freedom of association and the role of trade unions in securing compliance. The lessons from this incident have wide relevance—beyond Bangladesh and beyond the garment industry.

The ILO's response to was to further scale up our partnerships with governments, employers' organizations and unions to support countries and sectors to improve compliance with health and safety, rights and working conditions, to mobilize technical and financial support to extend our efforts to help the supplying countries to substantially upgrade their workplace inspection and compliance systems.

One example is Better Work, a partnership between the ILO and the International Finance Corporation, which focuses on improving working conditions and competitiveness in the global garment industry. Better Work assesses compliance with core international labour standards and national labour law in over 1200 factories around the world. The detailed reports of compliance or non-compliance are shared with the factory and its international buyers and after time is allowed for remediation, the compliance results are disclosed publically in order to incentivise improvement. Intensive support and training is given to workers and employers in the workplace to implement the required improvements. Better Work works also helps to build relationships between tripartite national industry stakeholders and to help them connect with global buyers.

The programme, which grew out of a pioneer project in Cambodia, now operates in garment and footwear sectors in eight countries. It has established a strong and document record of improvements in working conditions. For example in Jordan, migrant workers were previously

denied trade union membership, but today they are represented in an industry-wide collective agreement. Factories in Jordan have improved compliance with occupational safety and health requirements by 50% and have achieved 100% improvement in paying correct minimum wages and benefits. In Lesotho Better Work has helped ensure that 100% of the factories involved have eliminated HIV/AIDS discrimination. Importantly, improvements in compliance with labour laws and job quality are also associated with economic growth and increased competitiveness of firms in the supply chain. For example, in Viet Nam: 65% of Better Work factories have seen a rise in total sales, 62% have increased production capacity and 60% have expanded employment. Recent research of the diverse Better Work experience and outcomes demonstrates that the most profitable workplaces are those with the highest compliance to labour standards.

*[pause]*

The ILO has **many** instruments, programs, initiatives and capacity building projects that can contribute to achieving compliance in global supply chains and I am pleased that we have a number of leading ILO experts who will present in some detail our work in this area today and tomorrow, including Moussa Oumarou (Director of the Department for Governance and tripartism), Alette van Leur (Director of the Sectoral Policies Department), Youcef Ghellab (the head of the Social Dialogue Unit), Dan Rees (the program director Better Work) as well as Githa Roelans from our ENTERPRISE department and Claude Akpokavie from ACTRAV. And of course, we are most eager to learn from the experiences of your institutions in this field and those of the other distinguished guests at this conference.

In order to facilitate our discussions today and tomorrow, the ILO and AICESIS have also conducted a survey, which forms the basis for a background paper that you have received. The survey highlighted the importance of a systemic approach to workplace compliance, one that involves employers' and workers' organizations, as they are best suited to represent and defend their members' interests and are familiar with workplace realities. The Background Paper aims to provide a good basis for exchanging country experiences on the role of social dialogue in the promotion of workplace compliance, including in global supply chains, and to draw important lessons for the future.

We hope to see the adoption of a declaration on the subject with concrete recommendations that could serve as the basis for a plan of action at country level. We also hope that the discussions over the next two-days and outcome will be a useful tool for the general discussion on global supply chains which will be a prominent item at next year's International Labour Conference.

Finally, let me once again express my sincere gratitude to the Dutch Economic and Social Council and to their team for their warm and hospitable welcome.

Let me wish us all a very successful conference. Thank you.