



► Record of proceedings **9A(Rev.1)**

International Labour Conference – 109th Session, 2021

Date: 11 December 2021

Reports of the General Discussion Working Party: Inequalities and the world of work

Proposed resolution and conclusions submitted to the
Conference for adoption

This Record of proceedings contains the text of the proposed resolution and conclusions concerning inequalities and the world of work, submitted for adoption by the Conference.

The report of the Working Party on its proceedings will be published on the Conference website in Record No. 9B on 17 December 2021.

Proposed resolution concerning inequalities and the world of work

The General Conference of the International Labour Organization, meeting at its 109th Session, 2021,

Having undertaken a general discussion on inequalities and the world of work, and taking into account the Declaration of Philadelphia, 1944, and the ILO Centenary Declaration for the Future of Work, 2019;

1. Adopts the following conclusions.
2. Invites the Governing Body of the International Labour Office to give due consideration to the conclusions and to guide the Office in giving effect to them.
3. Requests the Director-General to:
 - (a) prepare a plan of action to give effect to the conclusions and submit it to the Governing Body for consideration at its 344th Session in March 2022;
 - (b) communicate the conclusions to relevant international and regional organizations; and
 - (c) take into account the conclusions when preparing future programme and budget proposals and mobilizing extra-budgetary resources.

Conclusions concerning inequalities and the world of work

I. Inequalities: A global challenge requiring urgent action

1. Inequality is complex, multifaceted and has many forms and components. There is a need to address the different dimensions of inequality in the world of work.
2. Income inequality within countries has increased in a majority of them. Global wealth inequality is high. Major advances had been made in reducing extreme poverty and decreasing inequality between countries, although the COVID-19 pandemic has reversed some of those gains. There is significant global income inequality overall and a long-term global decline in the labour share of income: the distribution of income growth has been highly unequal with a majority of the world's population receiving a smaller share than the very top of income earners.
3. High levels of inequality between and within countries can be rooted in a complex and multifaceted interaction of macroeconomic, trade, investment, labour, and employment policies and practices. Contributing factors vary and can include: poverty, informality, structural unemployment, absence of fiscal space for socio-economic development, development gaps, governance and accountability issues at the global and domestic levels. They can also include: a lack of viable institutions, failure to protect labour rights, ineffectiveness of tax systems, illicit financial flows, lack of adequate corporate, financial and wealth taxation, lack of an enabling environment for sustainable enterprises, inadequate universal social protection, including floors, and high debt service obligations. Fair and rules-based international trade that respects labour rights, promotes fair wages and working conditions, and value-addition along global supply chains can be a catalyst for economic growth and development, and contributes to reducing income inequality between countries.
4. The COVID-19 pandemic, which has triggered an unprecedented economic and social crisis, has exposed and deepened existing inequalities in many countries. It has laid bare the unequal capacity of countries to absorb external shocks and the unequal ability of

governments to put in place requisite public health measures owing, among other things, to resource constraints, as well as the lack of vaccine equity between richer and poorer countries. Workers in insecure forms of work and the informal economy, especially women and disadvantaged groups, have been disproportionately harmed by income loss and other negative effects. The pandemic has also shown the uneven capacity of countries to use fiscal stimulus packages to navigate the crisis, while allowing the economy to recover once the crisis is over.

5. Poorer countries risk being left behind for decades to come, because of pre-existing structural weaknesses in their economies and lack of fiscal space required to foster recovery from COVID-19, among others. Some are being seriously constrained by chronic debt, which has grown larger during the pandemic, as they are channelling a higher share of national revenues into debt service, reducing funding for socio-economic development.
6. Within countries, high levels of inequality in the world of work can have severe economic, social and political consequences. They can slow down economic growth, undermine social mobility and social cohesion, cause the deterioration of public health, increase the risk of social unrest, and undermine the aims of the Declaration of Philadelphia. They can be also among the root causes of child labour and forced or compulsory labour in all its forms.
7. The type and extent of inequalities vary by country and over time, but gender inequalities, despite some progress over the past decades, remain persistent and pervasive. This manifests in the gender pay gap and gender-based violence and harassment that remain high. The COVID-19 crisis has reversed some of women's gains. Girls and women have been forced to leave education, training and the labour market because they still shoulder most of the burden of unpaid care and domestic work, are disproportionately represented in the hardest hit service sectors and due as well to other barriers. This has worrisome consequences for current and future prospects of women's well-being and autonomy, as well as for economic recovery.
8. The COVID-19 crisis has affected disproportionately those who are vulnerable to discrimination on all grounds covered by international labour and human rights standards. Inequalities are more pronounced when multiple grounds of discrimination intersect.
9. The 2 billion workers in the informal economy have been among the hardest hit by the COVID-19 crisis, as they tend to earn substantially less than formally employed workers, are twice as likely to be poor, have low rates of savings and often face the most serious decent work deficits. This includes a lack of access to social protection and higher exposure to occupational safety and health risks, as well as obstacles to freedom of association and the effective recognition of the right to collective bargaining. Women are disproportionately represented in the informal paid care economy and domestic work, particularly migrant domestic workers. Women have faced both worsened working conditions and reduced job security during the pandemic. Economic units in the informal economy have low productivity, limited investment and negligible capital accumulation, which make them particularly vulnerable to economic shocks.
10. Unequal access to economic and decent work opportunities, to finance, quality public services, quality education and relevant training, essential social services infrastructures and digital infrastructure between urban, rural and peripheral areas and richer and poorer regions also contribute to inequalities in the world of work, as well as to a growing sense of fractured societies.

11. Some inequalities arise well before individuals enter the world of work and addressing them is key to reducing inequalities in the labour market and beyond. As work is the main, if not the only, source of livelihoods of most people around the world, the world of work plays an important role in reducing inequalities, including in terms of intergenerational social mobility. High inequalities between adults today make it more difficult to ensure equal opportunities for the next generation.
12. The Declaration of Philadelphia recognizes “the solemn obligations of the International Labour Organization to further among the nations of the world programmes, which will achieve,” among other aims, “full employment and the raising of standards of living” and “policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection.” The ILO Minimum Wage Fixing Convention, 1970 (No. 131) recognizes that adequate minimum wages are instrumental in reducing inequalities and that two necessary elements should be taken into consideration, so far as possible and appropriate in relation to national practices and conditions: (1) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits and the relative living standards of other social groups; and (2) economic factors, including the requirements of economic development, levels of productivity, and the desirability of attaining and maintaining a high level of employment. As highlighted in the ILO Centenary Declaration for the Future of Work, 2019, persistent poverty, inequalities and injustices constitute a threat to the historic advances in economic and social progress that have resulted in more humane conditions at work. The COVID-19 crisis has underlined the urgent need for prompt action to reduce inequalities, promote inclusive growth and build forward better, including by addressing the effects in the world of work of ongoing megatrends, such as climate change, digitalization, demographic shifts and globalization. Effective action requires identifying and addressing the drivers of inequalities and is integral to achieving social justice and the SDGs, including through solidarity and cooperation, and assuring that no one is left behind.

II. The drivers of inequalities in the world of work

13. The multidimensional nature of inequalities is associated with a multiplicity of interrelated and, most often, mutually reinforcing international and national structural and systemic causes. The global slowdown in labour productivity and the declining labour income share have hindered wage growth in recent years. Declining labour share of income is reflected in the higher incomes of top earners and hampers sustainable development. This is happening at the global and national levels. The causes of inequality and their impacts vary according to national contexts, groups concerned and forms of inequality. Both external factors and political decisions have an impact on inequality.
14. Lack of technology transfer and uptake through and within global supply chains, a global slowdown in labour productivity in recent decades and productivity divergence across countries are some of the causes of income inequality between countries. There are also cross-sectoral variations in productivity and wide productivity gaps among enterprises within sectors. Long-term decoupling of wages and productivity is also a key determinant of within-country labour income inequality. Divergence in productivity between enterprises can also be driven by size; with some small and medium-sized enterprises lagging behind larger firms. Wage differentials, which can be attributed to skills differentials and diverse levels of labour productivity within enterprises, account for a major share of labour income inequality. Global supply chains have contributed to

economic growth, job creation, poverty reduction and entrepreneurship and can contribute to a transition from the informal to the formal economy. They can be an engine of development by promoting technology transfer, adopting new production practices and moving into higher value-added activities, which would enhance skills development, productivity and competitiveness. At the same time, integration into global supply chains has created challenges for economic and social development and the environment, particularly for developing countries that are substantially disadvantaged by a lack of fiscal and policy space to promote higher value-added activities and sustainable development. Failures within global supply chains have contributed to decent work deficits, including in the areas of child labour and forced labour, occupational safety and health, wages, working time and the employment relationship. Such failures have been detrimental to sustainable development and labour rights, particularly freedom of association and collective bargaining. Social dialogue, including collective bargaining, contributes to the fair distribution of the gains generated through value-added along global supply chains.

- 15.** Chronic and high levels of international debt is a driver of inequality for many developing countries, as the burden of meeting the requirements of high debt service limits the fiscal space needed to reverse structural problems that impede development.
- 16.** Labour income is the main source of income for most households in the world. Unequal access to work and working poverty are major drivers of inequalities. Millions of people are unemployed and many more are underemployed. The COVID-19 crisis has increased their numbers, affecting mostly those occupying lower paying jobs and insecure forms of work. Lack of full, productive and freely chosen employment and decent work for all is driven by a multiplicity of causes. These include inadequate macroeconomic and tax policies, lack of sustainable industrial policies, lack of an enabling environment for sustainable enterprises and low aggregate demand, associated often with a declining labour share of national income and ineffective structural transformation of the economies.
- 17.** Inequality arises not only from the lack of jobs but also from their quality. This concerns first and foremost those working in the informal economy, who represent more than 60 per cent of the global workforce. Informality is not only synonymous with the most pronounced decent work deficits; it also undermines the governments' scope of action, as it limits the fiscal space and capacity of States to provide access to public services to all and to ensure appropriate redistribution through social transfers and tax systems. Increasingly, many are in forms of work, such as part-time work, fixed-term contracts and working through private employment agencies, that can offer a stepping stone to employment, especially for workers who face higher barriers on the labour market such as young, low-skilled and migrant workers. These types of work may give rise to decent work deficits when, among other reasons, they are not regulated well, are not used for the specific legal purpose they are intended for but to circumvent the employer's legal and contractual obligations, or do not afford adequate labour and social protection. This can contribute to undercutting fair competition and deepening inequalities in the labour market.
- 18.** Insufficient, weak legal and policy frameworks, including those concerning occupational safety and health and active labour market policies, together with informality and dysfunctional labour market institutions, contribute to inequalities. Indeed, they deprive some workers of adequate and effective labour and social protection and equal access to opportunities and constrain sustainable enterprises and growth. A majority of the world's population is not covered by any form of social protection, which can result in shocks causing a fall into poverty and widening inequalities. Decline in trade union membership

and collective bargaining coverage, due to a number of factors, including violations of the right to organize and collective bargaining or other obstacles to its realization, has also contributed to a rise in wage inequalities.

19. Insufficient provision of and unequal access to quality public services and education, as well as training and lifelong learning, are key drivers of inequalities. While global literacy rates and levels of educational achievements increased over the past years, there remain important inequalities in access to education and training. There are also gaps in access to health, transport, sanitation, care, water, energy, housing, especially for people living in rural areas, working in the informal economy, migrant workers, low-skilled workers and young people not in education, employment or training.
20. Discrimination, including systemic, multiple and intersectional forms of discrimination, remains a persistent and pervasive dimension and root cause of inequality, which often manifests in a lack of career opportunities in the labour market and social mobility. One significant issue is unequal pay for work of equal value. Women everywhere still face high barriers in entering, remaining and progressing in the labour market, while continuing to bear most of the responsibility for unpaid care work. Violence and harassment in the world of work creates and reinforces inequalities. Discrimination hinders not only equal access to education, training and lifelong learning, but also access to quality jobs, housing, mobility, land and capital, as well as social protection.
21. Climate change, digitalization, globalization and demographic shifts are transforming the world of work and, while some may present opportunities, they also generate challenges that may contribute to a widening of inequalities. Climate change has disproportionately affected the quality of life and livelihoods of those vulnerable populations with the fewest resources to mitigate its pernicious effects. It puts jobs, livelihoods and productivity at risk in some sectors that are critical to sustainable development and growth. Digitalization and the rise of digital labour platforms can create new drivers of inequality, but also provide workers with income-generating opportunities. On the downside, earnings are often low, employment volatile and social protection is usually lacking. In addition, digital divides exacerbate further existing inequalities.

III. A comprehensive and integrated ILO strategy to tackle inequalities in the world of work

22. To reduce inequalities, achieve social justice and ensure that no one is left behind, simultaneous action is needed in several policy areas, and fragmented and piece-meal approaches should be avoided. Reducing inequalities in the context of an inclusive and human-centred recovery requires combined, coordinated and coherent interventions at various levels, adapted to specific country circumstances. Reducing inequalities also requires a recognition of the inter-connectiveness of nations and people. Strengthened bilateral, regional and multilateral solidarity and cooperation must also be an integral part of a successful strategy to tackle inequalities.
23. Members, with the support of the International Labour Organization, should focus on:
 - (a) **A positive agenda for reducing inequalities, through sustained, inclusive and sustainable growth, full and productive employment and decent work for all, in the context of a just transition, digitalization and demographic changes, and in line with the Employment Policy Convention, 1964 (No. 122) and Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169).** Employment creation is key to reducing inequality. It requires a pro-employment and gender-responsive macroeconomic framework, including fiscal,

monetary, industrial, sectoral, and labour policies, effective active labour market policies, and enabling regulatory environments. An enabling environment for sustainable enterprises that can increase productivity and narrow the productivity gaps across enterprises is also needed. It also requires the adoption of employment impact assessments to evaluate policies, socio-economic development strategies and investments, and to minimize jobless growth. Investment in sustainable enterprises, workforce, research and development, technological improvements, innovation and in the real economy is also essential. Social dialogue, including collective bargaining, helps achieve a fair share of productivity gains and economic growth, contributing to a more equitable distribution of income and wealth. Furthermore, to address the digital divide, investments for developing or upgrading the digital infrastructure are essential. A just transition provides a vital pathway to minimize the negative impacts of environmental and climate change and to harness the potential of creating decent work in a greener economy. It would expand access to the labour markets for the most vulnerable and disadvantaged.

- (b) **Fostering equal opportunity, access to quality education and training and quality public services: ensuring the effective realization of the right to education by promoting access for all, from early childhood, to quality and relevant education.** Access to training and lifelong learning is a precondition to ensure equal opportunities in employment, facilitate successful labour market transitions and help achieve gender equality and social inclusion. It requires improving the quality and relevance of education, training and skills development that are responsive to societal and labour market needs, to increase employability, the ability to adapt to the fast-changing world of work and productivity, and to share the benefits of technological progress, green transitions and demographic changes. Social dialogue, including collective bargaining, can contribute to quality skills, training and lifelong learning. Targeted support for disadvantaged groups is needed to reduce barriers to access to education and training, as well as to reduce gender segregation through Science, Technology, Engineering, and Mathematics (STEM) studies and gender-responsive career guidance and jobs. Skills, including upskilling and reskilling and lifelong learning, with a focus on disadvantaged groups, are central to recovery strategies. Strengthening quality public services helps reduce unpaid care work to enable participation in the labour market.
- (c) **Ensuring adequate protection of all workers and fostering a fair share of the fruits of progress.** Strengthening the effectiveness and inclusiveness of labour market institutions, including the relevant inspectorates, is paramount to addressing inequalities and poverty. Fundamental principles and rights at work must be guaranteed to all workers regardless of their employment relationship, including workers in insecure forms of work in the formal and informal economy. Implementation of collective bargaining systems and measures for equal pay for work of equal value and pay transparency, among other measures, including in supply chains, are key for fair distribution of the fruits of economic progress. Adequate minimum wages, statutory or negotiated, are also a powerful tool to reduce inequalities and should be set by taking into account the needs of workers and their families as well as economic factors, as laid out in Convention No. 131.
- (d) **Accelerating the transition to formality by addressing the underlying causes of informality.** Formalization of the economy is a necessary condition to reduce poverty and inequalities, advance decent work, increase productivity and sustainability of enterprises and expand government's scope of action, notably in times of crisis. In accordance with the Transition from the Informal to the Formal

Economy Recommendation, 2015 (No. 204), and acknowledging that the pathways to transition to formality depend on national circumstances, comprehensive integrated strategies that tackle multiple drivers of informality work best. Effective gender-responsive and non-discriminatory formalization strategies combine interventions to increase the ability of the formal economy to provide for decent work opportunities, to absorb workers and economic units currently in the informal economy, and to strengthen the ability of people and enterprises to enter the formal economy. The identification of the right incentives and the elimination of obstacles to formality are essential to encouraging entrepreneurship, private investment, economic growth and decent job creation. In the context of the COVID-19 crisis, preventing the informalization of formal jobs is also of particular importance.

- (e) **Ensuring gender equality and non-discrimination and promoting equality, diversity and inclusion.** This requires an integrated and comprehensive approach that puts people at the centre, takes into account the impact of intersecting personal identities, as well as conditions of vulnerability, and addresses equality through the entire life cycle. This entails removing barriers preventing women from accessing, remaining and progressing in the labour market, such as stereotypes, discriminatory laws and practices, the unfair division of unpaid care work and the lack of flexible working arrangements. This involves ensuring access to quality and affordable long term and child care; strengthening actions and policies to end racial and all other forms of discrimination and to achieve equality of opportunity and treatment for all. This also means closing gender pay and pension gaps, and further realizing equal remuneration for work of equal value for all; tackling occupational segregation; and increasing the availability of data disaggregated by sex, age, disability, race, ethnicity, migrant status and geographic location.
- (f) **Promoting trade and development for a fair globalization and shared prosperity.** To promote job creation, inclusive growth, sustainable development and the reduction of inequalities, the International Labour Organization should, in line with the Declaration of Philadelphia, cooperate fully with relevant international bodies to help “avoid severe economic fluctuations, to promote the economic and social advancement of the less developed regions of the world, to assure greater stability in world prices of primary products, and to promote a high and steady volume of international trade”. This includes identifying how global supply chains can contribute to reducing inequalities in the world of work, especially between richer and poorer countries.
- (g) **Realizing universal social protection.** There is an urgent need to strengthen national social protection systems, extending their reach to those who are so far not adequately protected and ensuring that everyone has access to comprehensive, adequate and sustainable protection over the life cycle. This provides a strong base that allows countries to address inequalities and promote an inclusive recovery and resilience in the face of crises.

24. The International Labour Office should:

- (a) Develop, in consultation with constituents, a comprehensive and integrated strategy reflected in, among others, the ILO's strategic plans and programmes and budgets, to guide its Members, especially at the country level, in accelerating action to reduce and prevent inequalities in the world of work. The strategy should emphasize the link between the Decent Work Agenda and inequality, and the goals of the 2030 Agenda for Sustainable Development. It should contribute to a human-

centred recovery that is inclusive, sustainable, and resilient, reinforcing the Organization's mandate on social justice as reinvigorated by the ILO Centenary Declaration. It should also place a strong emphasis on the transformative agendas for gender equality and for equality, diversity and inclusion, in accordance with the Global Call to Action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient. The strategy should promote a mix of mutually reinforcing policies and measures that address the different drivers of inequality, are guided by international labour standards, evidence-based and tailored to the specific circumstances of each country. This mix of policies should put employment, protection of worker rights, non-discrimination and equal opportunities, fair distribution of the fruits of progress and redistribution at the heart of action to combat inequalities and realize social justice. This strategy should help position the ILO as a key player in the fight against inequalities both at country and international level.

- (b) Assist constituents, including through Decent Work Country Programmes and appropriate technical advisory services, in establishing comprehensive and integrated strategies to reduce inequalities in the world of work and in designing and implementing actions under the above-mentioned seven relevant areas. Such support should be provided in accordance with relevant international labour standards and action plans agreed by the Governing body around the four pillars of decent work to follow-up to Conference resolutions and declarations in areas such as social protection; skills and lifelong learning; and the strategy on the formalization of the informal economy. Attention should also be given to: strengthening the work of the ILO on decent work and productivity, taking into account the guidance provided by the Governing Body in March 2021; promoting equal opportunities, youth employment and an enabling environment for sustainable enterprises; advancing a transformational agenda for gender equality and non-discrimination; and enhancing measures to promote inclusive collective bargaining systems at all appropriate levels, as well as other forms of social dialogue to help attain a just share of the fruits of progress to all.
- (c) In its contribution to the United Nations reform effort, incorporate systematically inequality issues in country-level activities and Decent Work Country Programmes, placing social dialogue at the heart of the policy debate, while strengthening ILO country offices and further developing the "One-ILO" approach.
- (d) Mainstream inequality issues into the follow-up to the ILO Centenary Declaration, the Global Call to Action, and into the ILO's programme and budget, highlighting explicitly the possible contribution of selected outcomes to the reduction of inequality and building upon ongoing relevant country programmes with a view to expanding their scope and maximizing impact.
- (e) Engage urgently in stronger multilateral coordination and cooperation, including with international financial institutions and other relevant organizations, on the issue of inequality, with the ILO promoting policies for full employment and decent work, employment impact assessments and alignment with international labour standards, and assessing the effects of international economic and financial policies, including external debt, on labour market outcomes and inequalities.

In the socioeconomic recovery from the pandemic, this would help increase efficiency and policy coherence for, among others, emergency support for employment, business continuity and labour and social protection, with attention to the most vulnerable and hardest hit by the pandemic. Such a cooperation is

crucial to take into account the interlinkages of drivers of inequalities outside and within the world of work to provide sufficient fiscal space to implement policies to address inequalities.

- (f) Pursue research and gather knowledge aimed at providing evidence-based guidance to combat inequality in the world of work, appropriately address the promotion of a just transition to a carbon neutral digital economy, and gain knowledge on intergenerational transmission of disadvantages, as well as on the causes of and possible measures to address a declining labour share of income. Such research should take into account country-specific circumstances and include regular monitoring reports on the various dimensions of inequality in the world of work and demographic changes. Continue the development of a regular flagship report on the strategic objective of social dialogue and tripartism.
- (g) Continue promoting the ratification and implementation of ILO fundamental conventions and those ILO instruments relevant to employment policies, employment relationship and working conditions, informality, crisis situations, violence and harassment in the world of work, as well as workers with family responsibilities, indigenous and tribal peoples, and domestic workers.
- (h) Accelerate the implementation of a transformative agenda for gender equality and a transformative agenda for equality, diversity and inclusion, in accordance with the ILO Centenary Declaration and the Global Call to Action.
- (i) Redouble efforts to support constituents in developing and implementing gender-responsive employment policies in line with Convention No. 122 and Recommendation No. 169. Likewise support constituents in establishing effective and evidence-based minimum wages setting systems that promote adequate minimum wages, statutory or negotiated, and promote the ratification and implementation of Convention No. 131. In this context, identify evidence-based and innovative policy recommendations to tackle gender pay and pension gaps.