



SECOND ITEM ON THE AGENDA

Proposed work to expand the knowledge base for the work of the Working Party

1. This paper responds to the request in paragraph 13 of the report of the last meeting of the Working Party¹ for “a more detailed proposal ... on the expansion of the knowledge base for the work of the Working Party, built on paragraph 125 of the second paper and paragraph 26(a) of the third”.²
2. Since the last meeting, concrete workplans have been drawn up in both areas of work that were the subject of the two abovementioned paragraphs (first, freedom of association and the right to collective bargaining and social dialogue and, secondly, the impact of globalization on employment and poverty reduction).
3. With respect to **organization, collective bargaining, and social dialogue**, the following items of work have been planned:
 - (i) Best national practice on labour institutions in a globalizing economy

One of the main findings of the paper entitled “Organization, bargaining and dialogue for development in a globalizing world”² was that representative organizations, collective bargaining and social dialogue are not barriers to economic performance. However, the interaction between certain institutions (in product and labour markets) and broader economic factors can influence economic outcomes. Different countries have found different configurations of institutions in product and labour markets for spurring growth and development. It would therefore be important to explore further the various ways in which countries are harnessing the benefits of more integrated and participatory approaches for socially sustainable development.

In this connection it is significant to note that, in October 2000, the Office launched a Pilot Programme on Decent Work (DW/PP) at the country level. Its aim

¹ GB.279/16.

² GB.279/WP/SDG/2.

is to demonstrate the significance and practical relevance of the decent work concept at the national level. Pilot programmes in three selected countries (Denmark, Panama and the Philippines) were initiated in the October-December 2000 period. At least three additional countries will be selected for pilot programmes in 2001. The approach will be:

- (a) to assess the general economic and social situation in a country with regard to the decent work dimensions (including the achievement of freedom of association and the effective recognition of the right to collective bargaining);
- (b) to assess the major constraints for the progress of the decent work agenda;
- (c) to develop a national action plan based on the setting of priority decent work issues;
- (d) to implement the targeted action programme.

These country programmes will be a rich source of information and documentation, inter alia, on the role that institutions of voice at work play as part of a wider configuration of institutions for development. This information can then be used to assist other governments and the social partners to apply the decent work agenda in their national development strategies. The Governing Body will be informed of results and progress in due course.

- (ii) Strengthening the promotion of the Declaration on Fundamental Principles and Rights at Work and its Follow-Up
 - (a) The challenge of promoting freedom of association and the effective recognition of collective bargaining in the informal economy

Both the global report “Your Voice at Work” and the paper referred to earlier highlighted the challenge of realizing these fundamental principles and rights at work in the informal economy. Although some representative institutions exist in the informal economy, knowledge on these is currently very limited. Further information is therefore required on the various forms of organization and dialogue in the informal economy, and the links between these institutions and the development of social capital in development strategies.

The InFocus Programme on the Declaration of Fundamental Principles and Rights at Work and the InFocus Programme on Boosting Employment through Small Enterprise Development have launched a joint policy-oriented research project on organizational rights in the informal economy. The project aims, in particular, at deepening the understanding of the links between freedom of association, social and institutional outcomes, and economic performance in the informal economy.

The project will begin by surveying in more detail the various types of organizations of informal economic actors (whether these are self-employed, micro- or small entrepreneurs or dependent workers) with a view to identifying the incentives, factors and processes that shape their creation; and assessing their strength as well as the constraints undermining their potential of efficient and responsive “voice” institutions. The outcome of this study will feed into the report on the informal sector that is being prepared for a general discussion at the International Labour Conference in 2002.

(b) Building statistical capacity for the global report

The paucity of reliable data on variables relating to organization, bargaining and social dialogue is a cause for concern. Little attention has been given within the Office to maintaining up-to-date information on workers' and employers' organizations around the world and the level, practice and application of social dialogue. Given that a global picture of this category of fundamental principles and rights at work is the subject of the global report once every four years, it is an area that requires urgent attention.

It is thus proposed to begin a four-year cycle of data collection on "voices at work" (membership and density rates for workers' and employers' organizations, collective bargaining coverage, the degree of bargaining coordination) with a view to providing an overview for the next global report.

4. Work on the **impact of globalization on employment** is likely to begin in May 2001 as part of a Partnership Framework Agreement between the ILO and the Department for International Development (DFID) of the United Kingdom that is in the final stages of negotiation. If, finally approved, this component of the project with DFID (to be implemented by the International Policy Group) will undertake research aimed at generating new knowledge on how globalization is affecting the prospects for employment growth and poverty reduction in developing countries. The rationale for this research is that there is now little systematic information available on how developments in the multilateral trading system, the globalization of financial markets, and changes in global production systems linked to increased flows of foreign direct investment are affecting the overall prospects for employment growth, the quality of employment that is being generated, and the distribution of wages and income. A particularly important gap in knowledge is that little is known about how increasing integration into the global economy is affecting the informal sector, both directly and indirectly. This is especially important from the perspective of efforts to reduce poverty since the majority of the poor depend on this sector for their livelihood.
5. A two-stage research programme over three years is envisaged. The first stage will involve basic empirical work to document the impact of globalization on employment and poverty reduction. This will first involve a systematic compilation of existing data on the main variables from international sources, supplemented by national statistics where necessary. Major trends (such as whether the relationship between trade liberalization and foreign direct investment, on the one hand, and employment, on the other, has changed over time) will then be analysed. This will be followed by econometric work seeking to establish an explanatory framework for the observed trends. A limited number of country case studies will also be conducted for a more detailed analysis of the main issues involved.
6. The second stage could then focus on analysing the causes of the outcomes observed in the first stage and investigating options for policy and institutional reform at both the international and national level that could lead to a more equitable sharing of the benefits of globalization, especially through a higher rate of growth of decent jobs.
7. The project implementation process will give priority to mobilizing the cooperation of relevant ILO technical units in Geneva and the field as well as to the development of partnerships with other international organizations working on related issues. Parallel efforts will also be made to enlist the support of other donors in order to widen the range of countries and issues to be studied and to augment the pool of outside expertise that can be tapped.

- 8.** The outputs of this project will be research reports in the form of working papers presenting preliminary findings and two edited volumes, one to be produced at the end of each phase of the project. Each of these volumes will contain a synthesis chapter presenting the main research findings and discussing their policy implications. These outputs will be widely disseminated to ILO constituents, international organizations, partner institutions in the research project, the international development community, and the media. The aim will be to influence policy-thinking at both the national and international level as well as public opinion. The first working papers will appear six to nine months after the commencement of the project, the first volume after 18 months and the second volume at the end of the project.
- 9.** This work on globalization, employment and poverty reduction is part of a subprogramme entitled “Decent work and poverty reduction” of the Framework Agreement with DFID. The other two components of this subprogramme are: (a) support to ILO involvement in the World Bank and IMF programme of producing Poverty Reduction Strategy Papers; and (b) poverty mapping. The former is intended to support the efforts of the ILO to demonstrate, in five pilot countries (United Republic of Tanzania, Mali, Cambodia, Nepal and Honduras), the difference made to policy advice by introducing the decent work concept as an integral part of economic and social policy-making. The component on poverty mapping is intended to develop both conceptual and operational coherence throughout ILO activities directed at poverty reduction and, building on this, to map the ILO’s framework and approach in this field to that of other agencies.
- 10.** While the activities described in the preceding paragraph fall somewhat short of what was proposed to the Working Party in November 2000, they nevertheless represent a significant body of work that could usefully be drawn upon for the future work of the Working Party over the coming two to three years. Moreover, efforts are continuing to mobilize additional extra-budgetary support for areas of work that were proposed in November but for which funding has yet to be obtained. In any case, with successful efforts to exploit synergies between the work described in this paper and other related work under the ILO’s regular budget, it should be possible to provide a base of credible technical work to support the deliberations of the Working Party.

Geneva, 22 February 2001.