

Governing Body

337th Session, Geneva, 24 October–7 November 2019

GB.337/INS/4

Institutional Section

INS

Date: 4 October 2019

Original: English

FOURTH ITEM ON THE AGENDA

Mid-term report on the implementation of the ILO programme of action on decent work in global supply chains

Purpose of the document

The Governing Body is invited to review progress in the implementation of the programme of action on decent work in global supply chains at this mid-term milestone and provide guidance on the way forward prior to a final report in October 2022 (see draft decision in paragraph 41).

Relevant strategic objective: All.

Main relevant outcome/cross-cutting policy driver: Outcome 7: Promoting safe work and workplace compliance, including in global supply chains.

Policy implications: Guiding Office action on decent work in global supply chains.

Legal implications: None.

Financial implications: None.

Follow-up action required: Depending on the Governing Body decision, continued implementation of the programme of action until October 2022.

Author unit: Office of the Deputy Director-General for Policy (DDG/P).

Related documents: GB.328/INS/5/1; GB.328/INS/5/1(Add.1); GB.329/INS/3/2; GB.337/POL/3; GB.337/PFA/7.

Introduction

1. In October 2016, the Governing Body discussed the follow-up to the resolution concerning decent work in global supply chains adopted at the 105th Session (2016) of the International Labour Conference – the ILO programme of action 2017–21.¹
2. In March 2017, the Governing Body discussed the roadmap for the programme of action² and requested the Director-General to take account of comments made, including the [joint guidance points from the Employers’ and Workers’ groups](#), in implementing the roadmap for the programme of action on decent work in global supply chains during the period 2017–21.
3. In line with the decision of the Governing Body, and following consultations with the Employers’ and Workers’ groups, the [programme of action and the roadmap](#) were revised and consolidated into one document in August 2017.
4. This report should be read in conjunction with GB.337/POL/3.

Programme of action workplan

5. The [programme of action on decent work in global supply chains](#) is structured around five areas of action: (i) knowledge generation and dissemination; (ii) capacity-building; (iii) effective advocacy for decent work in global supply chains; (iv) policy advice and technical assistance; and (v) partnerships and policy coherence. As advised by the Governing Body, the Office prioritized the first two areas of action in the first two years of implementation but also took steps to advance items under the other three areas of action, particularly in light of the close linkages between the action areas on capacity-building and on policy advice and technical assistance.
6. Three meetings complement the programme of action. The Meeting of Experts to Promote Decent Work and Protection of Fundamental Principles and Rights at Work for Workers in Export Processing Zones (EPZs) took place in November 2017. The Meeting of Experts on Cross-border Social Dialogue was held in February 2019. The third will be a technical meeting to follow this mid-term report and will take place in February 2020 in line with paragraph 25 of the 2016 conclusions.
7. The [conclusions to promote decent work and protection of fundamental principles and rights at work for workers in EPZs](#) were adopted by the Governing Body at its 332nd Session in March 2018. An EPZ action plan was subsequently developed.
8. The [conclusions](#) of the Meeting of Experts on Cross-border Social Dialogue are to be considered by the Governing Body at its 337th Session.
9. Consisting of 30 deliverables and 95 key activities, the five-year programme of action workplan outlines a wide-ranging agenda for reducing decent work deficits and increasing opportunities for productive and decent jobs for women and men all along supply chains. The workplan also calls on the Office, during the first two years, to select a limited number of sectoral global supply chains, map them from primary producer to end consumer, and to

¹ [GB.328/INS/5/1](#).

² [GB.329/INS/3/2](#), para. 16, as amended.

identify for the implementation of country-level activities several member States in which evidence suggests significant decent work deficits along those chains.

10. In the programme's [theory of change](#), the anticipated outcomes involve most of the technical specialities of the ILO, including several in which established and ongoing activities (such as the promotion of international labour standards and the strengthening of judiciary systems) would have positive impacts on decent work deficits in supply chains. In this short document the Office has prioritized reporting on activities that respond to, or were triggered specifically by, the programme of action. The document highlights: progress made towards meeting deliverables that involve new areas of work and knowledge; lessons learned from implementing a more holistic approach within the Office; and areas in which diligent programme implementation can significantly add to the value of ILO intervention. The Office compiled a detailed matrix of actions that illustrates the breadth and number of ILO actions involving global supply chains.

Institutional developments and coordination

11. Given the diversity and cross-cutting nature of issues associated with decent work in supply chains many, if not all, of the ILO technical branches and units are engaged in work on or related to supply chains. The ILO's work on supply chains has also increased substantially since the 2016 resolution. Effectively implementing the programme of action's deliverables required the Office, as a first step, to obtain a full picture of its existing expertise and activities.
12. The stocktaking exercise indicated that supply chain activities generally did not adopt a comprehensive and integrated perspective. Further detailed examination of three critical areas (research, development cooperation and methods for mapping supply chains) indicated that meaningful implementation of the programme of action, and not least the commitment to focus "across entire supply chains", would require more coherence and coordination. The following examples illustrate how the Office has worked systematically to enhance collaboration, as well as the benefits of doing so, including in anticipation of scaled-up activities under the programme of action.
13. Under the direction of the Deputy Director-General for Policy, the Office has been coordinating and steering the supply-chain-related activities of the different technical fields toward a "One ILO" approach, with an initial focus on the areas of knowledge generation and capacity-building. To bring together the relevant technical and policy experts from across the Office and begin to address the programme of action's call to develop comprehensive approaches along entire supply chains, three working groups were created, each focused on a particular sector. As agreed with the Employers' and Workers' groups, the sectors chosen as pilots were apparel, mining and electronics. The aim of these working groups is to improve coordination in the design and delivery of services by the Office, increase the impact and efficiency of technical assistance programmes, and scale up existing development cooperation programmes within an integrated strategic framework.
14. An additional working group was formed on research and knowledge dissemination, jointly coordinated by the Research Department and the Office of the Deputy Director-General for Policy, with representatives from all policy departments as well as field specialists. The working group has improved coordination within the policy portfolio, and with the field, raised awareness about planned and ongoing research, and is helping to facilitate the advancement of targeted research projects.

Capacity-building

15. The ready-made garments sector in Ethiopia presents a noteworthy example of an integrated and holistic intervention. The Office developed a “One ILO” programme that draws primarily on the expertise of the Better Work, SCORE (Sustaining Competitive and Responsible Enterprises) and Vision Zero Fund programmes and that of the Governance and Tripartism and the Conditions of Work and Equality Departments. The programme operates according to the principle that its objectives at the national, sectoral and enterprise levels are complementary and thus progress in one will generate momentum towards achieving the others. In its first year of operation, the project has already shown promise as a model for future development cooperation programmes.
16. Another “One ILO” approach is under development for the vertically-integrated ready-made garments sector in Pakistan, with close coordination between the ILO Country Office for Pakistan in Islamabad, DWT/CO-New Delhi, the apparel working group, and the Bureau for Employers’ Activities (ACT/EMP) and the Bureau for Workers’ Activities (ACTRAV). The model envisages interventions at multiple levels, including national conformity in law and practice with international labour standards, enterprise compliance across multiple tiers, respect for fundamental principles and rights at work with a focus on the lower tiers (cotton), and the promotion of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
17. In the mining sector, a new project in the natural stone industry of Rajasthan, India, is developing a long-term sustainable growth strategy that addresses both the improvement of working conditions and the productivity and competitiveness of the sector, with global supply chains as an important entry point. While most of the stone mining in India is for the domestic market, international buyers and companies (including suppliers to public works across Europe) purchase a significant volume of minerals and stones mined in India. The project draws on lessons from established intervention models, including strategic compliance, value chains for development and decent work on plantations. The ILO will use its unique position and expertise not just to strengthen the capacity of the tripartite constituents but to facilitate a strategic dialogue with public and private European buyers to support the economic and social upgrading of the sector. Though the project is relatively small, its conceptual framework lays the groundwork for a scalable and comprehensive approach.
18. Similarly, responding to a request from the Government of the Democratic Republic of the Congo to build on past and existing development cooperation projects, the mining working group, together with CO-Kinshasa, ACT/EMP and ACTRAV, is using a multidisciplinary approach to support the constituents in formulating a comprehensive development cooperation strategy for economic and social upgrading in the cobalt supply chain.
19. The Office’s efforts to increase cross-functional collaboration are also evident in the strategic application of innovations in existing activities to the supply chain context. For example, in 2017, the Labour Administration, Labour Inspection and OSH Branch (LABADMIN/OSH) introduced a new model to strengthen government effectiveness, known as [strategic compliance](#), built around proactive rather than reactive labour inspection practices. Labour inspectorates in a number of export sectors and global supply chains, including the garment sector in Lesotho and the mining, floral, palm oil, sugar and ports industries in Colombia are now implementing this model. LABADMIN/OSH has also made deliberate use of other tools in supply chain contexts, such as its [participatory method for labour inspection in the informal economy](#). This methodology can help map employment relationships in the informal economy, thus providing insight into challenges and opportunities in supply chains.

20. The project [Towards fair and sustainable global supply chains: Promoting decent work for invisible workers in South Asia](#) (2017–20) promotes decent work for workers in the informal economy, including homeworkers at the lower tiers of global supply chains. The project also looks at formalizing the informal economy in line with the ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). Key to its approach is bringing together the tripartite constituents as well as global brands concerned about homeworkers in lower tiers of their supply chains to promote formalization, legal recognition and protection of workers in the informal economy.
21. The [Integrated Strategy on Fundamental Principles and Rights at Work](#) (2017–2023) includes a thematic priority on domestic and global supply chains. Under this priority, the Office promotes models of good governance and social dialogue in supply chains, helping to fill knowledge gaps in high-risk sectors and supporting the capacity of small producers and workers to represent their collective interests and participate in due diligence and responsible sourcing efforts.
22. The Better Work, SCORE and Vision Zero Fund programmes remain the most prominent ones in global supply chains, delivering technical assistance to enterprises at different tiers of the supply chain. These leading programmes have helped improve compliance with core ILO standards and national legislation while also increasing the competitiveness of enterprises. In line with the call by the programme of action to adapt and scale up the ILO's well-established development cooperation programmes, Better Work, SCORE and Vision Zero Fund have increasingly operated in collaboration with each other and with other policy departments. This collaboration has been reinforced through the sector-specific working groups.
23. The Office is also investing in new or consolidated partnerships and initiatives related to global supply chains. Among these are the UN Alliance for Sustainable Fashion and UN E-Waste Coalition, in which the Office plays a leading role. For example, in April 2019, the Office held a Global Dialogue Forum on e-waste that drew attention to decent work issues endemic in a supply chain more often defined by its negative environmental impact. The Office continues to deepen its engagement in the private sector and other agencies through the Child Labour Platform and two new initiatives, namely the ILO Global Business Network on Forced Labour and the Equal Pay International Coalition (both established in 2018). Since June 2017, 367 entities have joined the Alliance 8.7 Action Group on Supply Chains, through which members join forces to consolidate or scale up action in various countries.

Knowledge generation and dissemination

24. The Research Department has advanced an innovative methodology to map all steps in a supply chain within a country using industrial classification systems, producing a detailed mapping of all actors and their linkages in the electronics industry supply chain in Mexico. The mapping will be used to target a sample survey of social and economic conditions across tiers in the chain. No other study to date has sought to look at the working conditions, health risks, skills acquisition and technological upgrading in a sectoral supply chain from raw materials to manufacturing. This approach, which is replicable in other sectors, aims to bring a new understanding to these different aspects of a supply chain. This is an essential first step towards introducing much needed data and transparency to address decent work challenges and opportunities.
25. As part of the research consortium of the Alliance 8.7 Action Group, the ILO and its partners (the United Nations Children's Fund, the Organisation for Economic Co-operation and Development (OECD) and the International Organization for Migration) have developed

and piloted new methods for assessing the prevalence and risk factors related to child labour, forced labour and human trafficking linked to global supply chains. The analysis combines data from the OECD Inter-Country Input-Output Tables with ILO data on child labour. The exercise made important strides toward contextualizing economic data and working conditions and provided valuable insights for the further development of the mapping and survey methodology described above. In September 2019, the Action Group presented to the G20 Labour and Employment Ministers' Meeting a report on child labour, forced labour, human trafficking and modern slavery in global supply chains.

26. The Office's supply-chain-oriented development cooperation has adopted in a number of instances a strategic approach to link knowledge generation and technical assistance, using applied research to pilot replicable and scalable intervention models in global supply chains. LABADMIN/OSH and the Vision Zero Fund offer important examples. The [project to improve the knowledge base on safety and health in global supply chains to support G20 work on safer workplaces](#) conducted multiple case studies on drivers of and constraints on the improvement of occupational safety and health in global food and agriculture supply chains. The project's methodology, now used by the Vision Zero Fund in all its assessments, was adapted from the [Value Chain Development for Decent Work](#) model. These assessments have provided key information for designing nuanced country-level interventions and activities and have enhanced the body of knowledge of occupational safety and health risks and hazards of a specific supply.
27. The Office has also initiated a research series focused on business and procurement practices and their impact on working conditions in supply chains. It collaborated with the Ethical Trading Initiative on a global survey on purchasing practices and working conditions, covering almost 1,500 suppliers and 100 buyers in more than a dozen industries in 87 responding countries. The survey investigated five areas: contracts clauses, technical specifications, order placement and lead times, prices and market power, and requirements for social standards. This work helped to understand how purchasing practices might put pressure on suppliers in terms of timeline, prices and delivery in ways that could have a detrimental impact on the capacity of suppliers to provide decent wages and working conditions. This first set of findings will be supplemented in late 2019 by new publications providing more qualitative insights and reflecting the opinions of buyers.

Findings and lessons learned

28. A review of the Office's research on decent work in global supply chains, with special attention to work after 2016,³ highlighted the ILO's strength in particular sectors (garments, agri-food industries) and regions (Asia-Pacific), as well as its substantive contributions to global knowledge, such as estimates of the total number of jobs related to global supply chains published in 2015 and 2017. It underscored that most of what the ILO considers as supply chain research can also be classified as "industry" research, as it is usually limited to individual supply chain tiers – generally the first (export) tier – or does not differentiate between the various stages of production. Little research has examined business dynamics across tiers or in the intermediate or lower tiers of supply chains, especially those involving homeworkers, informal workers and workers in informal enterprises. Most ILO research does not look at the growing interconnections generated by global supply chains between industries (such as between manufacturing and services). There is also little work on the services sectors (which between 1995 and 2013 became the largest contributors of global

³ The review will be published as a Research Department Working Paper in the autumn of 2019.

supply chain-related jobs) and on other topics of increasing relevance to global supply chains, such as public procurement and climate change.

29. The literature review helped identify acute knowledge gaps that the Office should address to become a global knowledge centre and an authoritative source of evidence-based policy advice. The above-mentioned working group on research and knowledge dissemination will apply this review to guide future research on supply chains. The review and an inventory of ILO research papers will be an integral part of the knowledge facility on global supply chains currently under development.
30. A counterpart [review of global supply chain development cooperation programmes](#), also requested by the programme of action, offered compatible insights. Conducted by an independent third party, the analysis took the form of a synthesis review of evaluations of development cooperation programmes. This review similarly found that truly holistic approaches that address the entire supply chain are not common. Though the scope of the review was limited and could not include some of the Office's newer initiatives (for example, One ILO Ethiopia), it found a pattern of one-off projects. This means that while projects generally met their immediate objectives, they were not designed to become replicable and scalable across different types and tiers of supply chains.
31. The review nonetheless indicated several key factors that have positively influenced project outcomes, which apply both to projects aiming to eliminate decent work deficits in global supply chains and those that viewed participation in global supply chains as a means for small and medium-sized enterprises and other actors to access opportunity. These were: the active involvement of brands, international buyers and multinational enterprises in project implementation; the involvement of the social partners in promoting decent work at all levels across supply chains; and the continuity of effort, extending beyond the standard three-to-five year project time frame. With respect to government partners, the value of engaging beyond ministries of labour became apparent. Finally, the review suggested that programmes involving industrial relations systems in global supply chains may be underestimated as a means of addressing decent work deficits, as well as for achieving scale.
32. Rounding out the research and development cooperation reviews was an analysis of the different approaches developed by the Office to map and identify the decent work deficits in supply chains. The primary approach used by the Office to collect data is firm surveys. In some cases, the departments draw on national and international statistics to provide context for the work, but this is supplementary. Generally, such surveys are necessary because: (1) relevant data is not collected or published in many developing countries; (2) the topic or product focus is too specific to be covered in published data; and (3) overall, less labour and occupational data is collected at the national level, because it is not directly required for Systems of National Accounts (industrial statistics) or for customs (trade) purposes.
33. In practice, more consideration could be given to how data collection for individual projects could be made useful and accessible across the Office, especially because there are potentially significant gains for the use of such data through increased standardization. Another major recommendation was to better connect the work and wealth of information produced by the Research and Statistics Departments with that of the policy departments to generate a deeper understanding of supply chain dynamics and promote evidence-based policy advice and technical assistance. One of the Office responses to these findings was the development of the advanced methodology of mapping and surveying described above.
34. The implementation of the programme of action has indicated the value of supply chains as a platform for the ILO to achieve outcomes in many areas of its work. Office development cooperation projects and other experiences have shown that supply chains can be an effective entry point for the improvement of working conditions if interventions can productively

engage the tripartite constituents as well as the multinational buyers and lead firms. The latter not only bear important market power, but often also have technical and operational expertise that bring added value. This view is also reflected in the 2019 High-Level Evaluation of Public–Private Partnerships and the synthesis review of supply chain development cooperation programmes.

35. Aside from the activities that address national-level capacities to strengthen compliance with international labour standards in law and practice, most of the activities directly targeting supply chain actors have tended to concentrate on the top and bottom tiers of supply chains, to cover specific decent work deficits or to focus on employment generation, skills, or preparedness for supply chain participation. Insufficient linkages among these activities make it more difficult to conceive of supply chain decent work deficits in the context of economic development and social upgrading.
36. Most multilateral and multi-stakeholder initiatives, perhaps as a logical result of the risk-based assessment used in due diligence, have similar characteristics. Many efforts respond to specific high-profile issues or events (such as forced and child labour, factory collapses or fires, massive environmental damage and human rights abuses related to natural resource extraction), and do not take into account the interrelated nature of decent work deficits. Intermediate goods are paid much less attention than first-tier factories or high-risk commodities, hindering a fuller understanding of the depth, breadth and extent to which global supply chains do or do not impact working conditions. Overall, many due diligence initiatives also assume continued failure of effective government enforcement, which may perpetuate already weak institutions.

The way forward

37. Guided by the sector-oriented approach to supply chains indicated in the programme of action and the lessons learned from the examinations of past activities, the Office is finalizing methods and tools to underpin a more consistent approach to addressing decent work in global supply chains. In addition to utilizing the “One ILO” framework in global supply chain programme and policy development, the Office has elaborated a data-driven engagement model for application in future global supply chain interventions. The approach uses targeted data generation as a means of informing collective action. It begins with the mapping of a given sectoral supply chain within a country (using the methodologies referenced above), followed by a survey of decent work challenges and opportunities within the chain. Both the mapping and the survey, which encompass economic and social measurements as well as business dynamics across the supply chain, follow a statistically rigorous format.
38. The process will yield a decent work map with objective and actionable data about both the deficit and opportunity sides of the supply chain in a particular sector and country. It also provides much needed baseline information upon which to measure progress over time. It will be the basis for promoting a multi-stakeholder effort for the economic and social upgrading of the chain, according to the respective roles of each stakeholder defined in the UN Guiding Principles on Business and Human Rights and in line with the 2016 resolution.
39. Introducing new levels of knowledge and transparency across the entire supply chain aligns with the programme of action’s calls to promote statistical coherence and to build the capacity of national statistical offices to generate relevant data. Among other things, providing robust and credible data at this level would benefit a wide range of other actors and initiatives, including due diligence processes. It will help the Office to address its own knowledge gaps and enhance its leadership role.

40. Applying the lessons learned, the Office will continue its implementation of the programme of action. This will include advancing in the other areas of action, namely, effective advocacy for decent work in global supply chains; policy advice and technical assistance; and partnerships and policy coherence. The knowledge gained from the first phase and the institutional mechanisms established will accelerate implementation, progress and impact in the programme of action's second phase.

Draft decision

41. *The Governing Body requested the Office, in light of the discussion, to continue to implement the programme of action workplan as outlined in order to maximize results before a final report is submitted to the Governing Body in October 2022.*