



# ILO EVALUATION

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ASSESSMENT OF RBSA-FUNDED OUTCOMES 2014-2015
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- **Name of consultant(s):** Sergey Popello
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**This evaluation has been conducted according to ILO's evaluation policies and procedures. It has not been professionally edited, but has undergone quality control by the ILO Evaluation Unit.**

**Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia  
(DWT/CO –Moscow)**

**STRENGTHENING TRIPARTITE SOCIAL DIALOGUE:  
ASSESSMENT OF RBSA-FUNDED OUTCOMES 2014-2015 IN  
ARMENIA, AZERBAIJAN, GEORGIA, KAZAKHSTAN**

**ARM129; AZE803; GEO803; KAZ129**

Sergey Popello

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List of persons contacted during the evaluation

Terms of Reference

# List of abbreviations

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ACI	Area of Critical Importance
ACT/EMP	Bureau for Employers' Activities
ACTRAV	Bureau for Workers' Activities
AEC	Azerbaijan Employers' Confederation
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
ARM	Armenia (Republic of)
ATUC	Azerbaijan Trade Unions Confederation
AZER	Azerbaijan (Republic of)
BAG	Business Association of Georgia
CEACR	ILO Committee of Experts on the Application of Conventions and Recommendations
CFA	ILO Committee of Freedom of Association
CFTU	Confederation of Free Trade Unions (Kazakhstan)
CIS	Community of Independent States
CPO	Country Programme Outcome
C (144)	ILO Convention No (144)
CSR	Corporate social responsibility
CTUA	Confederation of trade unions of Armenia
DCFTA	Deep and Comprehensive Free Trade Area
DWCP	Decent Work Country Programme
DWT/CO – Moscow	Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia
EESE	Enabling Environment for Sustainable Enterprise
ENP	The EU Neighbourhood East Parliamentary Assembly
EO	Employers' organization
ETUC	European Trade Union Confederation
EU	European Union
EXBTC	Extra-budgetary Technical Co-operation
EVAL	Evaluation Office
FGD	Focus group discussion
FPRK	Federation of Trade Unions of the Republic of Kazakhstan
GA	General Agreement
GDP	Gross Domestic Product
GEA	Georgian Employers Association
GEO	Georgia (Republic of)
GFA	Global Framework Agreements
G20	The Group of Twenty, major advanced and emerging economies
GDG	Georgian Dream-lead Government
GSMEA	Georgian Small and Medium Enterprises Association
GSP	General System of Preferences
GoG	Government of Georgia
GTUC	Georgian Trade Unions Confederation
HIV/AIDS	Human immunodeficiency virus infection and acquired immune deficiency syndrome
HQ	Head Quarters
IE	Informal economy
ILC	International Labour Conference

ILO	International Labour Organization (or Office)
ILS	International Labour Standard
IMF	International Monetary Fund
IOE	International Organization of Employers
IRIS	Integrated Resource Information System
ITC	International Training Centre (ILO, Turin, Italy)
ITF	International Transport Federation
ITUC	International Trade Unions Confederation
ITUC-PERC	Pan-European Regional Council of the International Trade Union Confederation
KAZ	Kazakhstan (Republic of)
KRRK	Confederation of Employers of Republic Kazakhstan
MHSD	Ministry of Health and Social Development of Kazakhstan
MLSPP	Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan
MNE	Multi-national enterprise
MoLHSA	Ministry of Labour, Health and Social Affairs (Georgia)
NCEK	National Chamber of Entrepreneurs of Kazakhstan
NGO	Non-governmental Organization
NPP	National Entrepreneurs Chamber
NTC	National Tripartite Commission (Azerbaijan)
OECD/DAC	Organization of Economic Development and Co-operation / Development Assistance Committee
OSH	Occupational Safety and Health
P&B	Programme and Budget
RA	Republic of Armenia
RB	Regular Budget
RBSA	Regular Budget Supplementary Account
RTC	Republican Tripartite Commission
SD	Social Dialog
SMEs	Small and medium-sized enterprises
SPF	Strategic Programming Framework
TC	Technical co-operation
TSPC	Tripartite Social Partnership Commission (Georgia)
TU	Trade union
UNDAF	United Nations Development Assistance Framework
UNM	United National Movement (Georgia)
USDOL	US Department of Labor
WTO	World Trade Organization
YE	Youth Employment

## 1 **Executive Summary**

### 1.1 Explanation of the projects' purpose, logic, structure and objectives (project background)

The overall objective pursued in all four selected countries under evaluation was STRENGTHENING TRIPARTITE SOCIAL DIALOGUE. This Strategic cross-cutting objective of the ILO was linked to ILO 2014-2015 Program & Budget Outcome 12 - *Social Dialogue and Industrial Relations: Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations*.

In 2014–15, the focus of interventions was placed on three interrelated dimensions: (1) strengthening institutional capacity and performance of labour market institutions and employers' and workers' organizations; (2) reinforcing constituents' capacity in relation to tripartite social dialogue, workplace and industrial relations, labour law reform and compliance with national labour legislation and regulation, international labour standards and applicable collective agreements; and (3) targeted assistance on these issues at the sectoral level and along supply chains. Stronger labour laws and social dialogue institutions were to enhance the capacity of tripartite constituents to engage in effective dialogue and negotiations at all levels of policy-making.

At the beginning of 2014-2015 biennium, the ILO DWT CO for Eastern Europe and Central Asia (ILO DWT/CO-Moscow) elaborated a set of initiatives aimed at fostering Social dialogue at the national level in Armenia, Azerbaijan, Kazakhstan and Georgia.

### 1.2 Overview of the purpose, scope, clients of the evaluation, time period, geographical coverage and groups or beneficiaries of the evaluation (evaluation background)

The purpose of the evaluation was to assess the work done in order to inform the next steps and improve further programming. It would help determine what the ILO should be doing in the target countries and the broader sub-region prior to conceptualizing future interventions on social dialogue and labour dispute settlement or engaging into the design of new DWCPs.

The scope of the evaluation is the projects/Country Programme Outcomes (CPOs) 2014-2015 in Armenia, Azerbaijan, Kazakhstan and Georgia and the related DWCP outcomes. Field research has been conducted in two target countries (Georgia and Azerbaijan). Assessment of other country components was done based on documentation review (desk research).

The main clients of the evaluation are ILO management, specialists, staff and tripartite constituents in the target countries.

### 1.3 Concise description of evaluation's methodology

One of the first tasks of the evaluation consultant was to review the available literature and materials. Then the consultant carried out an orientation meeting with the ILO Moscow DWT-CO management and Senior Specialists and with officials of the Social dialogue Unit, ACT/EMP and ACTRAV in ILO Geneva HQ.

It was followed by field missions to the targeted countries for meetings with the ILO staff, National Coordinators, and tripartite constituents. Information was collected by means of group and individual interviews with the stakeholders and events' participants.

The methodological approach for data collection was primarily qualitative in nature. The following methods were applied: desk review; direct observation in the field; focus group discussions (FGDs); key



informant interviews (face-to-face, telephone or computer-assisted). Data from Integrated Resource Information System (IRIS) was analysed as well.

#### 1.4 Summarized evaluation findings

Though different in terms of their levels of national development and the stage of social and political evolution, all the countries under evaluation have in common a complicated process of transition from centrally planned to market economies and a lack of well-established social dialogue institutional frameworks and culture. The social “triangles” are undergoing deep and dynamic changes in line with new roles of the “angles”: Government, trade unions, and the emergence of the private sector organizations as a new party to social dialogue.

The activities and outcomes of ARM129, AZER803, KAZ129 and GEO803 linked to the ILO P&B Outcome 12 *“Social dialogue and Industrial Relations: Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations”* and funded through RBSA, were highly relevant to the stated needs of the tripartite constituents.

The evidence of this relevance was supported not only by respective requests from the constituents, objectives and indicators of achievement formulated in DWCPs, and relevant national documents (like National tripartite Agreements, Labour Codes etc.) but as well by an active involvement of the intended beneficiaries in projects’ key activities and their comments thereafter.

The relevance was linked to strengthening both SD institutions/frameworks and the capacity of the tripartite constituents to be effectively and responsibly engaged in them at various levels - from national decision-making bodies to enterprise collective bargaining.

Major impacts – measured through both institutional results (e.g. revitalizing of national tripartite commissions) and capacity-building indicators (e.g. strengthening collective bargaining capacity) – have been achieved, particularly when Milestones and their outputs were linked to a combination of Strategic P&B Outcomes.

ILO interventions represented medium- to long-term “investments” and often triggered a national follow-up with political, administrative and sometimes financial involvement of the constituents. Thus, establishment of a new system of labour relations will benefit present and future generations of the social partners. The declared intentions to ratify ILO Conventions, if materialised, are likely to produce longer term sustainable effects and benefits to the tripartite constituents.

To a large extent interventions progress depended on the general level of reforms and transformations carried out in the country concerned, and on real political willingness of Governments to fully follow ILO principles and technical advice.

Strengthening the capacity of social partners to engage in collective bargaining at national and sectoral levels was the most effective form of ILO interventions in many cases. The effectiveness of the interventions would have been greater if respective DWCPs were in operation in all countries under evaluation.

Assistance in the implementation of recommendations of ILO supervisory bodies, which concerned all countries under evaluation, could have been of particular additional benefit of ILO RBSA-funded interventions.

Generally, RBSA resources have been used in an efficient way, producing synergies and multiplying effects with activities carried out through other financial modalities (RB, XBTC) and involving other human resources under streamlined management arrangements. At the same time, in a few cases a somewhat excessive flexibility of RBSA use made it difficult to assess the exact impact of RBSA-funded interventions.

#### 1.5 Concise list of conclusions

The results of RBSA-funded CPOs ARM129, AZE803, KAZ129 and GEO803 have been highly relevant and substantial. ILO interventions took place in different political contexts and at unequal stages of transition from centrally planned to market economies. Notwithstanding that, the outcomes achieved, as measured by the Milestones generally met, show the rightness of Strategic planning and managerial arrangements in implementing activities which were well correlated with the expected immediate objectives of the projects and stated needs of the tripartite constituents.

Impacts on institutional mechanisms helped revitalizing or launching National Tripartite Commissions which was one of key objectives of all four CPOs, though the ultimate success of ILO interventions continues to depend on the political will of national authorities. Notwithstanding that, the outcomes already achieved at other levels have strengthened Social dialogue, conflict prevention/settlement mechanism and collective bargaining, particularly in major economic sectors, as the most effective form of social partners' interaction. Tripartite General Agreements are a good illustration of the effectiveness of ILO assistance in the field of new industrial relations machinery.

ILO has been actively involved in providing excellent technical advice for improvement of national legal instruments (Labour Codes, Laws on Employers' organizations and on Trade unions etc.). Generally positive results of ILO interventions were sometimes ambivalent because of local circumstances and conditions. At the same time, the impacts of ILO assistance created new dynamics practically in all the countries under evaluation which resulted inter alia in their proclaimed willingness to ratify and/or implement ILO Conventions, including those on Gender Equality and OSH which are serious challenges in the whole region. The intention to ratify new Conventions is clearly stated by ILO constituents in a number of national Tripartite General Agreements.

In all the countries the impacts on the capacity of tripartite partners to engage in Social dialogue and more sound industrial relations were very tangible though sometimes not very spectacular. In any case, the capacity-building impacts of ILO interventions seem to be the most sustainable and among the best investments into long-term democratic transformations in the countries under evaluation. Provision of new/better services to their members is considered as a key priority by the social partners.

Interventions carried out in a strategic framework of correlated and/or mutually complementing objectives provided more tangible and sustainable results. Such a synergetic approach implied close cooperation of staff involved in RB, RBSA and XBTC activities. On the other hand, it created some management, monitoring and reporting problems which need to be addressed by both Geneva HQ and the Moscow Office. Partly these problems are related to the under-staffing of the Moscow Office which human resources do not fully meet extensive expectations and needs of national constituents in 10 countries covered by the DWT/CO-Moscow.

RBSA provided a valuable flexibility in reacting to sometimes urgent needs of the constituents and in bridging gaps between interventions funded through RB and XBTC budget lines. But what the RBSA is often lacking is its perception by the Donor community as a means of strategic impact. Strategic and/or

catalytic dimension of RBSA modality and an adequate involvement of GB members in determining larger packages of such funds may need further consideration.

Recommendations of ILO supervisory bodies did not necessarily find their way into all relevant RBSA-funded activities. This weakness could be best overcome through an integrated and complex approach which is normally proper to DWCP concepts which involve all tripartite constituents. Even where the DWCPs were not operational, the existence of a draft DWCP proved to be a useful guide and a driving force for both ILO staff and national constituents. ILO supervisory bodies' recommendations, turned into specific DWCP outcomes and indicators of achievement, could help further improve national legislations along the lines of ILO Conventions and principles.

#### 1.6 List of main lessons learned and emerging good practices

- 1) Process of integration of countries of the sub-region with the EU as a means of implementing ILO policy

Processes of "rapprochement" which take place between the EU and a number of countries in the sub-region are related to an impressive time-bound set of conditionalities, including Human rights and Industrial relations. By definition, these conditionalities are closely linked to a wide range of obligations under ILO Conventions, to begin with its fundamental instruments. Thus, the geopolitical and economic attractiveness of cooperation/affiliation with EU institutions becomes a highly important and efficient factor of promoting ILO principles, instruments and technical advice in the countries receiving its assistance. "Hard law" of the EU usefully complements "soft law" of the ILO. Cooperation with EU governments and social partners (both national and regional) and their pro-active involvement in ILO interventions becomes a new and effective delivery channel.

- 2) Silk Road initiative as a new opportunity for ILO Decent Work and Social Justice concept

All countries of the region covered by the Moscow Office started to be actively involved in the new Silk Road integration process. During the evaluation visit to Tbilisi (October 2015), a Summit meeting of this initiative was taking place there. Professor Kerry Brown, Director of the Sydney University China Studies Center, believes the initiative would seek to create a "massive free trade zone", a "belt of prosperity" and "an area of common economic interest" that in part leverage the shared cultural and historical narrative of the Silk Road. The connections would be literal, creating physical trade routes and integrated zones of economic collaboration that stretch north, west and south of China. It includes a road that will connect to Europe through Central Asia and Russia. ILO could provide this economic integration process with a social dimension under the slogan "Silk Road to Decent work and Social Justice". It would create additional political leverage for promoting ILO regulatory policies on the verge of its Centenary.

- 3) Use of electronic means of outreach for extending social partners' networks

Capacity-building activities in Georgia resulted in the use of new forms of outreach and communication by the trade unions. Regular SMS contacts, use of Social Nets and electronic Discussion Forums allowed trade unions to enlarge substantially their outreach to youth as potential future members and to better inform the mass media about TU agenda. Creation of an "e-Government" in Azerbaijan was another form of new electronic governance in the field of labour relations since it codifies all labour contracts and conditions of employment and work in the country. Such new channels of communication and outreach would be important for future work.

#### 1.7 List of all recommendations (aligned with the conclusions)

- 1) To further strengthen assistance through reinforced DWT/CO-Moscow staffing
- 2) To persevere in increasing ILO impacts on streamlining national legislations
- 3) Proposed thematic areas of special attention for ILO interventions in 2016-17 are as follows:

*For all four countries*

- Youth employment and Enterprise development
- Gender Equality and anti-discrimination
- OSH and Labour inspection
- Transition from Informal to Formal Economy
- New and better services to tripartite constituents.

*For some countries*

- MNEs and Social dialogue (AZE, KAZ)
- Pension reform (AZE)
- Social dialogue imperatives in the context of EU Social Charter (GEO) – in line with the Annex XXX of the EU - Georgia Agreement commitments

- 4) To better align 2016-17 outcomes at the country level with the ILO's P&B outcomes and SPF
- 5) To support the development of evaluable strategies, outcomes and indicators
- 6) To launch DWCPs as integrated formats of assistance

## **2 Brief background of the project and its logic**

### **2.1 Outline of the economic, political, social and historical context of the sub-region**

The situation in the region under evaluation is very dynamic and sometimes turbulent. Countries show different levels of advancement along the way of transition towards fully fledged market economy and its institutions. The tripartite Social dialogue (SD) in many countries appears to be a fairly centralized, top-down process. The recently gained independence and coming into power of new national elites, proud of their newly found high political profile in their respective country and internationally, often make them very sensitive to external pressures, as positively motivated as these pressures may be.

Thus in its work with the tripartite constituents the ILO Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia (ILO DWT/CO-Moscow) preferred to use patient and often time-consuming persuasion approach rather than soft conditionalities tactics. In a number of cases, the Office was compelled to follow the transformation pace chosen by the country concerned instead of trying to impose more radical and/or accelerated solutions.

Under specific transition modalities the fact that in some countries the Social Dialogue hardly exists does not necessarily imply that a certain form of social redistribution mechanism does not function at all. But the policy used is often deep-rooted in national traditions and/or recent post-Soviet era establishments and *modus operandi*, which make a new international exposure particularly complicated, though aspired to.

In general terms, the present difficulties or barriers experienced by the countries in the region are related to a lack of current experience or well-established institutional frameworks to participate in social dialogue under present circumstances. Dialogue mechanisms which existed before either stopped to function properly or are no longer responsive to the new realities after the transition from centrally planned economies to the market economy, with the transformation of the role of the government,

TUs, and the emergence of the private sector as a new party to the social dialogue, represented by newly created employers' organizations.

National contexts are addressed more specifically under the respective country evaluation chapters.

### 2.2.1 Description of the projects' objectives

The overall objective pursued in all four selected countries under evaluation was STRENGTHENING TRIPARTITE SOCIAL DIALOGUE. This Strategic cross-cutting objective of the ILO was linked to ILO 2014-2015 Program & Budget Outcome 12 - *Social Dialogue and Industrial Relations: Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations*.

The value of the social dialogue process is high for the society. It allows expression of differences and search for a balance of interests. Social dialogue has a strong role to play in the harmonization of labour relations, development of the labour market, employment policies and other issues of common interest.

According to the Director-General's **Program and Budget Proposals for 2014–15**, Social Dialogue (SD) seeks *“to strengthen the institutions and processes of social dialogue, participation and negotiation, as well as its actors – the ILO’s tripartite constituents. It includes support for modern, effective labour laws aligned with international standards and their application and enforcement”*.

The focus in 2014–15 was placed on three interrelated dimensions: (1) strengthening institutional capacity and performance of labour market institutions and employers' and workers' organizations; (2) reinforcing constituents' capacity in relation to tripartite social dialogue, workplace and industrial relations, labour law reform and compliance with national labour legislation and regulation, international labour standards and applicable collective agreements; and (3) targeted assistance on these issues at the sectoral level and along supply chains. Stronger labour laws and social dialogue institutions were to enhance the capacity of tripartite constituents to engage in effective dialogue and negotiations at all levels of policy-making.

### 2.2.2 Gender equality and non-discrimination

The ILO P&B for 2014-2015 has stressed (para 43) that *“Equality between women and men in the world of work is a fundamental value of the ILO, and a cross-cutting component of the integrated strategy for decent work called for in the ILO Declaration on Social Justice for a Fair Globalization. The 2009 Conference resolution concerning gender equality at the heart of decent work and the ILO Action Plan for Gender Equality 2010–15, along with relevant international labour standards and other governance decisions, guide the ILO’s work across the four strategic objectives and the 19 outcomes”*.

The evaluation will address the Gender cross-cutting component within national contexts of all four countries under examination.

## 2.3 Description of the context and intervention logic

### **General context of the ILO DWT/CO-Moscow Social dialogue activities**

ILO DWT/CO-Moscow is working to achieve the ILO mandate in the regional context of political and economic transformation. Its efforts focus on many fronts: promotion of freedom of association and collective bargaining, employment creation, skills development, entrepreneurship, equitable wage policies, social security, occupational safety and health, protection of migrant workers' rights, combating child labour, and supporting workplace education on HIV/AIDS. The international labour standards (ILS),

embodied in the ILO Conventions, provide a framework for these efforts. Promoting gender equality in the workplace is a cross-cutting theme<sup>1</sup>.

The Moscow Office is working to strengthen the capacity of the Employers' Organizations with a focus on their further development as representative organizations – the true voice of employers – in their countries. This is to be achieved through:

- ✚ Training of EO senior management on operational issues such as design and implementation of sound governance practices, sustainable business plans, successful advocacy and communication strategy, adequate and sustainable income generation mechanisms for employers organizations;
- ✚ Assisting EOs in developing new services for their members, in particular in providing training to employers on lobbying, business management, collective bargaining, negotiation and conflict management skills; and
- ✚ Building the EOs' technical expertise to enable them to be fully engaged in social dialogue on labour and social issues, including social security, occupational safety and health in the workplace, equal treatment for women and men, combating trafficking, child labour and forced labour, and fighting the spread of HIV AIDS through education in the workplace<sup>2</sup>.

The main message is that employers should be actively engaged on labour and social issues, since these affect their business and the workers they employ. The best way to achieve such involvement, in the DWT/CO-Moscow view, is building a strong association that represents their views. The Office also encourages EOs to expand their membership while maintaining their independence and to encourage their members to promote corporate social responsibility.

The DWT/CO-Moscow underlines that government's respect for fundamental workers' rights is an essential first step in creating free and independent trade unions that truly represent workers' interests. The Office also considers that internal reforms are key to attracting new members and representing their interests effectively, and cooperation among unions is a practical necessity in making workers' voices heard. The staff of the Office support the development of new services aimed at attracting and mobilizing members. They support research and awareness raising activities by trade unions that are attempting to organize the informal sector and employees in the multinational firms operating in the region.

In assisting TU leaders to develop greater expertise on national policy issues, the Office places a focus on:

- ✚ Strengthening collective bargaining capacity, specifically the expertise in modern wage systems;
- ✚ Freedom of association;
- ✚ Migration, where partnerships between unions in sending and receiving countries to protect and assist migrant workers is promoted; and
- ✚ Empowering women to play a stronger role in trade unions.

The Office seeks to make the trade unions' focus and activity fully sustainable and not dependant on external assistance. The stated general approach is to encourage trade unions to develop their own internal expertise in order to become equal partners in social dialogue with employers and governments<sup>3</sup>.

The overall need of ILO assistance in the region is qualified by the Office as "enormous". Paradoxically enough, there appears an evident mismatch between the level of demands from 10 countries of Eastern

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<sup>1</sup> "Promoting Decent Work in Eastern Europe and Central Asia – Areas of Work", ILO DWT/CO-Moscow, 2013

<sup>2</sup> Idem

<sup>3</sup> Idem

Europe and Central Asia covered by the DWT/CO-Moscow (*Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan with total population of about 240 million people*) and the quantitative level of its regular staffing (4 technical specialists, plus 2 specialists from ACTRAV and ACT/EMP respectively).

This geographical coverage and huge distances for travel shape the operational capacities of the ILO DWT/CO-Moscow. During recent years, the role, functions and responsibilities of the Moscow Office have drastically broadened, while the means of operation, including the staff composition, remained almost the same since 1998, when the first ILO Multidisciplinary Team was established in Moscow. As a result, the layer of technical competences appears to be much thinner than in other ILO offices and similar regional/sub-regional structures in other parts of the world.<sup>4</sup>

Each technical specialist of the DWT/CO-Moscow has to deal with 2 to 3 thematic areas:

- Employment Specialist: employment promotion, skills, enterprise development, MNE.
- Social Security Specialist: social security, conditions of work, work and family, wages
- ILS Specialist: ILS, labour law; Focal Point for Uzbekistan and Turkmenistan
- OSH and Labour Inspection Specialist: OSH, Labour Inspection, labour administration, Focal Point for social dialogue.

On top of that, during the last few years, there were a number of changes concerning the position of ACT/EMP Specialist in the team. It complicated even more an already difficult and demanding work for the employer constituents in the region who, in a number of cases, represent the weakest partner in the tripartite relations paradigm of the region. Lately, this area of work was strengthened with the arrival of a new ACT/EMP Specialist.

On the average, according to the data provided by the DWT/CO-Moscow, the number of missions carried out annually by each and every P-staff was between 11 and 35 missions<sup>5</sup>.

For the last three years, the DWT/CO-Moscow had no specialist on International Labour Standards (ILS), despite the fact that the majority of the countries of the region have been undergoing far-reaching changes in labour legislation with regular requests for ILO standards-related assistance coming to the Office, often at unrealistically short notice. Moreover, all four countries under evaluation have been regularly in the focus of the ILO supervisory machinery, including at the level of the ILC tripartite Committee on Application of Standards.

As a result, the Office is often in difficulty for providing adequate technical assistance to the constituents by the efforts of its own staff following specific recommendations and requests of the ILO supervisory bodies. Under the circumstances, this important gap has been closed for the last three years by the Director of the Office.

On the other hand, ILS related aspects of the CPOs under consideration could have been addressed in a more consistent way if the DWT/CO-Moscow had its own specialist in this key technical area. It should be acknowledged that, notwithstanding this situation, all professional staff of the Office did their best to address standards-related issues in their daily work, particularly as far as the fundamental Conventions were concerned.

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<sup>4</sup> Briefing at DWT/CO Moscow, September 21, 2015

<sup>5</sup> Idem

At the beginning of 2014-2015 biennium, the DWT/CO-Moscow elaborated a set of initiatives aimed at fostering Social dialogue at the national level in Armenia, Azerbaijan, Kazakhstan and Georgia. Particular emphasis of these initiatives within specific national contexts will be analyzed under respective Country Reviews.

#### 2.4 Description of the project's funding arrangements

The evaluation focused on RBSA-funded activities in four selected countries of the region. As pointed out in the ILO guide on RBSA<sup>6</sup>, this funding modality allows the ILO to:

- Launch innovative initiatives;
- Rapidly address emerging needs;
- Expand the scope and/or scale of existing programs;
- Mainstream cross-cutting issues in labour policies and programs;
- Leverage greater funding from other sources;
- Increase sustainability of ILO assistance through partnerships with UN agencies.

The use of RBSA in all four countries under consideration illustrates the validity of this funding mechanism and of its modalities. At the same time, it revealed certain problematic areas as well.

In all countries examined, the RBSA-funded activities were synonymous of a synergetic approach for rapidly addressing emerging cross-cutting issues in key labour areas. It was done through leverage of a variety of financial and human resources for the sake of a greater impact and sustainability of ILO assistance. It afforded the DWT/CO-Moscow an operational flexibility in addressing strategically important development priorities.

All CPOs under consideration aimed at addressing a variety of issues related to a very broad spectrum of aspects covered or linked to Outcome 12 ***Social Dialogue and Industrial Relations***. In fact, the Outcome embraces SD as both an institutional tool *per se* and as a means of dealing with a range of thematic topics: SD processes and institutions; Freedom of Association and the Right to Collective Bargaining; capacity-building of tripartite constituents; strengthening of national labour legislation; streamlining industrial relations, including Gender and Youth related problems, and OSH and Labour Inspection; consultations between the Government and the Social Partners over International Labour Standards etc.

This broad scope of Outcome 12 and its organic links with Outcomes 9 through 13, to mention just a few, created a very solid basis for synergies and complementarity.

Another positive aspect of the RBSA modality – its flexibility – was very helpful to the DWT/CO-Moscow management and staff who, for quickly reacting to urgent requests from constituents, sometimes used RBSA resources to close gaps and/or to address SD aspects more specifically covered by other linked P&B Outcomes.

While it helped addressing some urgent and critically important adjacent areas (like capacity-building of tripartite constituents), this versatility sometimes led to a certain fragmentation and/or overlap of

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<sup>6</sup> “Regular Budget Supplementary Account”, ILO Development Cooperation, [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/genericdocument/wcms\\_317826.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/genericdocument/wcms_317826.pdf)



activities and entered into contradiction with some strict criteria of Results Based Management, namely with indicator-related reporting under specific Outcomes. In a few cases, certain outputs may have been reported in connection with Milestones of various Outcomes.

In other words, this synergetic approach - looked for through a combination of ILO strategic Outcomes and facilitated by the RBSA modality – is seen by some staff as at times “tricky” when an “unbridled flexibility” leads to the danger of double-reporting and complicates Results-Based Management used by the ILO at large.

At the same time, RBSA procedures have been seen by some of Moscow Office specialists as more straightforward and less time-consuming than those of TC projects.

Social Dialogue activities funded through RBSA have been launched in Moscow Office in 2014, when it was decided that a new Labour Inspection specialist would as well provide technical backstopping for SD interventions in four countries under consideration. At that time, all financial resources available for SD under RBSA have been split into equal shares and distributed between the SD Focal point, ACTRAV and ACT/EMP Specialists.

After the departure of the ACT/EMP Specialist and until her substitution a few months ago, the larger share of RBSA funds for SD has been used for worker related activities. Trade unions in four countries under consideration proved to be most active in the field of tripartite dialogue and attracted a significant part of all SD resources<sup>7</sup>.

Paradoxically, due to the long absence of an active ACT/EMP specialist in Moscow team, general weakness of employers’ associations in the region resulted in a situation when those who probably needed ILO influence and persuasion even more than the others often lacked them.

If in the previous two biennia the Moscow office had regularly involved experts from HQ Dialogue unit, during 2014-15 biennium SD activities have been largely backstopped and coordinated by Moscow Office Focal point without a regular involvement of HQ SD specialists.

The use of RBSA funds somewhat lacked a comprehensive strategic framework and monitoring and often was dictated by urgent requests rather than longer-term RBM-based planning. This does not mean at all that the outcomes and outputs produced were not valuable or relevant in their own right. The problem is that sometimes it is difficult to use objective criteria to evaluate their impact and sustainability. It seems that in some cases RBSA flexibility went a bit too far.

In this connection, one can recall the opinion expressed in the ILO document “REGULAR BUDGET SUPPLEMENTARY ACCOUNT (RBSA) – REVIEW”, which states in particular:

*“Accountability arrangements for RBSA are globally adequate insofar as the actual use of funds in country programs is concerned. However, the accountability system fails to give RBSA sufficient visibility both in regard to its donor funding sources and reform function. Similarly, the Regular Budget accountability system, which relies on line responsibilities for control, is less apt for governing RBSA technical cooperation resources. To overcome those weaknesses, the related operational monitoring and reporting system should be adjusted, including appropriate involvement of ILO Governing Body structures”.*<sup>8</sup>

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<sup>7</sup> Interview with Senior Programming Officer, Moscow, September 22, 2015

<sup>8</sup> “Regular Budget Supplementary Account (RBSA) – Review”, John Horekens and Ralf Maurer, Independent consultants

As a way out of contradictions of RBSA use, the DWT/CO-Moscow intends in future to concentrate overall RBSA resources on a limited number of strategic issues (ex. Enterprise Initiative, MNEs, Labour Inspection) for a group of countries, rather than use them to finance pinpointed activities in individual States.

This more strategic approach would imply the existence of a better defined RBSA decision-making processes, simplification and shortening of internal procedures and strengthening co-operation between HQ technical units and the field and, eventually, recruiting of technical staff for running larger RBSA-funded projects. In full consultation with field Offices, responsible HQ officials should be more involved in monitoring SD activities carried out by field technical specialists, without creating unnecessary bureaucratic red tape.

Regrouping and reduction of the number of Strategic Outcomes from 19 to 10, which seems to be envisaged by the ILO HQ, may contribute to a more strategic use of RBSA funds and make this financial mechanism more attractive to the Donor community.

SD RBSA-funded Outcomes should be integrated into future DWCPs in countries under evaluation, namely in Azerbaijan where there are prospects of signing a respective agreement later this year.

## 2.5 Description of the organizational arrangements for the project's implementation

The activities have been managed by DWT/CO-Moscow under technical guidance and supervision of Senior Specialists on Labour Inspection & OSH and on Workers' and Employers' activities. Relevant HQ departments contributed with expertise on global tools.

## 2.6 Description of contributions and role of ILO, the projects partners and other stakeholders

At the beginning of 2014-2015 biennium, the DWT/CO-Moscow elaborated a set of initiatives aimed at fostering social dialogue at the national level in Armenia, Azerbaijan, Kazakhstan and Georgia. In particular, the ILO decided to use a part of its RBSA funds in order to strengthen the mechanisms and institutions for social dialogue, including the establishment of more effective operational procedures of national tripartite commissions and to increase its role and status. In the field of bipartite social dialogue and labour dispute settlement, the projects were to support the ILO tripartite constituents in establishing proper mechanisms for dispute resolution.

To make the projects sustainable the tripartite constituents at country levels were to become active partners - from the projects inception to their implementation and evaluation. International organizations of employers and of trade unions were to be involved as other stakeholders and contributors.

Various EU structures operating in the countries under evaluation within the framework of their European integration initiatives were interested as well in contributing (directly or indirectly) to the success of ILO interventions and, in a number of cases, did contribute to strengthening impacts and outcomes.

# 3 **Evaluation background**

## 3.1 Description of the purpose and primary use of the evaluation

The purpose of this evaluation is to assess the work done in order to inform the next steps and improve further programming. It would help determine what the ILO should be doing in the target countries and

the broader sub-region prior to conceptualizing future interventions on social dialogue and labour dispute settlement or engaging into the design of a new generation of DWCPs.

It is expected that the evaluation findings will be used by the ILO management, technical specialists and programming staff in elaboration of new initiatives in the area of Social dialogue in the region.

### 3.2 Description of the scope of the evaluation (geographic coverage, information on project phases and special focus areas)

The scope of the evaluation is the projects/Country Programme Outcomes (CPOs) 2014-2015 in Armenia, Azerbaijan, Kazakhstan and Georgia and the related DWCP outcomes. Field research has been conducted in two target countries (Georgia and Azerbaijan). Assessment of other country components was done based on documentation review (desk research).

The assessment of social dialogue outcomes in Armenia, Azerbaijan, Kazakhstan and Georgia was conducted in accordance with the ILO Procedures for the use of the Regular Budget Supplementary Account (RBSA) stipulating that RBSA-funded outcomes are being subject to evaluation procedures in order to examine the results achieved with RBSA resources and their contribution to broader ILO programming and country cooperation frameworks, including DWCPs.

### 3.3 Clients of the evaluation and the main audience of the report

The main clients of the evaluation will be ILO management, specialists, staff and tripartite constituents in the target countries.

### 3.4 Evaluation criteria and questions that the clients want the evaluation to answer are identified (as per the OECD/DAC) as follows:

The evaluation applied the key criteria of relevance, effectiveness, efficiency, sustainability and impact potential. It sought answers to the following questions:

#### *Relevance*

- Are the activities and outputs/tools relevant to the needs of the constituents and to the countries development priorities, i.e. with a reference to other ILO on-going initiatives in the countries?
- Are the activities and outputs of the projects consistent with their overall objectives?

#### *Effectiveness*

- What have been the major results/accomplishments of the projects?
- To what extent have the stated objectives been achieved or are likely to be achieved?
- What were the major factors influencing the achievement or non-achievement of the objectives?
- Have there been any obstacles, barriers and/or successes, innovations? Have there been any unintended results?

#### *Efficiency*

- Given the resources available (time, expertise, funds, partnerships, knowledge and know-how), how efficiently have been the inputs turned into the outputs?

#### *Sustainability and impact potential*

- Are the results achieved likely to continue after the end of the interventions?

- Are they likely to produce longer term effects and benefits to the target groups?
- What action might be needed to bolster the longer term effects?

In the context of the evaluation of Social dialogue interventions an attempt was made to answer four additional questions provided in respective guides by EVAL<sup>9</sup>:

- What are the trends and good practices in social dialogue interventions at all levels?
- To what extent can social dialogue interventions be linked to the other three ILO strategic objectives?
- Under what conditions do social dialogue interventions contribute most to strengthen the institutional capacities of employers' and workers' organizations and labour ministries?
- What is the evidence for gender mainstreaming in social dialogue interventions?

Based on the analysis of the findings, the evaluation aimed to provide practical recommendations on the potential future needs of technical assistance on social dialogue that could be incorporated into the design of future initiatives.

### 3.5 Description of dates, events and operation sequence of the evaluation

The evaluation assignment required approximately 21 working days during the period of September 21 – December 1, 2015. The scope of work included desk analysis, and missions to Moscow/Russia (September 21 - 22), Tbilisi/Georgia (October 4 - 7) and Baku/Azerbaijan (October 14 – 17) for field research and interviews with the stakeholders and constituents. The work was to be completed not later than December 1, 2015.

## 4 **Methodology**

One of the first tasks of the evaluation consultant was to review the available literature and materials. Then the consultant carried out an orientation meeting with the ILO Moscow DWT-CO management and Senior Specialists and with officials of the Social dialogue Unit, ACT/EMP and ACTRAV in ILO Geneva HQ.

It was followed by field missions to the targeted countries for meetings with the ILO staff, National Coordinators, and tripartite constituents. Information will be collected by means of group and individual interviews with the stakeholders and events' participants.

The methodological approach for data collection was primarily qualitative in nature. The following methods were applied: desk review; direct observation in the field; focus group discussions (FGDs); key informant interviews (face-to-face, telephone or computer-assisted). Data from Integrated Resource Information System (IRIS) were widely used.

The evaluator reviewed program documents, which included those prepared by workers' and employers' organizations as well as Government representatives, and interviewed representatives from ILO HQ, the DWT/CO-Moscow and the field, as well as workers' and employers' organizations, in addition, to other key informants.

The evaluator reviewed as well a series of documents of ILO Supervisory bodies related to the issues of Social dialogue and Industrial relations as regards all the four countries under evaluation and covering 2014-15 period (see related documents in the Annex).

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<sup>9</sup> *What works and why? : Results of a synthesis review of social dialogue interventions 2002-2012,* Eckhard Voss, Howard Gospel, Antonio Dornelas, Katrin Vitols ; International Labour Office, Evaluation Unit, 2013

Following the triangulation approach defined by the OECD/DAC, the evaluation used mixed methods of analysis and data from various sources. Upon completion of research and field missions, the consultant will provide a debriefing to the DWT/CO on the preliminary findings, conclusions and recommendations.

## 5.1 Country context and Review of implementation

### Armenia

ARM129  
\$70,000



**Population** – 3.056 thousand  
**GDP per capita** - \$7.400  
**Labour force**- 1.489 million  
 agriculture: 39%  
 industry: 17%  
 services: 44%  
**Women labour force participation** – 55.2%  
**Unemployment** - 17.3% (women – 18.2%)

### 5.1.1 Outline of the economic, political, social and historical context of the country

Armenia has undergone a profound transformation since its independence in 1991, rising successfully to the challenges generated by the passage from a planned to a market economy. This was made possible through a series of reforms and public investments, and resulted in double-digit economic growth for most of the 2000s. In 2008, gross domestic product (GDP) per capita reached nearly US\$4.000, up from US\$ 636 in 1990<sup>10</sup>.

The 2008 financial crisis emphasized how vulnerable Armenia was to adverse and external shocks: production collapsed, unemployment increased, the income of entrepreneurs running small and medium-sized businesses declined, and the poverty rate increased from 27.6 per cent in 2008 to 35.8 per cent in 2010. The economy has recovered, driven mainly by growth in industry and principally in the manufacturing sector. In addition, high international prices for base metals supported growth of 22.5 per cent in real terms in the mining sector in 2011. Agriculture grew by 14.0 and 9.5 per cent in 2011 and 2012, respectively. As a result, real GDP growth reached 7.2 per cent in 2012, although GDP per capita, at US\$3.351, has yet to fully recover. The macroeconomic outlook has also improved, even if the debt-to-GDP ratio, at 44 per cent, remains high<sup>11</sup>.

Armenia's geographic isolation, a narrow export base, and pervasive monopolies in important business sectors have made it particularly vulnerable to the sharp deterioration in the global economy and the economic downturn in Russia in 2014-2015. Armenia is particularly dependent on Russian commercial and governmental support and most key Armenian infrastructure is Russian-owned and/or managed, especially in the energy sector, including electricity and natural gas<sup>12</sup>.

The increase in electricity prices in August 2014 resulted in higher prices for various commodities. According to the Confederation of trade unions of Armenia, the price increase “*will inevitably lead to a*

<sup>10</sup> World Bank, 2013

<sup>11</sup> World Bank Group, 2014

<sup>12</sup> *The World Fact book, 2015 – Armenia*

*deepening of a social crisis which is usually followed by decline in living standards of workers, their families and the entire population, as well as increasing the number of low-income families”*.<sup>13</sup>

Remittances from expatriates working in Russia are equivalent to about 20% of GDP and partly offset the country's severe trade imbalance. Armenia joined Russia in the Eurasian Economic Union upon the bloc's launch in January 2015, even though the rouble's sharp depreciation in December 2014 led to currency instability, inflation, and significant decrease of export from Armenia to Russia. Armenia joined the WTO in January 2003. The government has made some improvements in tax and customs administration in recent years, but anti-corruption measures have been ineffective. Armenia will need to pursue additional economic reforms and to strengthen the rule of law in order to regain economic growth and improve economic competitiveness and employment opportunities<sup>14</sup>.

It is estimated that between 700.000 and 1.3 million people have emigrated since independence. The vast majority of those leaving the country were aged 21–50, of which only a minority (around 6 per cent) were women. Seasonal migration, particularly towards the Russian Federation and other CIS countries, is also significant. It is estimated that during the period 2002–08, between 14.2 and 17.9 per cent of the working-age population left Armenia. As a result, remittances play an increasingly important role in maintaining social stability and income levels, and accounted for up to 12 per cent of total GDP in 2013<sup>15</sup>.

The Armenian labour market is characterized by low participation and high unemployment rates. At the national level, the labour force participation rate was 62.7 per cent in 2013, with the employment-to-population ratio at 51.9 per cent, and the unemployment rate at 17.3 per cent. This employment ratio put Armenia in last place among European countries<sup>16</sup>.

Nearly one-third (30.2 per cent) of economically active youth, and 13.3 per cent of the youth population overall, are unemployed. Even more disturbing is the fact that nearly two thirds (65.1 per cent) of unemployed youth have been looking for a job for more than 6 months, and 52.3 per cent for more than 1 year. Young people with vocational education suffer from the highest rates of unemployment, although they do not represent a significant share of jobseekers. The unemployment rate for youth with tertiary education is 29.5 per cent<sup>17</sup>.

#### 5.1.2 Gender related factors

Gender wage gap in 2013 was 34.2%. The legislation provides for equal remuneration for men and women for the same, similar or equal work, but not necessarily for work of equal value. But reconciling work and family is becoming one of the challenges for many working women and men. Young women are disadvantaged with regard to their activity status, have a harder time than young men finding work and face a significant gap in pay. In spite of their higher educational attainment, young women have a much lower labour force participation rate than young men (36.8 per cent against 53.0 per cent for young men), and a significantly higher unemployment rate (36.6 per cent against 24.2 per cent, respectively).

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<sup>13</sup> 01 June, 2015, Statement of the Confederation of trade unions of Armenia (CTUA) in connection with forthcoming rise of electricity prices, CTUA website

<sup>14</sup> Idem

<sup>15</sup> World Bank, 2013

<sup>16</sup> Idem

<sup>17</sup> *Labour market transitions of young women and men in Armenia*, Nicolas Serrière, ILO, October 2014

For the young women who do manage to find work, however, the chance of being engaged in regular employment is higher than for males (70.9 per cent of female workers versus 64.4 per cent of male workers). The advantage here reflects the lower likelihood of women to take up self-employment as well as the more narrow occupational distribution of young women. A significant disadvantage for female workers, however, is their lower average pay compared to men. Young male employees earn, on average, one-and-a-half times more in monthly wages than young female employees<sup>18</sup>.

### 5.1.3 ILO and Social Dialogue perspectives in Armenia

Specialists of the Moscow Office consider that among the countries under evaluation Armenia represents the most difficult case from the point of view of promoting ILO perspectives and where Social dialogue is most problematic. SD activities have largely concentrated on various forms of assistance to trade unions which have shown a relatively high absorption capacity. According to DWT/CO-Moscow specialists, Government often choose not to consult the social partners, nor does it fully take into consideration the ILO technical advice, even when it had been officially requested. For instance, when recently adopting the new Labour Code, the authorities decided not to wait for the ILO official comments they had asked themselves for, and did not consult the social partners. For many years, Armenia did not ratify a single ILO Convention.

Even at the level of trade unions (trade union density rate in 2012 – 35.2%), which are usually very pro-active as far as Social dialogue is concerned, the highest degree of interest for cooperation with the ILO has been displayed not by the national centre but by a number of industrial unions. During the 2014-15 biennium, the DWT/CO-Moscow focused its work on assistance to Railway and Medical workers' unions. Respective Global Trade Union Federations have been instrumental in ILO cooperation with local workers' organizations<sup>19</sup>.

Tripartite SD events funded through RBSA have been linked to topical issues like OSH which allowed filling SD principles with concrete down-to-earth content<sup>20</sup>. At the same time, some technical specialists in Moscow Office would have preferred even more resources channelled to key thematic problems, like Youth employment.

The later subject brought together Government officials (from the Ministries of Labour and Education), employers' and workers' organizations under the TC Project *Applying the G20 Training Strategy; Partnership of the ILO and the Russian Federation*. The project which covers Armenia, Kirgizstan, Tajikistan, Jordan and Vietnam is funded by the Russian Federation. In Armenia, the project became one of the rare functional tripartite platforms of Social dialogue which seriously complemented the RBSA SD activities, involving mainly industrial workers' organizations.

The Tripartite Councils set up under the G20 project are acting at the level of a number of country's colleges and represent an interesting innovation at addressing the unemployment problem by channelling vocational training to economic sectors and specific enterprises which are in real need of specific profiles and qualifications of vocational institutions' students who are about to join the workforce<sup>21</sup>.

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<sup>18</sup> Idem

<sup>19</sup> Interview with DWT/CO-Moscow Senior Specialist on Workers' Activities, Moscow, September 21, 2015

<sup>20</sup> Interview with DWT/CO-Moscow Senior Specialist on Labour Inspection and OSH, SD Focal point, Moscow, September 21, 2015

<sup>21</sup> Interview with DWT/CO-Moscow G20 Project Coordinator, Moscow, September 22, 2015

During one of Sub-regional events of the G20 Project in Armenia trade unions' representatives have increased their capacity to play a more pro-active role in the field of vocational training in the context of transition from informal to formal economy.

This was an example of Tripartism in action when – in otherwise difficult conditions – all the parties involved were genuinely interested in the success of this new form of Social dialogue within an ILO Area of Critical Importance (ACI). While TC projects are usually limited in time and highly dependent on Donor preferences, work on ACI topics could become less volatile, more sustainable and strategic if financed through RBSA which is more easily driven by the GB, as well as by the ILO HQ and Field Offices.<sup>22</sup>

#### 5.1.4 Employment policy as a key issue of SD

The Government of Armenia plans to launch a new employment policy that would help to switch from passive to active labour market policy programmes. The ILO provided continuous support to the Government in development and implementation of active programmes boosting employment. Training of high-level officials from all constituents was organized on Employment Policy development and implementation. Technical advice has been provided to the constituents in addressing the problems of labour market and education system linkages. New methods of work and new instruments, including active labour market policies, have been tested and introduced for specific target groups.

#### 5.1.5 Employers and Social dialogue

The Republican Union of Employers of Armenia (RUEA) was established in November 2007, in accordance with the Labour Code of RA and the requirements of the law on Employers Unions (adopted in February 2007). The RUEA is a self-financing, self-governing, non-profit organization and as a legal entity, according to Legislation of RA, is registered by the Ministry of Justice.<sup>23</sup> According to the Labour Code and the law on Employers Unions, employers and employees regulate their relationships through social partnership, which is to result in agreements in the labour field.

The RUEA unites 9 territorial and 10 sectoral unions and has about 13.000 members, including SMEs and individual entrepreneurs. The RUEA is a member of International Organization of Employers (IOE) since April 2011. The RUEA's mission is *"to be a powerful and influential structure assuring improvement of business environment and advocacy of business community"*.

The RUEA's objectives include *inter alia*:

- To coordinate its member sectoral and territorial associations' activity;
- To look for a continual improvement in legal foundations of social partnership;
- To provide Decent work encouragement, in the scope of social partnership, as an important part of country's social and economic policy;
- To support employment promotion, development of national strategy and State policy, particularly, in the field of youth employment within the framework of social partnership;
- To protect its members' interests in labour and socio-economic relationships, which are directly related to labour issues;
- To manage the accord of employers and employees in collective agreements In the scope of social partnership;
- To promote SMEs', and particularly, women entrepreneurship development through continual improvement of business environment;
- To support export promotion and increase of productivity and competitiveness.

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<sup>22</sup> Idem

<sup>23</sup> [www.employers.am](http://www.employers.am)



The foundation of new sectoral and territorial unions is also aimed at starting consultations and bargaining with relevant labour organisations for concluding collective contracts.<sup>24</sup>

#### 5.1.6 Trade unions and Social dialogue

On December 5, 2000, the National Assembly of the Republic of Armenia adopted the Law “On Trade Unions” in order to bring unions’ activities “*into accordance with the requirements of the law*”. With the same aim, the 24 branch unions held their Congresses, and were registered in the State Register as the branch republican unions of professional organizations.

According to the trade unions’ assessment, the activity of the Confederation of trade unions of Armenia (CTUA) became more efficient after the approval in 2004 of the new Labour Code which regulates collective and individual labour relations, rights and obligations of the social partners, their responsibility, and secures workers’ safety and health.

The CTUA embraces 24 branch republican unions with the total membership of 238.933 (as of October 2015), operating in various sectors and industries.

State control over the rights of workers is assigned to the State Labour Inspectorate under the RA Ministry of Labour and Social Affairs. Non-state control over the protection of workers’ rights is ensured by trade unions. The State Labour Inspectorate supervises the enforcement of those legal acts by employers that regulate labour relations, while the trade union represents and protects the labour, as well as the other related professional, economic and social and interests rights of its members before the employer.

A collective agreement and collective negotiations are most important tools, possessed by professional organizations, since collective agreements establish provisions that ensure more favourable conditions for the employees than the ones provided by the law. The republican collective agreement is the basis for the formation and development of social partnership in the country.<sup>25</sup>

Different projects have been implemented jointly with the CTUA in the framework of Decent Work Country Programme on employment, migration and trafficking, occupational safety and health.

#### 5.1.7 Social dialogue context

The employment relationships are governed by the Constitution and the following main specific laws:

- Labour Code;
- Civil Code;
- Law on Employment;
- Law on the Minimum Monthly Wage;
- Law on Employers’ Union; and
- Law on Trade Unions.

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<sup>24</sup> <http://www.employers.am/AboutUs.aspx?lang=eng>

<sup>25</sup> Lawyer of the Trade Unions Confederation of Armenia, October 2015

In addition, several decisions of the Government and injunctions issued by the Minister of labour and social issues have set precedents, and certain international treaties apply which have priority over the national legislation. The Labour Code covers the rights of all workers without exception, as well as employers' and employees' rights and termination of the labour contract. If there is no regulation dealing with a specific employment relationship under the Labour Code, the Civil Code applies. Other specific laws cover special labour relationships.

Another central issue is strengthening social partnership. In Armenia, basic foundations for effective social dialogue are in place, in particular legal framework regulating collective bargaining and tripartite consultation and a Tripartite Commission for consultation between the government and the social partners. The national tripartite agreement was renewed in 2015. The ILO constituents - Ministry of Labour and Social Issues, the Republican Union of Employers of Armenia (RUEA) and the Confederation of Trade Unions of Armenia – pay attention to the social dialogue, actively carrying on consultations and negotiations looking for consensus on relevant national policies.

The ILO support is aimed at promoting tripartite social dialogue in order to bring it into the new level. It includes support to the RUEA in providing specialized services for its members and promoting a business point of view in the socio-economic policy in the framework of national tripartite cooperation.

The Government of Armenia has recently initiated a reform in its public wage policy system. In order to help the Armenian authorities to elaborate a sound public pay policy, the ILO implements the *Support the public sector pay reform project*, which aims at providing a comprehensive and detailed analysis of the current public pay practice by examining the wage levels and structures. The project provides comparison with the private sector as a benchmark to better assess the public sector wage policy. It provided the Ministry of Labour with a methodology of wage expenditure forecast that will be used for the elaboration of the 2015-2017 national budget.<sup>26</sup>

The trade union movement in SD processes is of particular importance, especially in the present social and economic context in Armenia: a polar stratification is observed in the society, the unemployment level is 16.2%, and minimum wage is 45 000 dram (110 \$), while average pension is 29 900 dram (65\$). Up to today the country lacks a mechanism for establishing the minimum wage, the composition of the minimum consumer basket per capita and the size of the budgets haven't been determined, there is no law about wage indexation.

In the past, the CTUA appealed to the President, the Prime-minister, the President of the National Assembly and the Human rights defender of the country on issues of social importance, in particular to the President of the National Assembly on draft Law "On employment" with the proposal to bring in a provision on the procedure and conditions for fixation and payment of unemployment benefits in accordance with the Constitution of the Republic of Armenia.

#### 5.1.8 Republican Collective Agreement and Tripartite Commission

On April 27, 2009, the RA Government, Trade Union Confederation and Republican Union of Armenian Employers signed a trilateral agreement establishing extra guarantees regulating social and labour relations and requiring parties' joint action. The document was signed by RA Prime Minister Tigran Sargsyan, Eduard Toumasyan, Chairman of RA Trade Union Confederation, and Arsen Ghazaryab, Head of Republican Union of Employers (manufacturers and entrepreneurs).

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<sup>26</sup> <http://www.un.am/en/agency/ILO#sthash.GsSaGEXO.dpuf>

Section 5 of the Collective Agreement provides for a **Tripartite Republican Commission**. The latter has been established on 9 July 2009 and is composed of 5 representatives from each party. The purpose of the Tripartite Republican Commission is to promote the establishment and development of social partnership and ensure the implementation of the Republican Collective Agreement. The sittings of the Commission are convened on an ad hoc basis at least once every three months by the Chairperson. The parties consult on the following issues: occupational safety and health; jobs; salary and living standards of population; labour market and employment; and social security and social protection.

The decisions of the Commission are deemed adopted when not less than three members of each party to the Commission present at the sitting have voted for it.

On 30 June 2012, Agreement "*On making amendments and supplements to the Republican Collective Agreement of 27 April 2009*" was concluded between the Government of the Republic of Armenia, the CTUA and the RUEA. It allowed extending the validity of the Collective Agreement up to June 30, 2015.

In August 2015, a new Republican Collective Agreement was signed, dealing with:

- Employment security and health protection
- Employment, salary and living standards
- Labour market and employment rate
- Social insurance and social protection.

During its operation the Commission is guided by an Action plan ensuring the implementation of the Republican Collective Agreement developed and approved by the Commission. Within the scope of the tripartite social partnership, the Ministry of Labour and Social Affairs actively cooperates with the CTUA and the RUEA namely through social partnership at sectoral and territorial levels.

#### 5.1.9 Social dialogue and prospects of EU integration

The social dimension of European integration will have an impact not only on economic and political situation in South Caucasus, but also on development of social environment, social protection, social partnership, social dialogue and social responsibility. New formats of agreements and cooperation with the EU through mechanisms like ENP (the EU Neighbourhood East Parliamentary Assembly (Euro-Nest) and the EaP Civil Society Forum (EaP CSF) open new opportunities for social dialogue.

The evolution of welfare state in the South Caucasus involves implementation of European social model principles, the essence of which is to achieve a balance between economic growth and social justice, protection of social rights and the environment, social solidarity and cohesion, creating a competitive economy based on knowledge. This implies regulation of various spheres of society, effective social policy and fulfilment of social obligations.<sup>27</sup>

To give an example, the Commission established by the EU to monitor compliance of Armenia with the EU Social Charter has recently concluded that the situation in the country was not in conformity with Article 22 of the Charter on the grounds that it has not been established that:

- the right of workers to take part in the determination and improvement of working conditions and the working environment is effective;

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<sup>27</sup> *The Influence of Social Partnership on Regime Democratization in Armenia*, Ashot Aleksanyan, Paper presented at the International conference on "Social Construction of Reality: Chances and Risks for Human Communications", Yerevan State University, Faculty of Sociology, Yerevan, September 2015, Armenia

- the right of workers to take part in the determination and improvement of the protection of health and safety is effective;
- workers' representatives have legal remedies when their right to take part in the determination and improvement of working conditions and the working environment is not respected;
- sanctions exist for employers who fail to fulfil their obligations under this Article.<sup>28</sup>

#### 5.1.10 Country programme outcomes' implementation review

*Country Programme Outcome (code ARM129):*

***National mechanism for collective bargaining and labour disputes settlement is further strengthened in line with international labour standards***

In 2012-13, the work under ARM129 was mainly focused on strengthening the functioning of Republican Tripartite Commission (RTC), collective bargaining machinery and labour dispute settlement – all with an aim to strengthen the mechanisms and institutions for social dialogue, with the view to promoting a sound governance of the labour market including labour law reform.

As a result, General Agreement was amended with two important provisions: on registration of labour disputes and occupational accidents. Another achievement was the signing of a bi-partite cooperation agreement between the Republican Union of Employers' Association (RUEA) and Confederation of Trade Unions (CTUA), which was an important step forward in strengthening bilateral relations between social partners in Armenia. The constituents including members of the RTC have also increased capacities in collective bargaining and dispute resolution.

It has to be pointed out that so far Armenia hardly has a mechanism to help workers and employers and their organizations to settle their disputes in a peaceful way. This gap in the industrial relations system is hindering the development of bipartite social dialogue at all levels.

In 2014-2015, the work on this CPO had to capitalize on the results achieved in the 2012-2013 biennium, taking into account newly emerging demands and expectation of the constituents. In particular, attention has been paid to strengthening the mechanisms and institutions for Social dialogue, including the establishment of more effective operational procedures of the RTC and increasing its role and status.

In the field of bipartite social dialogue and labour dispute settlement, the constituents have been supported in the creation and strengthening of the social dialogue database and registration of collective agreements and in establishing a mechanism for dispute resolution. Unfortunately, this ILO intervention did not bring expected results during the period under examination since the Government still needs to adopt a legal act which would make mandatory the registration of collective agreements.

The following activities and outputs have been planned and delivered under ARM129 CPO in 2014-15:

#### Milestones:

- New regulations of functioning of the RTC established to increase effectiveness of its work, as a result of further capacity-building of its staff

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<sup>28</sup> Joint Staff Working Document: Implementation of the European Neighbourhood Policy in Armenia; Progress in 2014 and recommendations for actions, Brussels, 25.03.2015 [http://eeas.europa.eu/enp/pdf/2015/armenia-enp-report-2015\\_en.pdf](http://eeas.europa.eu/enp/pdf/2015/armenia-enp-report-2015_en.pdf)

### What was achieved

- ✓ In 2014-2015, the ILO continued to provide support to the constituents regarding improvement of Republic Tripartite Commission work and strengthening Social Partnership.
- ✓ During this period the constituents established a tripartite working group for development of new General Agreement. The working group had regular meetings with active involvement of both Government and Social Partners' representatives.
- ✓ In parallel, the ILO organized a mission of a relevant Senior Specialist of Moscow Office who met separately with each of partners and collected their views on existing gaps and suggestions on improvement of the RTC functioning.

However there is much to be done in regard to the improvement of the Commission work. The creation of a Secretariat is still pending (organization of meetings, agenda, protocols, etc. is still being done by one of the officials of the Ministry).

- Proper mechanism for dispute resolution established including registration of labour disputes

### What was achieved

- ✓ The constituents have increased capacities in collective bargaining and dispute resolution. In July 2015 "Social Dialogue and National Tripartite Mechanism for Consultations and Negotiations" Round Table was organized with participation of tripartite constituents, including members of the Tripartite Commission. Institutional Framework of National Tripartite Social Dialogue as well as the ILO Standards on promotion of Tripartite Consultations have been introduced to the constituents.
- ✓ On 1 August 2015, a new General Agreement was signed. It amended the previous Agreement with two important provisions: on registration of collective agreements and on establishment of unified regulations for registration of occupational accidents. A Chapter has been included in the General Agreement concerning Socio-Economic relations. Another provision that missed in the previous General Agreement is that during discussion of relevant draft legal acts by the Cabinet of Ministers, the Minister of Labour, who is the Chairman of Tripartite Commission, should state the opinion of Commission about the draft.
- ✓ Another achievement was the signing of a bi-partite cooperation agreement between the Republican Union of Employers' of Armenia (RUEA) and Confederation of Trade Unions of Armenia (CTUA), which was an important step forward in strengthening bilateral relations between social partners in Armenia.<sup>29</sup>

- Social dialogue database developed including registration of collective agreements

- This work is still pending. Before creating the database on collective agreements the Government has to adopt a provision in a relevant legal act (most probably in the Labour Code) on mandatory registration of Collective Agreements.

### Key outputs:

- Capacity-building of further strengthening tripartite social dialogue and increasing the role, status and operational procedures of RTC
- Tripartite consultations on international labour standards (C 144)
- Awareness-raising campaign on social dialogue and social partnership through effective use of [www.social-dialogue.am](http://www.social-dialogue.am) web-site and the TV hours planned for the Ministry of Labour
- Technical support in the creation and strengthening of the social dialogue database, registration of collective agreements (results still pending)
- Training on labour dispute resolution using the ILO Manual on "*Labour dispute systems: Guidelines for improved performance*"

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<sup>29</sup> ILO National Coordinator, Yerevan, Armenia

- Advice on the appropriate registration of labour disputes
- Further support to the promotion of sectoral social dialogue.

The International Trade Union Confederation (ITUC) and the ILO, in collaboration with the Education and research center of the CTUA, held a joint seminar on "*Strengthening trade union policy on preventive measures in the field of occupational safety and health*" (June 2015, Tsaghkadzor). The seminar was attended by representatives of the trade union centers of Armenia, Russia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, Ukraine and Tajikistan.

Mr. Eduard Tumasyan, CTUA Chairman, pointed out that experience exchange on OSH issues was of vital importance to his Confederation. Mr. Sergeyus Glovackas, Senior Specialist in Workers' Activities of the ILO Moscow Office, referring to a list of hazardous work and the statistics of accidents and deaths at work, said that they all occur mainly because of violations of occupational health and safety rules.

Mr. Valentin Mocanu, ILO Moscow Office Senior Specialist on Labour Inspection & OSH, presented ILO OSH preventive policy and provisions of the ILO Conventions №187 and №155 «On the Promotional Framework for Occupational Safety and Health" and "Occupational Safety and Health", and explained the process of their ratification. Ms. Oxana Gerasimova, ILO Expert, introduced ILO's integrated approach to the issues of occupational safety and health - from the national down to enterprise level. Mr. Varazdat Danielyan, Head of the Department of supervision of the implementation of labour law of the Ministry of Health of Armenia, presented the reforms in the field of Labour inspection.

The CTUA Education and Research Centre with the support of the Pan-European Regional Council of the International Trade Union Confederation (ITUC-PERC) held a seminar on "*Legal aspects of trade unions' activities in primary organizations*". The seminar was attended by the chairmen of the trade union organizations representing republican branch unions (September 2015, Tsaghkadzor). Head of the Legal Department of the CTUA Mr. M.Piliposyan introduced participants to the recent changes in the Labour Code of the Republic of Armenia, highlighting employers - trade unions relationships.<sup>30</sup>

The above key outputs under **ARM129** have been strengthened and further expended through a number of **ARM802** activities including the following:

1. Study tour- training of young trade union leaders in Moldova, in the Labour institute (February 2014)
2. Training on social dialogue and collective bargaining for the newly elected trade union officials in the Academy of Labour and social relations in Russia (March 2014)
3. Working Planning meeting with the Armenian Trade Union Confederation leadership (March 2014)
4. Strategic planning workshop for the Agriculture workers' union (March 2014)
5. Seminar on labour disputes resolution for the Metallurgy workers' union (April 2014)
6. Seminar on informal workers' organizing and protection; sub-regional IE event for TUs (Sept. 2014)
7. Trade Unions Youth school (October 2014)
8. Pre-congress strategic planning workshop for the CTUA leadership (January 2015)
9. Seminar on collective bargaining for the Transport sector (May 2015)
10. Training of the newly elected TU officials on the ILS application (June 2015)
11. Trade Union Youth school (September 2015).

<sup>30</sup> <http://www.hamk.am/documents.php?lang=eng>

5.1.11 Presentation of findings regarding projects' performance, organized by evaluation criteria

Armenia - ARM129 (\$70,000)

Evaluation criteria	Definitions
<b>Relevance &amp; strategic fit of the intervention</b>	<p>The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' &amp; donors' policies</p> <p>The extent to which the approach is strategic and the ILO uses its comparative advantage</p>
<b>Question 1</b>	
<p>- Are the activities and outputs/tools relevant to the needs of the constituents and to the countries development priorities, i.e. with a reference to other ILO on-going initiatives in the countries?</p>	
<b>Answers</b>	
<p>The Country Program Outcome (code ARM129) <i>National mechanism for collective bargaining and labour disputes settlement is further strengthened in line with international labour standards</i> corresponds to the <b>Indicator 12.2</b> (Number of member States that, with ILO support, strengthen machinery for collective bargaining and labour disputes settlement, in line with international labour standards, and in consultation with the social partners) of the <b>Outcome 12</b> (Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations) of the P&amp;B 2014-15. Furthermore, the CPO ARM129 is in conformity with the second priority of the <b>Decent Work Country Programme (DWCP) of the Republic of Armenia, 2012-2015</b>, formulated as <i>“Strengthening social dialogue and collective bargaining”</i>. According to this DWCP, “Decent work is viewed as a central goal of national economic and social policies in the Republic of Armenia. The Program is based on priorities and objectives identified in the Sustainable Development Program of RA (2008-2021). It supports the country’s efforts to realize the Millennium Development goals and is consistent with the second United Nations Development Assistance Framework (UNDAF) 2010-2015”.</p> <p>The DWCP draws significantly on the Decent Work Country Profile for Armenia, a document commissioned by the ILO and designed to <i>“give an overall assessment of the Armenia decent work situation, and serve as a reference or baseline document for the country’s decent work agenda”</i>. According to the DWCP statement, it reflects <i>“the priorities of the Ministry of Labour and Social Issues, the Republican Union of Employers of Armenia and the Confederation of Trade Unions, and is consistent with the ILO regional priorities for Europe and Central Asia”</i>.</p>	
<b>Question 2</b>	
<p>- Are the activities and outputs of the project consistent with their overall objectives?</p>	
<b>Answers</b>	
<p>According to the measurement criteria of the <b>Indicator 12.2.</b>, to be counted as reportable, results must meet at least one of the following criteria:</p> <ul style="list-style-type: none"> <li>✓ A voluntary, free-of-charge and expeditious mechanism for labour disputes settlement is established or revitalized to help employers and workers and their organizations resolve their disputes through conciliation and arbitration without resorting to the court system, in accordance with the stipulations of Recommendation No. 92, including an adequate budget and evidence of regular activity.</li> <li>✓ A mechanism for voluntary negotiations at different levels is established or reformed so that it functions in both the private sector and public service in accordance with the stipulations of Conventions No’s 98, 151 and 154, as documented through the evolution of collective agreements in force and the number of workers covered by such agreements.</li> </ul>	
<p>Mechanisms for labour disputes settlement and voluntary negotiations at different levels have been</p>	

strengthened in a number of key sectors of economy (particularly in Agriculture, Transport and Metallurgy). Capacity of the social partners to respect the new Labour Code was strengthened, as well as their awareness on the ILO approach to OSH issues. Special attention to Gender equality was a cross-cutting concern.

From this point of view, the activities and outputs of the project have been consistent with their overall objectives. Both measurement criteria have been met, at least partly.

**Validity of intervention design**

Extent to which the design is logical & coherent

The intervention design built on mutual complementarity of this RBSA-funded project and other ILO interventions in Armenia was fairly logical. The three planned Milestones were coherent. What was not fully taken into consideration at the inception stage was the degree of authorities' political will to follow closely ILO technical advice. Apparently, the risk assessment was not adequately carried out.

**Intervention progress and effectiveness**

The extent to which the intervention's immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance

**Question 3**

- What have been the major results/accomplishments of the project?
- To what extent have the stated objectives been achieved or are likely to be achieved?

**Answers**

On 1 August 2015, a new General Agreement was signed. It amended the previous Agreement with two important provisions: on registration of collective agreements and on establishment of unified regulations for registration of occupational accidents.

Another achievement was the signing of a bi-partite cooperation agreement between the Republican Union of Employers' of Armenia (RUEA) and Confederation of Trade Unions of Armenia (CTUA), which was an important step forward in strengthening bilateral relations between social partners in Armenia.

Capacity of workers' organizations to represent and defend interests of their members (particularly the one of industrial trade unions), was strengthened, especially in the fields of SD and OSH.

The stated objectives have been partly achieved; they may be achieved more fully with the adequate political will of the authorities and further reform processes in employers' and workers' organizations, particularly at the confederal level.

**Questions 5 & 6**

- What were the major factors influencing the achievement or non-achievement of the objectives?
- Have there been any obstacles, barriers and/or successes, innovations? Have there been any unintended results?

**Answers**

The non-achievement of certain objectives was related to the fact that so far Armenia hardly has a real mechanism to help workers and employers in settling their disputes. This gap in the industrial relations system is hindering the development of viable bipartite social dialogue at all levels.

The lack of political will to comply with ILO recommendations/advice and some problems related to a delay in up-coming of a new generation of officials to positions of responsibility have to be quoted among obstacles and barriers. These negative factors are in a way confirmed by the Commission established by the EU to monitor compliance of Armenia with the EU Social Charter, which has recently concluded that the situation in the country is not in conformity with Article 22 of the Charter.



## Innovations

Applying the G20 Training Strategy. Partnership of the ILO and the Russian Federation TC Project for Armenia and a number of other countries, sponsored by the Russian Federation, became one of the rare functional tripartite platforms of Social dialogue which seriously complemented the RBSA SD activities, involving mainly industrial workers' organizations.

Tripartite Councils set up under the G20 project are acting at the level of vocational training colleges and represent an interesting innovation at addressing the Youth unemployment problem by channelling vocational training to economic sectors and specific enterprises which are in real need of specific profiles and qualifications of vocational institutions' students who are about to join the workforce.

### ***Efficiency of resource use***

A measure of how economically resources/inputs (funds, expertise, time etc.) are converted to results

#### **Question 7**

- Given the resources available (time, expertise, funds, partnerships, knowledge and know-how), how efficiently have been the inputs turned into the outputs?

#### **Answers**

Taking into account the above mentioned local circumstances and context, it can be stated that the resources available to the ILO have been efficiently used and turned into the outputs achievable at this stage.

### ***Effectiveness & management arrangements***

The extent to which management capacities and arrangements put in place support the achievement of results

The combination of interventions which linked general Social dialogue issues with key thematic topics (OSH, Labour inspection, Youth employment, Informal economy etc.) proved to be particularly effective.

### ***Sustainability and impact potential***

The strategic orientation of the project towards making a significant contribution to a broader, long-term development changes  
The likelihood that the results of the intervention are durable and can be maintained and even scaled up and replicated by intervention partners after major assistance has been completed

#### **Questions 8 & 9**

- Are the results achieved likely to continue after the end of the interventions?
- Are they likely to produce longer term effects and benefits to the target groups?

#### **Answers**

ILO capacity-building interventions in various areas of Social Dialogue, particularly in the field of collective bargaining and industrial conflict solution, are a long-term investment per se and thus bring lasting benefits to the target groups.

Effective functioning of national mechanisms of tripartite dialogue largely depends on the gradually (sometimes slowly) evolving culture of sound industrial relations and the real involvement of the tripartite actors in the process.

The sustainability of ILO interventions aimed at strengthening the national legislation and the functioning of the Republican Tripartite Commission will to a large extent depend on the political ambitions of national authorities.

## Question 10

- What action might be needed to bolster the longer term effects?

## Answers

Updating and effective implementation of the DWCP for Armenia would definitely bolster the longer term effects of ILO interventions. It would help as well to provide a consistent follow-up of recommendations provided by the ILO supervisory bodies which could lead to improvements in the Labour Code and national legislation on employers' and workers' organizations.

## 5.2 Country context and Review of implementation

### Azerbaijan

**AZE803**  
**\$80,000**



**Population** – 9.596 thousand (female 50.5%)  
**GDP per capita** - \$17.600  
**Labour force**- 4.821 million, 0.98 male(s)/female  
agriculture: 38.3%  
industry: 12.1%  
services: 49.6%  
**Women labour force participation** – 61.4%  
**Unemployment** - 6% (young women – 16.3%)

### 5.2.1 Outline of the economic, political, social and historical context of the country

Azerbaijan's high economic growth has been attributable to large and growing oil and gas exports, but some non-export sectors also featured double-digit growth, including construction, banking, and real estate. Oil exports through the Baku-Tbilisi-Ceyhan Pipeline, the Baku-Novorossiysk, and the Baku-Supsa pipelines remain the main economic driver, but efforts to boost Azerbaijan's gas production are underway. The eventual completion of the geopolitically important Southern Gas Corridor between Azerbaijan and Europe will open up another, albeit, smaller source of revenue from gas exports. Azerbaijan has made only limited progress on instituting market-based economic reforms. Pervasive public and private sector corruption and structural economic inefficiencies remain a drag on long-term growth, particularly in non-energy sectors.<sup>31</sup>

Azerbaijan' oil and gas production was accounting for 47 per cent of GDP in 2012. The State-owned oil company SOCAR anchors the sector and is supported by several international oil companies with important stakes in the industry. The country is becoming a regional trading hub, and sectors such as telecommunications and construction have experienced a boom.

Economic growth has fuelled the expansion of social assistance and allowed Azerbaijan to significantly reduce the number of people living below the poverty line in less than a decade: from 42.6 per cent in 2005 to 6 per cent in 2012. There has been a significant rise in average wages, yet it is estimated that approximately 40 per cent of the population remain low-wage earners, often working in the informal economy. Other key challenges are regional income disparities, with wage levels in Baku around double

<sup>31</sup> *The World Fact book, 2015 – Azerbaijan*

that of other parts of the country; and gender *income disparities , with women’s average wages being less than half that of men.*

Over the past decade, unemployment has also been greatly reduced. However, youth unemployment, which stood at 29 per cent in 2012, remains a challenge in this country where 42 per cent of population are below the age of 25.

The Government is aware of these challenges and tries to address them through the “*Azerbaijan 2020: Look into the Future*” Development Concept, which was approved by Presidential Decree in December 2012. Its main policy objectives include:

- Diversifying the economy to reduce the dependence on oil and gas through the development of human capital to lay the foundation for a transition to a knowledge-based economy;
- Developing the social sphere, improving the general welfare of the population, including through ensuring access to quality education, healthcare, social security systems, improving labour conditions and creating equal opportunities for women; and
- Deepening democracy, improving the business environment, and ensuring human rights and freedoms and the active status of civil society in public life.<sup>32</sup>

Although the poverty rate has been reduced, reforms have not adequately addressed weaknesses in Government institutions, particularly in the education and health sectors, as well as the Courts system.

During the meeting of the evaluator with the Deputy-Minister of Labour and Social Protection of Population of the Republic of Azerbaijan and his team (Baku, October 16, 2015), it was stated that Employment represented the top priority of the social policy of the State. According to him, diversification of national economy (in addition to gas and oil production), development of regions, improvement of the business environment and realisation of various national programs would result in the creation of more than 1.4 million new jobs during the next 12 years (75% of jobs will be sustainable; 80% will be created in the regions of the country).

According to the Deputy-Minister, the unemployment did not exceed 5% (240 thousand job-seekers). The rate of employment of young workers represented 68.2%. The average age of the working population is 28, so the labour force is very young. A new Employment strategy is now under consideration in terms of which attention is being paid not only to the quantity but as well to the quality of jobs. Migrant workers will be given a special quota in the labour force subject to meeting a number of criteria (e.g. 5 years of regular work in Azerbaijan, possession of respective education and professional qualifications etc.) following what they will be entitled to an income not lower than 7 minimum wages.

The system of “electronic Government” has been recently introduced in the country in terms of which all labour contracts, all working and employment conditions as well as mutual obligations/rights of employees and employers are officially registered and become juridically binding. The Deputy-Minister considered that the e-Government was an effective form of safeguarding legal rights of labour market actors.

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<sup>32</sup> Statement at the end of visit to Azerbaijan by the United Nations Working Group on Business and Human Rights, Baku, 27 August 2014, <http://www.ohchr.org/RU/NewsEvents/Pages/DisplayNews.aspx?NewsID=14965&LangID=E#sthash.Ea68ftK.dpu f>

Today, the e-Government system contains data on over 60 thousand employers and specifications for 9.600 professional qualifications. It reflects the type of work agreement, tariff rates, conditions of employment, periods of paid leave of each employee, reasons for breaking a labour contract etc. This set of information is available to each Governmental structure, and each individual employer and worker. It provides valuable statistical data on economic and social trends in all sectors.

The Government is now working on a new system of minimum hourly wage. According to the Deputy-Minister, despite a serious reduction of the State budget for 2016 due to a 3 times drop of oil prices, the share of social programs in the total budget will increase by 36.7%; a minimum wage increase is being discussed as well.

Azerbaijan has already ratified 57 ILO Conventions. The possibility of ratifying C 168 (Employment Promotion and Protection against Unemployment) is being considered. Within the system of Social Security a law on Unemployment benefits is being drafted. The Deputy-Minister praised the ILO knowledge base and assistance in this area. He also stressed the importance of work with MNEs using the ILO MNE Declaration; BP operating in the country is discussing a collective agreement with ATUC.

The Deputy-Minister praised the fruitful cooperation with the ILO in the fields of minimum wage fixing, OSH (establishment of safe work laboratories) and amendments to be introduced in the Labour Code. He mentioned that the Cabinet of Ministers is considering signing a new DWCP with the ILO.

#### 5.2.2 Rights of employers and Social dialogue

The concept of the “right of entrepreneurs” is set out in a specific law and referred to in the 2011 National Programme for Action to Raise Effectiveness of the Protection of Human Rights and Freedoms in the Republic of Azerbaijan (Section 2.3). Whereas the Guiding Principles on Business and Human Rights focus on the obligations of State and the corporate responsibility of business to prevent and remedy human rights abuses, the experience of Azerbaijan shows the need to protect entrepreneurs and small businesses. In particular, it was reported that many people who start businesses may face obstacles relating to red tape and corruption, such as arbitrary exclusion from bidding processes in public procurement.

These and other issues have been discussed during the meeting of the external evaluator with the Chief Adviser of President of the National Confederation of Business (Employers) Organizations of Azerbaijan Republic, and other senior members of the Staff of the Confederation (Baku, October 15, 2015). Founded in 1993, it unites today over 5 thousand SMEs and some large companies like SOCAR, AZPETROL, ACCORD; it has 15 representations in Europe, USA, CIS, and Dubai etc.

The Confederation is active in lobbying various Government structures (like the Ministry of Economy) and Parliament Commissions, especially dealing with Agriculture and the new IT sector. It faces some problems in banking sector and in a few regions (e.g. Gandji, Leonkaran). The Confederation has a permanent commission on OSH, Employment and DW. Among its priorities is to draw specific employers from economic sectors into the Confederation and to strengthen its work on vocational training. It is actively working with young employers and trains some of its young staff abroad. It has a Youth Committee.

The Confederation is active in combating Child labour, has its monitoring “flying group” and uses its own Child labour Guide developed after a training of its staff in ILO Turin Centre.

It participates in a Lukoil-sponsored Youth Employment TC project run by the ILO Moscow Office, especially in the field of micro-credit in agriculture and overcoming “financial illiteracy” among

employers. Through the project it trained 15 graduates and shared with the ILO on 50/50 basis expenses for their activities during 6 months.<sup>33</sup>

The employers' Confederation would welcome the setting-up of national thematic tripartite structures on a regular basis. According to them, so far there exists only one Commission of this nature dealing with OSH issues.

The Confederation is actively using ILO materials on the MNE Declaration in its work in the field of Corporate social responsibility (CSR) and Global Compact. In October 2015, it participated in a seminar on MNEs organised by EU.

The representatives of the Confederation praised the assistance provided to them by the Moscow Office and Geneva HQ, as well as by the IOE.<sup>34</sup>

Interestingly enough, when speaking of Social dialogue the representatives of the Confederation were more inclined to discuss their relations with the Government structures rather than with trade unions.

### 5.2.3 Labour rights and the role of trade unions in Social dialogue

The 2020 Development Concept sets the objective of strengthening efforts to ensure safe and healthy working conditions, including through the preparation of a new State program. One important challenge is that approximately 10 per cent of the population work in the informal economy and therefore fall outside the protection of the Labour Code. **The situation of women** at the workplace requires special attention. It is estimated that only one third of women are in salaried employment and a significant disparity exists between the incomes of men and women.

The work of the State Labour Inspectorate Service in monitoring and enforcing laws and regulations concerning occupational health and safety, including through regular on-site visits, requires a further improvement in collecting OSH data, including through enhanced collaboration between the Ministry of Labour and the State Statistical Committee.

On 24 February 1994, the law of Azerbaijan Republic on Trade Unions was adopted. According to it, a trade union may be set up by a minimum of seven persons, and the Act establishes that trade unions should be able to work without any interference; it prohibits discrimination against trade union members. Collective bargaining is still relatively new in the country, but the number of collective

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<sup>33</sup> The technical cooperation project, funded by the OAO Lukoil and implemented by the ILO, seeks to improve the effectiveness of youth employment policies and programmes in Azerbaijan, Kazakhstan and the Russian Federation and to establish a framework for regional cooperation and knowledge-sharing on Youth employment. The project addresses low-skilled youth, those who dropped out from school, those who experience difficulties in entering the labour market due to the lack of work experience, and other groups of disadvantaged youth, with particular emphasis on youth at risk of social exclusion.

The Lukoil-funded project covered the following key areas:

- Conducting national reviews on the current youth employment situation;
- Promoting the participation of social partners in youth employment interventions;
- Enhancing labour market information and employment services targeted at young people, including disadvantaged youth groups such as young women and low-skilled youth;
- Anticipating skill needs to match labour force demand;
- Supporting policy-makers in implementing youth employment plans and programmes;

By the end of the Project the capacity of labour market institutions is expected to be strengthened in the areas relating to the promotion of Decent work for Youth. The capacity to design, monitor and evaluate effective youth employment programmes will be improved, including through better targeting of young people who are disadvantaged in the labour market.

<sup>34</sup> Chief Adviser of President of the National Confederation of Business (Employers) Organizations of Azerbaijan Republic, Baku, October 15, 2015

agreements has steadily increased during the past decade from 9.460 in 2001 to 11.890 in 2010 when the share of collective agreements in all agreements between entrepreneurs (employers) and trade unions reached 68.9%.

Over 85 per cent of workers belong to the Azerbaijan Trade Unions Confederation (ATUC) which was established in 1993. It unites 18.610 trade union organizations with the total membership of 1.600 million (out of 4.602,9 million persons employed in the country) grouped in 26 sectoral trade unions.

During the meeting of the external evaluator with Mr. Ilyas A. Aliyev, First Vice-Chairman of the ATUC (Baku, 15.10.2015), the later has stressed that Employment represented the top priority in the work of the Confederation. There are 237.8 thousand of unemployed in the country. Of particular concern is the problem of Youth unemployment. The number of retired people is over 1.2 million; most of them continue working in order to gain additional income. The average wage is about US\$ 450; it reaches \$500-\$600 in the oil sector.

Lately, because of the sharp drop of oil prices, the national currency was devaluated by 35%, and banks reserves suffered a two-fold reduction. As a result, many economic projects have been frozen, particularly in the previously booming construction sector. Remittances from migrants fell two-fold.

According to a new law, trade unions have the right to defend only union members. There are cases when collective agreements are concluded through State labour inspection without the involvement of trade unions. In the opinion of the ATUC First Vice-Chairman, *de facto* it is often difficult to speak about a real partnership and a sound social dialogue, especially at the enterprise level where trade union activists often have to follow what the employer says. While firing of workers cannot happen without trade unions' agreement, employers often pretend that the reduction of staff has happened due to "a restructuring" which nullifies trade unions' involvement in the process.

#### 5.2.4 Future cooperation ILO-Trade unions and its sustainability

According to ATUC representative, the major fields of cooperation with the ILO (both with HQ and the Moscow Office) should focus on:

- informal economy (IE), where 2 million people are employed, and
- pension reform.

The ATUC plans to continue cooperation with the ILO on a 50/50 cost-sharing basis in the areas of Informal economy and Youth employment (with particular emphasis on school- to-work transition and vocational training).

The ATUC First Vice-Chairman underlined the sustainable nature of cooperation with the ILO. To illustrate that statement, he mentioned that trade unions had financially contributed to a series of ILO interventions (e.g. a seminar on transition from informal to formal economy and gender equality) and, after the end of ILO intervention, continued this work during the next 2 years in all 6 regions of the country with the participation of the Ministry of labour, employers' and women's organizations. Similar follow-up activities after ILO's interventions happened in the fields of Youth employment and OSH.

#### 5.2.5 General Collective Agreement 2014-2015

In September 2014, a General Collective Agreement for 2014-2015 has been signed among the Azerbaijan Council of Ministers, Azerbaijan Trade Unions Confederation and Azerbaijan National Confederation of Business (Employers) Organizations. According to the Agreement, *"the parties believe that the Agreement signed will serve country's economy by improving competitiveness and labour productivity, cost-effective infrastructure for the development of stable employment and the labour market, job security; the parties believe that the Agreement will help create conditions for improving the quality of life of workers and their families, for the continuation of measures aimed at reducing poverty, maintaining social and macroeconomic stability and social protection aimed at ensuring the implementation of socio-economic policy objectives of the Agreement as a priority."*

#### 5.2.6 Creation of the National Tripartite Commission

On November 11, 2014, a seminar on *"Creating institutional structure on the national tripartite social dialogue"* was jointly organized by the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan (MLSP) and the ILO with participation of the social partners. The purpose of the event was to exchange experience and to identify areas for work to be done in the field of organization of the Tripartite Commission on Social and Economic Affairs.

Opening the event, Mr. Salim Muslumov, Minister of labour and social protection of population, emphasized that socio-economic progress has become sustainable in the country as a result of Azerbaijan's reforms course and involvement of social partners in these processes.

Stating that the Tripartite Commission was an important tool for more effective coordination between the Government, employers and workers, the Minister added: "their obligations are defined in the General Collective Agreements signed each three years. It is important to strengthen coordinated activity between the parties for more successful implementation of these commitments, and the creation of the Trilateral Commission will be an important tool for it. The main purpose of the Commission is to support the development of social dialogue for providing suggestions to determine the coordinated general principles in conducting socio-economic policy in the country, regulation of social-labour relations and further strengthening of social stability".<sup>35</sup>

Mr. Muslumov underlined that the Commission would implement the duties of conducting collective negotiations, coordination of the work on the preparation of the General Collective Agreements, carrying out consultations in the drafting of legislative projects in the fields of employment, social security, as well as the ratification and application of international labour norms, assistance to the regulation of social-labour relations etc. "The improved project on establishment of the mentioned Commission was submitted to the government in August of this year (2014), and the work is currently being conducted towards the finalization of the project", stated the Minister.<sup>36</sup>

Mr. Elman Mehdiyev, head of the State Social Protection Fund of the Republic of Azerbaijan, has emphasized that the Tripartite Commission would need joint efforts in ensuring the respect of the labour rights of citizens, and would be an important tool of strengthening social dialogue.

Mr. Sattar Mehbaliyev, President of the ATUC and MP, noted that trade unions were ready to step up efforts in the context of social partnership in order to safeguard labour and social rights. Using advanced world experience in this area would be of great importance.

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<sup>35</sup> Site of the Ministry of Labour and Social Protection of Population <http://www.mlsp.gov.az/en/pages/1>

<sup>36</sup> Idem

Mme Natavan Mammadova, Secretary General of the AEC, stated that the Commission would contribute to a more active participation of employers in the implementation of the General Collective Agreement.

During the meeting with the external evaluator (Baku, October 16, 2015), the Deputy-Minister of Labour and Social Protection of Population, stressed that the draft procedures related to the Tripartite Commission have been already established together with the social partners; each side agreed to finance its own participation in the Commission; the Ministry of labour was ready to provide the services of the Commission's Secretariat. It was being discussed at what level the Commission should be chaired: by the Prime-Minister or at the level of the Labour Minister with a possible rotation of the chairmanship with employers and trade unions.

#### 5.2.7 Country programme outcome's implementation review

*Country Programme Outcome (code AZE803):*

##### ***National tripartite mechanism for social dialogue is revitalized and functions effectively***

One of the key outcomes of the DWCP Azerbaijan 2011-2015 (not signed because of Privileges and Immunities issue), is related to national tripartite mechanism for social dialogue. The strong need for the establishment of a permanent tripartite body in Azerbaijan (a national tripartite council or tripartite commission) has been articulated by the constituents on different occasions. The latest request was provided in the letter of the Ministry of Labour and Social Protection of Population of Azerbaijan in September 2013. At the initiative of social partners in Azerbaijan, the work has started on the creation of a tripartite commission on social and economic issues, where the constituents could regularly meet and discuss critical social and labour issues and coordinate their joint actions.

As mentioned above, draft regulations for the work and functions of a tripartite commission are developed and agreed upon between the parties. The government and social partners in Azerbaijan received ILO advice and technical support in establishing a tripartite commission, defining its functions, structure, methods of work and agenda framework. The ILO also provided technical consultations on international labour standards, in accordance with the ILO Tripartite Consultation (International Labour Standards) Convention No. 144, as well as capacity building for tripartite constituents/members of TC. Social partners will also be supported in further strengthening social dialogue and collective bargaining at the level of sectors and enterprise level.

Regulatory act on functioning of a National Tripartite Commission (NTC) was developed in a tripartite format and officially adopted by the Ministry of Labour. The constituents agreed on the process of legalizing the functioning of the NTC, including the establishment of a technical Secretariat for NTC. The submission to the Parliament for approval is expected by the end of 2015.

In conformity with the CPO AZE803, major efforts of the ILO DWT/CO Moscow centred on revitalization and good functioning of social dialogue mechanisms. It covered both legal and institutional aspects and involved capacity-building of constituents. On 7<sup>th</sup> May 2014, ILO together with Azerbaijan Trade Unions Confederation organized a two-day workshop on the topic "*The advantages of the Trilateral commission. The view of ILO, the world experience*".

On 5<sup>th</sup> May 2014, International Labour Organization together with Azerbaijan Trade Unions Confederation organized the workshop on the topic "*The role of Trade Unions on forming Youth Employment Policy*".



The following Milestones, activities and outputs have been planned and carried out under AZE803 CPO:

#### Milestones:

- New regulations and functioning procedures of the National Tripartite Commission developed and agreed upon

#### What was achieved

- ✓ Draft regulations for the work and functions of a tripartite commission were developed and agreed upon between the parties. The government and social partners in Azerbaijan received ILO advice and technical support in establishing a tripartite commission, defining its functions, structure, methods of work and agenda framework.
  - ✓ The Ministry of labour is ready to provide the services of the Commission's Secretariat. Now it is being discussed at what level the Commission should be chaired: by the Prime-Minister or at the level of the Labour Minister with a possible rotations of the chairmanship with employers and trade unions.
- National Tripartite Commission on social and economic issues established, its Constitution adopted

#### What was achieved

- ✓ Regulatory act on functioning of a National Tripartite Commission (NTC) was developed in a tripartite format and officially adopted by the Ministry of Labour. The constituents agreed on the process of legalizing the functioning of the NTC, including the establishment of a technical Secretariat for NTC. The submission to the Parliament for approval is expected by the end of 2015.
- ✓ The ILO also provided technical consultations on international labour standards, in accordance with the ILO Tripartite Consultation (International Labour Standards) Convention No. 144, as well as capacity-building for tripartite constituents/members of TC. Social partners will also be supported in further strengthening social dialogue and collective bargaining at the level of sectors and enterprise level.

#### Key outputs:

- Technical advice on tripartite consultations between the Government and the employers' and workers' organizations set up in accordance with the ILO Convention No. 144 (**RBSA, 2014**);
- Technical consultations on the functioning procedures of a national tripartite commission including methods of work, structure, financial and agenda frameworks (**RBSA, 2014**)
- Capacity-building of tripartite constituents/members of NTC, through training and/or study visits to countries with effectively functioning TC in place (**RBSA, 2014-2015**)
- Promotion and adaptation/translation into Azeri of the ILO materials on social dialogue.

Consistency of the project's outputs with its overall objectives has been usefully and synergistically underpinned by the activities under **AZE802** CPO. Namely, the following activities contributed to it:

- Workers' rights information and education network created by the CTUA;
- Information on trade union rights and services, including for workers in the informal economy, is developed and made accessible for CTUA members;
- Internal structures of CTUA branches revised;

- CTUA structures and branch organizations trained to provide services for members engaged in vulnerable forms of employment;
- CTUA leadership trained on setting up/formalization of a national tripartite structure on social dialogue and the role of TU's in it;
- Global Framework Agreements (GFAs) translated into the Azerbaijan language and applied while signing national collective agreements;
- Members of trade union committees of multinational companies are trained and familiarized with ACTRAV's guidelines on implementing the MNE Declaration;
- TU conference on Youth employment (Lukoil project, 5-6 May 2014);
- TU workshop on the role of TUs in setting up a tripartite structure for social dialogue (May 2014).

The Moscow Office put an emphasis on the organization of sub-regional activities involving a number of neighbour countries. For example, from 30 September to 1 October 2015, around 40 leaders from Railway unions in Eastern Europe and Central Asia met in Baku with ILO experts and senior officials of International Transport Federation (ITF) to discuss organizing and promotion of ILO conventions . Railway unions from Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia and Ukraine were joined by representatives from Azerbaijan's Maritime and Road transport and Metro sectors.

The discussion focused on topics related to the impact of organizational and legal changes in the Railway industry on the trade union movement; the problems of implementing fundamental ILO conventions in the CIS region; the promotion of ILO conventions. The meeting addressed the importance of promoting and implementing ILO conventions No. 87 and No. 98, with a special focus on supply chains and multinationals in the Railway sector. The participants examined the ILO Declaration on Multinational Enterprises in the context of the Railway sector.<sup>37</sup>

### **5.2.8 Presentation of findings regarding project's performance, organized by evaluation criteria**

#### **Azerbaijan - AZE803 (\$80,000)**

<b>Evaluation criteria</b>	<b>Definitions</b>
<b><i>Relevance &amp; strategic fit of the intervention</i></b>	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' & donors' policies The extent to which the approach is strategic and the ILO uses its comparative advantage
<div style="background-color: #d9ead3; padding: 5px; margin: 0 auto; width: 30%;"><b>Question 1</b></div> <p>- Are the activities and outputs/tools relevant to the needs of the constituents and to the country's development priorities, i.e. with a reference to other ILO on-going initiatives?</p>	

<sup>37</sup> ILO News, 07 October 2015 ([http://www.ilo.org/moscow/news/WCMS\\_417006/lang--en/index.htm](http://www.ilo.org/moscow/news/WCMS_417006/lang--en/index.htm))

### Answers

The Country Program Outcome (code AZE803) *National tripartite mechanism for social dialogue is revitalized and functions effectively* is in line with the **Indicator 12.1** (Number of member States that, with ILO support, strengthen social dialogue institutions and mechanisms in line with international labour standards) of **Outcome 12** (Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations) of the ILO P&B 2014-15. The CPO AZE803 was meant to contribute to the Outcome 3.3. of the Azerbaijan DWCP for 2011-2015 (so far not implemented but may be re-launched soon): "*National tripartite mechanism for social dialogue is revitalized and functions effectively*".

The strong need for the establishment of a permanent tripartite body in Azerbaijan has been articulated by the constituents on different occasions. The request was provided in the letter of the Ministry of Labour and Social Protection of Population of Azerbaijan in September 2013. The relevance of this outcome has been reconfirmed on November 11, 2014, during a seminar on "*Creating institutional structure on the national tripartite social dialogue*" which was jointly organized by the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan (MLSPP) and the ILO with participation of the social partners (see section 5.2.6.).

The relevance of these activities and outputs was stated again in October 2015 during interviews of the external evaluator with the Azerbaijan tripartite constituents (see sections 5.2.2. and 5.2.6.).

### Question 2

- Are the activities and outputs of the projects consistent with their overall objectives?

### Answers

According to the measurement criteria of the **Indicator 12.1**, to be counted as reportable, results must meet the following criterion:

- ✓ National tripartite institutions for social dialogue are established or revitalized so that they have dedicated human and financial resources and function effectively (they meet regularly and take common decisions) as forums for consultations between the government and the most representative employers' and workers' organizations. This may include setting up a functioning procedure of tripartite consultations between the government and the most representative employers' and workers' organizations over international labour standards in accordance with the stipulations of Article 2 of Convention No. 144.

In conformity with the overall objectives and at the initiative of social partners the work was carried out on the creation of a tripartite commission on social and economic issues, where constituents could regularly meet and discuss critical social and labour issues and coordinate their joint actions. Special attention to Gender equality was a cross-cutting concern.

### **Validity of intervention design**

Extent to which the design is logical & coherent

The intervention design meets the measurement criteria of the Indicator 12.1. Its implementation logic is coherent and in line with the Outcome 3.3. of the Azerbaijan DWCP for 2011-2015: "*National tripartite mechanism for social dialogue is revitalized and functions effectively*" (is to be re-launched). During the planning and implementation stage, the Milestones of the Outcome have been used as major indicators of achievement. Apparently, no other tools of Impact evaluation planning and/or monitoring the path to the impact have been developed and followed. In the context of regular synergies with other ILO on-going interventions in the country (RB, XBTC), the impact assessment of RBSA-funded interventions *per se* was sometimes ambivalent.

**Intervention progress and effectiveness**

The extent to which the intervention's immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance

**Questions 3 & 4**

- What have been the major results/accomplishments of the projects?
- To what extent have the stated objectives been achieved or are likely to be achieved?

**Answers**

Draft regulations for the work and functions of a tripartite commission have been developed and agreed upon between the parties. The Government and social partners received ILO advice and technical support in establishing a tripartite commission, defining its functions, structure, methods of work and agenda framework. The ILO also provided technical consultations on international labour standards, in accordance with the ILO Tripartite Consultation (International Labour Standards) Convention No. 144, as well as capacity building for tripartite constituents-members of TC. Social partners will also be supported in further strengthening social dialogue and collective bargaining at the level of sectors and enterprises.

Together with other ILO on-going activities in the country AZE803 produced a synergetic multiplier effect. In particular, it is the case of the **AZE802** CPO under which Trade unions have been provided with training to raise awareness among workers on labour rights and improve the interrelations among internal trade union structures to better represent and protect workers in new economic sectors and the Informal economy.

The ILO supported the ATUC in creating an effective workers' rights information and education network fully accessible to its members. ATUC was provided with expertise on initiating social dialogue and concluding the first collective agreements in the new sectors of economy, such as private security, hairdressing, car repairs, open-air markets, call centers, to increase the number of workers covered by agreements and participating in collective bargaining.

Special attention was given to strengthening and creating trade unions at multinational companies, promoting and developing social dialogue and conducting collective agreements. ATUC strives to apply Global Framework Agreements (GFA), conducted between the multinational companies and the Global Union Federations on a regular basis.

The ILO helped the ATUC to apply GFA agreements' provisions during the negotiation process at the company level. Trade Unions have been familiarized with ACTRAV's guidelines on the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

The ILO advised the ATUC on structural reforms and provided methodological support to it and branch organizations on how to work with informal workers, to be more open for members with precarious forms of employment. Relevant ATUC branches and units responsible for work with informal workers have been established and their specialists trained. Hot lines for informal workers have been open by the ATUC, with information materials and specific service packages prepared with ILO assistance. The interviews carried out in Baku in October 2015 with the Azerbaijani tripartite constituents allow the evaluator to come to the conclusion that the major stated objectives of the CPO either have been already achieved or are likely to be achieved in a not so distant future.

### Questions 5 & 6

- What were the major factors influencing the achievement or non-achievement of the objectives? Have there been any obstacles, barriers and/or successes, innovations? Have there been any unintended results?

### Answers

In September 2014, a General Collective Agreement for 2014-2015 has been signed among the Azerbaijan Council of Ministers, Azerbaijan Trade Unions Confederation and Azerbaijan National Confederation of Business (Employers) Organizations. The paragraph 6.2.1. of the Agreement specifies the obligation of the tripartite signatories “to hold regular consultations on the main directions of socio-economic policy”. This particular provision was an important step in the ILO assisted process of setting up a National Tripartite Commission.

Multifaceted ILO interventions which culminated in November 2014 with the seminar on “Creating institutional structure on the national tripartite social dialogue” jointly organized by the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan (MLSPP) and the ILO, paved the way to a significant progress towards the achievement of the major objective of the Outcome.

#### **Efficiency of resource use**

A measure of how economically resources/inputs (funds, expertise, time etc.) are converted to results

### Question 7

- Given the resources available (time, expertise, funds, partnerships, knowledge and know-how), how efficiently have been the inputs turned into the outputs?

### Answers

Taking into account the stage of development of social partnership in Azerbaijan, the limited amount of RBSA funds and Moscow Office available human resources, it can be stated that the inputs have been turned into outputs in a highly efficient way.

ILO guides on Social dialogue, the MNE Declaration, Youth Employment, Gender Equality, Informal Economy, OSH, Enabling Environment for Sustainable Enterprise (EASE) tool and ILO standards have been of particular usefulness and relevance.

#### **Effectiveness & management arrangements**

The extent to which management capacities and arrangements put in place support the achievement of results

The Moscow Office Director and all technical Staff of the Office have put in place excellent management capacities and arrangements which allowed a high level of complementarity and synergies.

The whole process was largely assisted by a highly competent cooperation and know-how inputs from HQ Social dialogue Unit and ILO TC projects in Azerbaijan.

A very valuable role has been played by the ILO National Coordinator in Azerbaijan (Mr. Yashar Hamzaev) whose permanent involvement in the process has produced a catalytic effect vis-à-vis each tripartite constituent.

**Sustainability and impact potential**

The strategic orientation of the project towards making a significant contribution to a broader, long-term development changes. The likelihood that the results of the intervention are durable and can be maintained and even scaled up and replicated by intervention partners after major assistance has been completed

**Questions 8 & 9**

- Are the results achieved likely to continue after the end of the interventions?
- Are they likely to produce longer term effects and benefits to the target groups?

**Answers**

The revitalization and future activities of the National Tripartite Commission will influence the social and economic landscape of Azerbaijan for many years to come.

The intention of the country to ratify a significant number of ILO Conventions (Nos. 102, 128, 155, 168, 184 and 187) mentioned in the General Collective Agreement for 2014-2015 signed by the Azerbaijan Council of Ministers, Azerbaijan Trade Unions Confederation and Azerbaijan National Confederation of Business (Employers) Organizations, if materialised, is likely to produce longer term effects and benefits to the tripartite target groups.

The intentions to continue cooperation with LO expressed by the tripartite constituents (see sections 5.2.2., 5.2.4. and 5.2.6.), including the areas where such cooperation already existed, make believe that the results achieved are likely to continue after the end of the interventions.

**Question 10**

- What action might be needed to bolster the longer term effects?

**Answers**

ILO should provide additional assistance in the field of Youth Employment, IE, OSH, Gender Equality, Pension reform, Minimum wage and Conventions which are being considered by Azerbaijan for ratification (Nos. 102, 128, 155, 168, 184, and 187). Moreover, special attention should be paid to Conventions on which there are comments/recommendations recently made by the ILO supervisory bodies (see the Annex).

Further strengthening the status, institutional and practical work-related possibilities of the ILO National coordinator, like in other countries under evaluation, would be an additional asset for more efficient ILO work.

## 5.3 Country context and Review of implementation

### Kazakhstan

**KAZ129**  
**\$50,000**



**Population** – 18.157 thousand  
(0.92 male(s)/female)  
**GDP per capita** - \$24.000  
**Labour force**- 9.103 million  
agriculture: 25.8%  
industry: 11.9%  
services: 11.9%  
**Women labour force participation** – 49.5%  
**Unemployment** – 5.2% (young women - 5.1%)

### 5.3.1 Outline of the economic, political, social and historical context of the country

Kazakhstan's economy is larger than those of all the other Central Asian states mainly due to the country's vast natural resources. Current issues include: developing a cohesive national identity; expanding the development of the country's vast energy resources and exporting them to world markets; diversifying the economy outside the oil, gas, and mining sectors; enhancing Kazakhstan's economic competitiveness; developing a multiparty parliament and advancing political and social reform; and strengthening relations with neighbouring states.

Kazakhstan, geographically the largest of the former Soviet republics, excluding Russia, possesses substantial fossil fuel reserves and other minerals and metals, such as uranium, copper, and zinc. It also has a large agricultural sector featuring livestock and grain. In 2002 Kazakhstan became the first country in the former Soviet Union to receive an investment-grade credit rating.

Kazakhstan has embarked upon an ambitious diversification program, aimed at developing targeted sectors like transport, pharmaceuticals, telecommunications, petrochemicals and food processing. In 2010, Kazakhstan joined the Belarus-Kazakhstan-Russia Customs Union in an effort to boost foreign investment and improve trade relationships. The Customs Union evolved into the Eurasian Economic Union in January 2015. During 2014, Kazakhstan's economy was hampered by Russia's slowing economy, the weakening ruble, falling oil prices, and problems at its Kashagan oil field. Kazakhstan devalued its currency, the tenge, by 19%.<sup>38</sup>

#### 5.3.1.1 The immigration factor and Informal Economy

Since the beginning of the 2000s, the Government was trying to introduce national legislation to regulate migrant's inflows. It has decided to establish quotas for foreign workers and tried to monitor the compliance with them. In 2009, a total of 30.000 foreign workers were officially employed in organizations and enterprises of the country. Notwithstanding that, the number of irregular immigrants seems to be manifold higher. Labour shortages are forecast for 2012-2020 as a legacy of unfavourable demographic developments in the 1990s. It is estimated that a total of 1.2 million of foreign workers were needed in 2015.

Trade in people for slave work and sexual exploitation is considered to be the third most lucrative activity of the organized crime after deals in weapons and narcotics. Kazakhstan and Russia are the major destination countries for slave labour, Kyrgyzstan being the principle sending country in the region. The foundations of State labour migration policy are laid down in the Concept migration policy for 2007-2015 stipulated by the President's Decree No 399 in August 2007.

<sup>38</sup> "The World Fact book, 2015 – Kazakhstan"

Measuring informality is important given that workers in informal conditions have little or no social protection or employment benefits, and these conditions undermine inclusiveness in the labour market. According to a World Bank World Development Indicators<sup>39</sup>, 65 percent of the labour force in Kazakhstan do not contribute to a retirement pension scheme.

#### 5.3.1.2 Gender situation

The improvement of the economic situation in Kazakhstan during the last decade brought about new employment opportunities for both men and women. As a result, the ratio of employed people in regard of the economically active population has increased from 89.6% in 2001 to 94.6 per cent in 2011.<sup>40</sup> Notwithstanding that, the proportion of women among employees has remained approximately at the same level (about 49%). Higher levels of female employment are found in such sectors of economic activities as health and social services, household services, education, hotel and restaurant business. In these sectors the number of working women is much higher than the number of working men. In public mind, men are still viewed as major bread-winners, while women are thought to bear the primary burden of family and child care.<sup>41</sup>

The essential difference of levels of work remuneration between women and men remains one of the key indicators of gender disparities in Kazakhstan. Over the last decade, the situation has somewhat improved, and the difference in levels of wages for women and men has decreased by 6%. However, the average monthly nominal wages for women workers in 2011 were only 67.6% of the rate for men.

Persistent gender-imbalances in wages are related to the employment of women in lower-paid positions. In fact, a higher level of average monthly wages for men is observed in Kazakhstan practically in all types of activity, including education and health care which are considered to be traditionally “feminine” areas of employment. Another example is the financial and insurance activities sector which is leading in terms of pay in Kazakhstan and where the number of women employed is significantly higher than that of men.<sup>42</sup>

According to a research conducted by the ILO Moscow Office in Kazakhstan, the trend of reducing the relative competitiveness of women in the labour market in comparison with men begins with the period of pregnancy, childbirth and childcare. At the same time, it has to be noted that Kazakhstan has ratified ILO Conventions related to gender equality: [Discrimination \(Employment and Occupation\) Convention, 1958 \(No. 111\)](#) in 1999; [Equal Remuneration Convention, 1951 \(No. 100\)](#) in 2001; [Maternity Protection Convention, 2000 \(No. 183\)](#) in 2012 and [Workers with Family Responsibilities Convention, 1981 \(No. 156\)](#) in 2013.

#### 5.3.1.3 Plans to improve labour regulations

The social dialogue institutions were established in early 1990-es. The strikes and riots of 2011 showed that the social dialogue was not sustainable and that the capacity of the National Tripartite Commission was not fully used.

Improving the regulation of labour relations and strengthening social dialogue is one of the three priorities of the new draft DWCP 2013-2016 for Kazakhstan. In the framework of measures taken to regulate social and labour relations envisaged in the General Agreement for 2012-2014 and later for 2015-2017, a comprehensive plan on prevention of social tension and labour disputes has been

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<sup>39</sup> World Bank, 2011

<sup>40</sup> Statistical Review “*Economically Active Population of Kazakhstan in 2007-2011*”, Statistical Agency of the Republic of Kazakhstan, Almaty, 2012

<sup>41</sup> Statistical Review “*Men and Women in Kazakhstan*”, Statistical Agency of the Republic of Kazakhstan, Almaty, 2012

<sup>42</sup> Study by ILO Moscow Office “*Work and Family Obligations in the Republic of Kazakhstan*”



developed and adopted. This plan includes measures implying constant monitoring of social tension in the regions by the relevant government authorities and local administrations (Akimat), improvement of legislation concerning social and labour conflicts prevention, strengthening the role of social partnership in labour conflicts prevention and public awareness campaign at all levels of social partnership.

Mechanism of tripartite social dialogue (National Tripartite Commission), its role and status have been strengthened to play a more important role in improving labour relations regulation, reforming the wage system and addressing other key socio-economic issues.

Promotion of collective bargaining at different levels and strengthening analytical capacity of social partners have been singled out in the General Agreement 2015-2017 as an important component of social dialogue in the sphere of labour relations settlement and remuneration of labour.

### 5.3.2 Rights of employers and Social dialogue

While there are different business associations of various type, one of the oldest and traditional partner of ILO as an employers' organization in Kazakhstan is the Confederation of Employers of Republic Kazakhstan (KRRK). KRRK has been established in 1999. According to the International Organization of Employers (IOE) the KRRK is facing declining membership, relevance, income, and staff due to the pressure and competition by Government controlled enterprise association entities.

In 2005, the National Union of Employers and Entrepreneurs "Atameken" was established on the initiative and with support from the presidential administration. This had a negative influence on development of all other EOs, like KRRK, Forum of Entrepreneurs, which faced loss of membership and pressures from Atameken, as well as some Government institutions.<sup>43</sup>

According to the IOE, in 2012 President Nazarbayev instructed the Government to develop the draft law on national chamber of entrepreneurs. His reasoning was that the process of business consolidation under one umbrella would enable a better representation of enterprises on all issues related to their operations. Following the President's suggestion, the **Law on establishment of National Chamber of Entrepreneurs of Kazakhstan** (NCEK) was adopted in June 2013. The establishment of the NCEK was done by transformation of "Atameken" association into NCEK in accordance with the new law. The law gives NCEK an all-encompassing competence to represent Kazakh employers in all areas related to business operation, including EO agenda. Membership to NCEK is mandatory to all businesses in the country.<sup>44</sup>

In the opinion of the IOE, while existing employers' organizations may formally continue their operations, the existence of NCEK and mandatory membership for all enterprises in it, irrespective of membership in other employers'/business organizations, negatively affect the latter's autonomy and financial viability. Moreover, the management structure of NCEK and system position of it is rather unusual. In addition to representatives of the Government and the Parliament having seats in the management of NCEK, Government has a right of veto on the NCEK decisions. For this reason, NCEK cannot be considered to be an independent EO in terms of cooperation with the ILO, but rather as a quasi-ministry specialized in business agenda.<sup>45</sup>

Establishment of a new government-supported entrepreneurs association "National Entrepreneurs Chamber (NPP) negatively affected the capacity of the independent Employers' Confederation of Kazakhstan (KRRK) to carry out its mandate. To sort out the relations of NEC with some associations, the NEC and KRRK have signed an agreement on interaction.<sup>46</sup>

The Concept of Corporate Social Responsibility in the Republic of Kazakhstan was approved at a meeting of the National tripartite commission on social partnership. Vice Prime Minister B.Saparbayev pointed out that unjustified cuts (of jobs) were unaffordable. Everything should be in accordance with the labour

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<sup>43</sup> IOE Statement, Geneva, September 4, 2015, [www.ioe-emp.org](http://www.ioe-emp.org)

<sup>44</sup> Idem

<sup>45</sup> Idem

<sup>46</sup> ILO National Coordinator in Kazakhstan

laws; all those who are dismissed should be offered other jobs. "At the previous meeting of the National tripartite commission, we gave instructions to preserve employment. For us today the main issue – observation of the conditions of all memoranda on maintaining the employment at large enterprises", - stated the Deputy Prime Minister. According to the monitoring, he said, Kazakhstan does not face mass redundancies and long-term wage arrears.<sup>47</sup>

The KRRK participates in the NTC. In 2015, under the Lukoil-funded Youth Employment TC project, the KRRK was involved in the "CSR-for-all project" to help develop CSR-related member services and thus better reach out to MNEs. The NEC has the same objective. The KRRK was involved in a sub-regional workshop organized by ACT/EMP on Enabling Environment for Sustainable Enterprise (EASE) tool in April 2015 (Tbilisi), and follow-up work at national level. The KRRK co-operated with ACT/EMP Turin in 2015 in a project on membership database which would improve membership services. The KRRK participated in all tripartite activities in the country under various TC projects.

### 5.3.3 Labour rights and the role of trade unions in Social dialogue

In 2013, the Government started working on the revision of the **Law on trade unions**. In his article "Social modernization of Kazakhstan: twenty steps to the society of universal labour" President Nazarbayev ordered a comprehensive review of the legislation on trade unions and development of a bill to introduce respective amendments.

Vice Minister of labour and social protection B. Nurymbetov pointed out that when revising legislation on professional associations trade unions will be "systematized according to specific branches".<sup>48</sup> He insisted that, from a conceptual point of view, industrial federations should be placed at the centre of all unions' activities. He stressed that the sectoral trade unions should be responsible for the entire industry and should protect the rights of all workers, as well as participate in enhancing their legal awareness. According to him, trade unions should not be created "in endless numbers", and the process should be "systematized".

In June 2013, ILO has published a *MEMORANDUM OF TECHNICAL COMMENTS ON THE DRAFT LAW ON TRADE UNIONS OF KAZAKHSTAN* which states *inter alia*: "The Office welcomes the fact that the revision of the Law on Trade Unions aims at further incorporating international labour standards in national labour legislation. However, the proposed reform does not address some concerns raised by the ILO Committee of Experts, for instance, in its comments on the Freedom of Association and Protection of the Right to Organise Convention (No. 87), ratified by Kazakhstan. Therefore, the Office draws the attention of the Government to the comments of the ILO Committee of Experts concerning the relevant provisions in the Labour Code and other pieces of the Kazakh legislation".

The Federation of Trade Union of the Republic of Kazakhstan is a successor of the Soviet period TU organization. Declared membership is insreasing – 2 164.2 thousand in 2013 (2 102.0 thousand in 2011 and 2 139.7 thousand in 2012); membership is approximately 30% of the workforce. Federation has 26 branches/sectoral unions that seem to be quite weak and have very limited staff: aviation, road transport, nuclear energy and industry, armed forces, gas industry, geology and cartography, metallurgy, state/municipal civil servants and bank employees, railway, housing and private services, healthcare, employees of SMEs, culture and media, textile industry, forestry and wood, mechanical engineering, science, oil and gas industry, education and science, commerce, agriculture and food industry, post and telecommunications, construction and building materials industry, coal mines, chemical and oil industry, energy.<sup>49</sup>

Federation has regional entities in 14 provinces: Akmola, Aktobe, Astana, Atyrau, Eastern Kazakhstan (in Ust-Kamenogorsk), Zhambyl (in Taraz), Western Kazakhstan (in Uralsk), Karaganda, Kostanai, Kyzylorda, Mangistau (in Aktau), Pavlodar, Northern Kazakhstan (in Petropavlovsk), and Southern Kazakhstan.

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<sup>47</sup> Idem

<sup>48</sup> Interview published on the website Pm.kz

<sup>49</sup> [www.fprk.kz](http://www.fprk.kz)

In June, 2015, the Federation of Trade Unions of the Republic of Kazakhstan held in Astana its XXIV Congress, which marked the 110th anniversary of trade unions in Kazakhstan and the 25th anniversary of establishment of the Federation. Delegates discussed the results of the activities of the Federation over the past 5 years, and presented priorities for 2015-2020. They adopted 3 resolutions: on collective labour disputes; on the minimum consumer basket; and on safe workplaces. The Congress was attended by over 200 delegates representing all sectors of the country. The Congress re-elected Mr. Abelgazi Kussainov to the post of the Chairman of the Federation (FPRK).<sup>50</sup>

Representatives of trade unions from 18 countries participated in the Conference on the resolution of collective labour disputes, organized by FPRK. Mr. Kussainov informed them that all over the country the tripartite committees were established to address the causes of social conflicts provoked mainly by low wages and their untimely payment. In 2014, 1.5 billion tenge have been paid to cover wage arrears. Particular attention was drawn to three conflict-prone sectors: oil and gas, mining and metallurgical complex, and the construction industry.<sup>51</sup>

Mr. Nurymbetov, Vice-Minister of Health and Social Development, pointed out that during 2014-15, 22 labour disputes have been resolved. According to him, the tools provided by the new Labour Code were not used at the sectoral and regional levels. In his view, employers did not pay sufficient attention to the issue of wages. The Vice-Minister considered that the employees did not make use of the rights provided to them by the labour laws as far as submitting requirements. Equally, he believed, the workers and the employers had shown an extremely low level of knowledge and culture of dialogue. Many companies acknowledged a purely formal attitude vis-à-vis collective agreements.<sup>52</sup>

The Chairman of the Federation of Trade Unions of Kazakhstan Mr. Kussainov called for a new set of measures to ensure the rights of workers for Decent work, improving the incomes policy, namely the subsistence minimum criteria. He insisted that OSH was an important component of safe life of the employee. According to him, more than 18 thousand unions' labour inspectors were involved in OSH functions at the workplace, despite the fact that they were not endowed with the appropriate powers. It is for the above reason there were poor working conditions in the country, and enormous sums were spent in compensations. A large number of employees worked in dangerous and hazardous conditions without receiving adequate protection from occupational diseases. He insisted that the strategic goal of the Unions, together with government agencies, was to develop an effective system of OSH. The new leadership of the FPRK stated its commitment to internal reforms and modernisation.<sup>53</sup>

In June 2015, independent trade unions expressed their concern in connection with a notification by the Department of Justice about the need to re-register in line with the provisions of the new law "On Trade Unions". According to the requirements of the Law which entered into force on 10 July 2014, trade unions are formed on the principle of production and branch. The union established at the local level should join a trade union association, acting at the national level. The trade unions that did not wish to associate with others, and to share part of membership dues were required to be closed.

In order to achieve the statutory purposes and to protect the workers' rights, company level unions must join one of the existing national associations (Federation of Trade Unions, Confederation of Labour of Kazakhstan, and Confederation of Free Trade Unions of Kazakhstan). Alternatively, remaining 70% of employees may establish a new association.

The Confederation of Free Trade Unions (CFTU) holds the opposite opinion and believes that the formation of a cumbersome union structure hampers the process of resolving labour disputes at the company level and the unions would be deprived of local autonomy. At the same time, the Ministry of Justice refused for the third time to re-register the CFTU. Prior to the adoption of the above law, 846

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<sup>50</sup> ILO National Coordinator in Kazakhstan

<sup>51</sup> Idem

<sup>52</sup> Idem

<sup>53</sup> Idem

trade unions were registered in Kazakhstan. In accordance with the current legislation, 95% of them passed the re-registration. With regard to the FPRK, all its affiliates have completed the registration.<sup>54</sup>

#### 5.3.4 National Tripartite Commission

In 2014-2015, the National Tripartite Commission on social partnership and regulation of social and labour relations has discussed the following issues:

- ✓ measures on prevention and regulation of labour disputes;
- ✓ work of regional tripartite commissions and anti-crisis bodies;
- ✓ labour conflicts: late payment of wages, low legal responsibility for provoking social and labour conflicts;
- ✓ wages, OSH, social security system improvements.

The overall policies and measures taken in the country through the social partnership mechanism are the results of long-lasting cooperation with the ILO. The social partners are striving to fulfil commitments taken in relation to the membership in the ILO and ratification of its conventions. For more efficiency, they need continuations of ILO assistance and the expertise of ILO specialists. The ILO in its turn, within the resources available, provided assistance and support for the development of the national policies embraced by the social dialogue system.<sup>55</sup>

#### 5.3.5 General Collective Agreement for 2014-2015

The General Agreement (GA), signed in December 2014 for the 2015-2017 period between the tripartite social partners, consists of the following seven sections:

1. Economic policy;
2. Promotion of effective employment and human capital development;
3. Labour productivity, wages, incomes and living standards of the population;
4. Social security and protection, social integration of target population;
5. OSH, industrial and environmental safety;
6. ***Development of social partnership and social responsibility***;
7. Validity of Agreement and the monitoring of its implementation.

Under section 6 "***Development of social partnership and social responsibility***" the parties to the Agreement jointly assumed the following responsibilities:

I. To implement measures aimed at enhancing the (National Tripartite) Commission's role in harmonizing the interests of the parties and to ensure:

(1) Introduction of amendments and additions to the Statute on the Republican Tripartite Commission on social partnership and the regulation of social and labour relations in the light of the new law of the Republic of Kazakhstan "on Trade unions" and its accompanying law;

(2) Regular consultations on key areas of socio-economic policies;

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<sup>54</sup> Idem

<sup>55</sup> ILO National Coordinator in Kazakhstan

(3) Implementation of the provisions of the Labour Code of the Republic of Kazakhstan concerning the participation of the Commission in the preparation and discussion of draft legislative and other regulatory legal acts on social, labour and related economic relations;

(4) Compulsory implementation of sectoral and regional agreements, collective agreements and concretization of their content;

(5) Clear delineation and extension of the powers of the commissions on social partnership in accordance with the levels of regulation of labour relations;

(6) Strengthening the accountability for the failure to respect collective contracts and agreements.

II. To continue to jointly work to prepare proposals aimed at improving the legal framework for the operation and development of the system of social partnership, collective-contractual regulation of socio-labour relations and increase the efficiency of settling collective labour disputes.

III. In order to achieve the above, to carry out the following activities:

(1) consultations, monitoring and analysis of the experience of conclusion of agreements at sectoral and regional levels, as well as practical functioning of the social partnership bodies with the consideration of the results of the analysis at the meetings of the Commission;

(2) study and dissemination of international experience of tripartite commissions on regulation of socio-labour relations, promoting the development of a system of social partnership and its institutions at the sectoral and regional levels;

(3) technical consultations on ratification of International Labour Organization's Convention No. 154 "Promoting collective bargaining".

IV. To contribute to the creation of conditions for the free activity of representatives of employees in organizations in accordance with International Labour Organization's Conventions No. 87 on "Freedom of Association and protection of the right to organize", and No. 135 "Workers' Representatives Convention".

#### 5.3.6 Revision of Labour Code

According to the Ministry of Health and Social Development of Kazakhstan (MHSD), "the Conceptual model of the new Labour Code proposes to determine the frameworks of State intervention in the sphere of labour relations between employers and employees, to allocate roles and responsibilities of the subjects of labour relations. The State will establish minimum labour standards, basic guarantees, and workers' compensation, determine fundamental rights and duties, and strictly ensure control over their execution by the employer".

According to the MHSD, the minimum social standards provide a constitutional right of everyone for freedom of labour, for decent working conditions that meet safety and hygiene requirements, to remuneration for work without any discrimination. The relationship between employees and employers rely on the principles of self-regulation with the strengthening of the capacity of SD, collective bargaining and agreements, and contracts concluded between them.

The MHSD stated that the proposed model of labour relations was consistent with the labour standards of ILO and OECD.

Innovations provided in the draft Code included the following points:

1. The procedures of making changes in the employment contract, especially in conditions of crisis in the economy, simplified in favour of employer. This provision provides for the creation of such conditions when for the employer it is easier to introduce part-time work and temporary transfer of employees to other work.

2. Extending the list of grounds for termination of employment contract by the employer from 19 to 25.
3. Gives the employer the right to establish any probation term for workers.
4. The draft Code provides that the employer (through the adoption of Acts of employer), or on the initiative of representatives of the employees (through a collective agreement) is entitled to decide on his/her own about the forms and amounts of remuneration.
5. To strengthen the public control in OSH, the institute of technical inspectors of trade unions is to be established on a parity basis and should be provided with powers under the Works Councils on OSH.<sup>56</sup>

At initial stage of discussions on the draft of the new Labour code, the unions of 16 oil companies opposed the adoption of the draft. They filed an application to hold a protest rally. Local authorities rejected it. The unions forwarded a letter to the President and the Prime Minister of Kazakhstan in which they expressed a demand not to adopt a new version of the Labour Code and to leave the existing code unchanged.

Oil workers strongly support the Appeal of July 23, 2015 launched by the Federation of Trade Unions of Kazakhstan in which it expressed its discontent with the draft new labour code. Unions noted that the principles of the new draft Labour Code strengthened the position of employers to the detriment of the workers' rights which, according to the FPRK, would lead to the growth of social tension. The FPRK work group shared the set of proposals received from regional and sectoral trade unions with the Ministry.

As a result, 117 amendments proposed by the FPRK have been accepted. In particular, corrections have been introduced into the definition of such basic concepts as the Agreement (General, Sectoral, and Regional), Collective Agreement, Workers' Representatives, labour law and social partnership, terms of employment contract, employees of retirement age, conditions of probation, etc. There exist additional proposed amendments on the rules of work regulations, the order of application of disciplinary sanctions, conditions of shift work, civil service, and the employer's OSH obligations. The ongoing discussions, according the unions, address the issues of overtime work, work on weekends, holidays and night work.

Currently, the Parliament continues to discuss the draft of the new Labour Code. According to the trade unions, its concept and nature are in favour of employer, it has simplified procedures and provisions for employers to hire, to move the personnel, to dismiss, to determine the conditions and amounts of wages of workers.<sup>57</sup>

On September 30, 2015, Parliament (Majilis) has approved the draft Labour Code in its first reading. The second reading may lead to the adoption of the draft by Majilis, followed by its sending to the Senate.

### 5.3.7 Country programme outcomes' implementation review

*Country Programme Outcome (Code KAZ129):*

***Efficiency and impact of social dialogue at all levels are improved and role and status of tripartite bodies are enhanced***

In conformity with the above overall objectives, the ILO envisaged the following key milestones, activities and outputs which have been delivered in the following way:

#### Milestones:

- Tripartite constituents implement measures to enhance the role and status of tripartite bodies and increase efficiency of social dialogue at all levels

<sup>56</sup> ILO National Coordinator in Kazakhstan

<sup>57</sup> Kazakhstan Trade unions for protection of worker's rights!, *site of FTUK23/07/2015*

#### What was achieved:

- ✓ The Republican (National) tripartite commission on social partnership and regulation of social and labor relations, chaired by the Deputy Prime-Minister, considered the following issues:
    - Conclusion of memoranda between the Akims (governors) of regions and heads of enterprises on stabilization of production processes; ensuring labor rights and guarantees of workers; social protection and employment of redundant workers. By February 2015, more than 23 thousand Memorandums of cooperation between the regional Akims and heads of enterprises have been signed (1.117 with big enterprises and 22.949 with SME) with more than 1.4 million employees in total. In March 2015, regional agreements on social partnership on job retention and prevention of layoffs were expected to be amended. Since the beginning of 2015, more than 46 thousand memorandums were concluded between the akimats (local authorities) and employers to ensure the labour rights of employees, covering more than 2.5 million, reported MHS, of which 1.637 memorandums with large enterprises and 44.782 with SME.
    - Measures on prevention of labour disputes.
    - Implementation of the General Agreement between the Government of Kazakhstan, associations of workers and employers for 2015-2017.
  - ✓ In June 2015, Ms. Duysenova, Minister of Healthcare and Social Development, reported that the new Labour Code, which is to provide the legal framework for liberalization of labour relations, should be presented by the end of the year. An important place in the document will be attributed to Social dialogue, collective bargaining and contractual relations, namely in line with the powers provided by the law "On Trade Unions".
  - ✓ The GA signed for 2014-2015 covers issues of economic policy, effective employment, productivity, working conditions and OSH, industrial and environmental safety, etc.
  - ✓ The GA refers to the commitment of Kazakhstan to observe the ILO conventions' provisions, namely C81, 187, and the promotion of the HIV/AIDS R200. It stresses the need for further consultations on C154, 87 and 135. The GA contains plans for new conventions ratification (e.g. on migration, wages, minimum social standards).<sup>58</sup>
- Mechanism for labour disputes settlement is revitalized and becomes operational, to help the organizations of social partners to resolve the disputes through conciliation and arbitration

#### What was achieved:

- ✓ The Government emphasized that social partnership was one of the mechanisms for implementation of the state policy in the field of social and labour relations, which allowed to comply with labor guarantees and to maintain social stability.
- ✓ At a meeting of the National Tripartite Commission (August, 2014) Minister Duysenova reported that, since the beginning of 2014, 10 labour conflicts took place in the country (4 in Mangistau region and the rest in the other six regions). Main demands of the workers concerned wage increases and arrears of payment. According to her, all conflicts have been resolved in a timely manner by public authorities. From February to July 2014, wage arrears decreased by almost three-fold and totaled 253 million tenge.
- ✓ The meeting discussed the draft of the National Concept on Corporate Social Responsibility of business in Kazakhstan, drafted by the National Chamber of Entrepreneurs. The main objective of the Concept was to develop a common approach to promote corporate social responsibility in the country. The measures taken to prevent labour conflicts were on the agenda as well.
- ✓ During the first 9 months of 2015, the State Labor Inspectors conducted more than 5 thousand inspections and revealed more than 14 thousand violations. The NTC urged the regional commissions to strengthen their efforts to monitor the situation at the enterprises, as well as to increase awareness among the population, employers and trade unions on labor legislation.

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<sup>58</sup> Idem

- Legislative framework of functioning of social partners' institutions further improved

What was achieved:

- ✓ The Law on Trade Unions was adopted in 2014 aimed at *“improving trade union structure, its activities, prevention of social tensions and resolving social and labour conflicts”*; ILO comments on the draft law were not fully taken into consideration. The ITUC drew attention of the Government to the non-conformity of the TU Law with ILO standards. Ms S. Burrow, ITUC Secretary General, in a letter addressed to the Chairman of the Parliament Mr. Nigmatullin expressed the *“...hope that proper consideration to the ILO expertise will be given due attention by the Parliament in its debates, so that the final text will be in full compliance with the international labour standards ratified by Kazakhstan”*.
- ✓ The President of Kazakhstan Mr. Nazarbayev and Chairman of the Federation of Trade Unions of Kazakhstan Mr. Kussainov discussed issues of modernization and development prospects of Trade Unions Federation of Kazakhstan, the draft law "On Trade Unions", the situation in the regions and new forms of social dialogue.
- ✓ Five institutional reforms on modernization of the state management system, called *Five presidential reforms* (100 steps) have been launched. They include formation of the modern state apparatus, "a single nation with a common future", accountable and transparent state, the rule of law, economic growth and industrialization.
- ✓ At a recent meeting of the National Commission for Modernization, the government reported that so far 57 new laws were drafted; one of them is the draft **Labour Code** prepared by the MHSB and approved by the Parliament in September 2015 in the first reading.
- ✓ To discuss the draft Code a tripartite working group is established. Along with that, the FTUK has set up its own WG.
- ✓ On Aug 10, 2015, the MHSB addressed to the ILO a request for comments to the draft Code. On Sep 9, 2015, the ILO provided a Technical Memorandum to the draft Labour Code of Kazakhstan. Upon receiving the Memorandum, given the fact that the talks and tripartite consultations were still ongoing, the constituents decided to address to the ILO most critical and disputable issues.

Key outputs:

- Technical advice/consultation on practical application of ILO Conventions relevant to voluntary collective bargaining (Nos. 87, 98 and 135) and tripartite consultations (No. 144)
- Training provided to members of the Republican Tripartite Commission, as well as tripartite bodies at different levels, to strengthen the role, status and operational capacities of SD tripartite structures
- Capacity-building of workers' and employers' organizations at different levels on collective bargaining, labour conflict resolution and relevant procedures
- Technical advice to strengthen social partners' activities and structures at the regional and sectoral/branch levels, to improve the quality of sectoral agreements and increase the membership and representation in all economic sectors, with special focus on oil and gas, and new sectors
- Expertise provided in line with the ILO conventions on new Laws on Trade Unions and Employers.

These activities and outputs have been strengthened by those under **KAZ802** CPO and namely:

1. Training on the labour disputes' resolution for metallurgy sector, ACTRAV/INDUSTRIALL (April 2014)
2. Training on informal economy for SME Trade Union, Kostonay, Lukoil project (May 2014)
3. Trade Unions National Youth conference; introduction of Lukoil Youth Employment project. Preparation and adaptation of the National Action plan on Youth employment promotion (May 2014)
4. Round table on promotion of sectoral agreements and bargaining in the oil sector, ACTRAV (June 2014)



- 5. Conference/seminar on OSH in the transport sector, **RBSA**, Moscow Office/ITF (July 2014)
- 6. Workshop on preparing TU strategy on informal workers' organizing and protection of rights, ACTRAV (September 2014)
- 7. Young Trade Union Leaders education and training workshop, YE Lukoil Project (February 2015)
- 8. Round table on promotion of sectoral agreements and bargaining in the industrial sector (February 2015)
- 9. Workshop for the Trade Unions' women network on Gender issues (April 2015).
- 10. ILO conducted to a sub-regional workshop on the role of trade unions in the formulation of national employment policy for the NIS countries, **RBSA**, ACTRAV/YE Lukoil project (April 2015).

At the sectoral level, the ILO provided support to social partners in further strengthening the institutional capacities of sectoral workers' and employers' organizations, familiarizing them with the best international practices on sectoral social dialogue, creation and strengthening of sectoral structures of trade unions and employers and involvement of foreign companies operating in the country into the collective bargaining process and in the activities of the tripartite commissions.

**5.3.8 Presentation of findings regarding projects' performance, organized by evaluation criteria**

**Kazakhstan - KAZ129 (\$50,000<sup>59</sup>)**

Evaluation criteria	Definitions
<b><i>Relevance &amp; strategic fit of the intervention</i></b>	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' & donors' policies The extent to which the approach is strategic and the ILO uses its comparative advantage
<b>Question 1</b>	
<ul style="list-style-type: none"> <li>- Are the activities and outputs/tools relevant to the needs of the constituents and to the countries development priorities, i.e. with a reference to other ILO on-going initiatives in the countries?</li> </ul>	
<b>Answers</b>	
<p>The Country Program Outcome (code KAZ129) <i>Efficiency and impact of social dialogue at all levels are improved and role and status of tripartite bodies are enhanced</i> replies to one of the three priorities of the new draft DWCP for Kazakhstan, 2013-2016. In the framework of measures taken to regulate social and labour relations envisaged in the General Agreement 2012-2014, a comprehensive plan on prevention of social tension and labour disputes has been developed and adopted. The plan included measures of constant monitoring of social tension in the regions by relevant government authorities and local administrations (Akimat), improvement of legislation on social and labour conflicts prevention, strengthening the role of social partnership in labour conflicts prevention and public awareness campaign at all levels of social partnership. The follow-up was provided to recommendations developed at the tripartite roundtable "Labour conflicts: prevention and regulation of labour disputes" organized by the MLSP in 2013.</p>	

<sup>59</sup> The initial allocation was \$100,000, but then it was reduced by \$50,000 which had been reallocated to GEO803 in 2014.

Under the new 2015-2017 General Agreement (entered into force on January 1, 2015), Section 6 “Development of Social Partnership and Social Responsibility”, the following provision confirms the relevance of KAZ129 objectives to the agreed dispositions of the current Tripartite National Agreement: “The parties consider that it is necessary to ensure a further development of social partnership, more efficient use of its capacity in making decisions on major issues of social and economic development, regulation of labour relations”(See for details section 5.3.4. General Collective Agreement for 2014-2015). The relevance of the project has been strengthened through assistance provided to the Government and the social partners in order to continue their efforts in implementing ILO Conventions Nos. 87, 98, 135 and 144. The Kazakh constituents requested the ILO to provide them with support to develop labour dispute resolution mechanisms and study international experience in preventing and resolving labour conflicts.

**Question 2**

- Are the activities and outputs of the project consistent with their overall objectives?

**Answers**

The activities and outputs of the project are consistent with their overall objectives as far as the strengthening of tripartite institutions and of social dialogue procedures/mechanism is concerned. The major thrust of SD efforts in the country is aimed at preventing and regulating social tensions. Technical advice provided by the ILO helped to strengthen social partners' activities and structures at the regional and sectoral/branch levels, to improve the quality of sectoral agreements and increase the membership and representation in various economic sectors. Special attention to Gender equality was a cross-cutting concern.

<b>Validity of intervention design</b>	Extent to which the design is logical & coherent
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The “triad” of the intervention design (1 - to enhance the role and status of tripartite bodies and increase efficiency of social dialogue at all levels; 2 – to revitalize the mechanism for labour disputes settlement and to help the organizations of social partners to resolve the disputes through conciliation and arbitration; and 3 – to further improve legislative framework of functioning of social partners' institutions) is logical and coherent. This “triad” was efficiently underpinned by efforts at capacity-building of the tripartite constituents which is a *sine-qua-non* of any potential improvement of SD functioning in the country.

<b>Intervention progress and effectiveness</b>	The extent to which the intervention’s immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance
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**Questions 3 & 4**

- What have been the major results/accomplishments of the project?
- To what extent have the stated objectives been achieved or are likely to be achieved?

**Answers**

Under the first Milestone (***Tripartite constituents implement measures to enhance the role and status of tripartite bodies and increase efficiency of social dialogue at all levels***) the National Tripartite Commission as the major mechanism of tripartite social dialogue was assisted by the ILO in increasing its role and status; the Commission started playing a more important role in improving labour regulations, reforming the wage system and addressing other key socio-economic issues.

The revitalized Commission examined the conclusion of memoranda between the Akims (governors) of regions and heads of enterprises on stabilization of production processes; ensuring labor rights and guarantees of workers, social protection and employment of redundant workers. These memoranda represent a particular form of centralized dialogue between the Government and employers. Since the beginning of 2015, more than 46 thousand memoranda have been concluded between local authorities and employers, covering more than 2.5 million of people. The Commission as well put forward a set of

measures on preventing labour disputes.

The General Agreement (GA) signed for 2014-2015 between the Government of Kazakhstan, associations of workers and employers represents a major “by-product” of ILO interventions in the country and a key tool for increasing efficiency of social dialogue at all levels. The Agreement covers issues of economic policy, effective employment, productivity, working conditions and OSH, industrial and environmental safety, etc. The GA refers to the commitment of Kazakhstan to respect ILO conventions, namely C81, 187, and the promotion of the HIV/AIDS R200. It stresses the need for further consultations on C154, 87 and 135. The GA contains plans for new conventions ratification (e.g. on migration, wages, minimum social standards).

Promotion of collective bargaining at different levels and strengthening analytical capacity of social partners became an important component of social dialogue in the sphere of labour relations and remuneration. At the sectoral level, ILO provided support to the social partners in further strengthening the institutional capacities of sectoral workers’ and employers’ organizations, familiarizing them with the best international practices on sectoral social dialogue, creation and strengthening of sectoral structures of trade unions and employers and involvement of foreign companies operating in the country into the collective bargaining process and in the activities of the tripartite commissions.

Under the second Milestone (***Mechanism for labour disputes settlement is revitalized and becomes operational***), due to strengthened work of the Tripartite Commission, all 10 labour conflicts which took place in the country since the beginning of 2014 have been resolved in a timely manner by public authorities. From February to July 2014, wage arrears decreased by almost threefold.

Under the third Milestone (***Legislative framework of functioning of social partners’ institutions further improved***) the Law on Trade Unions was adopted in 2014 aimed at “*improving trade union structure, its activities, prevention of social tensions and resolving social and labour conflicts*”; unfortunately, ILO comments on the draft law were not fully taken into consideration. The ITUC drew attention of the Government to the nonconformity of the TU Law with ILO standards.

Similar problems have arisen with the draft of the new Labour Code. ILO specialists provided assistance to the tripartite constituents during the drafting process. As a result, the Federation of Trade Unions of Kazakhstan has put forward a set of amendments and additions, 117 of which have been accepted.

Parallel activities under **KAZ802 CPO** supported trade unions in developing TUs’ position on maternity protection and improvement of labour legislation. A consolidating event for TUs organized in the oil sector allowed a step towards a sectoral agreement. Awareness-raising campaign on promotion and implementation of ILO fundamental conventions helped trade unions to better understand their rights.

The full achievement of the stated objectives largely depends on further evolution of political climate in the country and on the political will of the Government to further improve national legislation (including the new Labour Code, the Law on Trade Unions and the Law on establishment of National Chamber of Entrepreneurs of Kazakhstan) in line with respective ILO instruments and advice.

#### Questions 5 & 6

- What were the major factors influencing the achievement or non-achievement of the objectives?
- Have there been any obstacles, barriers and/or successes, innovations? Have there been any unintended results?

#### Answers

A key positive factor is the revitalization of the National Tripartite Commission which is called to play a prominent role in developing a real involvement of the social partners in the decision-making process

affecting the social and economic progress of the country.

The gradually growing absorption capacity of employers' and workers' organizations in regard of ILO assistance and technical advice can be included among major positive factors. The affiliation of the FTUK with the ITUC in October 2015 should contribute to the capacity of TUs to influence the process of reforms.

Among the obstacles and barriers could be mentioned a general low level of real social dialogue practices at different levels (especially at sectoral and enterprise levels) and an insufficient harmonization of the national labour legislation with ILO principles and standards.

**Efficiency of resource use**

A measure of how economically resources/inputs (funds, expertise, time etc.) are converted to results

**Question 7**

- Given the resources available (time, expertise, funds, partnerships, knowledge and know-how), how efficiently have been the inputs turned into the outputs?

**Answers**

Many KAZ129 outputs have been contributed to by the inputs through **KAZ802**. It was of particular importance after the RBSA resources of KAZ129 have been reduced by 50%.

**Effectiveness & management arrangements**

The extent to which management capacities and arrangements put in place support the achievement of results

Like in the other three countries under evaluation, close cooperation between the Moscow Office SD Focal point and ACTRAV and ACT/EMP Specialists, backed up by other specialists of the Office and coordinators of TC projects contributed to the effectiveness of "RBSA +" activities. Effective inputs, insight and assistance have been provided by Mr.Talgat Umirzhanov, ILO coordinator in Kazakhstan.

**Sustainability and impact potential**

The strategic orientation of the project towards making a significant contribution to a broader, long-term development changes. The likelihood that the results of the intervention are durable and can be maintained and even scaled up and replicated by intervention partners after major assistance has been completed

**Questions 8 & 9**

- Are the results achieved likely to continue after the end of the interventions?
- Are they likely to produce longer term effects and benefits to the target groups?

**Answers**

ILO interventions have been aimed at favouring institutional, conceptual and legal changes, as well as the strategic capacity of the social partners to implement them in the long run. In case of a favourable political climate in the country and the willingness of authorities to continue the reforms in line with ILO standards and principles, the results achieved so far will be just a beginning of a lasting transformation period which would ultimately benefit all target groups.

## Question 10

- What action might be needed to bolster the longer term effects?

## Answers

ILO should continue its assistance around a set of similar poles of interventions which could be best delivered through articulated and structured objectives of a DWCP. Further assistance with the amendment of the Labour Code, the Law on Employers' association, and the Law on Trade unions would be particularly meaningful in order to bolster the longer term effects. Moreover, special attention should be paid to Conventions on which there are comments/recommendations recently made by the ILO supervisory bodies (see in the Annex).

### 5.4 Country context and Review of implementation

#### Georgia

GEO803  
\$50,000



**Population** – 4.931 thousand  
(0.92 male(s)/female)  
**GDP per capita** - \$7.700  
**Labour force** - 1.959 million  
agriculture: 55.6%  
industry: 8.9%  
services: 35.5%  
**Women labour force participation rate** –56.8%  
**Unemployment** - 14.9% (young women 13.2%)

#### 5.4.1. Outline of the economic, political, social and historical context of the country

Billionaire Bidzina IVANISHVILI's entry into politics in October 2011 brought the divided opposition together under his Georgian Dream coalition, which won a majority of seats in the October 2012 parliamentary elections and removed Mr. SAKASHVILI's United National Movement (UNM) party from power. Conceding defeat, SAKASHVILI named IVANISHVILI as prime minister and allowed Georgian Dream to create a new government. Georgian Dream's Giorgi MARGVELASHVILI was inaugurated as president on 17 November 2013. IVANISHVILI voluntarily resigned from office after the presidential succession, and Georgia's legislature on 20 November 2013 confirmed Irakli GARIBASHVILI as his replacement. Georgia's recent elections represent unique examples of a former Soviet state that conducted democratic and peaceful government transitions of power.

Since 2012, the Georgian Dream-led government has continued the previous administration's low-regulation, low-tax, free market policies, while modestly increasing social spending, strengthening anti-trust policy, and amending the labour code to comply with International Labor Standards. In early 2014, the Government published its 2020 Economic Development strategy. In mid-2014, Georgia signed an association agreement with the European Union, paving the way to free trade and visa-free travel.<sup>60</sup>

Georgia's main economic activities include cultivation of agricultural products such as grapes, citrus fruits, and hazelnuts; mining of manganese, copper, and gold; and producing alcoholic and nonalcoholic beverages, metals, machinery, and chemicals in small-scale industries. The country imports nearly all of its needed supplies of natural gas and oil products. It has sizeable hydropower capacity that now provides most of its energy needs.<sup>61</sup>

<sup>60</sup> *The World Fact book, 2015 – Georgia*

<sup>61</sup> Idem

The economic situation has recently worsened due to a number of factors, including the effects of the general economic crisis, the massive return of migrants from major destination countries like Russia, depreciation of national currency and a fall of prices for oil. According to an International Monetary Fund (IMF) mission which visited Tbilisi on February 23 - March 4, 2015, Georgia's economy has been hit by a combination of severe external shocks: the Russia-Ukraine crisis, the deepening recession in Russia and currency devaluations in trading partner countries.<sup>62</sup>

According to the IMF assessment, Georgia's exports are 30 percent lower than one year ago, and remittances from Georgian workers abroad are down 25 percent. As a result, the economy is slowing down. In January 2015, output grew by only 0.5 percent compared to one year ago. While growth this year could reach 2 percent, this projection is subject to risks. The economies of many of Georgia's main trading partners are slowing by even more, and the depreciation of their exchange rates is hurting Georgia's competitiveness.

On the other hand, in the opinion of the World Bank, the signing of the Association Agreement with the European Union in June 2014 and the coming into effect of the Deep and Comprehensive Free Trade Area (DCFTA) in September are landmark achievements for Georgia. With greater policy certainty, there was an uptick in business and consumer confidence leading to an output expansion of 6.0 percent year-on-year in the first half of 2014, up from 3.2 percent in 2013 as a whole.<sup>63</sup> The output expansion was also due to the opening of the Russian market for Georgian products and vine in particular.

#### 5.4.2 Labour market and legal situation prior to 2012

For the last seven years, Georgia has undergone deep changes in its labour legislation, institutions and labour market practices. It resulted in tense relationships between the Georgian Trade Unions Confederation (GTUC) and the Government of Georgia (GoG). On the other hand, it created serious problems between the GTUC and business community since, according to the TUs, the latter tried to take advantage of conditions created by the Governments' labour market deregulation policies. It has to be noted that no new ILO Conventions have been ratified since 2002.

These changes followed the adoption of a new Labour Code in 2006 that replaced Soviet Era Labour Code that had been in force since 1973. At the same time, some of the concomitant Laws were abolished, namely the law on Collective Agreements, the Law on regulation of Collective Labour Disputes and the Law on Employment. The State Labour Inspection and the Employment Agency were disbanded. Labour Administration which had been completely dissolved in 2006 was re-established only in 2013 as a labour and employment policy department within the Ministry of Labour, Health and Social Affairs (MoLHSA).

During that period neither trade unions nor employers' associations were consulted in the law-making process. The 2006 Labour Code was based on free hiring-and-firing principle and provided maximum flexibility both in employment and dismissal procedures. The law recognized the unilateral employers' right to significantly change aspects of the employment relation without the need of an officially agreed change of the contract. The 2006 Labour Code was based on the assumption that deregulation of labour would attract investment and create jobs. But with 15 per cent unemployment rate among the general population, 30 per cent youth unemployment and an average wage of only 636 Georgian *lari* (387 US dollars), labour flexibilisation failed to create a significant quantity or quality of jobs.<sup>64</sup>

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<sup>62</sup> Concluding Statement of an IMF Staff Visit <http://www.imf.org/external/np/ms/2015/030415.htm>

<sup>63</sup> Overview: Georgia, Jan 21, 2015, <http://www.worldbank.org/en/country/georgia/overview#1>

<sup>64</sup> Interview of Irakli Petriashvili, President of GTUC, to *Equal Times Newsdesk*, 12 July 2013

It has to be noticed that out of 1.959 million employed over 1.300 million work in the informal economy or are self-employed. On the average, **women receive 40% less than men for the work of equal value.**<sup>65</sup>

According to TUs<sup>66</sup>, to reach its goals the previous Government chose to disregard its obligations to comply with ratified ILO fundamental conventions. In response the GTUC filed numerous complaints with the ILO Committee of Freedom of Association (CFA) and the Committee of Experts on the Application of Conventions and Recommendations (CEACR) regarding alleged violations of ILO Conventions No. 87 and No. 98. Conclusions of the CFA from 2010 to 2015 as well as CEACR observations issued in 2007, 2009, 2011, 2012 and 2014 concluded that numerous provisions of the labour legislation were in contradiction with relevant dispositions of the standards ratified by Georgia in regard of Freedom of Association and protection against anti-union discrimination.

The GTUC pretends that during the period prior to 2012 public and private employers refused to engage in collective bargaining with unions and threatened employees with termination of their work contracts if they remained in unions of their free choice and if they would not join employer-controlled “yellow” unions. Lots of union leaders and activists who dared to disobey were fired.

Trade unions believe that during that time the judiciary was under control of the United National Movement-led Government which kept ruling in favour of authorities and employers. According to the GTUC leadership, this type of anti-union campaign was an attempt to effectively break the unions and to make them unable to defend workers’ rights. As a result, a large number of employees believed that trade unions had disappeared, especially in the regions where civil society organisations were weak or non-existent and where there was no real trust in institutions. Many workers revoked their trade union membership and stopped contacting unions.<sup>67</sup>

#### 5.4.3. Changes after 2012 brought about by the new Government

Elections in October 2012 brought about a change of Government which adopted a largely different attitude towards labour issues. The law amending the Labour Code was adopted by Parliament and entered into force on 4<sup>th</sup> July 2013. The amendments granted adequate protection to workers regarding Freedom of Association and the Right to organize which, according to the GTUC, is now largely in conformity with provisions provided by Conventions No. 87 and 98. The procedures for Collective Bargaining have been changed in accordance with ILSs. A labour mediation mechanism has been introduced to resolve collective labour disputes and a Tripartite Social Partnership Commission (TSPC) has been created under the presidency of the Prime-Minister.

Recently, on the decision of the Prime-Minister, a Labour conditions Department was set up. But it has to be noticed that many of this Department’s decisions cannot be applied before a number of changes are introduced to relevant Laws which so far are even not specified.

According to the GTUC leadership, even technical experts of the Government are not quite acquainted with SD rules and practice and are not aware of the potential benefits it can bring about. Trade unions’ representatives allege that some Government officials consider the ILO as a “pro-worker” organization because according to them the ILO seeks to introduce rules and regulations into labour market and industrial relations.

#### 5.4.4. Rapprochement between Georgia and EU as a Social Dialogue factor

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<sup>65</sup> Interview with GTUC representative, Tbilisi, 06.10.15

<sup>66</sup> *GCTU: Strategy 2015-2017*, Tbilisi, 2015

<sup>67</sup> *Idem*

In 2005, the Georgian Parliament ratified the Council of Europe's European Social Charter. Notwithstanding that, the following year, the same Parliament passed a law which clearly violated that same Charter's principles. Indeed, in 2010, the Council of Europe's Committee of Social Rights, reporting on the compliance of Georgia with the articles of the Social Charter, found several systematic violations of the rights to organize and bargain collectively and of the right to just conditions of work and fair remuneration.<sup>68</sup>

Nevertheless, in December 2005, the EU granted Georgia the General System of Preferences + (GSP+), which is a privileged trade regime that provides tariff reductions and the progressive abolition of trade duties. It also requires compliance with ILO core labour standards to all the parties. The GSP+ was extended in 2008 and in 2014 and will continue during a transition period of two years after the entering into force of the Deep and Comprehensive Free Trade Area (DCFTA) initialized and ratified in 2013-14.<sup>69</sup>

A significant further step in strengthening EU-Georgia relations is the signature of the Association Agreement which increases bilateral cooperation, implies stronger and comprehensive approximation of Georgian legislation toward the partial adoption of the EU *aquis communautaire* and integrates Georgia within EU's common market.

The Annex XXX of the EU - Georgia Agreement has considerable obligations to approximate Georgian legislation with 42 EU legislation Council Directives within stipulated timeframes of that Agreement.

The "*Human Rights Action Plan 2014 - 2015*" of the Georgian Government is an impressive Programme with high level commitments on a number of significant areas of equal opportunities, the Labour Code, implementation of ILO Conventions and EU employment law. Most importantly, it includes the reference to the comments made by the ILO Supervisory bodies among its indicators.

While recognizing the importance of EU-related processes for the development of Social Dialogue in the country, the GTUC leadership is rather sceptical about the prospects of unblocking the Tripartite Social Partnership Commission (TSPC) situation. Trade unions consider that many TSPC decisions would remain on paper only and/or may be stuck somewhere in the middle of the administration hierarchy and/or business management strata.

Moreover, according to them, collective agreements signed after industrial actions with largest State-controlled companies (e.g. national railway LLC, gold and copper mining and metallurgical companies) are not applied in practice. According to the unions, medium-level management of these companies does not know laws and regulations and refuse to attend joint capacity-building seminars with TUs. Every year trade unions have to go through the cycle "strike action – signing of collective agreement" while the employers seemingly do not draw any lessons.

According to the analysis of Francesco Bagnardi, "*... social democratic ideas inspire a part of the ruling coalition; on the other hand, a remarkable part of the same coalition shares the neoliberal and libertarian vision of the previous governing elite. The first group is trying to comply with the standards of EU regulations, while the other attempts to delay the process that with the signing of the Association Agreement cannot be avoided any longer. Once again, the spread perception that European standards of*

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<sup>68</sup> *European Committee of Social Rights, European Social Charter (revised), Conclusions 2010 (GEORGIA), Articles 2, 4, 5, 6, 26 and 29 of the Revised Charter*, Council of Europe, Strasbourg, December 2010

<sup>69</sup> Delegation of the European Union to Georgia's website

[http://eeas.europa.eu/delegations/georgia/eu\\_georgia/political\\_relations/index\\_en.htm](http://eeas.europa.eu/delegations/georgia/eu_georgia/political_relations/index_en.htm)



*regulation and protected labour rights will slow down foreign investments inflows and the overall economic growth of the country opposes the adoption of an increasing number of EU regulations as established by the Association Agreement and DCTFA”.*<sup>70</sup>

#### 5.4.5 The new Labour Code of 2013

The new Labour code of Georgia, voted by Parliament in 2013, provided some protection against anti-union discrimination, increased paid leave for people in hazardous occupations, prohibited dismissal of pregnant women and increased the duration of temporary disability provisions.

Nevertheless, in the opinion of the International Trade Union Confederation (ITUC), unreasonable restrictions were imposed on the right to strike, working hours, maternity protection and compensation for overtime and night work are insufficiently regulated, and provisions concerning employment contracts are heavily biased towards the employer. According to the ITUC, the new law fails to protect workers' health and safety, and allows employers to conduct mass dismissals without any prior consultation with unions as is guaranteed by the provisions of the European Social Charter signed by Georgia.<sup>71</sup>

While the updated Labour code and its related regulations and statutes generally provide for the right of most workers - including government employees - to form and join independent unions and to strike and bargain collectively, authorities had not re-established the corresponding Labour Inspectorate to enforce this body of legislation. In the absence of the Inspectorate, violations of worker rights persisted.

It has to be noted that the law permits strikes only in cases of disputes where a collective agreement is already in place. A court may determine the legality of a strike, and violators of strike rules can face up to two years in prison.

Although the law prohibits employers from discriminating against union members or union-organizing activities in general terms, it does not explicitly require reinstatement of workers dismissed for union activity. There were no effective penalties or remedies for the arbitrarily dismissed employees. Employers are not obliged to engage in collective bargaining, even if a trade union or a group of employees wishes to do so.

Legal disputes regarding labour rights were subjected to lengthy delays (up to one year and more). The absence of a Labour Inspectorate and mediation services in the Ministry of Health, Labour, and Social Affairs resulted in the Government not enforcing all collective bargaining agreements (as required by law) and the continued absence of Government oversight over employers' compliance with labour laws.

#### 5.4.6 Labour market practices in the shadow of the new legislation

Georgia has not been able to develop a functioning industrial relations system adapted to a market economy. The responsibility for labour issues is primarily under the MoLHSA. There was no administrative entity devoted to labour within the Ministry until early 2013 when a Department of Labour and Employment Policy was created under the responsibility of a Deputy Minister. This policy department comprises Employment, Labour Relations and Social Partnership and Labour Migration divisions. Since labour had not been a preoccupation for public authorities for years, the level of

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<sup>70</sup> “*The Changing Pattern of Social Dialogue in Europe and the Influence of ILO and EU in Georgian Tripartism*”, Caucasus Social Science Review, 2015, Vol.2, Issue 1

<sup>71</sup> “*Georgia Inches towards Labour Law Compliance*”, 28 June 2013, ITUC website

expertise in the field of labour and employment policies is generally low. There is thus a need to build capacity at developing, monitoring and evaluating labour policies and programs.

During the period under evaluation (2014-15), positive changes in legislation have been accompanied by some negative developments in Georgian labour market practices. For instance, according to trade unions, the Georgia Dream Government (GDG) expanded the list of professionals forbidden to take strike action, far in excess of the essential services recognised by the ILO and the EU, and set a 48-hour workweek for a wide range of professions, thereby increasing the workweek for tens of thousands of employees and curtailing the overtime payments.

Moreover, the new Government did not improve the legislation aimed at protecting working women's rights, though it had promised to do so. A similar type of attitude was observed by trade unions regarding the re-establishment of the Law on Occupational Safety and Health (OSH) and its enforcement mechanisms in the form of the Labour Inspectorate which had been abolished by the UNM Government in 2006.

According to GTUC sources, over the last six years, as a result of workplace accidents, 300 people died and 500 were seriously injured in Georgia-based enterprises. With a view to improve the work safety, in March 2015 the Government has adopted the working conditions monitoring program under which at the initial stage, an enterprise will be monitored upon its management's request. If violations are revealed, guidelines and recommendations are to be issued. So far, development of an effective and comprehensive system of Labour Inspection remains a major challenge for the country.<sup>72</sup>

#### 5.4.7 The stand of the Business community

Apart from the Georgian Chamber of Commerce and Industry which is an entity of public law, there are two main non-profit Georgian employers' associations: the Business Association of Georgia (BAG) and the Georgian Employers Association (GEA). The latter is the most structured business association in the country. It represents mostly medium-size enterprises and it is part of the International Organization of Employers (IOE) and as such is recognized by the ILO. The GEA keeps expressing interest for Social Dialogue in order to gain an advisory role in policymaking regarding broader economic and social matters. It has been representing employers at the former Tripartite Social Partnership Commission (TSPC) and is the main proponent of social dialogue within the business community. GEA is a privileged partner for the development of tools for informing and educating employers and encouraging them to respect labour laws.

It has to be noticed that a considerable part of big businesses is not directly involved in tripartite Social Dialogue. GEA signed a memorandum with the other major medium- and big-business organizations, in which the parties agreed that GEA would represent the whole business community in the National tripartite commission. Nevertheless, it looks like the main business organizations preferred to exert their lobbying capacity directly on the Government, outside the framework of tripartite SD and institutionalized relations with trade unions. The business community believes that the evolution of Government's regulatory and legislative systems is not predictable enough and that the Government is not keen developing sustainable enterprises in the country and does not provide clear support to SMEs.<sup>73</sup>

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<sup>72</sup> GTUC site, "*Trakli Petriashvili: In order to ensure that the labour inspection functions properly, it is necessary to have tripartite control over it*", by [ADMIN](#), Apr 15, 2015

<sup>73</sup> Discussions of GEA members during the meeting of focus groups organized by Senior ACT/EMP Specialist in Moscow Office, August 2015

They also expressed disappointment over the inadequate consultation on many economic and labour law developments (e.g. the labour inspection code). In this regard they were of the view this was a matter primarily for the Employers and Unions and not the NGO's.

They were of the strong opinion that the ILO, EU and other influential agencies should use their position to exert greater pressure on the Government to fulfil their international obligations and promote greater social dialogue. They were anxious to maintain their continued co-operation with the ILO and were of the view that the parties at a senior level needed further training in the dynamics of social partnership and the processes/systems that led to a successful outcome of this process.<sup>74</sup>

On the other hand, GEA complains about a lack of sufficient involvement in the drafting of the Labour Code and a would-be lack of Government responsiveness in general, and particularly on the part of Labour and Education ministries. The employers stated to have fruitful relation with the Ministry of Economy only, which recognized their role as advisor and legitimate representative of business. The association complains about being involved only in the final stage of policy-making when its potential contribution becomes already marginal.

The employers oppose the mediation role of the Government which was introduced in the new Labour Code. They claimed that the mediation would be an instrument against the free entrepreneurship. Finally, they consider that a reinforced attention to the protection of unions' activities should be mostly concentrated in public companies, which generally, they admit, have anti-unions attitudes. On the other hand, creating a strong dialogue with unions in the private sector has a marginal importance for GEA.<sup>75</sup>

In addition to an apparently divided government, social partners have structural weaknesses, which undermine the persistence of a fruitful social dialogue. On the one hand, employers' associations, with the exception of the Georgian Small and Medium Enterprises Association (GSMEA), did not welcome the new labour legislation. They oppose the mediation mechanism and the institutionalization of a Labour inspection agency, showing therefore resistance toward the most crucial elements needed to practically implement the new Labour Code.<sup>76</sup>

According to trade unions, the GEA has been blocking any progress in relation to Labour Inspection, thus putting social dialogue in the country to a standstill. Employers believe that mandatory inspections and sanctions for violations will hinder development of business.

GEA members give the impression to oppose the ILO approach to labour market regulation with a set of its binding instruments. Under the circumstances, Mr. Vladimir Curovic, new ACT/EMP Specialist in Moscow Office, decided to concentrate available resources on Strategic planning and development of specific services to GEA members (Enabling Environment for Sustainable Enterprise tool), the issue of Occupational Safety and Health (OSH) and Labour inspection.<sup>77</sup>

The social partners believe that the education system in the country is not harmonized with the needs of employers and the labour force in Georgia. There is a lack of vocational training and professional qualification up-grading in many economic areas (e.g. in the tourism sector).

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<sup>74</sup> Report to the ILO on the Mission to Georgia (ILO - EU Project) in regard to Social Dialogue, its status, current developments, and Recommendations for future Action (6th – 9th July 2015), Kieran Mulvey, Consultant, Chief Executive, Labour Relations Commission, Director, National Employment Rights Authority, Ireland

<sup>75</sup> Idem

<sup>76</sup> “*The Changing Pattern of Social Dialogue in Europe and the Influence of ILO and EU in Georgian Tripartism*”, Francesco Bagnardi, *Caucasus Social Science Review*, 2015, Vol.2, Issue 1

<sup>77</sup> Report of Senior ACT/EMP Specialist, ILO Moscow Office, August 2015

#### 5.4.8 Trade unions' role and positions in the context of Social dialogue

GTUC, the sole confederation of trade unions in the country, with a membership of 147.000, is composed of 21 sectoral/professional unions and one territorial union in the autonomous region of Adjara.

**Women** represent 53% of members in enterprise-level organizations, they are on an equal footing with men at the medium level of management of TU organizations; there are 4 women among 24 members of the GTUC top confederal structure.

GTUC has been engaged in a broad reform process since 2005. To improve their effectiveness at representing workers' rights and interests, GTUC and its affiliated unions had to address three main challenges: (i) enlarge its membership, (ii) develop its expertise into all areas of labour relations ; and (iii) identify, train and foster future union leaders.

Faced with anti-labour environment of the transitional period in Georgian society, GTUC had to struggle for its own survival. On the one hand, prior to 2013 there were no channels for dialogue with the Government and no mechanisms for social dialogue, collective bargaining and dispute resolutions at the enterprise level where the existence of partnership relied exclusively on the unilateral employers' predisposition. On the other hand, the lack of rules protecting unionists from unfair dismissals and the adverse Governmental approach made it dangerous for unions to choose the path of industrial conflict. In a few years after the adoption of the 2006 Labour Code, GTUC lost roughly 100 thousand rank-and-file members.<sup>78</sup>

The GTUC and its affiliates, although having been severely obstructed by Government and employers, have survived as independent and democratic trade unions with the intention to continue defending the rights and interests of their members and to strengthen their ability to function. But, as a result of the long anti-union campaign exercised by the UNM Government, the GTUC and its affiliates do not have sufficient resources (neither human nor financial) to run all needed activities and to fully provide main services to their members.

Few national unions have been able to maintain their dues-paying membership, which would allow them to hire an adequate number of qualified staff with much-needed trade union knowledge and experience. Lacking staff lawyers, trade unions have been unable to submit legal documents to the judiciary on their own and have sought the assistance of the GTUC, whose own resources are stretched to the limit and insufficient to meet all that is needed. Only the central GTUC structures have a few OSH specialists that are used and shared by all the affiliates. It is largely insufficient just like the small number of experienced labour lawyers and trainers whose services are essential to function effectively.

Despite these difficulties, GTUC turned from advocacy to pressure, strengthening relations with external actors. Georgian unions established a fruitful cooperation with ETUC and ITUC. The European and international counterparts provided support in capacity-building and train-the-trainers programs. They also offered assistance for lobbying the Georgian Government, namely through the channels of the ILO and Council of Europe. GTUC capitalized on a strengthened cooperation with EU, through projects implemented in the framework of Eastern Partnership and the European Instrument for Democracy and Human Rights.<sup>79</sup> The role of ILO has always been a reference, providing capacity-building projects and

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<sup>78</sup> ITUC and ETUC, "A Roadmap for Georgia", 2012, p. 1.

<sup>79</sup> Interview: Reisner, O., EU Delegation to Georgia - Project Manager, Tbilisi, November 2014

strengthening local competences, as well as a forum where the GTUC could strengthen its ties with international counterparts.

With the support of ITUC and AFL-CIO, GTUC filed petitions to EU and US trade representatives, in order to raise awareness on the systemic noncompliance of the Georgian legislation with international labour standards and the country's international commitments. GTUC asked these authorities to assess Georgia's eligibility for the privileged trade regimes, despite systemic violations of labour standards recognized by ILO and the Council of Europe's Committee of Social Rights. The US Government accepted the petition, which is still under review and started a strengthened cooperation with Georgian labour ministry in order to improve the labour code and restore a Labour inspection agency.<sup>80</sup>

#### 5.4.9 Tripartite Social Partnership Commission (TSPC)

The Tripartite Social Partnership Commission's Statute was adopted through the Prime Minister's Decree 258 of October 7, 2013. The responsibility / secretariat for the operation of the Commission rest with the Office of the Prime-Minister under the operational protocols of the Commission Resolution. The first (and so far the last) meeting of the new Tripartite Commission took place on May 1, 2014. According to the adopted Statute, the Commission was to meet quarterly but failed to do so for the last 6 quarterly periods.

According to GTUC, at the TSPC first meeting the unions insisted on discussing alleged persecutions of union' leaders in the Georgian Railway and Post public companies. The unions reported systematic discriminations against their activists and the unwillingness of managements to start a procedure of collective bargaining. The social partners and the Government agreed to create two separate tripartite working groups to address alleged cases of violation of unions' rights and to avoid a further aggravation of conflicting industrial relations. According to GTUC Vice-President, so far those tripartite working groups did not deliver any tangible results.<sup>81</sup>

Moreover, at the first meeting, the Government announced that a draft document for the creation of Labour Inspection would have been ready before September 2014. From the first meeting of the TSPC a number of key problems keep pending, including such systemic issues as functioning of Labour inspection, settlement of collective disputes and ratification of ILO Conventions.

The GTUC's main priorities to be discussed in TSPC are related to specific cases of violations of law and collective agreements, as well as to general issues of labour legislation. For instance, GTUC alleges presence of "yellow" trade unions under direct influence of employers. These cases do not concern only public sector companies, but rather show that despite the change of the Labour Code, in absence of an inspection body, industrial relations rely still on the employers' attitudes towards involvement in social dialogue. GTUC would like to discuss in the Commission a quick adoption of the laws on labour inspection and occupational safety and health. Unions require, in line with ILO and EU observations, the fast restoring of the Inspectorate, and ask that the monitoring agency should have competence in monitoring the compliance of companies with all Labour Code's norms.

Moreover, the unions require a further amendment to the Labour Code in regard to **women workers' rights** and workers with family responsibilities' rights. In this regard, they ask for an increased protection against discriminations of women and for higher maternity leave payments. Consequently, they require

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<sup>80</sup> Interview with GTUC representative, Tbilisi, October 5, 2015

<sup>81</sup> Idem

to ratify and implement the ILO Workers with Family Responsibilities Convention, of 1981 (No. 156), or to legislate following the Convention's spirit.

Concerning the Government's mediation role in labour disputes provided by the new Labour Code, the trade unions affirm that so far the mediation mechanism has been used only twice, and in both cases unofficially, appointing the mediators formally as special representatives of the Ministry of Labour. On the other hand, eight mediators have been trained by the Ministry of Labour in cooperation with the ILO, but they still need to be approved by the Tripartite commission which has not been able to meet since May 2014.

According to the GTUC leadership, the revitalization of the TSPC is slowed down at the level of some ministries, including Railway transport, Post and Telecommunications, Education & Science, and Finance. It is to be noted that recently major labour conflicts have been reported in the Railway and Post services sectors.<sup>82</sup>

Trade unions are particularly critical of the failure to consult with them in regard to the draft laws on Labour inspection, forced labour and human trafficking and the new Public Service Code.

They feel that the Ministry of Labour is not giving sufficient priority to labour matters and is not committed to consulting with them on the difficulties their members are experiencing in individual enterprises or investigating their complaints or giving the labour inspectors sufficient powers to implement the law. According to GTUC, sufficient attention is not either given to **women rights at the workplace**, and OSH requirements are not being enforced.

As far as the position of the GEA on the tripartite commission is concerned, they welcomed the TSPC establishment and wished that its mandate provides it with the opportunity to work on key economic & labour issues.<sup>83</sup>

By the end of September 2015, during a meeting of the Commission on Social Dialogue under EU-Georgia agreement which involved the Georgian tripartite partners, EU representatives and those of the ILO EU-sponsored TC project in Georgia, a modified plan for the TSPC functioning was introduced. According to the plan, to make the process move forward, a smaller-scale TSPC will be created together with its Secretariat and Working groups.<sup>84</sup>

To advance the effectiveness of the TSPC, it was decided by the Government of Georgia to extend the mandate of the Commission and to devolve responsibility and resources for the TSPC Secretariat to the Ministry for Labour as a Policy, Planning & Co-ordination Unit. It would prepare the schedule for meetings, minutes, background papers and operation with the Deputy Prime-Minister having designated responsibility but with the Office of Prime-Minister retaining overall oversight of the TSPC.

The agenda should alternatively concentrate on a priority number of macro-economic understandings with additional agreement on addressing Government and Social Partner concerns on key tripartite / bipartite issues on targeted items e.g. the Labour Code (amendments, if necessary), operational factors for Inspectors, the approval of Mediators, and their role and authority and issues concerning collective

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<sup>82</sup> Interview with GTUC representative, Tbilisi, October 6, 2015

<sup>83</sup> Report to the ILO on the Mission to Georgia (ILO / EU Project) in regard to Social Dialogue its status, current developments, and Recommendations for future Action (6th – 9th July 2015), Kieran Mulvey, Consultant, Chief Executive, Labour Relations Commission, Director, National Employment Rights Authority, Ireland

<sup>84</sup> Briefing by Chief Technical Adviser, ILO-EU TC project “*Promoting Labour Relations and Social Dialogue in Georgia*”, October 6, 2015

bargaining / pay / social security. The above may need specific working Groups reporting at regular intervals to the High Level Commission membership at their plenary quarterly sessions.<sup>85</sup>

Despite a would-be governmental inertia in convening a new meeting of the Tripartite Commission, social partners at the national level have moved forward in bipartite relations. In September 2014, they signed a memorandum of understanding (the Social Contract), which consisted in a joint declaration aimed at expressing their willingness to strengthen bipartite relations and create a structural bipartite dialogue in order to prepare more effectively the discussions in the tripartite commission. The Social Contract was signed by GTUC, GEA and GSMEA and represented a good example of partnership in moving forward the social dialogue in would-be absence of an active governmental participation. Nevertheless, it should be regarded as a non-binding joint declaration of intentions, which will have no effects without future structured stakeholders' efforts in making the dialogue more concrete.<sup>86</sup>

#### 5.4.10 Country programme outcomes' Implementation Review

*Country Programme Outcome Code GEO803:*

***Increased capacities of employers' and workers' organizations to participate effectively in the development of social and labour policy***

After an amended Labour Code was adopted in 2013, the challenge was to reinforce and build institutions that would ensure compliance with its provisions, both at the individual and collective levels. Institution building is about strengthening the capacities of the Government of Georgia and relevant labour-related state institutions, and as well as those of the social partners.

The effective functioning of the Tripartite Social Partnership Commission was critical for harmonious labour relations and sound policy and practice in the field of employment and labour relations.

Under this outcome, the ILO provided support to constituents in Georgia in promoting tripartite and bipartite dialogue and increasing effectiveness of employers' and workers' organizations in addressing labour relations issues and in better servicing the needs of their respective members.

Among the countries under consideration, Georgia has benefited of the largest amount of TC resources, namely through USDOL and EU projects. RBSA funds have been largely channelled to capacity-building of ILO constituents, mainly of trade unions.

RBSA is partly used to "keep alive" some SD positive dynamics generated by joint work of constituents on development of DWCP draft in 2012 which thus far has not been moved into implementation stage.

At the same time, for the next ILO biennium Georgia is maintained as a target country, and the revitalizing of the DWCP process may be of major importance for sustainability and further progress of ILO activities in Georgia.

Discussions between the ILO and the tripartite constituents have resulted in the planning and implementation of the following outcomes and outputs under **CEO803** CPO:

#### Milestones:

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<sup>85</sup> Report to the ILO on the Mission to Georgia (ILO - EU Project) in regard to Social Dialogue its status, current developments, and Recommendations for future Action (6th – 9th July 2015), Kieran Mulvey, Consultant, Chief Executive, Labour Relations Commission, Director, National Employment Rights Authority, Ireland

<sup>86</sup> "The Changing Pattern of Social Dialogue in Europe and the Influence of ILO and EU in Georgian Tripartism", Francesco Bagnardi, Caucasus Social Science Review, 2015, Vol.2, Issue 1

- New National Tripartite Commission reinforced and capacitated regarding its functioning procedures/structure/financial and agenda frameworks (by end December 2014, **RBSA**)

What was achieved

- ✓ ILO provided technical consultations and reinforced the National Tripartite Commission and provided advice on methods of its work, structure, composition, financial and agenda frameworks.
- GTUC and GEA adopted strategies/action plans to improve their effectiveness in addressing labour and employment issues (2014, partially through **RBSA**)

What was achieved

- ✓ A strategy and action plan for 2015-17 have been developed by GTUC and its affiliates to improve capacities in representing workers' rights and interests in the field of social protection, wages, labour legislation and labour inspection, labour disputes resolution; the documents will be presented for adoption to the highest GTUC level before the end of 2015.
- ✓ Assistance to GEA was provided on the issues of Occupational Safety and Health (OSH), Labour inspection, Strategic planning and development of specific services to GEA members, including through *Enabling Environment for Sustainable Enterprise* tool.
- ✓ Capacity of GTUC at recruiting, communicating and educating members to better represent workers' rights and interests was strengthened; emerging trade union leaders have been trained to effectively exercise growing influence and occupy key functions within GTUC and its affiliates.
- Pilot programs implemented with social partners at workplace level on bipartite dialogue for improving working conditions, reducing labour disputes and enhancing organizational climate and efficiency (September 2015, through the ILO - EU project)

What was achieved

- ✓ The Social Contract was signed by GTUC, GEA and GSMEA and represented a good example of partnership in moving forward the social dialogue.
- ✓ Mediators for Railway and Post disputes settlement (the cases of Georgian Railway and the Georgian Post) have been appointed by the Minister of MoLHSA.
- One regional/or sector Tripartite Commission is operational and capacitated to address priority issues concerning employment and labour issues in its area (by end December 2015, ILO - EU project)

What was achieved

- ✓ Planned to be achieved by the end of December, 2015.
- The national Tripartite Commission (TSPC) is fully operational and capacitated in addressing core labour and employment issues (by end 2015, ILO - EU project).

What was achieved



- ✓ A modified plan for the TSPC functioning was introduced. According to the plan, to make the process move forward, a smaller-scale TSPC will be created together with its Secretariat and Working groups.
- ✓ The Government of Georgia decided to extend the mandate of the Commission and to devolve responsibility and resources for the TSPC Secretariat to the Ministry for Labour as a Policy, Planning & Co-ordination Unit. It would prepare the schedule for meetings, minutes, background papers and operation with the Deputy Prime-Minister having designated responsibility but with the Office of Prime-Minister retaining overall oversight of the TSPC.

According to the GTUC leadership, the revitalization of the TSPC is slowed down at the level of some ministries, including Railway transport, Post and Telecommunications, Education & Science, and Finance. It is to be noted that recently major labour conflicts have been reported in the railway and post services sectors.

The following key outputs have been produced and financed with the use of **RBSA** and other funds:

1. ILO technical consultations to reinforce the activity of the National Tripartite Commission in Georgia: assessment and advice on the functioning procedures including methods of work, structure, composition, financial and agenda frameworks (December 2014) - **RBSA**.
2. Technical support to strengthen the GTUC capacity to promote trade unions' and workers' rights: external collaborator contract with a social media expert; workshop on information technologies and awareness-raising campaigns in the media (December 2014) - **RBSA**.
3. Tripartite round table to discuss the ILO proposals/recommendations to improve the functioning of the NTC and promote the ILO Guidelines on National Tripartite Social Dialogue (March 2015) - **RBSA**.
4. Promotion and adaptation/translation into the Georgian language of the ILO materials on social dialogue, collective bargaining and tripartite consultations (September 2015) - **RBSA**.
5. MoLHSA hotline operators' training on FAQ on labour issues. The first round of 11 operators trained on labour issues based on the developed materials; other 3 sessions for 33 operators (December 2014).
6. The mediators' refresher training (8 mediators from the roster trained by ILO expert (R.Lecourt). Mediators for Railway and Post disputes settlement (the cases of Georgian Railway and the Georgian Post) appointed by the Minister of MoLHSA. Presentation of the MoLHSA strategy. Training for GEA members on FAQ on labour issues – (2014).
7. The development of labour law curriculum for judges and legal practitioners has started, in cooperation with an ILO Geneva expert and the Supreme Court. The brainstorming meeting to discuss the format of work (December 2014).

Multiple discussions between the ILO and the workers' organizations of the country have led to the following synergetic activities under **GEO802** CPO, largely funded through a TC project on improving compliance with labour laws in Georgia (ILO – EU TC project):

1. A strategy and action plan developed by GTUC and its affiliates to improve capacities in representing workers' rights and interests:

- a. Research on membership motivation (April-May 2014)
  - b. Preparation of the membership motivation package (May-July 2014)
  - c. Inter-sectoral task force group working meeting (based on the research results). Preparation and adaptation of the plans and implementation strategy (June 2014)
  - d. The pilot branch and regional campaign on organizing (August – November 2014)
  - e. Evaluation planning meeting of the inter sectoral task force group; lessons learned preparation of the national action plan 2015-2016 (November 2014)
2. Capacity of GTUC at recruiting, communicating and educating members to better represent workers' rights and interests is strengthened:
- a. Situation of trade unions' education Analytic paper and Concept note preparation (April – June 2015)
  - b. Preparation of the pilot trainings' programs
  - c. Training of trainers (September)
  - d. Testing trainings (September-October)
  - e. Evaluation meeting with the political advisory body. Development of the national plan (November)
3. Capacity of GTUC and its affiliates to serve their members' needs in labour relations is reinforced:
- a. Situation Analytical paper and work directions' preparation (April-June)
  - b. Preparation of the GTUC policy and long- term strategy on social protection, wages, labour legislation and labour inspection, labour disputes resolution (June-Oct)
  - c. Selection and preparation of the mobile negotiators' teams (June-Sep)
  - d. Evaluation planning meeting with the political advisory body (November)
4. Emerging trade union leaders have been nurtured so as to effectively exercise growing influence and occupy key functions within GTUC and its affiliates:
- a. On-going in coordination with the outputs 1, 2, and 3 (Project Outputs 2.1, 2.2 and 2.3) (April-November)
  - b. Evaluation planning meeting with the political advisory body (November).
  - c. GTUC workshop/training of TU's educators - 25 representatives of the TU education system; technical contribution by DWT/CO Mow Workers' Specialist and Director at Moldova's Institute of Labour V.Barbaneagra (October - November 2014).

In addition, ACTRAV together with the ITUC have contributed to the translation into the Georgian of the ITUC guide on organizing and trained a group of young organizers.

The assistance provided by the Moscow Office to GTUC significantly increased its communication capacity and outreach, namely involving students, post graduates and NGO Solidarity groups.

Assistance with the creation of the GTUC Strategy for 2015-17 and Action Plan for the same period in 2015 was a major contribution of ACTRAV Moscow Specialist to the future sustainability of capacity-building and internal development of Georgian trade unions as a solid basis for their involvement in Social Dialogue. These efforts have been assisted through the USDOL project in the country.

Similar efforts for Strategic planning and subsequent adoption of the Strategic plan and a plan on implementation of the EESE (Enabling Environment for Sustainable Enterprise) tool have been initiated by the ACT/EMP Specialist for employers’ organizations in August 2015.<sup>87</sup>

ACTRAV Moscow Specialist assisted GTUC in drafting a new policy document on Youth. Moscow Office, together with the ILO – EU TC project “Promoting Labour Relations and Social Dialogue in Georgia”, are training a group of young negotiators called “Flying Bargaining Team” which will render assistance to various sectoral unions involved in collective bargaining across the country.

ACTRAV assisted trade unions in training and coaching future young leaders (25 persons, 65% of them women).

Gender related activities constituted an important area of capacity-building for trade unions. In September 2015, a sub-regional (CIS) seminar for women in Informal Economy has been organized with Moscow Office assistance. Georgian unions took an active part in ITUC-organized campaign in favour of ILO Conventions 183 and 111 on maternity protection and discrimination respectively; ACTRAV assisted with translation of materials into the Georgian.

**5.4.11 Presentation of findings regarding projects’ performance, organized by evaluation criteria**

**Georgia - GEO803 (\$50,000)**

Evaluation criteria	Definitions
<b><i>Relevance &amp; strategic fit of the intervention</i></b>	The extent to which the objectives of a development intervention are consistent with beneficiaries’ requirements, country needs, global priorities and partners’ & donors’ policies. The extent to which the approach is strategic and the ILO uses its comparative advantage

<sup>87</sup> Tbilisi (Georgia) Mission report by ACT/EMP Specialist for Employers’ activities of the Moscow Office, 19-21 August 2015

### Question 1

- Are the activities and outputs/tools relevant to the needs of the constituents and to the countries development priorities, i.e. with a reference to other ILO on-going initiatives in the countries?

### Answers

The Country Program Outcome (code GEO803) *Increased capacities of employers' and workers' organizations to participate effectively in the development of social and labour policy* is in line with the provisions and the general spirit of the country's Labour Code amended and adopted in 2013 (namely Article 52 "Social Partnership and Principles of Operation of the Tripartite Commission").

The deep changes undergone by Georgia in recent years have conditioned a clearly expressed willingness of the tripartite social partners to require ILO multi-faceted assistance in the field of labour legislation, and institutions and practices necessary to improve labour relations in the country. Capacity-building of the social partners thus become a *sine-qua-non* condition for sustainable democratic development of Georgia.

An integrated approach needed to assist in developing a culture of dialogue and respect for law presupposes a simultaneous strengthening of public institutions like the Tripartite Social Partnership Commission (TSPC), improving the capacity of trade unions to organize employees to negotiate their working conditions and resolve labour disputes and strengthening the capacity of employers to respect labour law and provide services to their members.

This integrated approach got materialized through mutually reinforcing ILO activities in Georgia, including the ones funded by RBSA, RB, and EXBTC projects like USDOL and ILO – EU sponsored joint project "Promoting Labour Relations and Social Dialogue in Georgia".

The obligations taken by Georgia in its relations with the EU and its structures (namely under the Annex XXX of the EU - Georgia Agreement to approximate Georgian legislation with 42 EU legislation Council Directives and under the "Human Rights Action Plan 2014 - 2015" of the Georgian Government) represent an additional area of key importance which fully justifies the activities under this Country Program Outcome and other Outcomes related to ILO strategic objectives (including GEO801 and 802).

The ILO thus fully uses its comparative advantage as a unique tripartite organization in the UN system and as a key legislator in the field of industrial relations.

### Question 2

- Are the activities and outputs of the project consistent with their overall objectives?

### Answers

The activities and outputs produced under the project CPO are fully consistent with the overall objectives as was clearly expressed by the project beneficiaries. The focus on institutions strengthening and capacity-building was observed in all activities aimed at multiple aspects of Social dialogue as a process and its multi-faceted thematic elements related to social and labour policies. Special attention to Gender equality was a cross-cutting concern.

### Validity of intervention design

Extent to which the design is logical & coherent

Strengthening and capacitating of the national tripartite commission (TSPC) was the central point of the intervention design. To be achievable, it required a broad spectrum of interventions at other levels (capacity-building of Government officials, Judiciary, workers' and employers' organizations) and in a

variety of topical dimensions of SD which went far beyond the initial logical design of purely RBSA-funded activities. At the same time, the “open-ended” design of the project made it sometimes difficult to trace a clear distinction line between the RBSA-funded interventions *per se* and contributions from other sources. It complicated the use of precise indicators of achievement and created the risk of potential double-reporting. Notwithstanding that, the solidity of the initial concept and a wide use of synergetic cooperation with other ILO-sponsored projects in the country helped overcoming the relative formal weakness of the initial design.

**Intervention progress and effectiveness**

The extent to which the intervention’s immediate objectives were achieved, or are expected to be achieved, taking into account their relative importance

**Questions 3 & 4**

- What have been the major results/accomplishments of the projects?
- To what extent have the stated objectives been achieved or are likely to be achieved?

**Answers**

An important progress has been achieved in revitalizing and “re-launching” the Tripartite Social Partnership Commission whose importance is critical to ensure harmonious labour relations and to provide sound impact on employment and labour relations issues. The ILO provided valuable support to constituents in Georgia in promoting tripartite and bipartite dialogue and increasing effectiveness of employers’ and workers’ organizations in addressing labour relations issues and in better servicing the needs of their members.

Due to synergetic activities between GEO803, GEO801 and GEO802 CPOs and ILO TC projects in the country, a number of additional results contributed to the accomplishment of the objectives of the RBSA-funded project.

The GTUC leadership and staff have been trained and increased capacities on ILS, trade unions rights, labour legislation/new labour code amendments, labour migration, OSH, non-discrimination at workplace, gender equality. As a result, GTUC now has a team of qualified experts on different social and labour areas; the capacity of GTUC to communication with TU members and society at large has significantly improved. Strategic planning and audit have increased the capacity of workers’ and employers’ organizations to provide better services to their members (see for example 5.4.10, page 72).

**Questions 5 & 6**

- What were the major factors influencing the achievement or non-achievement of the objectives? Have there been any obstacles, barriers and/or successes, innovations? Have there been any unintended results?

**Answers**

Georgia has not been able yet to develop a functioning industrial relations system adapted to a market economy. Since labour had not been a preoccupation for public authorities for years, the level of expertise in the field of labour and employment policies is generally low. There is thus a need to build capacity at developing, monitoring and evaluating labour policies and programs.

Georgian trade unions had to cope with a hostile environment for many years which significantly reduced their membership and influence. On the other hand, the GTUC represents only a relatively little percentage of workers, with high concentration in certain sectors more than in others. High rates of unemployed and self-employed in the agricultural sector make

large portion of potential workforce so far incapable of getting involved in unions' activities.

In the private sectors and in big public companies, after the hard times under Saakashvili regime, it is difficult to unionize workers. With the previous Labour Code the dismissals of the workers who created unions in the enterprises were a wide spread practice. With the change of the Labour Code, the risk of unfair dismissals is lower. Nevertheless, workers are still often afraid to join unions.

In addition, the GTUC reports the presence of "yellow" trade unions backed by the employers. This creates a dilution of the perceived importance of union's membership among the workers. In this regard, the restoring of the Labour Inspection Agency and an effective implementation of the norms of new Labour Code will presumably reduce the fear of nonunionized workers.

The use of mediation mechanism in collective disputes will arguably increase the perceived benefits of joining independent trade unions. Therefore, the implementation of the Labour Code will probably strengthen the unions' position, especially if Labour inspection and mediators will be institutionalized in line with ILO's recommendations.

To improve their effectiveness at representing workers' rights and interests, GTUC and its affiliated unions must address three main challenges: (i) enlarge its membership, (ii) develop its expertise into all areas of labour relations ; and (iii) identify, train and foster future union leaders. The independent trade unions have the capacity to protect their members' rights on the national and regional levels and at the same time to be a serious partner in social dialogue and to provide legal advice on workers' rights. Trade Unions are presented in all economic sectors, and their stable functioning seems to be ensured.

Contrary to trade unions, Georgian employers (apart from the Georgian Chamber of Commerce and Industry) are represented by two main non-profit associations: the Business Association of Georgia (BAG) and the Georgian Employers Association (GEA). Being an IOE member, GEA thus represents Georgian employers in the ILO and is the only employers' organization in Georgia devoting important resources to labour issues. It is the main proponent of social dialogue within the business community. GEA is a privileged partner for the development of tools for informing and educating employers and encouraging them to respect labour laws.

The difficult "take-off" of the Tripartite commission may be to a certain degree attributed to the fact that while social democratic ideas inspire a part of the ruling coalition, an influential segment of the same coalition shares the neoliberal and libertarian vision of the previous governing elite. The first group is trying to comply with the standards of EU regulations, while the other attempts to delay the process.

Social partners at the national level have moved forward in bipartite relations. In September 2014, GTUC, GEA and GSMEA signed a memorandum of understanding - the Social Contract -, which speaks of their willingness to strengthen bipartite relations and create a structured social dialogue in order to prepare more effectively the discussions in the Tripartite commission. The Social Contract may become a useful tool for moving social dialogue forward.

Nevertheless, it looks like the main business groupings prefer to exert their lobbying capacity directly on the Government, outside the framework of tripartite SD and institutionalized relations with Trade unions.

The Annex XXX of the EU - Georgia Agreement has considerable obligations to approximate Georgian legislation with 42 EU legislation Council Directives within stipulated timeframes of that Agreement. The “*Human Rights Action Plan 2014 - 2015*” of the Georgian Government is an impressive Programme with high level commitments on a number of significant areas of equal opportunities, the Labour Code, implementation of ILO Conventions, EU employment law and related labour market activities. Most importantly, it includes the reference to the comments made by the ILO Supervisory bodies among its indicators.

Innovations

- (1) In the absence of a sufficient number of TU experts, the RBSA together with TC funds have been used to train a mobile “Flying negotiators team” which helps sectoral unions across the country to reach collective agreements with the employers at different levels.
- (2) Young potential trade union leaders trained under the project developed their capacities through a system of coaching involving TU high level officials.
- (3) The GTUC actively cooperates with NGOs in the SD+ process, including the public monitoring of the implementation of the EU-Georgia Agreement through a Mixed Council where TUs are represented by their President.
- (4) ILO guide on the MNE Declaration communicated to the management of Georgian Coca-Cola company helped convincing its representatives to sign a collective agreement with the unions.
- (5) The Enabling Environment for Sustainable Enterprise (EASE) tool helped Employers’ organization (GEA) to develop a Strategic plan related to services to their members.

**Efficiency of resource use**

A measure of how economically resources/inputs (funds, expertise, time etc.) are converted to results.

**Question 7**

- Given the resources available (time, expertise, funds, partnerships, knowledge and know-how), how efficiently have been the inputs turned into the outputs?

**Answers**

The very limited financial and human resources available under the RBSA modality have been used very efficiently as a catalytic means for stimulating large TC projects activities for the achievement of the CPO objectives. Highly valuable ILO guides (e.g. National Tripartite Social Dialogue: An ILO guide for improved governance; Social Dialogue: A manual for trade union education, ITC, Turin; Labour Dispute Systems: Guidelines for improved performance, ITC, Turin; Enabling Environment for Sustainable Enterprise (EASE) tool), as well as materials on ILO MNE Declaration have been widely used and many of them translated into the Georgian with ILO Moscow Office assistance.

**Effectiveness & management arrangements**

The extent to which management capacities and arrangements put in place support the achievement of results

Close cooperation between the Moscow SD Focal point and ACTRAV and ACT/EMP specialists, backed up by the other specialists of the Office and coordinators of TC projects contributed to the effectiveness of RBSA + activities and helped achieving tangible results.

<b>Sustainability and impact potential</b>	The strategic orientation of the project towards making a significant contribution to a broader, long-term development changes                      The likelihood that the results of the intervention are durable and can be maintained and even scaled up and replicated by intervention partners after major assistance has been completed
<b>Questions 8 &amp; 9</b>	
<ul style="list-style-type: none"> <li>- Are the results achieved likely to continue after the end of the interventions?</li> <li>- Are they likely to produce longer term effects and benefits to the target groups?</li> </ul>	
<b>Answers</b>	
Practically every result achieved so far represents a medium – to long term investment into the creation of a new system of labour relations and social dialogue practice at all levels of Georgian society. As such, they will benefit present and future generations of the tripartite social partners in the country.	
<b>Question 10</b>	
<ul style="list-style-type: none"> <li>- What action might be needed to bolster the longer term effects?</li> </ul>	
<b>Answers</b>	
The ILO should consider the use of coherent, integrated and longer term tool represented by its Decent Work Country Programs (DWCP). In addition, on top of a variety of one-time training activities, attention should be paid to the consolidation of the existing training facilities used by the employers’ and workers’ organizations in Georgia.	

## 6 Main Findings

### 6.1 Relevance & Strategic fit of interventions

#### 6.1.1 Context

Though different in terms of their levels of national development and the stage of social and political evolution, all the countries under evaluation have in common a complicated process of transition from centrally planned to market economies and a lack of well-established Social dialogue institutional frameworks and culture. The social “triangles” continue to exist but their “angles” are undergoing deep and dynamic changes in line with new roles of the Government, trade unions, and the emergence of the private sector organizations as a new party to the Social dialogue.

The new “social geometry” is made even more complicated by a mixture of new imperatives and old traditions (e.g., proclaimed ambitions to look like being up to EU standards/ILO instruments {5.4.4.}, on the one hand, and the existence of old-time binding “memorandums” signed between governors of regions and heads of enterprises as a very peculiar form of social dialogue {5.3.7.}, on the other).

The later trend sometimes resulted in paying just a lip service to ILO technical advice when working on new labour legislation, and the laws on employers’ organizations and trade unions.



### 6.1.2 Relevance

The activities and outcomes of ARM129, AZER803, KAZ129 and GEO803 linked to the ILO P&B Outcome 12 *“Social dialogue and Industrial Relations: Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations”* and funded through RBSA, were highly relevant to the stated needs of the tripartite constituents.

The evidence of this relevance was supported not only by respective requests from the constituents, objectives and indicators of achievement formulated in DWCPs, and relevant national documents (like National tripartite Agreements, Labour Codes etc.) but as well by an active involvement of the intended beneficiaries in projects’ key activities and by their commitment to a sustainable follow-up.

The relevance was linked to strengthening both SD institutions/frameworks and the capacity of the tripartite constituents to be effectively and responsibly engaged in them at various levels (from national decision-making bodies to enterprise collective bargaining level).

The relevance of ILO Strategic objectives to the goals of tripartite constituents was evidenced as well by close and natural synergies between Milestones/outputs related to **Outcome 12** as such, and those of **Outcome 6** (Workers and enterprises benefit from improved safety and health conditions at work), **Outcome 9** (Employers have strong, independent and representative organizations), **Outcome 10** (Workers have strong, independent and representative organizations), **Outcome 11** (Labour administrations apply up-to-date labour legislation and provide effective services), **Outcome 13** (A sector-specific approach to decent work is applied), **Outcome 14** (The right to freedom of association and collective bargaining is widely known and exercised), **Outcome 17** (Discrimination in employment and occupation is eliminated) and **Outcome 18** (International labour standards are ratified and applied).

### 6.1.3 Validity of intervention design

Major impacts – measured through both institutional results (e.g. revitalizing of national tripartite commissions) and capacity-building indicators (e.g. strengthening collective bargaining capacity) – have been achieved more effectively when Milestones and their outputs were linked to a combination of the above Strategic P&B Outcomes. In practical terms, it resulted in putting together both financial and human resources of SD RBSA-funded interventions, and RB and EXBTC projects activities in a given thematic area.

### 6.1.4 Sustainability and impact potential

Practically in all cases ILO interventions represented from medium- to long-term “investments” and often triggered a national follow-up with political, administrative and sometimes financial involvement of constituents (e.g. establishment of a new system of labour relations and social dialogue practice which will benefit present and future generations of the tripartite social partners in Georgia; the intention of Azerbaijan to ratify a significant number of ILO Conventions (Nos. 102, 128, 155, 168, 184 and 187) stipulated in the General Collective Agreement for 2014-2015 signed by the tripartite social partners, if materialised, is likely to produce longer term effects and benefits to the target groups).

The capacity-building component of the projects has been of particular impact potential since it helped to gradually generate a new culture of industrial relations and provided practical examples and opportunities of Social dialogue in action.

## 6.2 Intervention progress and effectiveness

To a large extent interventions progress depended on the general level of reforms and transformations carried out in the country concerned, and on real political willingness of the ruling elites to fully follow ILO principles and technical advice. In cases like Georgia, the impact of ILO interventions on the establishment of national regulatory bodies (e.g. National Tripartite Commission) largely depends on the future balance of power in the Government between those who adhere to principles of the EU Social Charter and ILO standards, and those who would prefer to continue neo-liberal policies of the previous Government which used to see any regulation as an attempt to reduce their freedom of action.

Thus, in a number of cases, the focus on the national tripartite bodies' establishment/revitalizing may have been linked to somewhat excessive risk factors beyond ILO control. On the other hand, some formally external to ILO factors (e.g. the role played by EU institutions and their socio-economic and legal conditionalities in the process of European integration of some countries (Georgia, Azerbaijan)) may provide an additional impact and effectiveness to ILO interventions.

The capacity-building of social partners to engage in collective bargaining at national and sectoral levels was the most effective form of ILO interventions in many cases (Armenia, Azerbaijan, Georgia). ILO guides *National Tripartite Social Dialogue: An ILO guide for improved governance* (Eng. - Geneva ILO 2013; Rus. – Moscow ILO DWT & CO 2014); *Social Dialogue: A manual for trade union education* (Eng. – Turin International Training Center (ITC) of the ILO 2012); *Labour Dispute Systems. Guidelines for improved performance* (Turin ITC, 2013) and *Enabling Environment for Sustainable Enterprise (ESEE)* tool have been of particular usefulness.

The effectiveness of the interventions would have been greater if respective DWCPs were in operation in all countries of the sub-region.

Assistance to the implementation of recommendations of the ILO supervisory bodies (see the Annex), which concern all countries under evaluation, could have been of particular additional effectiveness of ILO RBSA-funded interventions. A long absence of a standards Specialist in Moscow team may be directly related to this observed weakness.

## 6.3 Efficiency of resource use; management arrangements

Generally, RBSA resources have been used in an efficient way, producing synergies and multiplying effects with activities carried out through other financial modalities (RB, EXBTC) and involving other human resources under streamlined management arrangements.

At the same time, a somewhat excessive flexibility of RBSA-funded activities made it difficult to assess the exact impact of them (outside of linked interventions through other Budget lines). Sometimes it led to a certain fragmentation and/or overlap of activities and entered into contradiction with strict criteria of Results Based Management, namely with indicator-related reporting under specific Outcomes. In a few cases, certain outputs may have been reported on in connection with Milestones of various Outcomes reflected in IRIS. RBSA-funded interventions deserve a better evaluability assessment at the inception stage.

The temporary absence of an ACT/EMP Specialist in the Moscow team resulted in a proportionately lower level of activities carried out for employers' organizations, while some of them needed particularly strong support (e.g. in Kazakhstan following the complaint of the IOE).

ILO National Coordinators play a highly important and irreplaceable role, and often are viewed by the tripartite constituents as “ILO ambassadors” in the country (for instance, this term was many times used during various interviews in Azerbaijan). Possibilities of their work and impact could be strengthened.

## 7 Conclusions

### 7.1 Interventions and their impacts are in line with the needs of tripartite target groups

The outcomes and impacts of RBSA-funded CPOs ARM129, AZE803, KAZ129 and GEO803 have been highly relevant and substantial. ILO interventions took place in different political contexts and at unequal stages of transition from centrally planned to market economies. Notwithstanding that, the outcomes achieved, as measured by the Milestones generally met, show the rightness of Strategic planning and managerial arrangements in implementing activities which were well correlated with the expected immediate objectives of the projects and stated needs of the tripartite constituents.

### 7.2 Institutional impacts have strengthened industrial relations machinery

Impacts on institutional mechanisms helped revitalizing or launching National Tripartite Commissions which was one of key objectives of all four CPOs, though the ultimate success of ILO interventions continues to depend on political will of national authorities. Notwithstanding that, the outcomes already achieved at other levels have strengthened Social dialogue, conflict prevention/solution mechanism and collective bargaining, particularly in major economic sectors, as the most effective form of social partners’ interaction. Tripartite General Agreements are a good illustration of the effectiveness of ILO assistance in the field of new industrial relations machinery.

### 7.3 Legal impacts were uneven but have accelerated dynamics of change

ILO has been actively involved in providing excellent technical advice for improvement of national legal instruments (Labour Codes, Laws on Employers’ organizations and on Trade unions etc.). General positive results of ILO interventions were sometimes ambivalent because of local circumstances and conditions. At the same time, the impacts of ILO assistance created new dynamics practically in all countries under evaluation which resulted *inter alia* in their proclaimed willingness to ratify and/or implement ILO Conventions, including those of **Gender Equality** and OSH which are serious challenges in the whole region. The intention to ratify new Conventions is clearly stated by ILO constituents in a number of Tripartite General Agreements.

### 7.4 Capacity impacts may be less visible but are longer-term

In all countries the impacts on capacity of tripartite partners to engage in Social dialogue and more sound industrial relations were very tangible though sometimes not very spectacular. In any case, the capacity-building impacts of ILO interventions seem to be most sustainable and one of the best investments into long-term democratic transformations in the countries under evaluation. Provision of new/better services to their members is considered as a key priority by the social partners.

### 7.5 Synergetic approach was the best recipe of interventions’ success

Interventions carried out in a strategic framework of correlated and/or mutually complementing objectives provided more tangible impacts and sustainable results. This synergetic approach implied close cooperation of staff involved in RB, RBSA and XBTC activities. On the other hand, it created some management, monitoring and reporting problems which need to be addressed by both Geneva HQ and the Moscow Office. Partly these problems are related to the under-staffing of the Moscow Office whose

human resources do not fully meet extensive expectations and needs of national constituents in 10 countries covered by the DWT/CO-Moscow.

#### 7.6 RBSA, a versatile financing modality, should be used more strategically

RBSA provided a valuable flexibility in reacting to sometimes urgent needs of the constituents and in bridging gaps between interventions funded through RB and XBTC budget lines. But what the RBSA is often lacking is its perception by the Donor community as a means of strategic impact. Strategic and/or catalytic dimension of RBSA modality and an adequate involvement of GB members in determining larger packages of such funds may need further consideration.

#### 7.7 Recommendations of ILO supervisory bodies should underpin legal pillars of new DWCPs

Recommendations of ILO supervisory bodies did not necessarily find their way into all relevant RBSA-funded activities. This weakness could be best overcome through an integrated and complex approach which is normally proper to DWCP concepts which involve all tripartite constituents. Even where the DWCPs were not operational, the existence of a draft DWCP proved to be a useful guide and a driving force for both ILO staff and national constituents. ILO supervisory bodies' recommendations, turned into specific DWCP outcomes and indicators of achievement, could help further improve national legislations along the lines of ILO Conventions and principles.

## 8 **Recommendations based on the Conclusions**

### 8.1 To further strengthen assistance through reinforced DWT/CO-Moscow staffing

The ILO HQ and the DWT/CO-Moscow should together continue their active interventions in all four countries - and not only in Azerbaijan and Georgia as target countries for the next biennium – and pay equal attention to the three constituents. The fact that some of them may show hidden resistance to ILO advice and expertise should not “scare” the Office away, but additionally motivate it for redoubling its efforts. The ILO HQ should support the Moscow Office by further strengthening its team with required additional technical Specialists. It may require additional financial provisions, but - compared to strategic importance of real political needs and potential gains – these financial costs seem justified and recommendable. (Linked to Conclusions 1-4)

### 8.2 To persevere in increasing ILO impacts on streamlining national legislations

Assisted by recommendations of its supervisory bodies, ILO HQ and the DWT/CO-Moscow should further strengthen their assistance in the field of the improvement of national legislations, including the Labour Codes and the Laws on Employers' organizations and Trade unions. (Linked to Conclusion 3)

### 8.3 Proposed thematic areas of special attention for ILO interventions in 2016-17

In conjunction with interventions on general Social dialogue principles (including Freedom of Association and the Right to Collective bargaining), special attention in 2016-17 biennium should be paid to such key topical issues as:

#### ***For all four countries***

- Youth employment and Enterprise development
- Gender Equality and anti-discrimination
- OSH and Labour inspection
- Transition from Informal to Formal Economy

- New and better services to tripartite constituents.

#### ***For some countries***

- MNEs and Social dialogue (AZE, KAZ)
- Pension reforme (AZE)
- Social dialogue imperatives in the context of EU Social Charter (GEO) – in line with the Annex XXX of the EU - Georgia Agreement commitments

(Linked to Conclusions 1-4)

#### 8.4. Better alignment of 2016-17 outcomes at the country level with P&B outcomes and SPF

ILO HQ should provide Moscow Office with support for ensuring alignment of 2016-17 outcomes at the country level with P&B outcomes and SPF. If need be, country outcomes should be aligned with a broader set of existing Strategic outcomes or a combination thereof for greater versatility. (Linked to Conclusion 5)

#### 8.5. Support for development of evaluable strategies, outcomes and indicators

ILO HQ should provide proactive support to field offices for the development of evaluable strategies, outcomes and indicators of achievement, including RBSA-funded activities which should become more strategic in their approach. (Linked to Conclusion 6)

#### 8.6. Launching of DWCPs as integrated formats of assistance

New or updated versions of DWCPs should be developed and launched in all countries under evaluation. Descriptions of the CPOs should be closely linked to the DWCPs and be related to P&B, SPF and recommendations of ILO supervisory bodies. (Linked to Conclusion 7)

### 9 **Lessons learned and emerging good practices**

#### 9.1 Learning to deeper understand peculiarities of transition

Countries in transition present an intricate mixture of old and new elements/factors in the field of Social dialogue, labour relations and legislation. For instance, a government may consider as its right and duty to issue binding decrees on how social partners should behave and what should be their obligations. A Government may try to substitute normal interaction between the social partners by some kind of memorandums between local authorities and local employers. Under the circumstances, employers may consider as a social partnership their lobbying in various ministries. Thus, simplistic and/or pre-conceived approaches may not yield expected results. In such conditions, risk assessment and a thorough verification of assumptions become a particularly important requirement of the theory of change applied to real life contexts.

#### 9.2 Process of integration of countries of the sub-region with EU as a means of implementing ILO policy

Processes of “*rapprochement*” which take place between the EU and a number of countries in the sub-region are related to an impressive time-bound set of conditionalities, including Human rights and Industrial relations. By definition, these conditionalities are closely linked to a wide range of obligations under ILO Conventions, to begin with its fundamental instruments. Thus, the geopolitical and economic attractiveness of cooperation/affiliation with EU institutions becomes a highly important and efficient factor of promoting ILO principles, instruments and technical advice in the countries receiving its assistance. “Hard law” of the EU usefully complements “soft law” of the ILO. Cooperation with EU

governments and social partners (both national and regional) and their pro-active involvement in ILO interventions becomes a new and effective delivery channel.

### 9.3 Silk Road initiative as a new opportunity for ILO Decent Work and Social justice concept

All countries of the region covered by the Moscow Office started to be actively involved in the new Silk Road integration process. During the evaluation visit to Tbilisi (October 2015), a Summit meeting of this initiative was taking place there. Professor Kerry Brown, Director of the Sydney University China Studies Center, believes the initiative would seek to create a “massive free trade zone”, a “belt of prosperity” and “an area of common economic interest” that in part leverage the shared cultural and historical narrative of the Silk Road. The connections would be literal, creating physical trade routes and integrated zones of economic collaboration that stretch north, west and south of China. It includes a road that will connect to Europe through Central Asia and Russia. (The Telegraph, “*Silk Road initiative connects countries on path of prosperity*” <http://www.telegraph.co.uk/sponsored/china-watch/business/11706380/silk-road-initiative-china.html>)

ILO could provide this economic integration process with a social dimension under the slogan “*Silk Road to Decent work and Social Justice*”. It would create additional political leverage for promoting ILO regulatory policies on the verge of its Centenary.

### 9.4 Innovation practices provided by ILO TC projects in Armenia, Azerbaijan, Kazakhstan and Georgia and run by Moscow Office

#### 9.4.1 ***Flying team of negotiators***

Under conditions of limited human and financial resources, the ILO/EU project “*Promoting Labour Relations and Social Dialogue in Georgia*” in cooperation with Moscow Office ACTRAV Senior Specialist trained a group of young negotiators who help branch trade unions across the country to carry out collective bargaining and to solve industrial conflicts with employers.

#### 9.4.2 ***Tackling Youth unemployment through Tripartite Councils***

The G20 *Vocational training* Project for Armenia and a number of other countries, sponsored by the Russian Federation, pioneered in setting up Tripartite Councils (Labour and Education Ministries, national Employers’ association and Trade unions centre) acting at the level of vocational training colleges and addressing the Youth unemployment problem by channelling vocational training to economic sectors and specific enterprises which are in real need of specific profiles and qualifications of vocational institutions’ students who are about to join the workforce.

#### 9.4.3 ***Regional cooperation for Youth employment***

The Lukoil sponsored TC project run by the ILO Moscow Office seeks to improve the effectiveness of youth employment policies and programmes in Azerbaijan, Kazakhstan and the Russian Federation to establish a framework for regional cooperation and knowledge sharing on youth employment. The project addresses low-skilled youth, those who dropped out from school, those who experience difficulties in entering the labour market due to the lack of work experience, and other groups of disadvantaged youth, with particular emphasis on youth at risk of social exclusion and those exposed to anti-social behaviours. Use of micro-credit schemes for creating DW opportunities in the agricultural (largely informal) sector was innovative in the European context.

#### 9.5 Electronic means of outreach for extending social partners' networks

Capacity-building activities in Georgia resulted in the use of new forms of outreach and communication by the trade unions. Regular SMS contacts, use of Social Nets and electronic Discussion Forums allowed trade unions to enlarge substantially their outreach to youth as potential future members and to better inform mass media about TU agenda. Creation of a “e-Government” in Azerbaijan was another form of new electronic governance in the field of labour relations since it codifies all labour contracts and conditions of employment and work in the country.

#### 9.6 ILO MNE Declaration in transition economies

ILO MNE Declaration translated into local languages proved to be useful for trade unions and employers' associations in the context of massive penetration of MNEs into the countries of the sub-region and their role in introducing new elements in local industrial relations.

#### 9.7 International organizations as vehicles of ILO messages

IOE, ITUC, ETUC and their industrial organizations and thematic networks (e.g. ITUC-PERC Women and Youth networks) play a growing role in delivering ILO principles and messages, particularly in sectoral and sub-regional contexts. This cooperation should be further strengthened.

## ANNEXES

# Annex 1

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## List of persons contacted during the evaluation

### *Direct contacts*

#### ILO Moscow Office

Ms. Dimitrina DIMITROVA, Director, DWT/CO-Moscow

Ms. Irina SINELINA, Evaluation Officer

Mr. Sergeyus GLOVACKAS, Senior Specialist in Workers' Activities

Mr. Valentin MOCANU, Senior Specialist on Labour Inspection and OSH

Ms. Elena KUDRYAVTSEVA, G20 Project Coordinator

Ms. Irina MELEKH, Programme Officer

Mr. Mikhail POUCHKIN, Youth Employment Project Chief Technical Advisor

#### ILO Geneva Head Quarters

Mr. Youcef GHELLAB, Chief, SOCIAL DIALOGUE and TRIPARTISM Unit

Mr. Rafael GIJON Von KLEIST, Deputy Director, ACT/EMP

Mr. Christian HESS, Senior Specialist, Europe Focal Point, ACT/EMP

Ms. Anna BIONDI, Deputy Director, ACTRAV

Mr. Wolfgang Josef LUTTERBACH, Senior Specialist, Europe Focal Point, ACTRAV

Ms. Lene OLSEN, Senior Specialist, Chief Programme Officer, ACTRAV

#### Tbilisi – GEORGIA

Mr. Irakli PETRIASHVILI, President, Georgian Trade Unions Confederation (GTUC)

Mr. Gocha ALEKSANDRIA, Vice-President, GTUC

Ms. Etery MATURELI, Vice-President, GTUC

Mr. Lasha BLIADZE, Head of Administration, GTUC

Ms. Tamara GEDEVANISHVILI, Chief Communication Officer, GTUC

Mr. Zsolt DUDAS, Chief Technical Advisor, ILO/EU Project Promoting Labour Relations and Social Dialogue in Georgia



Ms. Ia DADUNASHVILI, Monitoring and Evaluation Officer, ILO/EU Project Promoting Labour Relations and Social Dialogue in Georgia

#### Baku –AZERBAIJAN

Mr. Idris B. ISAYEV, Deputy Minister, Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan

Mr. Ilyas A. ALIYEV, First Vice-Chairman, Azerbaijan Trade Unions Confederation (ATUC)

Mr. Fuad HUMBATOV, Chief Advisor of President, National Coordination of Entrepreneurs (Employers') organization of the Republic of Azerbaijan

Mr. Yashar HAMZAEV, ILO National Coordinator in Azerbaijan

#### ***Computer-assisted contacts***

Mr. Vladimir CUROVIC, Senior Specialist in Employers' Activities, DWT/CO-Moscow

Ms. Nune HOVHANNYSIAN, ILO National Coordinator in Armenia

Mr. Talgat UMIRZHANOV, ILO National Coordinator in Kazakhstan



The external evaluator would like to express his sincere gratitude for all highly valuable assistance, information, expertise and insight provided to and shared with him by all persons mentioned in the above list.

He would particularly like to thank Ms. Dimitrina DIMITROVA, Director of the DWT/CO-Moscow, for her precious guidance and advice, and Ms. Irina SINELINA, DWT/CO-Moscow Evaluation Officer, for her excellent technical assistance, and preparation and conduct of the entire evaluation process.

## Annex 2

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**ILO DWT/CO-Moscow**

**Evaluation Terms of Reference**

**STRENGTHENING TRIPARTITE SOCIAL DIALOGUE:**

**ASSESSMENT OF RBSA-FUNDED OUTCOMES 2014-2015**

ILO Responsible Office: Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia (DWT/CO-Moscow)

Funding source: ILO Regular Budget Supplementary Account (RBSA)

Outcomes & budget: ARM129 (\$70,000); AZE803 (\$80,000); KAZ129 (\$50,000<sup>88</sup>); GEO803 (\$50,000)

Linked to: ILO Program & Budget Outcome 12 - Social Dialogue and Industrial Relations: Tripartism and strengthened labour market governance contribute to effective social dialogue and sound industrial relations

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## I. Background and context

The assessment of social dialogue outcomes is conducted in accordance with the ILO Procedures for the use of the Regular Budget Supplementary Account (RBSA) stipulating that RBSA-funded outcomes are being subject to evaluation procedures in order to examine the results achieved with RBSA resources and their contribution to broader ILO programming and country cooperation frameworks, including DWCPs

The ILO is the only “tripartite” United Nations agency that brings together representatives of governments, employers and workers to jointly shape labour policies and programmes. Social dialogue can mean negotiation, consultation or simply an exchange of information and views between representatives of employers, workers and governments.

The value of the social dialogue process is high for the society. It allows expression of differences and search for a balance of interests. Social dialogue has a strong role to play in the harmonization of labour relations, development of the labour market, employment policies and other issues of common interest.

The present difficulties or barriers experienced by the countries in the region are related to a lack of current experience or well-established institutional frameworks to participate in social dialogue under the present circumstances. Prior dialogue mechanisms either stopped to function properly or are no longer responsive to the new realities after the transition from centrally planned economies to the market economy, with the transformation of the role of the government, TUs, and the emergence of the private sector as a new party to the social dialogue, represented by newly created employers’ organizations (as compared to the government as a sole employer prior to 1991).

### *Description of interventions*

At the beginning of 2014-2015 biennium the ILO DWT CO for Eastern Europe and Central Asia elaborated a set of initiatives aimed at fostering social dialogue at the national level in Armenia, Azerbaijan, Kazakhstan and Georgia, as follows:

#### 1. Armenia

##### *Country Programme Outcome (code ARM129):*

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<sup>88</sup> The initial allocation was \$100,000, but then it was reduced by \$50,000 which had been reallocated to GEO803 in 2014.

National mechanism for collective bargaining and labour disputes settlement is further strengthened in line with international labour standards

*Description*

The draft DWCP for Armenia 2012-2015 (not signed because of UN Specialized Agencies Privileges and Immunities issue) identified the strengthening of social dialogue and collective bargaining as one of the three DWCP priorities. In 2012-13, the work under ARM129 was mainly focused on further strengthening the functioning of RTC, collective bargaining machinery and labour dispute settlement – all with an aim to strengthen the mechanisms and institutions for social dialogue, with the view to promoting a sound governance of the labour market including labour law reform.

As a result, General Agreement was amended with two important provisions: on registration of collective agreements and occupational accidents<sup>89</sup>. Another achievement was the signing of a bi-partite cooperation agreement between the Republican Union of Employers of Armenia (RUEA) and Confederation of Trade Unions of Armenia (CTUA), which was an important step forward in strengthening bilateral relations between social partners in Armenia. The constituents including members of the Republican Tripartite Commission (RTC) have also increased capacities in collective bargaining and dispute resolution.

At the same time it was noted that the role and status of the Republican Tripartite Commission (RTC) needs to be increased. The creation of a Secretariat is still pending (organization of meetings, agenda, protocols, etc. is being done by one of the officials of the Ministry), so the constituents should be supported in establishing the RTC operational procedures and strengthen the capacities of its members, not to be bypassed by the government, including while revising the labour legislation.

Also, there is no mechanism in Armenia to help workers and employers and their organizations to settle their disputes in a peaceful way. This gap in the industrial relations system is hindering the development of bipartite social dialogue at all levels in the country.

In view of the above, the work on this country programme outcome is built upon the results achieved in the 2012-2013 taking into account newly emerging demands and expectation of constituents. In particular, more attention will be given to further strengthening the mechanisms and institutions for social dialogue, including the establishment of more effective operational procedures of RTC and increasing its role and status. In the field of bipartite social dialogue and labour dispute settlement, the constituents will be supported in the creation and strengthening of the social dialogue database and registration of collective agreements and in establishing a proper mechanism for dispute resolution.

## 2. Azerbaijan

*Country Programme Outcome (code AZE803):*

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<sup>89</sup> These provisions were done by amendments of General Agreement in 2012. However they were reformulated in a “softer” way in the new Agreement signed on 1 August 2015. The following formulation was used in the new Agreement: 1.6. The parties agree to make proposals on defining a united order for investigation and registration of occupational accidents. 2.3. The parties are obliged to support introduction of the practice of signing collective agreements.

National tripartite mechanism for social dialogue is revitalized and functions effectively

*Description*

One of the key outcomes of the DWCP Azerbaijan 2011-2015 (not signed because of Privileges and Immunities issue), is related to national tripartite mechanism for social dialogue: "National tripartite mechanism for social dialogue is revitalized and functions effectively". The strong need for the establishment of a permanent tripartite body in Azerbaijan (a national tripartite council or tripartite commission) has been articulated by the constituents on different occasions. The latest request was provided in the letter of the Ministry of Labour and Social Protection of Population of Azerbaijan in September 2013. At the initiative of social partners in Azerbaijan, the work has started on the creation of a tripartite commission on social and economic issues, where the constituents could regularly meet and discuss critical social and labour issues and coordinate their joint actions.

Draft regulations for the work and functions of a tripartite commission are being developed and agreed upon between the parties. The government and social partners in Azerbaijan expect the ILO advice and technical support in establishing a tripartite commission, defining its functions, structure, methods of work and agenda framework. The ILO will also provide technical consultations on international labour standards, in accordance with the ILO Tripartite Consultation (International Labour Standards) Convention No. 144, as well as capacity building for tripartite constituents/members of TC. Social partners will also be supported in further strengthening social dialogue and collective bargaining at the level of sectors and enterprise level.

3. Kazakhstan

*Country Programme Outcome (Code KAZ129):*

Efficiency and impact of social dialogue at all levels are improved and role and status of tripartite bodies are enhanced

*Description:*

Improving the regulation of labour relations and strengthening social dialogue is one of the three priorities of the new draft DWCP for Kazakhstan, 2013-2016. In the framework of measures taken to regulate social and labour relations envisaged in the General Agreement 2012-2014, a comprehensive plan on prevention of social tension and labour disputes has been developed and adopted. This plan includes measures implying constant monitoring of social tension in the regions by the relevant government authorities and local administrations (Akimat), improvement of legislation concerning social and labour conflicts prevention, strengthening the role of social partnership in labour conflicts prevention and public awareness campaign at all levels of social partnership. The relevant follow-up will be provided to implement conclusions and recommendations developed at the tripartite roundtable "Labour conflicts: prevention and regulation of labour disputes" organized by the MLSP in spring 2013.

Social partners will continue their efforts to implement effectively the ILO Conventions Nos. 87, 98, 135 and 144. The ILO will provide support to the Kazakh constituents to develop labour

dispute resolution mechanisms and study international experience in preventing and resolving labour conflicts.

Mechanism of tripartite social dialogue (National Tripartite Commission), its role and status will be strengthened to play more important role in improving labour relations regulation, reforming the wage system and addressing other key socio-economic issues. Promotion of collective bargaining at different levels and strengthening analytical capacity of social partners should become an important component of social dialogue in the sphere of labour relations settlement and remuneration of labour.

At the sectoral level, the ILO will provide support to social partners in further strengthening the institutional capacities of sectoral workers' and employers' organizations, familiarizing them with the best international practices on sectoral social dialogue, creation and strengthening of sectoral structures of trade unions and employers and involvement of foreign companies operating in the country into the collective bargaining process and in the activities of the tripartite commissions (linked to KAZ127 - Sectoral social dialogue is strengthened).

Note: Given the recent freedom of association problems that emerged in 2014, the ILO had to redirect the support from social dialogue to where it has been more relevant.

#### 4. Georgia

*Country Programme Outcome Code GEO803:*

Increased capacities of employers' and workers' organizations to participate effectively in the development of social and labour policy

*Description:*

After an amended Labour Code was adopted in 2013, the challenge is to reinforce and build institutions that will ensure compliance with its provisions, both at the individual and collective levels. Institution building is about strengthening the capacities of the GoG and relevant labour-related state institutions, and as well as those of the social partners.

Georgia has not been able to develop a functioning industrial relations system adapted to a market economy. The responsibility for labour issues is primarily under the MoLHSA. There was no administrative entity devoted to labour within the Ministry until early 2013 when a Department of Labour and Employment Policy was created under the responsibility of a Deputy Minister. This policy department comprises Employment, Labour Relations and Social Partnership and Labour Migration divisions. Since labour had not been a preoccupation for public authorities for years, the level of expertise in the field of labour and employment policies is generally low. There is thus a need to build capacity at developing, monitoring and evaluating labour policies and programmes.

The Tripartite Social Partnership Commission is under the chairmanship of the Prime Minister. It is critical to have this commission functioning effectively in order to ensure harmonious labour relations and to provide sound advice on employment and labour relations issues.

GTUC, the sole confederation of trade unions in the country composed of 21 sectoral/professional unions and one territorial union in the autonomous region of Adjara, has been engaged in a broad reform process since 2005. To improve their effectiveness at representing workers' rights and interests, GTUC and its affiliated unions had to address three main challenges: (i) enlarge its membership, (ii) develop its expertise into all areas of labour relations ; and (iii) identify, train and foster future union leaders.

Contrary to trade unions, there is not a single organization representing Georgian employers. Apart from the Georgian Chamber of Commerce and Industry which is an entity of public law and chapters of foreign chambers of commerce such as the American Chamber of Commerce and the International Chamber of Commerce (ICC), there are two main non-profit Georgian employers' associations: the Business Association of Georgia (BAG) and the Georgian Employers Association (GEA). Being an IOE member, GEA thus represents Georgian employers within the ILO and is the only employers' organization in Georgia devoting important resources to labour issues. It has been representing employers at the former TSPC and is the main proponent of social dialogue within the business community. GEA is a privileged partner for the development of tools for informing and educating employers and encouraging them to respect labour laws.

Under this outcome, the ILO is providing support to constituents in Georgia in promoting tripartite and bipartite dialogue and increasing effectiveness of employers' and workers' organizations in addressing labour relations issues and in better servicing the needs of their members.

#### *The ILO tools*

In support of the work on strengthening tripartite social dialogue the ILO's specialized expertise and technical materials have been extensively used, including the following guides:

1) National Tripartite Social Dialogue: An ILO guide for improved governance (Eng. - Geneva ILO 2013; Rus. – Moscow ILO DWT & CO 2014)

This guide is part of the ILO's effort to respond to the demand from ILO member States for technical support in the field of establishing or strengthening mechanisms for tripartite social dialogue at the policy level in line with international labour standards and good comparative practice

2) Social Dialogue. A manual for trade union education (Eng. - International Training Center of the ILO 2012)

3) Labour Dispute Systems. Guidelines for improved performance<sup>90</sup> (Eng. – International Training Centre of the ILO, Turin, Italy 2013; Rus. - International Training Centre of the ILO, Turin, Italy 2014)

#### *Management arrangements*

The activities have been managed by DWT/CO-Moscow under technical guidance and supervision of Senior Specialists on Labour Inspection & OSH and on Workers' activities. Relevant HQ departments contributed with expertise on global tools.

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<sup>90</sup> [http://www.ilo.org/ifpdial/information-resources/publications/WCMS\\_211468/lang--en/index.htm](http://www.ilo.org/ifpdial/information-resources/publications/WCMS_211468/lang--en/index.htm)

## II. Purpose

The purpose of this evaluation is to assess the work done in order to inform the next steps and improve further programming. It would help determine what the ILO should be doing in the target countries and the broader subregion prior to conceptualizing future interventions on social dialogue and labour dispute settlement or engaging into the design of new DWCPs.

It is expected that the evaluation findings will be used by the ILO management, technical specialists and programming staff in elaboration of new initiatives in the area of social dialogue in the region.

## III. Scope and clients of the evaluation

The scope of the evaluation will be the projects/Country Programme Outcomes (CPOs) 2014-2015 in Armenia, Azerbaijan, Kazakhstan and Georgia and the related DWCP outcomes. Field research will be conducted in two or three target countries. Assessment of other country components will be done based on documentation review (desk research).

The main clients of the evaluation will be ILO management, specialists, staff and tripartite constituents in the target countries.

## IV. Criteria and questions

The evaluation will apply the key criteria of relevance, effectiveness, efficiency, sustainability and impact potential. It will seek answers to the following questions:

### *Relevance*

- Are the activities and outputs/tools relevant to the needs of the constituents and to the countries development priorities, i.e. with a reference to other ILO on-going initiatives in the countries?
- Are the activities and outputs of the projects consistent with their overall objectives?

### *Effectiveness*

- What have been the major results/accomplishments of the projects?
- To what extent have the stated objectives been achieved or are likely to be achieved?
- What were the major factors influencing the achievement or non-achievement of the objectives?
- Have there been any obstacles, barriers and/or successes, innovations? Have there been any unintended results?

### *Efficiency*

- Given the resources available (time, expertise, funds, partnerships, knowledge and know-how), how efficiently have been the inputs turned into the outputs?

### *Sustainability and impact potential*

- Are the results achieved likely to continue after the end of the interventions?
- Are they likely to produce longer term effects and benefits to the target groups?
- What action might be needed to bolster the longer term effects?

The list of questions can be adjusted by the evaluation consultant in coordination with the ILO evaluation manager.

Based on the analysis of the findings the evaluation will aim to provide practical recommendations on the potential future needs of technical assistance on social dialogue that could be incorporated into the design of future initiatives.

#### V. Methodology

One of the first tasks of the evaluation consultant will be to review the available literature and materials. Then the consultant will carry out an orientation meeting (possibly on-distance) with the ILO DWT-CO management and Senior Specialists.

It will be followed by field missions to the targeted countries for meetings with the ILO staff, National Coordinators, and tripartite constituents. Information will be collected by means of group and individual interviews with the stakeholders and events' participants. Interviews may be arranged both face-to-face and on-distance depending on feasibility and travel schedule. Upon completion of the interviews, tripartite round-table discussions of preliminary findings might be organized by the ILO in some of the countries, e.g. in conjunction with other planned events if scheduling permits (to be determined later).

Upon completion of research and field missions, the consultant will provide a debriefing to the DWT/CO on the preliminary findings, conclusions and recommendations.

#### VI. Main deliverables/outputs

The evaluator will provide a draft evaluation report in English. The report will follow the format recommended by the ILO Evaluation Office and include:

- ✓ Executive Summary with key findings, conclusions and recommendations<sup>91</sup>
- ✓ project background
- ✓ evaluation methodology
- ✓ description of the status of the project and overview of the work done (stocktaking)
- ✓ findings
- ✓ conclusions and recommendations
- ✓ lessons learnt and good practices
- ✓ annexes including the TORs, a list of those consulted in each country

The draft report will be circulated by the evaluation manager and shared for comments with the stakeholders. Further to receipt of combined comment from the evaluation manager, the evaluator will prepare a final report that will be subject to approval by the ILO Evaluation Office.

Essential parts of the report will be translated into Russian for the constituents' use.

#### VII. Evaluation arrangements and professional requirements

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<sup>91</sup> The executive summary should address the project purpose, project logic, project management structure, present situation/status of project, evaluation purpose, evaluation scope, evaluation clients/users, evaluation methodology, main findings, conclusions, main recommendations, important lessons learned, and good practices.



The evaluation will be conducted by an external evaluation consultant who will report to an evaluation manager appointed by the ILO. The assignment will require approximately 21 working days, tentatively in September - November 2015, and will include travel to some of the target countries. The ILO office will cover the consultancy fee, travel expenses and DSA. Interpretation during the field missions will be provided if necessary.

A tentative timeline can be found below:

<b>TASK</b>	<b>TIME</b>	<b># DAYS</b>
Desk review	Sept	3
Orientation meeting	Sept	2
Field visits (TBD)	Sept – October	7
Data analysis and draft report	October - November	7
Final report	October - November	2
Total		21

*Requirements:*

- University degree in social sciences or economics
- understanding of the ILO’s tripartite foundations and standards
- expertise in the issues of social dialogue
- knowledge of evaluation methods, qualitative and quantitative research
- knowledge of the region and target countries
- analytical skills
- fluency in English and Russian
- knowledge of the national languages of the target countries an advantage

VIII. Norms and standards

The evaluation will be carried out in adherence with the ILO evaluation policy guidelines, UN Evaluation Group (UNEG) Norms and Standards and OECD/DAC criteria for evaluating development assistance.

Ethical considerations will be taken into account in the evaluation process. As requested by the UNEG Norms and Standards , the evaluator will be sensitive to beliefs, manners and customs, act with integrity and honesty in the relationships with all stakeholders.

To the extent possible data collection and analysis will be disaggregated by gender.

# ILO Lesson Learned Template

Evaluation Title: **Strengthening Tripartite Social Dialogue: Assessment of RBSA-Funded Outcomes 2014-2015**

Project TC/SYMBOL: **ARM129; AZE803; KAZ129; GEO803**

Name of Evaluator: **Sergey Popello**  
2015

Date: **4 December**

The following lesson learned has been identified during the course of the evaluation. Further text explaining the lesson may be included in the full evaluation report.

LL Element	Text
<p><b>Brief description of lesson learned (link to specific action or task)</b></p>	<p><u>Process of integration of countries of the sub-region with EU as a means of implementing ILO policy</u></p> <p>Geopolitical and economic attractiveness of cooperation/affiliation with EU institutions becomes a highly important and efficient factor of promoting ILO principles, instruments and technical advice in the countries of the sub-region receiving its assistance.</p> <p>The “hard law” of the EU conditionalities usefully complements the “soft law” of the ILO voluntary obligations. Thus, a deeper and more extensive cooperation with EU governments and social partners (both national and regional) and their pro-active involvement in ILO interventions in the countries concerned becomes a new and effective delivery channel.</p>
<p><b>Context and any related preconditions</b></p>	<p>Processes of “<i>rapprochement</i>” which take place between the EU and a number of countries in the sub-region are related to an impressive time-bound set of conditionalities, including Human rights and Industrial relations. These conditionalities are closely linked to a wide range of obligations under ILO Conventions, to begin with its fundamental instruments.</p>
<p><b>Targeted users / Beneficiaries</b></p>	<p>ILO planning and implementing structures could be the targeted users of the above approach, while the tripartite constituents would be its ultimate beneficiaries.</p>
<p><b>Challenges /negative lessons - Causal factors</b></p>	<p>This approach should not be taken for granted. For example, in 2005, the Georgian Parliament ratified the Council of Europe’s European Social Charter. Notwithstanding that, in 2010, the Council of Europe’s Committee of Social Rights, reporting on the compliance of Georgia with the articles of the Social Charter, found several systematic violations of the rights to organize and bargain collectively and of the right to just conditions of work and fair remuneration. Thus, the challenge of eventual non-compliance should be regularly addressed in close co-operation between the ILO and EU and their respective constituents.</p>

<b>Success / Positive Issues - Causal factors</b>	<p>The “<i>Human Rights Action Plan 2014 - 2015</i>” of the Georgian Government is an impressive Programme with high level commitments on a number of significant areas of Equal opportunities, the Labour Code, implementation of ILO Conventions and EU employment law. Most importantly, it includes the reference to the comments made by the ILO Supervisory bodies among its indicators. ILO should be fully involved in the development of similar initiatives as widely as appropriate.</p>
<b>ILO Administrative Issues (staff, resources, design, implementation)</b>	<p>The correlation of these factors related to the ILO and EU interventions in the countries concerned should be more actively used by the ILO staff when programming the use or resources at the design, implementation and monitoring stages.</p>

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**Name of Evaluator: Sergey Popello  
 2015**

**Date: 4 December**

The following lesson learned has been identified during the course of the evaluation. Further text explaining the lesson may be included in the full evaluation report.

<b>LL Element</b>	<b>Text</b>
<b>Brief description of lesson learned (link to specific action or task)</b>	<p><u>Silk Road initiative as a new opportunity for ILO Decent Work and Social justice concept</u></p> <p>The Silk Road initiative seeks to create a massive free trade zone, a “belt of prosperity” and an area of common economic interest involving dozens of countries that stretch north, west and south of China and include all the States of the sub-region. The connections would be literal, creating physical trade routes and integrated zones of economic collaboration. It includes a road that will connect to Europe through Central Asia and Russia.</p> <p>ILO could provide this new and extensive economic integration process with a social dimension under the slogan “<i><b>Silk Road to Decent work and Social justice</b></i>”. It would create additional political leverage for promoting ILO regulatory policies on the verge of its Centenary.</p>

<b>Context and any related preconditions</b>	All countries of the region covered by the Moscow Office started to be actively involved in the new Silk Road integration process. During the evaluation visit to Tbilisi (October 2015), a Summit meeting of this initiative was taking place there.
<b>Targeted users / Beneficiaries</b>	All parties involved in the design and delivery of future ILO activities in the countries concerned by the Silk Road initiative (including ILO tripartite constituents) could be both users and beneficiaries of its would – be social dimension.
<b>Challenges /negative lessons - Causal factors</b>	ILO should develop a set of its key instruments that would be effective and acceptable for the tripartite constituents of the countries concerned and considered as tantamount to the social dimension of the Silk Road.
<b>Success / Positive Issues - Causal factors</b>	The ILO initiative <i>Silk Road Social Dimension</i> could be launched in 2019 in connection with the ILO centenary.
<b>ILO Administrative Issues (staff, resources, design, implementation)</b>	A new strategic RBSA package could be proposed to the Donor community and respective ILO constituents for providing the Silk Road initiative with a social dimension. A new generation of DWCPs could be used as a comprehensive delivery vehicle.

## ILO Lesson Learned Template

Evaluation Title: **Strengthening Tripartite Social Dialogue:  
Assessment of RBSA-Funded  
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Project TC/SYMBOL: **ARM129; AZE803; KAZ129; GEO803**

Name of Evaluator: **Sergey Popello**  
2015

Date: **4 December**

The following lesson learned has been identified during the course of the evaluation. Further text explaining the lesson may be included in the full evaluation report.

**LL Element**

**Text**

<b>Brief description of lesson learned (link to specific action or task)</b>	<p><u>Use of electronic means of outreach for extending social partners' networks</u></p> <p>Capacity-building activities in Georgia resulted in the use of new forms of outreach and communication by the trade unions. Regular SMS contacts, use of Social Nets and electronic Discussion Forums allowed trade unions to enlarge substantially their outreach to youth as potential future members and to better inform the mass media about TU agenda. Creation of an "e-Government" in Azerbaijan was another form of new electronic governance in the field of labour relations since it codifies all labour contracts and conditions of employment and work in the country. Such new channels of communication and outreach would be important for future work. They appear to be extremely efficient and effective in expanding the social partners networks and membership base.</p>
<b>Context and any related preconditions</b>	<p>ILO has been providing capacity building and institutional strengthening support to the social partners to the countries of the subregion for a couple of decades. Such a support has been always open to innovation.</p>
<b>Targeted users / Beneficiaries</b>	<p>All the parties involved in the design and delivery of future social dialogue ILO activities in the countries concerned could be both users and beneficiaries.</p>
<b>Challenges /negative lessons - Causal factors</b>	<p>na</p>
<b>Success / Positive Issues - Causal factors</b>	<p>Electronic channels of communication are particularly attractive to youth which represents future membership base for social partners' organizations.</p>
<b>ILO Administrative Issues (staff, resources, design, implementation)</b>	<p>E-communications as a means of promoting awareness and support can be considered in future activities' design.</p>

