



Governing Body

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Programme, Financial and Administrative Section

PFA

Programme, Financial and Administrative Segment

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Progress report on the development of the ILO strategy on knowledge and innovation across the Organization

Purpose of the document

This document provides an update on the development of the ILO strategy on knowledge and innovation. It includes an overview of progress made to date and presents an ILO-specific strategic approach to innovation, which includes the development of an ILO Innovation Facility. The Governing Body is invited to provide guidance on further developing this approach (see the draft decision in paragraph 22).

Relevant strategic objective: All.

Main relevant outcome: Enabling outcome A: Authoritative knowledge and high-impact partnerships for promoting decent work and C: Efficient support services and effective use of ILO resources (output C.4: Enhanced organizational capacity for change, innovation and continuous improvement).

Policy implications: Guidance from the Governing Body will allow the Office to develop the ILO's strategic approach to innovation, which in turn will facilitate the testing and scaling up of innovative policy and institutional solutions to decent work challenges.

Legal implications: None.

Financial implications: See paragraph 22.

Follow-up action required: Yes.

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

Related documents: [GB.346/PFA/1](#); [GB.344/PFA/5](#); [GB.341/PFA/1](#); [GB.335/INS/9](#).

▶ I. Introduction

1. Based on the guidance provided by the Governing Body at its 344th Session (March 2022),¹ the Office continued its reflection on a strategic approach to knowledge management and innovation in view of the implementation of activities in these areas in the current biennium and for the preparation of the Programme and Budget proposals for 2024–25. This reflection was based on internal consultations carried out during the transition period between the election of the new ILO Director-General and the start of his administration, and on information and insights provided by United Nations (UN) entities that have advanced systems to promote innovation and specific knowledge management strategies.
2. Knowledge management and innovation are essential for the renewal of the global social contract for social justice through decent work, the modernization of the ILO's normative system and the development of impactful and coherent policies and institutions of work for a human-centred recovery that can address new and persisting challenges. These functions are necessary for the ILO to confirm its position as the global centre of excellence on all issues related to the world of work and to keep delivering relevant support to the constituents in the most effective and efficient manner, therefore advancing the Decent Work Agenda and the relevant goals and targets of the 2030 Agenda for Sustainable Development.
3. In response to the points raised by Governing Body members during the discussion at the 344th Session, this document presents an overview of the work done so far on knowledge management and innovation. The document introduces the rationale for treating these two functions as closely related but distinct areas of work, and develops an ILO-specific strategic approach to innovation with a view to receiving further guidance from the Governing Body.

▶ II. Overview of progress to date

Knowledge management

4. Knowledge management is interwoven with almost all aspects of what the ILO does. Specific knowledge strategies have been presented to the Governing Body since 2009.² Between 2010 and 2014, the ILO's knowledge management initiatives focused essentially on data management. The Knowledge Strategy for 2018–21 focused on research, statistics, communication and analysis, introducing the need for the better dissemination of knowledge through digital platforms. The Governing Body requested improvements to the institutional knowledge-sharing culture and the collaboration between headquarters and the field and with other organizations on research, and to increase its statistical capacity.³
5. A Knowledge Management Coordination Team (KMCT) was formed in 2014 to strengthen collaboration, knowledge-sharing, and data/content management within the Office and with constituents. The KMCT developed and implemented methods and tools that supported

¹ GB.344/PFA/5; GB.344/PV, paras 784–805.

² GB.300/PFA/9/2; GB.306/PFA/12/3; GB.326/PFA/6.

³ GB.331/PFA/4.

numerous technical areas of work at headquarters and in the field and contributed to the Future of Work Initiative, development cooperation work, ILO programme and budget processes, and research and publishing activities. The KMCT has run workshops and training sessions, including a Knowledge Management Academy in collaboration with the International Training Centre of the ILO (Turin Centre), and developed a digital guide on foresight techniques for ILO staff.

Innovation

6. In recent years, the ILO's work on innovation has focused on two major objectives: (i) generating improvements and efficiencies in business processes and practices; and (ii) identifying, promoting and scaling up new policy and technical solutions to address emerging issues in a changing world of work, including by leveraging technological progress.
7. In 2015, a Business Process Review (BPR) was launched as part of the ILO's internal reform to improve the efficiency, quality and delivery of ILO services. The BPR ensured the alignment of business processes with organizational priorities while reducing operating risks, improving the work environment and engaging staff. Business improvements in several departments resulted in substantial savings that allowed, together with other measures, the redeployment of about US\$80 million for technical work and service delivery, including through the creation of technical positions in field offices.
8. The BPR project team later became the Business Innovation Unit (BIU) and extended its work across headquarters departments and field offices. The BIU operated as an internal consultancy and used in-depth knowledge of the ILO, taking a people-centred approach, to identify and shape change in processes, strategies and team dynamics. This was achieved by enhancing the performance of business processes, documenting processes and workflows and digitalizing them whenever possible, as well as enhancing management, results orientation and communication at the team level. The BIU was discontinued at the end of June 2022.
9. Alongside the Future of Work Initiative, the ILO started increasing its technical and policy capacity to anticipate, understand and respond to transformations taking place in the world of work. As from 2020, four innovation facilities were established to develop, prototype, test and scale innovative solutions (products or services) to emerging policy challenges in the following areas: (i) skills for employability and lifelong learning; (ii) productive and sustainable enterprises for decent work; (iii) climate action for jobs and a just transition; and (iv) transformative technologies for decent work. The facilities were put together and implemented by specific ILO departments, in some cases in the framework of development cooperation projects.
10. Through these facilities, with advice from the KMCT, the BIU and the Turin Centre, the Office implemented global, regional and national "innovation challenge calls" to identify new and creative approaches developed by trade unions, business organizations, start-ups, public entities or associations to deliver skills training, promote formalization through technological solutions, ensure just transitions or facilitate compliance with labour law, among other policy objectives. Some of the solutions identified through these calls for proposals were further nurtured and supported to facilitate implementation and scaling up. The facilities also promoted networking and peer learning between people and organizations wishing to implement innovative solutions in these areas of work.
11. The Turin Centre has made significant investments to boost innovations in the world of work. The Centre created a [Learning Innovation Programme](#) that provides training, learning tools and media services to promote innovative technologies and methodologies for the future of

work. The Turin Centre was particularly active during the pandemic in developing new technological and pedagogical solutions to facilitate remote collaboration and learning that are inclusive, human-centred and impactful.

▶ III. A strategic approach to innovation in the ILO

12. The ILO's experience in working on knowledge management and innovation has shown that there is a link between these functions. Innovation creates knowledge, and knowledge management can guide innovation efforts by identifying areas that require a new policy, technical or institutional approach. Both knowledge management and innovation are features of an organization that are geared towards learning and continuous improvement.
13. The ILO's experience has also shown, however, that organizational arrangements and strategies to effectively manage knowledge and innovation differ. Knowledge management requires capacity to identify, code, disseminate and effectively communicate relevant knowledge that comes from multiple sources, including research, operational activities, development cooperation projects and evaluations. Innovation management requires the capacity to identify, select, develop and scale up new ideas to improve products, ways of working, services or policies and programmes. This is why, in general, UN entities have developed separated strategies for knowledge management and innovation.⁴
14. This section describes the major elements of a distinct, specific ILO strategic approach to innovation for the period 2023–25, aimed at identifying, nurturing and scaling up innovative solutions to address social justice and decent work challenges, ensuring coordination and economies of scale between existing innovation facilities and initiatives, improving communication, mobilizing resources and continuing the review of business processes and ways of working to increase efficiency and provide better services to the ILO constituents. This approach will support innovations in priority areas indicated in the ILO's biennial programme and budget documents and in Decent Work Country Programmes, leveraging solutions proposed primarily by the ILO constituents to respond to key emerging issues that are transforming the world of work.
15. The strategic approach is aimed at fostering innovations to address the challenges and opportunities generated by technological change, the expansion of the digital and green economies and other structural transformations, and to tackle persisting and pre-existing deficits affecting workers and enterprises, notably in terms of gender inequality, discrimination, informality, youth unemployment and underemployment, the low productivity of micro, small and medium-sized enterprises and an uncondusive business environment, skills mismatches, working conditions and the insufficient development of the rural economy.
16. The ILO will support two types of innovations:
 - "external" innovations to develop, adapt, finance or scale up policies and institutions of work to increase their impact, proposed primarily by constituents' organizations, or by other

⁴ Knowledge management initiatives to enable the ILO's and the constituents' policy work will be embedded in the biennial programme and budget. Work in this area will consider the recommendations of the *2020 High-Level Independent Evaluation of ILO's Research and Knowledge Management Strategies and Approaches 2010–2019*, including in relation to the development of a governance structure to foster synergies between research and knowledge management and to provide strategic direction for these functions, and stronger internal coordination. This will be addressed as a matter of priority.

relevant public or private entities, identified through specific methodologies, such as calls and networks; and

- “internal” innovations with the purpose of improving the effectiveness and impact of services, capacity-building and products delivered by the Office to the constituents, or of improving business processes and ways of working within the Office to increase efficiency and value for money.
17. The approach will be flexible to adapt to the rapid changes in labour market needs. It will promote and implement partnerships with the UN system and international financial institutions, and it will be based on relevant international standards, notably the standard on innovation management systems developed by the International Organization for Standardization (ISO 56002).
 18. The approach will be developed in two phases: the first will involve the definition of the organizational governance, structure for implementation and action plan (November 2022–March 2023); and the second will involve the establishment and implementation of the ILO Innovation Facility (April 2023–December 2025).
 19. During the preparatory phase, the Office will carry out an internal assessment of the multiple innovation efforts undertaken in the last two years, including the work of the BIU and the KMCT, the efforts of the Turin Centre and existing departmental facilities, to learn what has worked well, what should be deprioritized and what can be improved. This phase will also be dedicated to the definition of a governance and coordination structure that will provide strategic direction to the activities to be carried out by the ILO Innovation Facility, and to the development of a detailed action plan. The Office will undertake exploratory discussions with development partners that may be interested in supporting innovations in the world of work, and will define the proposed location, staffing and budget of the ILO Innovation Facility.
 20. The ILO Innovation Facility to be established as from the second quarter of 2023 will have the responsibility to:
 - foster an enabling institutional ecosystem for innovation, informed by internal organizational culture assessments and inputs from staff members and from the ILO Staff Union, and an analysis of existing organizational barriers that may hinder creativity and risk-taking within the ILO;
 - facilitate and coordinate innovation initiatives carried out by different ILO organizational units, at headquarters and in the regions, through the implementation of standardized methods for consultation, problem solving, peer learning and team development, and through a shared methodology for challenge calls to identify, support and scale up external innovations;
 - identify and nurture relevant innovations to increase financing and investments with the objective of achieving social justice through decent work in the framework of the Global Social Justice Coalition and the Global Accelerator on Jobs and Social Protection for Just Transitions;
 - ensure the active participation of the ILO in the UN Innovation Network and forge partnerships with the innovation structures of other UN entities, as well as with other relevant technical and funding partners;
 - develop and implement, together with the ILO’s Partnerships and Field Support Department, a strategy to mobilize resources to support innovations in the world of work.

21. The Office can allocate core funding for the ILO Innovation Facility in 2023 as seed resources for mobilizing voluntary contributions. Proposed funding for the ILO Innovation Facility in 2024–25 will be included in the Programme and Budget proposals for 2024–25, to be discussed by the Governing Body at its 347th Session (March 2023).

▶ Draft decision

22. **The Governing Body took note of the overview of progress in knowledge management and innovation in the ILO contained in document GB.346/PFA/4 and requested the Director-General to:**
 - (a) **take into account the views expressed by the Governing Body in further developing the ILO's strategic approach to innovation;**
 - (b) **submit to the Governing Body at its 347th Session (March 2023) a document with specific information on the ILO Innovation Facility, for guidance; and**
 - (c) **include the proposed work of the ILO Innovation Facility, with details on its programmatic activities, structure and funding, in the Programme and Budget proposals for 2024–25, to be examined by the Governing Body at its 347th Session (March 2023).**