



Governing Body

309th Session, Geneva, November 2010

GB.309/MNE/1

Subcommittee on Multinational Enterprises

MNE

FOR DECISION

FIRST ITEM ON THE AGENDA

Update on strategic priorities for 2010–11

Overview

Issues covered

This paper provides updated information on work undertaken by the Office with regard to the strategic priorities adopted by the Governing Body for 2010–11 and on corporate social responsibility trends of relevance to the ILO and its constituents, as well as a brief summary of the Conclusions of the Resolution concerning the recurrent discussion on employment which have implications for the work of the Subcommittee.

Policy implications

None.

Financial implications

Paragraph 20(b).

Decision required

Paragraph 20.

References to other Governing Body documents and ILO instruments

Resolution concerning the recurrent discussion on employment, International Labour Conference, 99th Session, 2010.

1. This paper provides updated information on work undertaken by the Office with regard to the strategic priorities adopted by the Governing Body for 2010–11 and includes information on current trends in corporate social responsibility (CSR) of relevance to the ILO and its constituents. The paper also provides a brief summary of the Conclusions of the Resolution concerning the recurrent discussion on employment at the 99th Session of the International Labour Conference (ILC) which have implications for the work of the Subcommittee.

The ILO Helpdesk for business

2. To better meet the basic information needs of business on the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and principles contained in international labour standards, the Office has launched a new online ILO Helpdesk for business on international labour standards. Accessible via the ILO homepage, and resulting from Office-wide collaboration with technical departments, the Helpdesk serves as a portal to a wide range of ILO work related to company operations. Using the MNE Declaration as the framework, the new web pages feature frequently-asked questions (FAQs) and provide easy access to existing ILO resources and tools, guidelines, research and other products of particular interest to business as well as links to relevant information, tools and resources from the International Organisation of Employers and the International Trade Union Confederation. Efforts are currently under way to make the full site available in French and Spanish. The Helpdesk logo is already featured on the ILO homepage in English, French and Spanish and on websites of several constituents' member organizations and labour-related CSR organizations and initiatives.
3. Since its launch in March 2009, the Helpdesk has answered over 300 requests for expert advice, including 95 requests during the period 15 March–15 September 2010, an average consistent with previous reporting periods, i.e. 10–15 questions per month. Enterprises, in particular multinationals, continue to make up the largest category of users, representing 47 per cent of requests received during the reporting period and indicating that the service is indeed primarily used by the target audience – companies. Workers' organizations and individual workers sent 23 per cent of the requests, a substantial increase from 14.6 per cent for the previous reporting period. Among the "Other" category, the majority were initiatives or intergovernmental organizations. The Helpdesk did not receive any questions from employers' organizations during this period.
4. As with previous reporting periods, the largest group of users came from Western Europe, representing 42 per cent of total queries received; however, there was an increase in the number of users from Latin America (12.6 per cent) and East Asia (10.5 per cent). There was a significant drop in the percentage of questions received from the textiles sector, which had dominated in previous reporting periods; and a significant increase in heavy manufacturing and extractives. There were no new sectors for this period. The appendix contains a breakdown of questions received during this period, by topic.
5. The Office will continue to promote the Helpdesk in awareness-raising and capacity-building activities with ILO offices at the regional and country level, and seek opportunities for additional promotional activities with other organizations, including constituent member organizations; relevant governmental, intergovernmental and international organizations; and business and multi-stakeholder initiatives working on labour-related CSR issues.

Collaborating with the International Training Centre in providing training and capacity building

6. The Office continues to support and collaborate with the International Training Centre of the ILO in training on the MNE Declaration and the labour dimension of CSR. In Bulgaria, a joint training and dialogue with tripartite constituents and multinational enterprises was held with the Ministry of Labour and Social Policy on “Promoting socially responsible labour practices: From principles to practice” in May. A new course on “Implementing labour standards through corporate social responsibility: Tools and strategies” was conducted in Turin on 30 August–3 September and brought together a diverse group of participants from the Middle East, Africa, Latin America, Europe and Asia. Building on last year’s successful course targeting the private sector on implementing labour standards in supply chains, a new course, taking into account suggestions from representatives of workers and employers, is being offered in 2011.

Global Business Schools’ Network

7. With a view towards long-term capacity building around responsible and sustainable workplace practices, the Office continued its development of the Global Business Schools’ Network, which brings together academics from leading business schools with a focus on sustainability, CSR and business ethics. A consortium of business schools in the network are collaborating to develop a graduate-level course module on sustainable supply chain management incorporating key principles of the MNE Declaration and the Decent Work Agenda. A second module is being developed on the labour dimension of CSR in a project sponsored by the Italian Government in collaboration with the Turin Centre. Both courses will be suitable for graduate-level degree programmes worldwide and draw on experts at the top of their respective fields. They also aim to make curricula more relevant and widely accessible to learning institutions and students in transition economies. Executive education modules are foreseen to provide access to the courses for constituents.
8. The Office continues to brief graduate and undergraduate students in business, law and public administration on study visits to the ILO explicitly expressing interest in learning about the way the ILO interacts with business on the labour dimension of CSR. These visits offer opportunities to raise awareness with the future generation of managers and policy-makers on the MNE Declaration and other ILO instruments.

Research on the effect given to the MNE Declaration

9. In this reporting period, country-level activities were carried out in Côte d’Ivoire, Liberia and Mauritius and were scheduled for the Russian Federation and Sierra Leone. Current research focuses on informing ILO interventions in such areas as the role of foreign direct investment and multinational enterprises in creating more and better jobs. Through recent experiences in Côte d’Ivoire and Liberia, the Office has found that the use of action-oriented research is an effective entry point for tripartite social dialogue, which also includes multinational enterprises, to address a range of issues of mutual concern and which can provide valuable inputs to the development of Decent Work Country Programmes.

10. In Liberia, a high-level policy dialogue was organized in early September between public and private sector actors on the role of multinational enterprises in youth employment, drawing on the findings of a recent study¹ and with recommendations from business on the “way forward”. As a result, the Liberia Chamber of Commerce, with technical assistance from the ILO, has established a Job Creation Task Force comprised of business leaders from six economic sectors to further explore fostering a partnership approach between the Government and the private sector that supports Liberia’s national development goals, while ensuring that the multinational enterprises also benefit through enhanced longer-term competitiveness.
11. In Côte d’Ivoire, a special session on a forthcoming study on multinational enterprises was organized by the *Confédération Générale des Entreprises de Côte d’Ivoire* (CGE-CI) as part of the Decent Work Country Programming workshop held in mid-September. It was attended by representatives of business, workers, training institutions and ILO specialists (on small and medium-sized enterprises (SMEs), as well as from the Bureaux for Workers’ Activities and for Employers’ Activities). Representatives of multinational enterprises validated the findings and assessments of the study, and the study’s recommendations were endorsed by the participants. To ensure concrete follow-up, CGE-CI established a multi-stakeholder task force comprising representatives of multinational enterprises, training and research institutions, universities and government institutions responsible for youth employment. The principal aims are: (i) to develop partnerships between multinational enterprises and SMEs that operate within their supply chains; and (ii) to explore ways in which multinational enterprises, through partnership with training and academic institutions, could contribute towards developing the skills required in the labour market.

Awareness-raising and promotion of the MNE Declaration through intergovernmental collaboration

12. The Office continues to engage with and support the ILO mandate in its work with the UN Global Compact (UNGC), the Special Representative of the UN Secretary-General on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) and the International Organization for Standardization (ISO).

UN Global Compact

13. The UNGC Leaders’ Summit, Building a New Era of Sustainability, was convened in June 2010 in New York. The agenda focused on scaling up sustainability, corporate commitment to the Millennium Development Goals and the role of the UNGC. The corporate participants adopted the New York Declaration by Business which, inter alia, reaffirms members’ commitment “to improve workplace conditions in accordance with the ILO core labour standards”. A Ministerial Statement was issued on the *Role of Governments in Promoting Corporate Responsibility and Private Sector Engagement in Development*, using the ten UNGC principles and the *Protect, Respect and Remedy Framework* of the Special Representative of the UN Secretary-General on Business and Human Rights. The Office, in its capacity as secretariat for the UNGC Labour Working Group, organized a side event entitled “Putting Labour Principles into Practice at Times of Crisis” which included representatives from manufacturing, telecommunications, and food and beverage sectors. The event included discussion of the challenges and opportunities of

¹ Y. Arai, A. Cissé and M. Sock: *Promoting job creation for young people in multinational enterprises and their supply chains: Liberia* (Geneva, ILO, Employment Report No. 7, 2010).

international framework agreements and the role of business in eliminating child labour, especially in agriculture and supply chains. There were approximately 100 participants, from business, government, civil society, academia, UN and UNGC local networks, with a fair regional balance. Throughout the Summit, ILO materials were made available and the ILO Helpdesk was actively promoted.

Special Representative of the UN Secretary-General on Business and Human Rights

14. At the invitation of the MNE Subcommittee, during an ILC side event Professor John Ruggie, the Special Representative of the UN Secretary-General on Business and Human Rights, shared insights on the *Protect, Respect and Remedy Framework* and implications for the ILO of his work.² The Framework clearly places labour rights at the heart of human rights. The Special Representative welcomed further inputs from the Office and the constituents in the next phase of his work on operationalizing the framework. He further mentioned that the issue of “precarious work” had been raised as an area where he would like to consult further with the ILO, and the Office is exploring appropriate engagement models to provide input. Professor Ruggie, in collaboration with the OECD and the Office of the Commissioner on Human Rights, has scheduled discussions with representatives of employers and workers respectively in October 2010.³

Organisation for Economic Co-operation and Development

15. The OECD is updating the Guidelines for Multinational Enterprises to ensure their continued role as a leading international instrument for the promotion of responsible business conduct. In April 2010, the 42 adhering governments agreed on the Terms of Reference for an Update to the Guidelines, which are to focus on supply chains, human rights and environment and climate change. The 10th OECD Roundtable on Corporate Responsibility on 29–30 June 2010, in which the Office participated in order to promote coherence between the OECD revisions and the MNE Declaration, commenced the discussion on the update. Presentations focused on the three areas identified in the Terms of Reference.
16. In the session on supply chains, the Better Work Programme was cited numerous times as an example of good practice for supply chain management which successfully links private initiatives with government efforts to strengthen national labour laws and labour inspection. For the session on human rights, the Special Representative of the UN Secretary-General on Business and Human Rights provided a background paper briefly

² The text of Professor Ruggie’s presentation is available at www.ilo.org/empent/Whatwedo/Eventsandmeetings/lang--en/WCMS_141027/index.htm.

³ Background papers are being prepared as part of the consultation process, including *State corporate social responsibility policies and Trade agreements, business and human rights: The case of export-processing zones*. These studies cover labour rights and protection of workers’ rights issues and warrant a close collaboration between the Special Representative, the Office of the High Commissioner for Human Rights (Business and Human Rights Department), the ILO and constituents.

summarizing the *Protect, Respect and Remedy Framework* and offering guidance on addressing human rights violations in supply chains.⁴

17. The Office also facilitated a two-hour training session on principles of labour standards as they apply to business as part of a preliminary capacity-building event for the National Contact Points, in which representatives of the Business and Industry Advisory Committee and the Trade Union Advisory Committee participated.

International Organization for Standardization

18. ISO has finally adopted a Standard in the form of a guidance document (Guidance Standard) on social responsibility (ISO 26000). Throughout the process the ILO has provided technical assistance on areas within its competencies, in accordance with the Memorandum of Understanding signed between ILO and ISO. The ILO notes that the content of ISO 26000 does not appear to conflict with international labour standards as currently understood and applied. To prevent inconsistencies in future, the ISO and the ILO agreed that the Guidance Standard developed was to be consistent with and facilitate the observance of international labour standards, was to be applied without discrimination as to type and size of entity, and was to ensure that international labour standards take priority where conflicts or questions arise on ILO issues, including in relation to periodic revision. As part of these commitments, the ILO has the option to use the Guidance Standard for training courses, capacity building and assistance under ILO projects and activities, including through Decent Work Country Programmes, and informing as necessary the work of the secretariats to ILO supervisory and governance bodies and meetings.

The 2010 International Labour Conference Recurrent Discussion on Employment

19. In accordance with the provisions of the Declaration on Social Justice for a Fair Globalization, the ILC held its first recurrent discussion on employment. The following paragraphs provide summaries and extracts from the conclusions adopted by the ILC which are of particular relevance to the work of the Subcommittee:
 - “The primary obligation of companies is to respect national law. In the absence of relevant national law and regulations, companies should be guided by the principles agreed in international labour standards. The MNE Declaration is an important reference document in this regard.”⁵
 - With the aim of improving employability, productivity, living standards and social progress, the Conclusions identify the role of governments in promoting the MNE Declaration.⁶

⁴ The paper presented at the OECD Roundtable is available at www.oecd.org/dataoecd/17/50/45535896.pdf.

⁵ Resolution concerning the recurrent discussion on employment, International Labour Conference, 99th Session, Geneva, 2010, Conclusions, para. 40.

⁶ *ibid.* para. 31(xi).

- “The roles of the social partners include: ... supporting opportunities for on-the-job training, both for employees and for young people amongst employers of all types from multinational enterprises to micro-, small and medium-sized enterprises”; and “promoting productivity and responsible workplace practices and access to relevant training, information and services, particularly for small and medium-sized enterprises”.⁷
- “Priorities for the Office should include: ... promoting the MNE Declaration, including through cooperation with other international organizations and private initiatives aimed at improving living standards and social progress.”⁸
- In order to strengthen trade and investment policies to promote full, decent and productive employment, governments, in consultation with the social partners, are encouraged to take “measures to assess the employment and decent work impact of their trade and investment policies in order to inform policy choices”; strengthen “collaboration among relevant ministries to ensure that sufficient attention is paid to increasing employment opportunities and decent work through trade and investment policies”; and institutionalize “dialogue with the social partners around trade and employment issues and aid for trade, within those inter-ministerial coordination mechanisms”.⁹
- “Priorities for the Office should include: ... scaling up initiatives that have proven effective in helping enterprises and workers benefit from trade opportunities,” including the MNE Helpdesk.¹⁰
- The Conclusions requested the Governing Body to initiate a review of the follow-up mechanism for the MNE Declaration to be taken up by the Subcommittee with a view to developing promotional options.¹¹

20. *The Subcommittee may wish to recommend to the Governing Body, that it:*

- (a) establishes a tripartite ad hoc working group of the Subcommittee, composed of three representatives each from the Workers and Employers groups and up to five Government representatives, to meet once prior to the 310th Session of the Governing Body in March 2011 and once prior to the 312th Session of the Governing Body in November 2011 for the purposes of undertaking a review of the follow-up mechanism of the Tripartite Declaration of Principles on Multinational Enterprises and Social Policy with a view to developing promotional options, including a high-level activity;***

⁷ *ibid.* para. 32(ii) and (iii).

⁸ *ibid.* para. 33(v).

⁹ *ibid.* para. 34(i), (ii) and (iii).

¹⁰ *ibid.* para. 36(vi).

¹¹ *ibid.* para. 52.

- (b) requests the Director-General to modify the Office's work plan to accommodate the costs of the ad-hoc Working Group within existing resources;*
- (c) requests the Director-General to communicate a summary of the working group's views and recommendations on promotional options for the follow-up mechanism to the Governing Body, through the MNE Subcommittee.*

Geneva, 26 October 2010

Point for decision: Paragraph 20

Appendix

Questions received by the ILO Helpdesk for business, by topic

General	International labour standards and productivity	1
	Compliance with national law	5
	Compliance with principles of international labour standards	6
	ILO approach to CSR	5
	Fundamental principles and rights at work	3
	Forced labour	1
	Special categories of workers	5
	Migrant workers	1
Employment	Non-discrimination	6
	Promotion of employment	5
	Termination of employment	3
Skills and training		1
Conditions of work and life	Wages	4
	Hours of work	6
	Paid leave	3
	Child labour	3
	Occupational safety and health	5
	HIV and AIDS	1
	Social security	2
Industrial relations	Freedom of association	6
Other	Helpdesk operations	8
	Requests for collaboration	1