



FOR DEBATE AND GUIDANCE

FIRST ITEM ON THE AGENDA

Strategic priorities for 2010–11

1. As requested by the Officers of the Subcommittee, this paper provides an update on the work undertaken by the Office on the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) concerning the strategic priorities adopted by the Governing Body for 2010–11 and cooperation with other organizations to promote the MNE Declaration.

Overview

2. In November 2009, and in line with the strategic objectives set out in the Strategic Policy Framework 2010–15 and Programme and Budget for 2010–11,¹ the Governing Body decided that work by the Office should focus on:
 - promoting public policies that enhance the positive social and employment effects of the operations of multinational enterprises;
 - promoting sustainable enterprise management practices consistent with the principles of the MNE Declaration to multinational enterprises and their supply chains; and
 - strengthening the labour dimensions of corporate social responsibility (CSR) initiatives.²
3. The key means of action would be:
 - guidance and expert technical assistance on the MNE Declaration and international labour standards, provided mainly through the Help Desk;
 - collaboration with the International Training Centre of the ILO (Turin Centre) in providing training and capacity building;
 - research on the effect given to the MNE Declaration, including through periodic global desk reviews and concrete exercises at country and sector levels, leading to a flagship report; and
 - promotion of the MNE Declaration, including through collaboration with intergovernmental organizations.

¹ See ILO: Programme and Budget for the biennium 2010–11, Indicator 3.4.

² GB.306/MNE/1, paras 24–27, and GB.306/11, paras 3–18.

Providing guidance and expert technical assistance

4. The Office continued to promote sustainable enterprise management practices consistent with the principles of the MNE Declaration to multinational enterprises and their supply chains, primarily through the Help Desk for company managers and workers. In answering queries, the Help Desk continues to work with the expert team, composed of representatives of the International Labour Standards Department, the Programme on Promoting the [1998] Declaration, the Office of the Executive Director of the Standards and Fundamental Principles and Rights at Work Sector, the Job Creation and Enterprise Development Department, the Conditions of Work and Employment Programme, the Industrial and Employment Relations Department, the Bureau for Employers' Activities and the Bureau for Workers' Activities, as well as ad hoc members for particular issues. A detailed report for the period October 2009–March 2010, including a breakdown of users, regions and economic sectors, will be provided during the Subcommittee sitting.
5. In January 2010 the Help Desk began developing a knowledge management system which, in its initial application, will provide a web interface for users to access frequently asked questions, allowing the Help Desk manager to concentrate on addressing new and complex topics arising in queries. On the basis of the discussion of the Subcommittee at its last sitting, there will be a permanent link on the home page of the ILO web site to facilitate access to the Help Desk. There will also be links on other pages of the web site, to ensure that from any page visitors can obtain information about the Help Desk.
6. A priority for the Help Desk in 2010 will be to focus on ways to expand outreach to countries where there are currently few or no users, as discussed during the November 2009 sitting of the Subcommittee. Increased capacity provided by implementation of more effective web-based tools will enable the Help Desk to increase its global awareness raising.

Collaboration with the Turin Centre

7. In 2010 the Turin Centre will offer several courses promoting the principles of the MNE Declaration. Following consultations with the social partners and taking into account feedback from earlier courses, the Centre will again organize a course for private sector participants on implementing labour standards in supply chains. In addition, the Centre will promote its standard course for tripartite constituents, providing clarity on the application of standards and voluntary instruments.

Research on the effect given to the MNE Declaration

8. In November 2009, the Governing Body requested that within the next two years the Office undertake an exercise to evaluate the effect given to the MNE Declaration, consisting of a global desk review covering the period 2007–10 and concrete exercises at the country and sector levels.
9. In line with the Strategic Policy Framework 2010–15 and the Programme and Budget for 2010–11, the exercises will focus on the implementation of policies “aimed at attracting foreign direct investment, with special attention being given to topic areas of the MNE

Declaration".³ Such interventions would help build the technical capacity of constituents in such areas as the role of foreign direct investment and multinational enterprises in creating more and better jobs. The Office is currently in discussion with countries that have indicated interest in carrying out such studies; these are: Azerbaijan, Kenya, Mozambique, Russian Federation, Sierra Leone and Tunisia. The Multinational Enterprises Programme is also seeking to identify synergies with other departments on research and field-based projects in order to broaden the reach and effectiveness of its work and research outcomes. Collaborative research on youth employment in multinational enterprises has yielded valuable policy insights for further exploration (see next section).

10. Next steps for a sector-level study in the oil and gas sector were discussed at the conference of the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) on company restructuring in the mining and energy sectors in Central and Eastern Europe, held in Kiev, Ukraine on 21–22 January 2010. In particular, ICEM expressed its continued interest in such a sector study to be concluded in preparation for its global conference to take place in Norway in September 2010. Research scoping and planning discussions are ongoing with a view to provide a further update during the Subcommittee sitting.

Promotion of the MNE Declaration

11. The ILO has a strategic ongoing relationship involving the promotion of the MNE Declaration with three leading organizations: the Organisation for Economic Co-operation and Development (OECD), the International Organization for Standardization (ISO) and the United Nations (UN) Global Compact. In 2009, the Office also entered into an agreement to carry out joint research with the United Nations Industrial Development Organization (UNIDO).

OECD

12. In response to a formal request received by the Chairperson of the Subcommittee from the OECD Investment Committee, the ILO is providing technical assistance in the update of the *OECD Guidelines for Multinational Enterprises*. The *Guidelines* were last updated in 2000 and the proposal for a new revision was raised at the annual meeting of OECD national contact points in June 2009. Following the meeting, the OECD held preliminary consultations in October 2009 with its Business and Industry Advisory Committee (BIAC) and Trade Union Advisory Committee (TUAC), OECD Watch, and the UN Secretary General's Special Representative on business and human rights and identified a list of issues to be addressed. The list was distributed to a wider range of stakeholders (including the Subcommittee), who participated in a consultation meeting in December 2009.⁴

³ ILO: Programme and Budget for the biennium 2010–11, Indicator 3.4, second measurement criterion.

⁴ Preliminary issues included: (1) technical updates to ensure instruments cited in the *Guidelines* or the commentaries are accurate and up to date; (2) supply chains, and the need for clearer guidance; (3) "due diligence" and its application to supply chains and in other instruments where the concept arises; (4) human rights, and guidance where instruments are not ratified or there is weak governance; (5) disclosure, an area where standards have evolved (including the *G3 Guidelines* introduced by the Global Reporting Initiative); (6) anti-corruption, referring in particular to guidance around the areas of small facilitation payments; (7) environment, and issues around climate change and green growth issues; (8) consumer interests, including new recommendations around financial markets; and (9) taxation, and issues of alignment around other initiatives, including the Extractive Industries Transparency Initiative.

13. A series of regional consultations started in November 2009 with a meeting with the Association of Southeast Asian Nations in Bangkok. A meeting with the Asia–Pacific Economic Cooperation countries is foreseen for May 2010 in Japan, and with Latin American countries in the autumn of 2010.
14. The ILO is currently preparing a detailed response to provide technical inputs arising from a number of international labour standards adopted since 2000, as well as the ILO Declaration on Social Justice for a Fair Globalization, which may require revising certain provisions of the *Guidelines*, particularly Chapter II on General policies and Chapter IV on Employment and industrial relations. A follow-up consultation is foreseen at the annual meeting of the Investment Committee (28 June–2 July 2010).

ISO

15. The ILO continues to engage in the ISO process concerning the development of a guidance document on social responsibility (ISO 26000). The working group secretariat has sent the draft international standard to the national level standards bodies for discussion by their multi-stakeholder mirror committees. If three-quarters of the standards bodies casting a vote approve the text, it will become an ISO standard. The Office is currently discussing with senior ISO officials how the terms of the Memorandum of Understanding between the ILO and the ISO will be respected in the final stages of the process leading to a standard, as well as the framework for continued ILO engagement in the subsequent promotion of the standard and any future revisions. The Office continues to work closely with the social partners concerning both the substantive and strategic aspects of engagement with the ISO. It will provide a detailed update on the current state of the process and the outcome of the negotiations with ISO officials during the Subcommittee sitting.

UN Global Compact

16. As the role of public–private partnerships becomes more prominent and the need for promoting socially responsible labour practices increases, especially during the current crisis, the ILO works with the UN Global Compact to support businesses that are interested in strengthening their capacity to give effect to the labour principles. To further facilitate partnerships with business, the UN Global Compact recently took the lead role in developing a common central platform to match business resources with needs from UN organizations.⁵ The Office is currently putting in place a common response for appropriate linkages with the site.
17. At the regional and national levels, the ILO partners with UN Global Compact local networks in reaching out to businesses. For example, the Office participated in the regional meeting for UN Global Compact Local Networks in Latin America and the Caribbean (Santiago, November 2009). The Director of the Regional Office for Latin America and the Caribbean presented the synergies between the UN Global Compact and the ILO, and encouraged UN Global Compact participants to apply responsible and sustainable enterprise-level practices. Country-level collaboration advanced in countries such as Argentina, Japan and Syrian Arab Republic. At the international level, the labour working group participated in the meeting of the human rights working group (Geneva, October 2009) to discuss further areas of collaboration. The Office continues to provide technical feedback to a number of labour-related activities of the UN Global Compact, including initiatives supported by the human rights working group.

⁵ www.business.un.org/.

18. Preparations for the next UN Global Compact Leaders Summit, to be held in New York in June 2010, are under way in close consultation with constituents and in coordination with UN Global Compact Office and other UN agencies.

UNIDO

19. Collaboration with UNIDO continues through action-oriented research on youth employment in the Mano River Union countries. Exercises led by the ILO in Côte d'Ivoire, Liberia and Sierra Leone were completed in 2009. The reports focus on providing first-hand information about the types of jobs that are found within the multinational enterprises that operate in the leading economic sectors, the prospects for more and better jobs to be created through expansion and diversification, and the identification of future skills needs and requirements in the short and medium term.⁶ Furthermore, the role that multinational enterprises could play in youth employment, especially the potential for fostering partnerships with the public sector in skills development, was identified through dialogue and interaction. The reports will serve as evidence-based inputs into high-level policy dialogues and country programming exercises in the region. An online survey administered by UNIDO and targeting all multinational enterprises operating in the Mano River Union countries should be completed during the first quarter of 2010. A final joint UNIDO–ILO report is expected to be submitted to the Mano River Union Secretariat in mid-2010.

Upcoming

20. As requested by the Subcommittee, the Office has extended an invitation to Professor John Ruggie, the UN Secretary General's Special Representative on business and human rights to speak at a side event during the International Labour Conference on 3 June 2010. His mandate includes identifying and clarifying standards of corporate responsibility and accountability with regard to human rights. He will be presenting his penultimate report to the Human Rights Council in early June 2010.

Geneva, 11 February 2010.

Submitted for debate and guidance.

⁶ Reports can be made available upon request in the original languages.