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Progress report on the implementation of the Enterprises Initiative

Purpose of the document

This paper presents a progress report on the implementation of the Enterprises Initiative and the strategy for wider ILO engagement with the private sector, and makes recommendations for improvement. The Governing Body is invited to request the Director-General to continue to implement the recommendations for improving ILO engagement with the private sector (see draft decision in paragraph 43).

Relevant strategic objective: Cross-cutting.

Main relevant outcome/cross-cutting policy driver: Outcome 4: Promoting sustainable enterprises.

Policy implications: Advancing the strategic objectives of the ILO by engaging with the private sector.

Legal implications: None.

Financial implications: None.

Follow-up action required: Depending on the decision of the Governing Body.

Author unit: Enterprises Department and Bureau for Employers' Activities.

Related documents: GB.319/INS/5(Rev.); GB.320/INS/5/1; GB.320/INS/5/2; GB.320/POL/10; GB.321/INS/6; and GB.326/INS/3.

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Background

1. The Enterprises Initiative was launched in 2013 as one of the seven Centenary Initiatives.¹ Through a process of direct and constructive engagement, the Enterprises Initiative aims to capitalize on the experience of enterprises by identifying areas where the ILO can work with them to achieve the goals of the Organization.
2. The ILO engages with enterprises across all of its strategic objectives, in all regions of the world, and works with enterprises of all sizes, from small and medium enterprises to the largest multinationals in order to facilitate two-way learning. Through the Initiative, the ILO improves its understanding of enterprise realities in addressing decent work challenges, while enterprises gain a fuller knowledge of the relevant instruments and are able to leverage the expertise and reach of the ILO.
3. At its 321st Session (June 2014), the Governing Body endorsed a strategy for wider ILO engagement with the private sector,² which established a methodology and internal procedure for ILO engagement with the private sector to ensure a clear delineation of roles and responsibilities within the Office.
4. And at its 326th Session (March 2016), the Governing Body reviewed a progress report on the implementation of the Enterprises Initiative and requested the Office to implement the recommendations for improving ILO engagement with the private sector.³

Overview of ILO engagement with the private sector

A. Enterprise and supply chain policies and practices

Global business networks

5. While the Office regularly engages with multinational enterprises on their social policies through a variety of means, a number of global business networks on specific issues have been established. This section covers the progress of these networks since March 2016.
6. In 2016, the **Child Labour Platform (CLP)** developed its first country-level initiative on child labour, organizing two consultations with business in Myanmar in order to design a strategy for cross-sectoral business collaboration to tackle child labour in urban areas in Yangon. The CLP also hosted a global webinar on the 2016 International Labour Conference discussion on supply chains and launched a research initiative on child labour in the sugar supply chain. In October, the CLP held its seventh meeting in Geneva, with the participation of some 20 companies. This included several prospective members, two of whom have since

¹ For more information on the Centenary Initiatives, see: <http://www.ilo.org/global/about-the-ilo/history/centenary/lang--en/index.htm>.

² GB.321/PV, para. 75 and GB.321/INS/6.

³ GB.326/INS/3.

joined, bringing the total membership to 11 companies, and two industry-funded foundations.

7. The **ILO Global Business and Disability Network** has continued to grow and has expanded to include 21 global companies and more than 25 employers' organizations and five disability and development organizations. It also includes more than 20 national business and disability networks in both developed and developing countries, including most recently Indonesia and Bangladesh. In 2016, six additional companies signed the *ILO Global Business and Disability Network Charter* at two global events organized in Paris and Geneva. The network is also collaborating with the UN Global Compact to produce a guide for business on the rights of persons with disabilities.
8. The **Global Apprenticeships Network (GAN)**, which includes the ILO as partner institution, is comprised of 13 member companies at the CEO level and has now launched six national networks, with another four national networks under development. The GAN organized a high-level International Apprenticeship Meeting at the White House in October 2016 and also hosted a CEO-level discussion at the January 2017 World Economic Forum in Davos.
9. The **Global Business Network for Social Protection Floors** now has a total of 25 enterprises following or contributing to its activities. The second annual meeting was held at the ILO headquarters in Geneva in October 2016 with 21 representatives of 16 multinational enterprises and a representative from the Pakistan Business Network. The Network is expected to become the main platform for private sector engagement for SDG target 1.3 on social protection. A second national network is under development.
10. Following the positive response to the proposal to establish an **ILO business network on forced labour and human trafficking** at the 326th Session of the Governing Body (March 2016), the Office has undertaken internal consultations regarding the creation of the network, which will work with companies and employers' organizations to share information about how companies are addressing forced labour and human trafficking in their policies and practices. Consultations with constituents are planned in 2017 to determine the priority issues and activities for the network.

ILO engagement with small and medium-sized enterprises (SMEs) and cooperatives

11. In the area of **entrepreneurs and SMEs**, Start and Improve Your Business (SIYB) has reached roughly 15 million participants over the last ten years and contributed to the creation of an estimated 9 million new jobs. The ILO training package on Sustaining Competitive and Responsible Enterprises (SCORE) has assisted over 1,000 medium-sized enterprises employing 243,925 workers in improving productivity and working conditions. Large enterprises have shown interest in using both SIYB and SCORE as training programmes for SME suppliers or retailers.
12. The **ILO Social Finance Programme** continues to work with more than 70 banks, microfinance institutions and insurance companies to help them develop innovative financial services that contribute to decent work, including promoting the formalization of informal businesses, reducing child labour and improving occupational safety and health (OSH).
13. In the area of **cooperative enterprises**, the ILO launched a three-year project in January 2017 to organize study tours for selected African cooperative leaders to visit Japan and learn through exchange with the country's cooperative experience. This project builds on an ILO partnership with Japanese consumer cooperatives, and will also include research and knowledge management on cooperative enterprises.

Partnerships and other ILO programmes

14. Since 2008, 159 public–private partnerships with enterprises (55 per cent of the total) have been developed with around 128 companies, totalling US\$46.5 million. Public–private partnerships with companies have been developed to address systemic issues in different sectors, both through agreements with individual actors in the private sector and through alliances and pooled initiatives. Moreover, companies and government agencies for international development cooperation are increasingly approaching partnership-building jointly. Further efficiencies in the Office’s internal public–private partnerships procedures are being explored.
15. The **Better Work programme** continues to work with more than 100 brands and over 1,400 supplier factories employing more than 1.8 million people, 80 per cent of whom are women. The programme is operating in seven countries (Bangladesh, Cambodia, Haiti, Indonesia, Jordan, Nicaragua and Viet Nam), and conducting feasibility studies in Ethiopia and Myanmar. The results of a five-year independent impact assessment of *Better Work* published in 2016 show significant declines in forced labour, harassment and excessive overtime as well as improved weekly pay⁴ and a 22 per cent increase in productivity of its factories.
16. In the area of **OSH**, the Office has launched the Safe and Healthy Youth project and has begun project implementation in the pilot countries of Myanmar, Philippines and Viet Nam. In addition, the Vision Zero Fund, established by the G7 in cooperation with the ILO with the aim of preventing and reducing workplace-related deaths and serious injuries, became operational in June 2016. The Fund’s Steering Committee has authorized pilot project interventions in Myanmar and Ethiopia with an initial focus on enterprises in the garment and agro-food sectors. The interventions will involve the active participation of both international buyers and local suppliers.
17. The Flagship Programme Occupational Safety and Health–Global Action for Prevention (OSH–GAP), through a joint project with the European Union, is investigating the drivers for safety and health improvements in global supply chains of food and agriculture commodities. The results of the research will be disseminated and used to formulate intervention models to improve OSH in supply chains. A number of companies at all levels of the selected supply chains are engaged in the research and will be sharing good supply chain policies and practices at a high-level meeting in 2017.
18. The ILO has continued to participate in meetings of the **Mega-Sporting Events Platform for Human Rights**, a multi-stakeholder coalition of international and inter-governmental organizations, governments, sport governing bodies, athletes, trade unions, sponsors, broadcasters and civil society groups that was established in 2015. A second conference of the platform took place in Washington, DC, United States, on 13 and 14 October 2016.

Field operations

19. Most **ILO field operations** engage directly with enterprises in some capacity, although the extent of such engagement varies considerably between regions and countries. The section below provides an overview of the general levels of engagement, the different forms it has taken, and to what extent the engagement has helped the Office to achieve its objectives.

⁴ For a full copy of the report, see: <http://betterwork.org/blog/portfolio/impact-assessment/>.

Africa

- 20.** In **Eastern and Southern Africa**, all ILO country offices engage regularly with enterprises, particularly through enterprise-related development cooperation projects (Zambia). Engagement is increasing in most countries due to high interest in the areas of developing value chain linkages with SMEs (Kenya and Mozambique), OSH and social protection, apprenticeships, social dialogue (Islands of the Indian Ocean) and work-based skills development. Other activities have covered productivity and employment, women's entrepreneurship and youth employment (Malawi and Uganda).
- 21.** The engagement has taken a variety of forms, but primarily requests for various types of technical assistance, project implementation, training of SMEs and ILO workshops, joint activities and formal partnerships. Work with enterprises has facilitated the achievements of country objectives as set out in the Decent Work Country Programmes. Engagement with larger enterprises increases the range of ILO partners as well as in-kind contributions towards delivery of country priority outcomes while engagement with smaller enterprises helps the Office to better understand the environment for SMEs and the informal sector and the challenges they face. Furthermore, the lessons learned from engagement with enterprises have also been used by the Office in policy advice that has resulted in changes that benefit all SMEs and not just those involved in the projects, notably in South Africa and the United Republic of Tanzania.
- 22.** In **North Africa**, the level of engagement with enterprises has been increasing substantially in the last few years. The growing recognition of the role of enterprises as an engine for job creation (especially for youth and women) increased opportunities for the ILO to play an active role in promoting an enabling environment for sustainable enterprises (ESEE). The engagement is based on requests from national constituents to provide guidance, information, policy advice and technical support through the implementation of specific programmes/initiatives and interventions. Engaging with enterprises has helped the Office achieve its objectives by building the image as a provider of quality services; creating successful partnerships with social partners, integrating decent work in national strategic objectives and contributing to SDG 8.
- 23.** In **West Africa**, the level of engagement with enterprises is low, partly due to the completion of development cooperation projects on HIV and AIDS and child labour. Recent engagement has focused on initiatives to promote job creation for young people through partnerships with local SMEs and implementing a business incubator on the green economy with national companies and regional multinationals. A project with enterprises as part of the HIV and AIDS Workplace Programme is currently being developed. The main forms of engagement in the region are through requests for information, participation in ILO activities and meetings, including presentations on the **Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)**.
- 24.** In **Central Africa**, the level of direct engagement with enterprises is also low, and to date most engagement has been indirect via efforts to strengthen the technical and institutional capacity of employers' organizations. However, there is potential for future engagement in the context of ILO support in countries such as the Central African Republic and the Democratic Republic of the Congo.

Latin America and the Caribbean

- 25.** In the **Andean Countries**, the ILO's relationship with enterprises has increased substantially in the last two years but the level of engagement in the region could still be higher. Engagement has been through implementation of ILO programmes such as SCORE and SIYB, seminars and training courses, information requests and surveys, including a survey

of more than 1,400 SMEs in the region. Additional activities with enterprises included support for national networks on disability and child labour, as well events to promote the MNE Declaration involving multinational and national companies. This engagement with enterprises helped the ILO to develop better services and technical assistance for constituents in the region and to respond more directly to their needs.

26. In **Central America**, the level of engagement with enterprises varies across the region and in relation to the various project activities. Engagement has been through development cooperation projects on gender and anti-discrimination, including training of over 650 human resources (HR) managers on gender equality, and cooperation with the export processing zones association to prevent and combat violence against women. Engagement with enterprises in the region has enabled the ILO to develop innovative solutions to some sensitive issues (non-discrimination), pilot test new approaches and develop new tools (green jobs), register more workers in the social security system (SCORE) and improve the sustainability of the project (HIV and AIDS).
27. In the **Caribbean**, the level of engagement with enterprises has focused on ILO tools such as EESE (in Barbados, Suriname and now Guyana), SIYB, SCORE and other productivity programmes, capacity building in areas such as entrepreneurship, OSH, productivity, enterprise skills and social dialogue, sharing of good practices across the region. The engagement has helped the Office achieve its outcomes and has improved the visibility and relevance of the ILO. It has also allowed the ILO to share research, tools and best practices throughout the region on what works or does not work in specific areas.
28. In **Latin America**, the ILO has continued to work closely with the Global Compact national networks in the region, which enables the Office to engage with the enterprises that participate in the networks on issues such as child labour and forced labour, as well issues related to the Indigenous and Tribal Peoples Convention, 1989 (No. 169), particularly for enterprises in the mining, forestry and energy sectors.

Arab States

29. In the **Arab States**, engagement with enterprises is sometimes challenging, although targeting enterprises in certain key sectors has shown some potential. The Office is implementing a pilot of the Work Improvements in Small Enterprises (WISE) programme, which aims to improve the productivity and competitiveness of selected SMEs by improving their working conditions and business management practices, with the ultimate goal to increase job retention for the national workforce and potentially create jobs. The Office has also conducted research on additional sectors that show potential for further collaboration, including promoting employment and skills development in the tourism and hotel sectors, and working with the banking sector to promote awareness among their employees for decent work for domestic workers.

Asia and the Pacific

30. In **East and South-East Asia and the Pacific**, engagement with enterprises is generally high but varies across the region and in relation to specific projects and activities. Examples include a number of projects on improving industrial relations and working conditions in the garment industry, work in the fishing and seafood sector that engages both multinational and national enterprises, and the rattan supply chain, which includes informal workers and homeworkers. The SCORE programme has numerous activities in the region and future engagement with enterprises are planned in areas such as national networks on disability and social protection, the promotion of safety and health management for health-care workers, cotton supply chain mapping and work in fragile zones. Engagement with enterprises has allowed the ILO to gather on-the-ground, evidence-based information in order to develop

and pilot innovative approaches in these areas, which can then be disseminated more broadly to other enterprises. A key focus of the work is to ensure that ILO engagement does not unduly benefit enterprises in any one country, and that the resulting approaches and practices are disseminated widely and replicated elsewhere.

- 31.** In **South Asia**, engagement with enterprises is generally increasing. The Office has engaged directly with companies in the sports goods manufacturing sector, the textile and garment sector involving both national and multinational companies, and the agro-food sector including tea, ginger, dairy and cardamom. The Office also concluded a number of partnerships, including one with HR professionals to support the development of HR services for enterprises and training on issues such as good industrial relations practices, absenteeism and employment opportunities for people with disabilities. Companies are using ILO tools such as SIYB as part of their supply chain enhancement or corporate social responsibility initiatives to help micro and small businesses, and SCORE and others have great potential for additional engagement. The main challenge in the region is the ability to engage with SMEs and regional enterprises. The Office is working with the constituents to improve outreach to these enterprises. The engagement has supported the ILO's involvement in policy-level discussions, including labour law reform processes, and has enhanced dissemination and use of ILO tools and approaches.

Europe and Central Asia

- 32.** In **Central and Eastern Europe**, the level of ILO engagement with enterprises and sectoral organizations has been stable. Contacts with individual enterprises are mainly through development cooperation projects in areas such as business-to-business networks for promoting inclusive labour markets, a project on Local Responses to the Youth Employment Challenges, and a Green Jobs project that works closely with two value chains to improve their performance. There is also considerable interest in working with the ILO to promote private sector engagement on the SDGs. The main form of engagement is through requests (surveys, focus groups) from individual enterprises, as well as some formal partnerships. Sectoral skills councils and occupational standards have required intensive work with enterprise sectors.
- 33.** In **Eastern Europe and Central Asia**, engagement with enterprises is relatively low with the notable exception of a major formal partnership on youth employment, which has addressed modernization of occupational standards, corporate practices for youth employment, entrepreneurship and apprenticeships, and strengthening public employment services. The ILO has also engaged with a number of enterprises on HIV and AIDS prevention, including a campaign on Voluntary Confidential HIV Counselling and Testing at the Workplace. A number of companies piloted the initiative and additional national and multinational companies participated in a joint training workshop on Strengthening HIV and AIDS Workplace Response.

B. International initiatives on enterprise behaviour

- 34.** To promote the uptake of the principles of the **MNE Declaration**, the ILO facilitates dialogues with tripartite constituents and multinational enterprises, and at times their suppliers, on decent work priorities in a range of countries and sectors. Examples now include the electronics sector in Viet Nam, hotels in the Caribbean and sportswear in Pakistan. At its 326th Session (March 2016), the Governing Body established a tripartite ad hoc working group to review the MNE Declaration, including its Annex, Addenda and interpretation procedure taking into account developments within and outside of the ILO

since the last update in 2006.⁵ The **ILO Helpdesk for Business** on International Labour Standards remains a valuable tool for companies seeking to align their corporate policies and practices with international labour standards. In addition to the structured networks mentioned in section A, the Office is regularly invited to participate in stakeholder consultations of multinational enterprises on their social policies.

35. ILO collaboration with other **international organizations** on enterprise behaviour in the past year has focused on the Office of the United Nations High Commissioner for Human Rights Forum on Business and Human Rights, their thematic reports to the Human Rights Council and General Assembly and their country visits; the Organisation for Economic Co-operation and Development's (OECD) due diligence guidance in the garment and footwear sector and the OECD Global Forum on Responsible Business Conduct and the UN Global Compact platform on Decent Work in Global Supply Chains.

C. Building knowledge and outreach

36. Most of the ILO engagements with enterprises integrate elements of the building knowledge and outreach component, particularly conducting research, exploring partnership and engagement models and convening round tables or workshops. In the area of research, the Bureau for Employers' Activities (ACT/EMP) conducted a regional research project on "ASEAN in transformation: How technology is changing jobs and enterprises"⁶ in 2016 to inform and facilitate dialogue around the ILO's Future of Work Initiative. The research addresses a significant knowledge gap on how disruptive technologies are reshaping the landscape of labour-intensive and growth sectors across ASEAN, how these technologies are influencing the hiring practices and operations of enterprises and how forward-looking development strategies need to be at the centre of policy debates. Following the launch of the research, a series of national briefs have been developed and deeper analysis of the emerging technologies in the apparel sector is ongoing.
37. ACT/EMP is continuing its research programme on **Promoting Women in Business and Management**, including surveys of employers' organizations and national companies in about 40 countries. The results of the research are being developed into a good practices guide for companies on gender diversity, as well as a Handbook for Employers' Organizations on Promoting Women in Business and Management. Work in 2017 will include a conference and regional report on women in business and management in the Americas and the launch of national studies on women in business and management in five pilot countries across regions.

Follow-up on the recommendations for improving ILO engagement with the private sector

38. At its 326th Session (March 2016), the Governing Body requested the Office to implement a number of recommendations for improving ILO engagement with the private sector. This second progress report indicates that, while progress is being made, improving ILO engagement with the private sector remains an ongoing process. The overall objective of the

⁵ This item is scheduled for discussion under the Multinational Enterprises Segment (see GB.329/POL/7).

⁶ The full report and sector studies are available at: <http://www.ilo.org/public/english/dialogue/actemp/whatwedo/aseanpubs/report2016.htm>.

Enterprises Initiative – to advance established ILO objectives through engagement with enterprises – is progressing within the Office and is beginning to show clear results.

- 39. Integrating private sector engagement throughout the Office:** the Enterprises Initiative continues to be integrated in policy departments and field operations, although the pace and scope of activities varies across regions and issue areas. The Office is now developing a growing body of evidence and examples of how engagement with enterprises has helped the ILO advance its objectives, which can be used to further integrate the approach throughout the Office.
- 40. Knowledge sharing within the Office:** a key challenge faced in all regions is the need to ensure that lessons, tools and practices developed through engagement are shared and disseminated broadly and replicated in other countries, where possible, so that the results and/or benefits are not limited to only those enterprises that participate in the activity, and utilizing existing knowledge-sharing mechanisms and processes will be vital in that respect.
- 41.** Additionally, an **ILO Register of Enterprises** platform has been developed that will allow every policy department and field office to share information on the enterprises with which it is engaging. The Register is fully integrated into the new ILO intranet platform and will be accessible by all ILO staff globally. Each department and office will enter information on its engagement with enterprises that will generate a searchable database of enterprises, types of activity, issue areas covered, home and/or target countries, and the relevant ILO office and contact.
- 42. Improving external communication with enterprises:** given the wide variety of activities across the Office, communications with enterprises are tailored to the specific context and circumstances of the engagement. However, the Office could usefully develop more general communications on the different ways that it works with enterprises to advance its objectives. Additionally, working in cooperation with the social partners – particularly at national level there can be a better outreach to the private sector to raise awareness about opportunities for engaging with the ILO.

Draft decision

43. *The Governing Body requests the Director-General to:*

- (a) continue to implement the recommendations for improving ILO engagement with the private sector, taking into account the guidance provided by the Governing Body; and*
- (b) submit a report on the Enterprises Initiative at its 335th Session (March 2019).*