



**Sixth item on the agenda:  
The promotion of sustainable  
enterprises (general discussion)**

**Report of the Committee on  
Sustainable Enterprises**

1. The Committee on Sustainable Enterprises met for its first sitting on 30 May 2007. Initially, it consisted of 185 members (79 Government members, 51 Employer members and 55 Worker members). The composition of the Committee was modified six times during the session, and the number of votes attributed to each member was adjusted accordingly.<sup>1</sup>

2. The Committee elected its Officers as follows:

*Chairperson:* Mr Andrew Annakin (Government member, New Zealand)

*Vice-Chairpersons:* Ms Antje Gerstein (Employer member, Germany) and  
Ms Cecilia Brighi (Worker member, Italy)

*Reporter:* Ms Bettina Ungerer (Government member, Netherlands)

<sup>1</sup> The modifications were as follows:

(a) 31 May: 192 members (95 Government members with 444 votes each, 60 Employer members with 703 votes each and 37 Worker members with 1,140 votes each);

(b) 1 June: 202 members (100 Government members with 481 votes each, 65 Employer members with 740 votes each and 37 Worker members with 1,300 votes each);

(c) 2 June: 169 members (103 Government members with 1,085 votes each, 35 Employer members with 3,193 votes each and 31 Worker members with 3,605 votes each);

(d) 7 June: 135 members (107 Government members with 66 votes each, 6 Employer members with 1,177 votes each and 22 Worker members with 321 votes each);

(e) 8 June p.m.: 136 members (108 Government members with 11 votes each, 6 Employer members with 198 votes each and 22 Worker members with 54 votes each).

(f) 11 June: 129 members (108 Government members with 5 votes each, 6 Employer members with 90 votes each and 15 Worker members with 36 votes each).

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3. At its fifth and sixth sittings, the Committee appointed a Drafting Group, composed as follows: a Government member from Brazil, Jamaica, New Zealand, Nigeria, United Kingdom, with one additional Government member acting as observer (United States); Ms A. Gerstein (Employer member, Germany); Mr P. O'Reilly (Employer member, New Zealand); Mr T. Parkhouse (Employer member, Namibia); Mr R. Muga (Employer substitute member, Chile); Ms A. Walker (Employer substitute member, United States); Ms C. Brighi (Worker member, Italy); Mr H. Fonck (Worker member, Belgium); Mr D. George (Worker member, South Africa); Ms D. Greenfield (Worker member, United States); Ms L. Harre (Worker member, New Zealand); and ex officio Ms B. Ungerer (Government member, Netherlands) and Mr A. Annakin (Government member, New Zealand) in the chair.
  4. The Committee had before it Report VI, entitled *The promotion of sustainable enterprises*, prepared by the Office under item VI of the agenda of the International Labour Conference: "The promotion of sustainable enterprises – *General discussion*".
  5. The Committee held 14 sittings.

## Introduction

6. Taking up his position, the Chairperson thanked the Government member of China for nominating him to the role and the Government member of Mexico for seconding the nomination. Mr Annakin noted that this appointment was an honour for himself and for New Zealand. He then greeted the Committee and welcomed everyone to the proceedings in the indigenous language of New Zealand (*Te reo Maori o Aotearoa*).
7. The Chairperson recalled the Committee's mandate. Given the nature of a general discussion at the International Labour Conference, the Committee should engage in a free and open exchange of ideas with a view to adopting a substantive set of conclusions in the Conference plenary following its deliberations. The eight points enumerated at the end of Report VI were to be used as a guide for focusing the debate. He noted that clustering of points 3 and 5, as well as points 6 and 7, might help to advance the discussions. He outlined the stages of the Committee's work, which would start with the general interventions on the topic, followed by details concerning a set of conclusions by a drafting group, which would then be discussed by the Committee with or without amendments. The objectives of the Committee's work were: to develop a shared understanding of the topic; to bring to light the concerns of Committee members; to establish principles to guide future efforts and to forge consensus.
8. The representative of the Secretary-General, Mr Michael Henriques, Director of the Job Creation and Enterprises Department, welcomed all Government, Employer and Worker members, and representatives of non-governmental and intergovernmental organizations to this discussion on the promotion of sustainable enterprises that had been chosen by the Governing Body in November 2005 for inclusion in this Conference agenda. Report VI had to be read in the context of the conclusions of the report of the Commission on Private Sector and Development that had been submitted to the Secretary-General of the United Nations in 2004 and which emphasized that enterprises had the capacity to generate sustainable wealth and employment. Likewise, the Ministerial Declaration of the ECOSOC High-level Segment had acknowledged that "an environment that supports investment, growth and entrepreneurship is essential to the creation of job opportunities" and had reaffirmed the centrality of decent work to sustainable development. It was also useful to recall that previous sessions of the International Labour Conference had discussed related topics: like the discussions in 1997 and 1998 that had resulted in the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189); the discussions in 2001

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and 2002, which had resulted in the Promotion of Cooperatives Recommendation, 2002 (No. 193) and the 2002 general discussion on the informal economy that had addressed policies for upgrading informal economy units to become part of the mainstream economy and thereby to make a more useful contribution to socio-economic development. He reminded delegates of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) that had guided the work of the International Labour Office for 30 years and had recently been updated. He considered that, in placing this item on the Conference agenda, the Governing Body acknowledged that decent work could only be created and perpetuated for employers, workers and society more generally if enterprises operated on a sustainable economic, social and environmental basis. The concepts of sustainable enterprises and sustainable development were linked; they required a holistic, balanced perspective between the economic, social and environmental pillars of sustainable development. Rapid developments in production technology, information and communication technology, transport systems and reduced trade barriers in many areas had resulted in an increasingly globalized production and distribution system. This meant that most domestic enterprises, even small ones, were becoming part of the value chain that often crossed national borders. While such trends opened new opportunities, they also led to increasing competition and unremitting pressures. Countries that had succeeded in creating an enabling environment, with strong institutions and effective governance structures, had generally seen more successful development outcomes. The Committee had to examine what constituted a conducive environment for the formation and growth of enterprises to be economically and socially sustainable, what were the key elements for this and the roles to be played by governments and employers' and workers' organizations. The outcome of the discussion would provide guidance for the Office's work on the promotion of sustainable enterprises. This could be with regard to business and regulatory development, possible programmes on enterprise upgrading and local development, as well as promoting good workplace practices.

9. The representative of the Secretary-General provided a summary of key points outlined in the Office's report, including the eight proposed points for discussion.
10. The Employer Vice-Chairperson agreed with the report's statement that economic growth was fuelled first and foremost by the creativity and hard work of entrepreneurs and workers. Enterprises were the core-piece of the realization of the Decent Work Agenda, and those that were in a position to sustain themselves were of crucial importance for the development of societies, economies, employment and the environment. As the major contributors to job creation, they helped tackle poverty, raise income levels and develop sustainable social security systems for the betterment of society as a whole. She considered the promotion of sustainable enterprises important in the context of the current United Nations reform. Each agency and programme needed to demonstrate its mandate and comparative advantage. The ILO had unique expertise due to its tripartite structure and enormous competency network of employers' and workers' organizations in almost every country of the world. The practical assistance of the ILO would be demonstrated in the eight countries that had been selected to pilot more and better cooperation between UN organizations at the national level. She outlined the four key Employer expectations from the general discussion: first, Employers saw the purpose of the discussion to be the promotion and support of sustainable enterprises; second, they considered that sustainable enterprises needed sustainable societies; third, they stressed that different actors had different roles and that business would not and should not act as a substitute for States; fourth, the Committee needed to outline how the ILO – based on its mandate, comparative advantage and critical mass – could contribute to the promotion of sustainable enterprises. The Employer Vice-Chairperson highlighted each component of the issue "Promotion of sustainable enterprises": "promotion" implied putting in place the right business-enabling environment (BEE); "sustainable" meant a lasting outcome achieved by entailing a return

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on capital that would ensure continued access to capital, and in turn enterprise development taking into consideration ecological and social impacts; and “enterprises” covered all forms and sizes of firm, since 95 per cent of enterprises were small, and in most developing countries they operated outside the formal legal system in the informal economy. She emphasized that it was important to keep the discussion focused on what was needed for private sector development in view of the various challenges facing businesses.

- 11.** The topic of sustainability was important for all stakeholders. For business, it provided a clear view on the necessary framework conditions (such as good governance, rule of law, property rights, a culture of entrepreneurship, access to finance and many others); it enabled transparency in the comparative advantages of different countries (such as investment climates); and it highlighted the need for government policies not only to create enabling environments, but also to sustain them over time. For workers, it entailed confidence in public policies to assist sectors that came under pressure during increased global economic integration; and it highlighted for them that with the right policies in place to train and upskill workers, they would be in a better position to manage change and find new jobs during restructuring. For governments, the issue involved adapting to changing economic circumstances through the concept of “flexicurity”, where employment security rather than job security was the focus of policies. Its four pillars included lifelong learning, efficient and flexible labour market policy, a transparent and predictable legal framework and sustainable social security systems. It was also important for governments as they had to implement the proven policy package so that society could produce the best results, in turn permitting governments to raise revenue to feed back into necessary public programmes such as social security. This Committee’s discussion would permit governments to give practical focus to their numerous declarations on sustainable enterprises.
- 12.** In summary, the discussion offered a sharing of win-win-win situations, where the interests of governments, employers and workers could be served. Employer members wanted the Committee to be able to reach consensus on: (1) the need of enterprises to start up and sustain themselves to provide jobs and create wealth; (2) clarity regarding respective roles (for example, voluntary responses by businesses that went beyond compliance with legislation, such as corporate social responsibility (CSR)); and (3) outlining the future role for the ILO in contributing to the promotion of sustainable enterprises (such as stocktaking on the international debate on private sector development, the ILO contribution and what had been helpful or harmful for enterprise creation and development).
- 13.** The Worker Vice-Chairperson stressed the importance of this discussion given the central role of enterprises in the life of working women and men. Yet the Worker members were greatly concerned that the global debate was dominated by support for the private sector in a narrow sense, which, together with the new forms of production, in particular value chains, resulted in negative repercussions on the quality and quantity of employment, fiscal revenues and governance, social protection policies and decent work. The negative consequences of deregulatory policies, in particular in developing and transition countries, included a decline in public services, a reduction in corporate taxes, cuts in welfare and deregulation of the labour market. It was a fact that the rules of the global economy had been changed in favour of business, which enjoyed unprecedented freedom from national regulations and reported record profits, while a billion women and men lived on less than US\$1 a day. In parallel with income inequality, she stressed the denial of fundamental rights. The most populated countries had ratified neither the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) nor the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). Trade unionists were harassed, imprisoned and sometimes killed. There was widespread use of disguised and ambiguous employment relationships and growing rates of precarious employment and involuntary

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displacement of workers from permanent jobs, impacting largely on women who occupied the majority of precarious and low-paid jobs and suffered unemployment.

- 14.** The Worker Vice-Chairperson clarified that decent work implied a fair wage in order to ensure a worker's reasonable standard of living, as well as an adequate degree of income protection in case of sickness and other risks encountered in a working life, and social dialogue including collective bargaining. She also clarified the Worker members' understanding of "enterprises": despite their differing sizes and legal forms, they all had one common element, namely they involved employers and workers engaged in the production of goods and services to satisfy the needs of society. It was the public purpose of the corporation that legitimated government regulation. She expressed the view that the output of an enterprise could not be assessed in isolation from the process of production: a good product based on child labour or environmental degradation did not exist. Regarding the Worker members' understanding of "sustainability", the Worker Vice-Chairperson stated that it required the management of change rather than the continuity of the status quo. Entry and exit of enterprises in the market should be socially and environmentally responsible with due respect for the interests of the most affected workers, but also for the interests of other stakeholders. Constant restructuring required an incentive structure and a regulatory framework that fostered growth towards sustainability. In view of some major recent industrial accidents, governments had to promote responsible behaviour and impose adequate measures to discourage business practices that were detrimental to workers, society and the environment. The freedom of owners and their property rights were limited by the social and environmental imperatives of sustainable development: property rights were not absolute rights like human rights. The drive to improve productivity and competitiveness, in value chains, for example, had to be handled in a socially and environmentally responsible way: respecting fundamental human rights at work, recognizing the right of employees to join a trade union, ensuring a safe and healthy work environment for workers or consumers, sharing fairly the wealth created, paying taxes and protecting the environment. There was consensus that sustainability had a social, economic and environmental dimension, which was mutually reinforcing. The debate on climate change had shown that no one could ignore the impact of production and consumption on the environment. The costs of protecting the environment and dealing with the consequences of climate change needed to be shared fairly between the developing and industrialized countries, and governments had a role to play in creating green jobs and sustainable enterprises. She recalled that, against this background, the ILO had a long history of action and many tools: its international labour standards offered a comprehensive body of rules and guidance when developing social and economic policies, as did the Global Employment Agenda, and more specifically the Employment Relationship Recommendation, 2006 (No. 198), the Human Resources Development Recommendation, 2004 (No. 195), the Declaration on Fundamental Principles and Rights at Work and its Follow-Up, 1998, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977, last revised in 2006), and the Declaration of Philadelphia (1944).
- 15.** The Worker Vice-Chairperson listed the Worker members' nine expectations for the general discussion: (1) freedom of association, collective bargaining and social dialogue had to be highlighted, since sustainability was based on trust and respect, and enterprise bargaining could also be the appropriate tool to explore the budgetary implications of socially and environmentally sustainable performance; (2) recognition that macroeconomic policies and industrial policy (including fiscal and exchange rate policies and debt cancellation) oriented towards employment-intensive growth were essential for creating a positive business environment; (3) competitiveness and trade policies at the World Trade Organization (WTO), regional and bilateral levels, needed to reflect the principles of environmental and social sustainability, and ensure that global competition would not wipe out local industries (for example, industrialized countries should provide market access for

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agricultural products and industrializing countries have policy space to protect their infant industries); (4) recognition that the rule of law and labour legislation were essential and that abuse of power, corruption and fraud were bad for business in general and particularly bad for workers (especially in the informal economy more protection was required for workers who found themselves in disguised, ambiguous or triangular employment relationships and thus outside the scope of labour legislation or social security); (5) a minimum wage was required to ensure that enterprises did not sustain their business at the cost of unsustainable low wages (legislation should therefore promote the extension of collective bargaining coverage as the best instrument to ensure flexible and fair processes of wage setting, and social security coverage was needed in particular for workers in the informal economy); (6) active labour market policies, tax policies and investment incentives needed to be designed in a way that supported enterprises and industries with potential for high and sustainable employment generation; (7) vocational skills, access to education and lifelong learning were of the utmost importance to maintaining a motivated and skilled workforce; (8) gender equality and non-discrimination in employment needed to be mainstreamed, especially since women workers' contribution to global wealth was not adequately recognized (including affirmative action to overcome other forms of discrimination); and (9) health and safety, and environmental protection required attention since 2.2 million people died every year from work-related diseases or accidents (a regulatory environment for sustainable enterprises had to make health and safety a priority, using awareness raising, promotion of standards, economic incentives and efficient public labour inspection). Sustainability was no longer an optional issue; it was not contrary to profitability and demanded the active role of employers, workers, governments and international institutions, as well as the courage to change and respond to new global challenges.

- 16.** The Government member of Germany, speaking on behalf of the Governments of Member States of the European Union (EU),<sup>2</sup> Turkey, Croatia and The former Yugoslav Republic of Macedonia,<sup>3</sup> Albania, Bosnia and Herzegovina, Montenegro, Serbia,<sup>4</sup> as well as Ukraine, stressed the significance of enterprises as a source of growth and employment. The ILO's tripartite structure and recognizing the concerns of employers and workers, gives special legitimacy to ILO's work in this area. Nevertheless, the ILO must cooperate with UN organizations like the United Nations Environment Programme (UNEP), as well as other organizations such as the Organisation for Economic Co-operation and Development (OECD) and the Bretton Woods institutions to ensure a coordinated approach on sustainable enterprise.
- 17.** The speaker observed that the EU had helped to create the political, macroeconomic and societal structures and frameworks in Eastern Europe which made it possible to do business in a productive, sustained manner in a market economy. This experience had impressively underlined the significance of a rational interplay between the regulatory elements needed to develop and underpin sustainable enterprise. He also welcomed the emphasis in the report on mainstreaming enterprise and private sector development into national policy frameworks and employment strategies. The EU had established integrated

<sup>2</sup> Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

<sup>3</sup> Candidate countries.

<sup>4</sup> Countries of the Stabilization and Association Process and potential candidates.

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employment and economic guidelines, and called for European enterprises to contribute to these policy objectives.

18. He explained that an increasing number of European companies were integrating social, societal and environmental aspects into their business operations and the interactions with their stakeholders, which contributed to sustainable enterprises. This CSR was complementary to governments' mandatory responsibility for sustainable development. The role of governments concerning CSR was to facilitate or moderate; to promote awareness, particularly among small and medium-sized enterprises (SMEs); to engage in research; and to create an enabling environment for CSR.
19. The EU strongly supported the ILO's Decent Work Agenda and the ILO's intention to resolutely address the informal economy. Sustainability was difficult to achieve when many enterprises and workers operated outside the formal legal system. There was a need for appropriate regulation, incentives and other measures to attract enterprises to the formal sector. A key point in this context was expanding and establishing adequate social protection, and safety and health measures in all parts of the world, in particular in the developing countries and emerging economies.
20. The speaker underlined the importance for the EU of sustainable development in relation to ethical and fair trade initiatives. Lastly, the ILO should continue to be active with regard to sustainable enterprises in those areas in which it had special expertise or a comparative advantage, including promoting social dialogue at enterprise level, collective bargaining, dealing with HIV/AIDS at work, and microfinance.
21. The Government member of Lebanon described how Lebanon was a country with a history of destruction, but that it was able to rebuild with the help of enterprises and the cooperation of government, employers, workers and civil society. The speaker stressed that the development of sustainable enterprises required: stability and a regulatory framework; economic freedom and prevention of dumping; infrastructure; social security; long-term lending policy; social dialogue; training to develop a skilled workforce; a framework for labour agreements; a role for non-governmental organizations (NGOs); and assistance to needy countries.
22. The Government member of Egypt stated that the private sector played a major role in development, but it was important not to neglect the social and environmental aspects. An environment conducive to enterprise development was necessary to enhance the competitiveness of enterprises, and enterprise growth would support achievement of human rights. In his own country, interventions such as improving the investment climate for enterprises, developing social dialogue, targeting social assistance, providing social protection to workers in the informal economy and establishing a network for the promotion of youth employment were implemented to promote broad-based economic and social development. He called for increased assistance to support such development, especially to the least developed countries.
23. The Government member of Australia, speaking also on behalf of a number of Government members,<sup>5</sup> stated that the ILO could make a strong and unique contribution to sustainable enterprises through its expertise in labour. The Committee should seek to focus discussions on tangible outcomes organized according to the ILO's four strategic objectives. She stressed the importance of partnerships and an enabling environment that

<sup>5</sup> Belgium, Canada, Denmark, Finland, Japan, Netherlands, New Zealand, Sweden, Turkey, United Kingdom and United States.

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promoted entrepreneurship, provided appropriate legal protection, offered regulatory stability, and developed a skilled workforce. Other key factors included investment in infrastructure, education and training, innovation, information and communication technologies (ICTs) and technological change because these factors were important to increase productivity and raise incomes. She remarked that the ILO was uniquely positioned to analyze the links between labour markets, poverty and social conditions that might guide the sequencing and implementation of labour market reforms to support sustainable enterprises. Finally, she stressed that civil society was an important element to foster sustainable enterprises and that the ILO, together with the social partners, governments, NGOs and other international organizations, could enhance the effectiveness of their efforts by acting together.

24. The Government member of Algeria noted that many of the conclusions of the report reflected recent actions by his country. Algeria had undertaken economic reforms, improved national infrastructure, developed its human resources, and promoted social dialogue with the adoption in 2006 of a National Economic and Social Pact that recognized the critical role of enterprises in social and economic development. He stressed that Algeria was deeply engaged in transforming its economy to make it more transparent, competitive and flexible.
25. The Government member of Argentina remarked that the topic of sustainable enterprises should be viewed within a nation's historical and geopolitical situation. Equality and social inclusion were the *sine qua non* for sustainable enterprises. If the enterprise sector performed well, broader economic and social conditions were also likely to improve. Increased job opportunities were the basis for greater social inclusion, and thus employment concerns (including the quality of employment) were fundamental for the employers and workers, and at the centre of Argentina's development policy.
26. The Government member of Jamaica, speaking also on behalf of several Governments of the Caribbean Community (CARICOM),<sup>6</sup> stressed the need for a balanced and integrated approach to the discussion of sustainable enterprises. First, it was important to recognize that the discussion concerned both the formal and informal economy. Second, policies and programmes had to deal with the range of enterprise size and the diversity of industrial and service sectors. These had significant implications in terms of infrastructure development and the delivery of public services, as well as for social protection. It was also critical to ensure that the issues of youth unemployment and environmental protection be addressed. Lastly, the four objectives of the Decent Work Agenda were essential.
27. The Government member of China stressed the importance of the business community and the government with regard to the promotion of sustainable enterprises. She emphasized optimal rules and regulations for business development and called on the ILO to support member States through technical assistance and to use its position to increase information sharing on sustainable business practices.
28. The Government member of Greece briefly described the strategic priorities her country had set for growth and social stability, which included reducing corporate tax, simplifying the tax system, and public-private partnership. Additionally, emphasis was given to the quality dimensions of entrepreneurship, including investing in human resources, developing innovative funding tools, supporting cluster development, addressing the special problems of SMEs, and combating discrimination. CSR was a useful tool to contribute to some of these objectives, but the Government had a paramount role in

<sup>6</sup> Barbados, Suriname, and Trinidad and Tobago.



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encouraging CSR. Lastly, she stressed the importance of mutual respect between employers and employees, and synergy between all international organizations.

- 29.** The Government member of Mexico stated that promoting sustainable enterprises was essential to job creation. He noted that the report made proposals for sustainable enterprises, but did not analyse the effects of these proposals when the conditions were not met. He suggested that sustainable enterprises required cooperation between government, employers and workers.
- 30.** The Government member of Mali asserted that there was a need to differentiate between formal and informal enterprises in terms of outlining the strategies required. In developing countries, three-quarters of enterprises were informal. One of the challenges for SME creation was that in many countries commercial banks did not exist. He asserted that strategies to combat poverty must be the overriding context for discussions on employment creation.
- 31.** The Government member of India shared some steps which his Government had taken to promote sustainable enterprises since the liberalization of the Indian economy, including development of technical collaboration with foreign countries and regular review of foreign direct investment (FDI) policies. He pointed out that, outside agriculture, SMEs constituted over half of employment and GDP in India and played an increasing role in the knowledge economy. A key strategy for his Government was to expand training centres, since there was a shortage of skilled workers, particularly young people.
- 32.** The Government member of Indonesia stressed that the Committee must take into account the relevant differences between countries and the capacity of each to advance sustainable development. Furthermore, the needs of enterprises differed depending on size, and SMEs differed between countries. He asserted that profits were universally essential for sustainability, but that the constraints faced by developing countries and developed ones were different at the macro-, meso- and micro-levels. Given this, the concept of sustainable enterprise should be implemented gradually and should be flexible. Value-added played an important role in increasing prosperity and hence value chains also had a potentially significant role to play. The speaker outlined the three key policy reforms being undertaken by the Government of Indonesia: investment climate improvement, infrastructure development and development of financial institutions.
- 33.** The Government member of Ghana emphasized that the focus of the discussion must be on key issues that were critical for the development of sustainable enterprise and that the links with employment, social protection and environmental protection needed to be addressed. He informed the delegates of recent developments that had taken place in Ghana in close collaboration amongst tripartite partners, which involved private sector and civil society. In particular, he pointed to the development of labour law, promotion of the Decent Work Agenda, development of the national social protection strategy, and the national youth employment programme. He stressed that all this was being done within the governance of the growth and poverty reduction strategy, which had three pillars: private sector development, human development, and promotion of good governance to create an enabling environment. At the end, he called for the discussion to focus on useful outcomes.
- 34.** The representative of the European Commission pointed out that sustainable enterprises created a public good. However, globalization created winners and losers. She noted that an enabling environment for sustainable enterprises required: investment, favourable regulations and encouraging innovation, and also required “flexicurity” developed through social dialogue. She emphasized the growing importance of CSR, with European enterprises being invited to contribute to public policy objectives and to develop social and environmental initiatives that were voluntary and went beyond legislation. She also

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reaffirmed the important role of SMEs, mentioned the new strategic link between CSR and corporate governance based on the European model, and emphasized the growing importance of employment in the context of the promotion of decent work for all.

35. The representative of the International Federation of University Women focused on the topic of unpaid work, two-thirds of which was done by women. She linked this phenomenon with the disadvantages for women entrepreneurs highlighted in the report. She called upon the ILO to intensify promotion of the core non-discrimination Conventions, as well as Workers with Family Responsibilities Convention, 1981 (No. 156); and to consider holding a forum on the role of women entrepreneurs and sustainable enterprises.
36. The Worker Vice-Chairperson agreed that it was important to have a win-win-win situation in which governments, employers and workers all benefited from sustainable enterprises. However, it was not possible to have equal outcomes where inequalities existed. Those policies which were not working needed to be changed. For the workers, a key element was social dialogue and sound industrial relations. Many times, enterprises, including multinationals, did not recognize workers' organizations. She agreed with the various speakers who had emphasized the role of decent work for sustainable enterprises, the importance of social dialogue and the role of social partners in promoting employment of young people and women. She also was pleased to hear mention of the importance of value chains and trade issues. She agreed that the Committee needed to consider the different needs of SMEs and developing countries, and that it should use ILO instruments, especially those related to social dialogue and the core labour standards, to help support change. Although "flexicurity" could be useful in developed countries if based on social dialogue, she thought that it was difficult to apply in developing countries. Policies needed to reflect different contexts, including the need to move enterprises out of the informal economy. She pointed to the need for appropriate fiscal policies to support social protection and address issues of tax evasion, and welcomed references to the EU's Lisbon Strategy.
37. The Employer Vice-Chairperson thanked the Governments and the Workers' group for the well-articulated constructive contributions to the debate. She underlined the vital role of the private sector, and stressed the need for tangible outcomes focusing on the ILO's comparative advantage. She welcomed the focus on the need for an environment for sustainable enterprise development and acknowledged the primary role of government. She highlighted the importance of a good regulatory environment, particularly as regards addressing worker security questions and modernizing labour law. She agreed with the comments highlighting the particular challenge posed by the informal economy and the need for policies to draw these operators into the formal economy, as well as the comments distinguishing the needs of SMEs and encouraging a flexible approach. She confirmed the importance of tripartite and bipartite dialogue as well as dialogue with civil society. She also encouraged cooperation among international organizations. Lastly, in response to comments of others, she explained that property rights were one of the foundations for democracy: if people feared that their property would be taken away, there could be no stable environment for sustainable enterprises.

**Point 1. What are the key elements of an environment that is conducive to sustainable enterprises?**

38. The Chairperson opened the discussion by emphasizing that discussion on this topic should focus primarily on the environment external to the enterprise, including issues such as

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good governance, competitiveness, political and economic stability, incentives for entrepreneurship, and stewardship of the environment.

39. The Worker Vice-Chairperson, recalling the Committee's previous discussions on property rights, assured the Employers' group that the Workers' group shared the emphasis on the rule of law and also supported the need for clear and predictable rules about property and the use of property. However, property rights were not human rights. Human rights were universal and absolute, and any interference with a human right could only be justified when protecting another human right.
40. She noted the consensus that the basic elements of an enabling environment for enterprise development required sound infrastructure, the rule of law, good education and health systems, and effective and efficient public governance. Although no one supported bureaucratic obstacles, the removal of constraints to business development should not lead to the weakening of labour, social, employment and environmental regulations. She then turned to seven key elements which the Workers' group considered vital to be included in the conclusions.
41. Noting that social dialogue was a core mandate of the ILO, the Worker Vice-Chairperson stated that there was broad consensus that the promotion of sustainable enterprises must be based on the principles of tripartism and collective bargaining, which should apply to all enterprises, private and public. She concurred with the Employers' group that these principles were a comparative advantage of the ILO, which it needed to bring to the table when in dialogue with other international organizations. Democratic and accountable civil society organizations could help to ensure that these processes were as inclusive as possible.
42. On the issue of labour rights, she stressed that enterprises could not be sustainable unless workers enjoyed legal protection, the full implementation of labour legislation and respect for universal human rights, in particular freedom of association, the right to collective bargaining, non-discrimination and the abolition of child labour and forced labour. Policies and systems of enforcement had to be developed on a tripartite basis. Macroeconomic policies should ensure that there were adequate investments in public infrastructure that provided the basis for higher levels of productive and decent employment. Although it was important to create a favourable investment climate, this should not create a tax "race to the bottom", as a solid tax base was indispensable for investing in development. Debt relief was a precondition for many developing countries to be able to invest in development. This particularly applied where credit was given to dictatorial or corrupt regimes. Development assistance should instead clearly make promotion of peace, sustainable development, employment and decent work a clear priority. Policies must also ensure that productivity gains were shared fairly between profits and wages.
43. On the issue of trade and capital mobility, she expressed the view of the Workers' group that tariff levels were currently at an historical low, and developing countries should not be pressured to further reduce tariffs as a precondition for the conclusion of trade agreements and loan guarantees. As demonstrated by the Asian financial crisis, the unregulated flow of short-term capital also represented an obstacle to sustainable enterprises; countries should have the genuine freedom to make their own choices about trade and fiscal policies to support national development. Another important issue was the need to shift industrial policies towards more environmentally friendly technologies and forms of production, and that tax incentives and regulations could encourage "greener" enterprises and consumption patterns. Finally, she remarked on the special challenges faced by SMEs, an issue of particular importance for developing countries considering the growing informal economy and large rural populations. A progressive taxation system would ensure that the benefits of enterprise growth would be invested to enable governments to improve skills

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acquisition, social protection and infrastructure development, thereby assisting in improving the working conditions in SMEs, the formalization of informal economy activities, and the extension of legal rights and social protection. High trade barriers on agricultural products should be reduced in the more developed world to enable greater access to markets for small-scale agricultural producers in less developed countries.

44. The Worker Vice-Chairperson concluded by advocating the establishment of a universal social security system, the guarantee of living wages, financial support for training initiatives to develop skills, strong systems of social dialogue, the use of labour and environmental clauses for procurement and lending practices, and the improvement of agricultural policies for enhanced enterprise development in rural areas.
45. The Employer Vice-Chairperson outlined the ten pillars of an enabling environment for enterprise creation. She stressed that the pillars were interconnected, that any government could address them, and that jobs would not exist without them.
46. Good governance was now a major policy line in development cooperation and a key message in the report of the World Commission on the Social Dimension of Globalization. Political instability damaged the credibility of a country and reduced FDI and growth. Key elements of good governance included: democracy, an equitable legal framework; secure property rights; cost-effective dispute resolution and contract enforcement; equitably regulated financial institutions; an equitable tax system; ability to absorb and use technology; the productive use of public funds; freedom of expression; benchmarking legislation; market enhancing institutions; accountability among public and elected officials, and effective implementation of agreed policies.
47. A regulatory environment that supported competition and innovation was central to sustainable enterprise development. The regulatory environment must remove disincentives and barriers to entry. In a good regulatory environment, businesses were able to formalize quickly, easily and with minimal cost, contract enforcement and access to the courts was straightforward, and taxation realistic. Excessive or overly costly regulation led to informality.
48. Concerning entrepreneurship policies, the speaker stressed that there was a need to make the public aware of the value of entrepreneurship, and of the contribution of business to society. There were two distinct categories of entrepreneurs: those driven by necessity and those driven by market opportunity. Policy should promote the latter. In developing countries, there was a lack of incentive to take risks and seize opportunities and the stigma of failure, both of which needed to be changed. Policy should also promote innovation as it expanded growth, leading to further market opportunities.
49. Entrepreneurs also needed seed capital and this could come from a variety of sources such as microfinance institutions and credit unions, which were becoming increasingly popular. She pointed out that the cost of capital in microfinance institutions was often high, that the lack of guarantees could freeze entrepreneurs out of formal credit institutions, and that governments were increasingly withdrawing from owning banks and were rather trying to improve financial infrastructure via incentives to reduce information asymmetries.
50. Educational institutions and policies should respond to the needs of business and society. The quality of education was vital, due to advances in production which made human capital increasingly important. Businesses were directly influenced by the quality of education and had a role in informing policy. It was also important that education fostered the entrepreneurial spirit.

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- 51.** Macroeconomic instability dampened investment, raised the cost of credit and could destroy entire financial systems. Sound macroeconomic policy and management could promote price stability, sound budget balances and lower interest rates, all of which paved the way for lower borrowing costs, investment and higher productivity, and higher wages and employment. Open trade and investment policy were instrumental in fostering sustainable economic growth. Transport, electricity, water and communications infrastructure development provided the basis for business development and employment creation. There were many examples which showed that the public and private sectors could develop partnerships to provide such infrastructure.
- 52.** The speaker identified social dialogue as the core issue – where industrial relations were good, there were good experiences in sustainable enterprises. In conclusion, she outlined how some donor countries had adopted the promotion of sustainable enterprises as a central component of their development cooperation policies, based on three pillars: the promotion of financial services, guidance for entrepreneurs and enhanced qualifications.
- 53.** The Government member of Trinidad and Tobago, speaking also on behalf of Barbados, Jamaica and Suriname, stressed the importance of information, statistics and data collection. Policy-makers needed accurate information to be able to respond to the needs of enterprises for labour. Information and communication technology also played a vital role in the modern world and bred stability. Microfinance, training and a culture of investment, innovation and entrepreneurship were other critical elements. The speaker also highlighted the importance of addressing the needs of disadvantaged groups, youth and women, multipartite participation in consultations, transparency, a solid legal and policy framework and sustainable physical infrastructure.
- 54.** The Government member of the Netherlands, speaking also on behalf of a number of Government members,<sup>7</sup> noted that an environment for sustainable enterprise included: promoting innovation; entrepreneurship; legal protection for individuals and the private sector; regulatory stability; a skilled and agile workforce; property rights and environmental safeguards, as well as ways in which natural resources were managed. Additionally, labour markets needed to support flexibility and security for workers moving between jobs. She emphasized the importance of focusing the discussion of an enabling environment on the areas of expertise of the ILO. She mentioned two key conditions supporting the growth of sustainable enterprises. One included establishing and effectively implementing minimum standards, which was best achieved by well-designed labour laws recognizing and protecting workers' rights, information and advice for employers, mediation to resolve disputes, and effective enforcement in cases of deliberate non-compliance. The other key condition was policies to encourage and support best practice, through strong relationships and continuing dialogue between the social partners and civil society, as well government policies, and initiatives that support lifelong learning and encourage innovation.
- 55.** The Government members of Algeria and Côte d'Ivoire emphasized that peace and political stability were key requirements for sustainable development and sustainable enterprises. Wars destroyed production units and led to massive worker lay-offs. Other key elements for creating sustainable enterprises included clear legal frameworks within which firms could operate, solvent internal markets (with policies addressing taxation, incomes and wages), availability of a skilled labour force accompanied by a strong training system and the importance of social dialogue and consultations for sustainable enterprises. For the

<sup>7</sup> Australia, Canada, Czech Republic, Denmark, Finland, France, Hungary, Japan, New Zealand, Sweden, Switzerland, Turkey, United Kingdom and United States.

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Government member of Côte d'Ivoire, macroeconomic policies should not be dictated to governments by lending institutions and donors; such policies were more responsive to local conditions if set with the assistance of national expertise. African countries still suffered the effects of following some lenders' policy prescriptions and donor conditionalities. He considered that external factors like HIV/AIDS and malaria also needed tackling given their negative effects in Africa on productivity, the overall labour force and on life expectancy.

- 56.** The Government member of South Africa considered that key elements started with coherence among the policies for decent work through sustainable enterprise development, such as macroeconomic, trade and labour market policies. Decent work called for homes, food, education, social protection and adequate income, coupled with respect for social dialogue and democratic participation. It was threatened by the changes in the labour market landscape, characterized by labour market flexibility and atypical forms of employment. Too much flexibility compromised the quest for decent work and could subject women and men to perpetual poverty. He referred to the report of the World Commission on the Social Dimension of Globalization that acknowledged the negative social impact of globalization in many areas and the decent work deficit including high rates of unemployment, discrimination, lack of comprehensive social security systems and lack of voice for employers and workers. He suggested to counter the false argument that the imposition of deregulation and flexible employment policies would set people on the path to sustainable development and to explore linkages between comprehensive systems of social security and protection, and enhancement of sustainable enterprise.
- 57.** The Government members of Iraq and the Democratic Republic of the Congo agreed with earlier Government speakers that peace and political stability were crucial for creating sustainable enterprises. Iraq faced this challenge on a daily basis, and the Democratic Republic of the Congo, being a post-crisis country with high levels of youth unemployment, saw the importance of peace for attracting investment. Both countries had good experiences to share: Iraq, while stressing the need for economic feasibility studies which looked into market conditions, as well as big infrastructure investments to support market access, had nevertheless commenced a microcredit scheme for university graduates involving credits of as little as US\$8,000 over relatively long repayment periods at an 8 per cent interest rate, which was achieving some success; the Democratic Republic of the Congo wanted to support the creation of sustainable enterprises also through microloans and through fighting speculative foreign investment that had fuelled the past conflict by exploiting the mining sector.
- 58.** The Government member of Nigeria, recognizing that both external and internal elements played a role in the creation of sustainable enterprises, saw the core external criteria as: good governance, political stability, macroeconomic stability, responsible stewardship of the environment, social inclusion, social dialogue, and educational and physical infrastructure. She added that, in a developing country like her own, the importance of physical infrastructure could not be overemphasized, as its deficiencies – especially in the energy sector – resulted in a high cost of doing business and loss of competitiveness that could lead to extensive job loss. Regarding the regulatory environment, her Government believed that it had to strike a balance between organizational competitiveness and ensuring that markets worked efficiently in the broader public interest. Public policies to foster a skills and a knowledge-based approach to employability were also a key element for enterprises to be competitive and sustainable. She agreed with the Employers' group on the importance of good industrial relations, which could not be achieved where fundamental rights at work, like freedom of association and collective bargaining and other workers' rights, were denied. Appropriate legislation could guarantee such rights, thus enhancing the development potential of the social partners.

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- 59.** The Government member of Morocco was of the opinion that different criteria could be used depending on whether the aim was the start-up of enterprises or the nurturing of existing enterprises. Regarding the political, legal and economic factors, he stated that the environment for sustainable development required an effective legal system to guarantee the rights of both workers and investors. All stakeholders had to be involved in developing that legal framework. For enterprises that were in trouble, debt reconversion and government interventions to help them regain a stronger footing could be part of the answer. His Government was adopting an SME promotion policy through the legal Charter for SMEs and the National Agency for the Promotion of SMEs, and its regional centres provided business development support. In Morocco, a model employment framework could help end social difficulties, for example, by using commercial tribunals and tax advantages that would enable enterprises to flourish.
- 60.** The Government member of China welcomed the report's analysis of factors relevant at different levels, be they macro, meso or micro. She highlighted that employer-worker relations were important for sustainable enterprises. She emphasized the need to take account of the differing historical, social and economic contexts of countries.
- 61.** The Employer Vice-Chairperson, encouraged by the wide consensus on point 1, concluded that the discussion reconfirmed what basic factors were conducive for sustainable enterprise development. Many Governments had emphasized the need for appropriate legislation, in particular labour laws. In this regard, she welcomed the statement made by the Government member of the Netherlands, on behalf of 15 Governments, according to which the Committee should focus on areas of ILO expertise such as mediation and enforcement mechanisms and lifelong learning. She wondered why law enforcement, an important factor for businesses, was so weak and called for research into this hurdle to sustainability. She also welcomed the discussion, reflected by the statement of the Government member of Trinidad and Tobago on behalf of several Governments, on the importance of building a culture of entrepreneurship. The Employers' group agreed with the calls made by various speakers for better information on relevant laws because companies across countries and regions would benefit from guidance that explained the content of laws and advised on ways to implement them in practice.
- 62.** The Worker Vice-Chairperson noted the key issues that had been raised by the Employers' group, but thought that they were too narrowly linked to creating enterprises generally, whereas this Committee's focus was on the promotion of sustainable enterprises. She called for a deeper interrelationship between each and every issue at all levels (company, regional, national and international), including the role of workers and employers. She welcomed the support of the Employers' group for a culture of social dialogue rather than confrontation. But conflict was natural, and the real world situation was not as positive as the Employer Vice-Chairperson had indicated. Sometimes trade unions, including public sector unions, were not recognized, nor allowed to speak, much less permitted to negotiate. Governments had an obligation to lift these restrictions on social dialogue if sustainable enterprises were to flourish. She supported the position of the Employers' group regarding the elimination of corruption, but noted that in reality many employers encouraged this because it benefited their business. One example was the bidding for public procurement contracts, where a firm's slashing of occupational safety and health provisions or other rights in order to win the contract damaged not only those workers who were directly involved, but also the local community at large. Employers' organizations therefore had a responsibility to promote a culture of transparency and respect for rules. On education and vocational training, also raised by the Employer Vice-Chairperson, she stated that they were important issues for the Workers' group, too. This issue went to the heart of workers' dignity, since children engaged in child labour were being denied the right to go to school and risked falling into a so-called "criminal parallel economy". Education was also a key element for adults, as approximately 870 million adult women and men were illiterate, and

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thus had problems finding decent work. Recalling the statements made by the Government members of Algeria, Morocco, Nigeria, South Africa, and Trinidad and Tobago, she agreed that sustainable enterprises needed to be accompanied by an inclusive and participatory approach. She particularly welcomed the references to the value of policy coherence, between government ministries and departments, between different governments, and among intergovernmental organizations like the ILO, the WTO and the World Bank. She also noted the importance given in various contributions to promoting sustainable women's and youth employment, and to safeguarding occupational safety and health. The Workers' group was pleased to hear the Government member of South Africa stress the inclusive approach so as to end atypical work and his warning about too much flexibility. On the issue of "flexicurity" and modernization of labour laws, which had been mentioned by Government members from industrialized countries, while she agreed on the need for homogeneity, this should not involve a slide from stable to precarious or undeclared work, and any reforms had, in any case, to be undertaken in full consultation with the workers and their organizations. Family friendly workplace policies and protection against dismissal should find reflection in the labour laws. Capacity to enforce the labour laws was also a key element of the conducive environment. On the point raised by the Government member of the Democratic Republic of the Congo and others, she expressed the need to link peace and stable governance. The ILO, governments, employers and workers had to commit to be active actors in promoting peace and social justice as the basis for the development of sustainable enterprises.

63. The Employer Vice-Chairperson replied to the Workers' group reference to the role of employers in corruption, and drew attention to public data on corruption. She shared the concerns of the Workers' group because such practices occurred in all societies and regions, and involved all actors; no one group was solely at fault. Employers' organizations benefited from a wide range of anti-corruption brochures, codes of conduct and voluntary self-regulation, as well as numerous anti-bribery publications from intergovernmental institutions.

## **Point 2. What are the key elements for enterprises to operate successfully on a sustainable economic and social basis?**

64. The Employer Vice-Chairperson introduced three main messages regarding internal conditions for sustainable enterprises: they needed to be profitable in the long run, be responsive to products and services that were in demand, and required continuous productivity improvements based on a skilled and competitive workforce. The three were linked because to be in a position to make a return on capital so that capital investment could be ploughed back into the enterprise for successful long-term operations, enterprises had to offer clients the products and services which they demanded. Trade opportunities to respond to demand, in turn, depended to a great degree on workforce innovation in responding to market signals. It had to be recognized that company start-ups could and did fail, and this was not necessarily a bad thing. Appropriate labour legislation was critical in this profitability circle: for example, it could be drafted so as to avoid the obligation to seek permission from government authorities for retrenchments or to remove onerous and costly monitoring and reporting requirements. Laws needed to be clear and to ensure predictable outcomes. Political peace was an essential first condition, then attention to clear labour laws paid off, as was seen in South Africa's example of joint employer and worker-led reforms, including guaranteeing fundamental rights at work, following the end of apartheid. The Employer Vice-Chairperson noted that active labour market policies, such as career guidance and training for the unemployed, also played a significant role. Intellectual property rights, as well as property rights more generally, were essential



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factors to ensure invention and innovation. Alongside high and stable levels of employment, productivity was essential to long-term profitability. She emphasized that a competent labour force was critical in view of the increasing competitiveness in the global economy, and that education and training formed vital links in creating the conditions for productivity improvements. Human resources were seen as an enterprise's greatest asset and a competitive advantage. Furthermore, effective social dialogue in developing strategies to improve workforce skills could allow companies to attract and retain competent employees. However, a strategic approach to training was needed and there should be an understanding that simply spending more money on training would not necessarily lead to better results. Adoption of enhanced technologies was another important factor in productivity improvement, and the Employer Vice-Chairperson stressed that this was necessary both to bridge the digital divide and to provide access to jobs in high-income service sectors. Finally, she emphasized that all of these factors depended on good employer and worker relations in stable workplace environments.

- 65.** The Worker Vice-Chairperson outlined three main areas important to workers for the sustainable operation of enterprises: reaffirming the public mission of enterprises; dealing with the responsibilities of multinational enterprises (MNEs) and confirming the key instruments related to sustainable enterprises. On the public mission of enterprises, she stressed that enterprises had obligations towards creating inclusive and wealthy societies. There was an implicit social contract between private entrepreneurs and investors on the one hand, and workers and society at large on the other. However, there was an alarming rise in inequality of income and of the distribution of corporate wealth, and reducing such inequalities should be a social imperative. On the subject of MNEs, she remarked that these immensely powerful entities were the main beneficiaries of globalization and significantly influenced the working conditions of millions of workers, not only in their own subsidiaries but also in their supply chains in developing countries. Yet the 2003 report of the United Nations Conference on Trade and Development (UNCTAD) had raised serious concerns regarding the conduct of MNEs, such as anti-competitive practices and reluctance to transfer technology, particularly in developing countries. Combined with the increasing casualization of jobs, this had led to the impoverishment of local communities and negative impacts on the environment. There could also be follow-on effects in the form of child labour or prison labour. So MNEs had a special responsibility to support development and respect of human rights in emerging economies. Both the OECD Guidelines for Multinational Enterprises and the MNE Declaration were critical instruments to promote economically and socially sustainable behaviour, but often were not applied. The forthcoming 30th anniversary of the MNE Declaration provided an opportunity to give new life to its message. On the key instruments of sustainable enterprise, the Worker Vice-Chairperson stressed that social dialogue and freedom of association were of the utmost importance. Engaging in social dialogue was seen as the best way to promote socially responsible behaviour to enhance productivity growth and innovation. There was a need for enhanced national and international frameworks aimed at improving social dialogue. Global companies had a special responsibility to pursue good industrial relations and implement labour standards across value chains. Corporate governance and accountability were also critical, and enterprises needed to go beyond meeting minimum regulatory requirements and focusing on shareholder value. Recent financial scandals and excessively high chief executive officer remuneration packages were examples of the need for reform. Furthermore, it was important to promote socially responsible investment, for example, in pension funds, which was required by Swedish legislation. Workers' organizations had a role to play to ensure stewardship of their workers' capital managed by pension funds. She warned strongly against the dangers of private equity firms and hedge funds whose hunger for high short-term return rates could jeopardize the position of employees. The ILO should send a clear signal to companies in all jurisdictions that they assumed liability for the social, environmental and human rights violations in their operations.

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- 66.** The Government member of Sweden, speaking also on behalf of a number of Government members,<sup>8</sup> argued that the internal management of a company should be based on the three pillars of sustainability: social, environmental and economic elements, and recalled that the Committee needed to concentrate on the areas where the ILO had expertise. Key elements for these enterprises to operate sustainably consisted of a diverse and educated workforce (where workers had the capacity to suggest ideas for improvements and innovations); productivity to help growth, the sharing of the benefits of that enterprise and economic growth among workers (by the promotion of a workplace culture that supported learning and innovation in flexible and safe workplaces and of lifelong learning, as well as giving value to work being done to support sustainable increases in workers' incomes); compliance with social and environmental laws and practices, including policies to eliminate workplace discrimination and harassment; knowledge of and full compliance with business regulation; and assistance in adapting to demographic changes such as an ageing population, and in promoting social inclusion and employment of women and disadvantaged groups.
- 67.** The Government member of Brazil informed delegates that the main issue in Brazil was poverty. She stated that her Government was trying to address issues of sustainable enterprise by promoting training in professional qualifications in concert with the business community.
- 68.** The Government member of Jordan saw the role of SMEs as fundamental and described his Government's SME promotion policy, which faced challenges such as upwards of 14 per cent unemployment. In his opinion, cooperation with NGOs could assist in sustainability. There was a further need to strengthen the capacity of all stakeholders through better education and vocational training, and through the creation of an appropriate legal framework.
- 69.** The Government member of the Republic of Korea raised one element that had not yet been mentioned, namely, that a work-life balance was essential to sustainable enterprises. Given the rapidly declining fertility rates in many countries of the world, it was important that due consideration was given to relevant policies.
- 70.** The Worker Vice-Chairperson responded to three issues raised by the Employers' group which caused the Workers' group some concern: the right to retrench workers; the right to company failure, and intellectual property rights. In relation to the retrenchment of workers, she argued that, particularly in developing countries and countries of high unemployment, reforms to labour law should not promote precariousness and unemployment, and that regulatory frameworks for collective bargaining could provide substantial safety nets for retrenched employees. She asserted that companies leaving the market or filing for bankruptcy should be given help to protect workers and provide opportunities for retraining. In relation to intellectual property rights, the agriculture example – where rural workers were forced to leave the countryside because they could not compete in the area of product development – demonstrated the dangers, as did the patent protection for drugs that could mitigate the effects of deadly diseases such as HIV/AIDS, tuberculosis and malaria. Property rights could not trump basic rights, such as the right to life. She also contested the commonly held employers' position that labour law was an obstacle to enterprise sustainability, since the report contained the results of a workplace survey demonstrating that "labour regulations" ranked tenth out of 14 possible obstacles to firms' operation in developing countries. She supported the points raised by

<sup>8</sup> Australia, Canada, Czech Republic, Denmark, Finland, Germany, Hungary, Japan, Netherlands, New Zealand, Switzerland, Turkey and United States.

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several Government members that access to energy was very important for sustainable enterprises, and added that access to water and land was indispensable. Moreover, it was ironic that African firms suffered a lack of access to energy given the continent's rich natural resources.

- 71.** The Employer Vice-Chairperson responded to the Workers' group criticism of the perceived huge power of MNEs, because as others they had to function within the framework of national laws and suffered boycotts and retribution if they attempted to play political games. She cited the example of two German car manufacturers which had remained in apartheid South Africa, risking bad press and customer dissatisfaction despite engaging in skills upgrading and other development efforts. She also made the point that some MNEs were small and did not have the same opportunities or influence. She pointed out that CSR was based on two well-recognized principles: it was business driven and it was voluntary. She argued that the drivers behind CSR were varied and diverse but that they could be summarized as: reputation; brand; profit; efficiency; recruitment; competitiveness and risk management. She mentioned that the onus on management, particularly in publicly listed companies, was to protect the interests of shareholders and that management was therefore subject to controls and was accountable. Regarding the workers' criticism of private equity firms and hedge funds, she argued that, on the contrary, the European Economic and Financial Affairs Council (ECOFIN) had, in a recent report, stated that they provided the right framework and recognized their usefulness. She argued that private equity and hedge funds provided an integrated and dynamic financial and capital supply to raise employment. She nevertheless acknowledged that there should be a better understanding of how hedge funds led to financial stability and hoped that a forthcoming European Commission report would be beneficial in this respect. Regarding the ranking of labour regulations as tenth out of 14 reported obstacles to business operation in developing countries, she argued that this was due to the fact that developing countries had such a high concentration of workers in the informal economy, and she clarified that the Employers' group had never suggested that labour laws were obstacles, but that their criticism was related to over-regulation and unnecessary bureaucracy.
- 72.** The Worker Vice-Chairperson addressed the Employer Vice-Chairperson's use of the fact that two German car manufacturers had remained in apartheid South Africa as a good example of CSR, despite the gross violation of human rights that apartheid represented. She pointed out that the ILO had been taking steps to end apartheid at that time. The Employer Vice-Chairperson clarified that her example was not intended as a good example of CSR, but as an example of the risks taken by MNEs. It was not intended to justify apartheid but rather to illustrate the complexity of risk taking.

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**Point 3. How can governments strengthen their role in implementing policies and programmes to promote sustainable enterprises? Are there useful examples of “best practice” approaches by governments?**

and

**Point 5. What should be the role of governments and the social partners in promoting the contribution of enterprises to social and economic development?**

73. The Chairperson opened discussion by clarifying that point 3 focused on how governments could strengthen their role to promote sustainable enterprises, while point 5 focused on the role of the government and social partners to promote and contribute to sustainable enterprise development.
74. The Worker Vice-Chairperson stated that governments’ primary responsibility was to implement and enforce national laws and regulations. Governments should create enabling conditions for organizing, collective bargaining and worker representation in the undertaking; and should promote respect for the fundamental principles and rights at work, occupational safety and health, social security, maternity protection, wages and hours of work, and employment and skills development. Governments should seek technical assistance from the ILO in order to ratify the relevant international Conventions and harmonize national law and practice. In order to address the needs of SMEs, good practice examples should be promoted and replicated. To strengthen compliance with legislation, governments should, inter alia, ensure that public labour inspection was well resourced and inspectors were adequately trained, particularly in developing countries, use tripartite labour inspections audits to help identify and remedy weaknesses in labour inspection, and develop ethical and professional codes of conduct for inspectors.
75. Governments should have defined rules for global labour markets and ensure that core labour standards were taken out of competition so that market opening could be mutually beneficial. She emphasized the need to also create conditions for social dialogue and negotiations at international level and referred to the positive role of European works councils as an important step to create a transnational framework for social dialogue. She also emphasized the growing importance of negotiated “International Framework Agreements” between multinational companies and Global Union Federations to create international applicable labour standards within companies. She also suggested that governments should adopt active labour market policies to provide security and income protection to help communities cope with the social consequences of changes related to globalization and the rapid pace of innovation.
76. National and local governments should invest in education and undertake research on raising skills levels, since workers were the most fundamental resource of an enterprise and a key determinant of sustainability. Skills development, education and training should lead to increased productivity and competitiveness, and improved wages and incomes.

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- 77.** It was important for governments, including public administrations, local governments and agencies, to have clear public procurement policies to ensure that companies bidding for public contracts respected fundamental rights, as well as occupational safety and health, wages and other conditions of work. Similar policies should be applied to public infrastructure projects, which were highly labour-intensive and relied on extensive supply chain arrangements, and the Labour Clauses (Public Contracts) Convention, 1949 (No. 94) provided useful guidance in this regard. The speaker noted approvingly the recent change in policy of the International Finance Corporation (IFC) to require respect for core labour standards and other labour rights in its lending policies.
- 78.** The speaker drew attention to the need to enhance governance and accountability of companies, and to align the private interest of corporate constituents more closely to public welfare. The negative influence of shareholder-value principles of governance and short-term investments threatened the development of sustainable enterprises. Workers' involvement and collective bargaining could help to improve conditions, particularly in supply chains. The OECD Guidelines for Multinational Enterprises and the MNE Declaration should also be used. Lastly, with regard to point 3, the speaker underlined the importance of governments setting up monitoring systems and adopting policies that rewarded socially responsible innovation, such as tax breaks for renewable energy providers.
- 79.** With regard to point 5, the Worker Vice-Chairperson noted that globalization, capital mobility, liberalization of investments and technological change created opportunities as well as challenges for governments and employers' and workers' organizations in promoting social and economic development. Many workers in developing countries did not benefit from globalization; even in industrialized countries, the gap between rich and poor was widening. To address this dramatic situation, economies needed to be better managed to allow for the benefits of globalization to be more equally distributed, using measures such as redistributive tax policies, regulatory frameworks and strengthening the rules covering the social and environmental responsibilities of companies.
- 80.** One of the overarching roles for governments and the social partners should be to promote sustainable consumption and production patterns, promoting and managing the natural resource base of economic and social development. Environmental degradation was linked both to poverty and to unsustainable production and consumption patterns, and more sustainable growth made for more sustainable jobs.
- 81.** Governments and the social partners could promote sustainable enterprises also among SMEs by extending the coverage of collective agreements to them. The provision of social protection was also crucial. Governments and social partners should cooperate in carrying out research on investment and innovation opportunities, channel information and provide assistance to sectors and enterprises on energy saving and efficiency, address the need for skills upgrading and removing barriers to the exchange of data and information. The speaker concluded by suggesting that governments also address social and economic priorities in developing countries to support them with sustainable development.
- 82.** The Employer Vice-Chairperson highlighted three key messages with regard to point 3: governments needed to actively support private sector development; a national focus on competitiveness should be the responsibility of all actors, and governments needed to live up to their obligations.
- 83.** Governments should channel capabilities and resources into stimulating the private sector. Sustainable economic growth required a governing and policy framework that encouraged investment and entrepreneurship; to facilitate this, the private sector needed a responsible partner in government.

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- 84.** Government was also responsible for: creating the conditions conducive to attracting FDI; developing an entrepreneurial culture and bringing the informal economy into the formal economy. Governments needed to put in place an investment climate that was underpinned by sound and predictable regulatory environments, ensured fair competition, and tackled corruption and cronyism. Such policies, underpinned by open access to global markets, could produce spectacular results.
- 85.** National competitiveness was defined as the set of factors, policies and institutions which determined productivity of a country. Raising productivity was the driving force behind rates of return on investment which determined growth rates. Prosperity was sustainable if it was based on the productivity companies could reach given the conditions they faced in an economy. Limiting entry and exit barriers, such as state monopolies or state licences, and competition forced unproductive firms out of the market, increasing the economy's overall productivity. No single factor alone could ensure competitiveness, but rather a comprehensive mixture was required; competitiveness was a matter of balanced policies. Due to cross-country differences, no one-size-fits-all approaches could be advocated. Although governments had committed themselves to pursuing the creation of a conducive environment for enterprise development, as evidenced by their support of the 2006 ECOSOC Ministerial Declaration (paragraph 28), national governments, the international community and its institutions should ensure that such policies were implemented.
- 86.** While addressing point 5, the Employer Vice-Chairperson stressed the importance of respecting the different roles in society of different actors. She also stated that enterprises could play an additional role above and beyond their wealth creation function but that enterprises were not governments.
- 87.** All social actors should respect the obligations placed on them by laws and regulations. The primary role of an enterprise in society was to succeed in its markets and deliver products, wealth, employment and incomes; expectations on enterprises should never place that role at risk. When governments failed or were unable to fulfil their role, enterprises could play a part in filling the gap through voluntary CSR initiatives. She provided examples of well-intentioned laws that had unanticipated negative consequences for workers and the recruitment of women. In citing the examples, she did not mean to infer any attack on provisions protecting women. This was why reforms had to engage the social partners, so as to minimize the risk of such unintended outcomes. But there were limits to what enterprises could do; they were not an alternative to government, since businesses did not have the mandate to enforce laws. Furthermore, enterprises needed to consider whether acting in a particular way could encourage governments' disengagement. CSR was not an alternative to appropriate public legislation and public engagement. Other actors needed to improve their own governance and ensure that their expectations of enterprises did not undermine the role of the State. The speaker stressed that enterprise compliance with the law should be considered sufficient, without assuming the regulatory role of government. This approach was reflected in the OECD Guidelines for Multinational Enterprises.
- 88.** Government had a clear role in society through the provision of certain services, such as health and education, redistribution of wealth, as guarantor of security, etc., but governments were at different levels of economic and social development. Government had several important roles to play, including developing and enforcing rules for all actors in society; creating the right environment for dialogue with employers and workers, and promoting and supporting responsible attitudes among enterprises.
- 89.** Lastly, achieving sustainable development required innovative approaches and collaboration across all sectors. The Employer Vice-Chairperson referred to the World Summit on Sustainable Development (2002), which recognized in its conclusions the potential contribution of partnerships. Business supported voluntary partnerships –

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public–private and private–private – as a practical means of delivering sustainable development outcomes and when there was a sound business case and potential to deliver benefits for all partners.

- 90.** The Government member of the United States, speaking also on behalf of a number of Government members,<sup>9</sup> stated that the most important roles for governments included the development of policies and programmes, and the dissemination of best practice. Although the specific approaches depended on the particular characteristics of individual countries, these could include: engagement with specific sectors and industries, including joint government–industry and academic research initiatives addressing the whole supply chain; upgrading the skills of existing employees; promoting good social and environmental practices at industry level; implementing measures to support worker mobility between sectors and jobs, and adopting regulation that properly balanced risk and the public interest with the need to minimize implementation costs for enterprises. Governments also had a key role in supporting skills development, through an effective education and training system that was non-discriminatory and promoted lifelong learning, provided education and workforce competencies required for economic growth, recognized competency achievement created by experience, but which might not traditionally have been recognized by a formal qualification, and offered access to high quality, flexible training that was responsive to the needs of individuals and enterprises.
- 91.** Governments also should work to minimize economic and social dislocation through initiatives and policies such as: early identification of sectors and enterprises that were most likely to be affected by change; active labour market policies that provided affected workers with alternative job choices; provision of an education system which supported lifelong learning to enable workers to remain employable throughout their working life with options and choices when major change occurred; recognition of fundamental workers’ rights and the role of workers’ organizations; provision of economic conditions that fostered new employment opportunities throughout the economy; adoption and implementation of labour standards that supported a higher skilled and more engaged workforce and a stronger sense of well-being and security, and promotion of political stability. Even though governments had overarching responsibilities, they should live up to the same environmental and social conditions that they would like to see reflected by companies. Governments and social partners could foster enterprise sustainability through forming public–private partnership to mobilize and align the ideas, expertise and resources of governments, social partners and civil society.
- 92.** The Government member of Argentina described how his Government had made decent work and employment creation a central component of its development strategy jointly addressed by the Government, employers and workers. The Government, in dialogue with leading enterprises, was developing a programme for CSR focused on improving the quality of employment. The priority topics included skills for employability, value chains, child labour and social dialogue, and aimed to improve the employability of vulnerable groups and to adopt contracts with minimum standards within value chains, and to enrich collective bargaining.
- 93.** The Government member of Finland stated that governments could strengthen their role in promoting CSR in a variety of ways. Supporting voluntary actions was important, but more active measures were also needed, and she provided a number of examples in her country. Legislation was introduced to facilitate the mobility of workers retrenched due to

<sup>9</sup> Australia, Canada, Denmark, Finland, Hungary, Netherlands, New Zealand, Switzerland and United Kingdom.

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economic reasons: employers were required to give advance notification of retrenchment and workers were able to obtain assistance from the employment services such as job counselling and vocational training. The Government also devised a tripartite programme to improve the quality of working life in enterprises with the objective of improving productivity and competitiveness, as well as worker well-being.

- 94.** The Government member of the United Kingdom presented examples in his country that demonstrated government commitment to sustainable enterprise. He focused on the development of youth entrepreneurship, mentioning the “Make Your Mark” campaign that sought to raise awareness of entrepreneurship among the young, with particular focus on the risks involved in starting a business. This programme had achieved positive results and would be extended to distressed regions and to disadvantaged groups.
- 95.** The Government member of Mali pointed out some of the particularities of his country and of the African region in general. While Africa was resource rich, there was comparatively little processing of raw materials. He provided the example of cotton in his own country, which was for the most part unprocessed. Additionally, there was a lack of appropriate training programmes to prepare individuals in those skills most needed, such as in fishery or agricultural management. In Mali, roughly 60 to 70 per cent of industry was concentrated in the capital city, which illustrated the need for decentralization of industry to rural areas.
- 96.** The Government member of Nigeria, noting that there was no one-size-fits-all solution, focused her intervention on the need for skills upgrading and the improvement of training centres. She also remarked on national efforts to improve services to SMEs and a recent national programme to establish a “one-stop shop” system for labour inspection that reduced onerous monitoring of enterprises. Enterprises required assistance, rather than being expected to substitute for governments. Finally, she commented that the government and social partners were giving effect to the Employment Relationship Recommendation, 2006 (No. 198).
- 97.** The Government member of New Zealand referred to a range of initiatives by her Government to promote sustainable enterprise. New Zealand was guided by the principle of effectively implementing minimum labour standards and promoting examples of best practice. While her country had most of the basic conditions required to foster sustainable enterprise, New Zealand recognized that additional support was needed for the socially disadvantaged. Its programmes focused on developing increased levels of participation in high-quality, well-paid and diversified employment; creating a diverse, adaptable and skilled workforce; encouraging productive workplaces within an effective regulatory environment, and developing sectoral and regional labour markets.
- 98.** The Government member of the United States provided the example of the WIRED initiative referred to in Report VI (box 4.7). This approach, bringing together a range of governmental and non-governmental institutions, had successfully addressed the challenges associated with building a globally competitive and prepared workforce at national and local levels.
- 99.** The Government member of the Netherlands provided an example in her country of establishing CSR benchmarks to raise awareness of sustainable enterprises. By 2010, all public procurement would be 100 per cent sustainable. The Netherlands was also measuring the performance of its MNEs against the Millennium Development Goals (MDGs), and had instructed its ministries to consider CSR criteria for its development aid instruments and for companies that participated in trade missions. Sustainability was one of the pillars of government policy.



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- 100.** The Government member of Sweden remarked on her Government's efforts to support adherence to CSR principles and the Global Compact through its Partnership for Global Responsibility programme. An extensive network including members of the business community, trade unions and NGOs disseminated knowledge and shared best practices with the objective of ensuring decent economic and social conditions. As mentioned in Report VI, the national pension fund adopted a socially responsible approach to investments that had proved successful.
- 101.** The Government member of Mexico emphasized that social dialogue prevented conflicts and promoted economic growth and social development. His Government had taken steps to promote gender equality, work–life balance and equality of opportunity for persons with disabilities and people living with HIV/AIDS, and was recognizing enterprises for being inclusive and safe.
- 102.** The Government member of Brazil considered that there needed to be a proper articulation of social, environmental and economic policies by government and that such policies needed to be consistent with each other and coherent. She informed delegates of some recent initiatives undertaken by the Brazilian Government in housing, economic infrastructure, education, and in social and labour policies. She added that growth was only worthwhile if it promoted decent work.
- 103.** The Government member of India suggested numerous activities governments could undertake to promote sustainable enterprises, including: creating a business-friendly environment and sound industrial policy; eliminating entry and exit barriers; establishing a single window of services to eliminate corruption; fostering a sound banking system; installing a supportive tax structure; providing training, retraining and lifelong learning of workers; promoting sound industrial relations; facilitating the operation of enterprises, and strengthening labour inspection, including certification and third-party certification.
- 104.** The Government member of the Bolivarian Republic of Venezuela described several measures the Government had taken to support sustainable enterprises and decent work. The Government was introducing new legislation on maternity protection and reduced working hours to promote a better work–life balance. Training institutes had been established where workers could obtain training during the day. Increased worker skills were important to help them meet the challenges and opportunities at work posed by new business technology so that companies could become more competitive. The speaker also noted the need to improve safety and health at the workplace. He described his Government's support for all types of business, including SMEs, cooperatives and strengthening of the formal economy, as well as incentives for shrinking the informal economy. He concluded by stating the importance of complying with the Declaration on Fundamental Principles and Rights at Work and its Follow-Up, 1998, and that his Government had ratified all eight core Conventions.
- 105.** The Worker Vice-Chairperson highlighted several impressive examples presented by governments of their roles in promoting sustainable enterprise: Argentina's social contract (where the Government had set up working groups, often including both workers and top corporate managers, in order to establish programmes for developing sustainable enterprises); the factors listed by the Government member of the United States, also on behalf of several Government members (education, safeguarding of rights, organization of workers and providing opportunities to workers); the Swedish Government's different approach to the issue of sustainable enterprises (via trade policy and incentives, and guidance to multinationals); the United Kingdom's work in raising awareness among women and young people of the risks entailed in setting up an enterprise which hopefully also included information on workers' rights; and the contributions of the Government members of Mexico (enhancing responsible compromise and cooperation between social

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partners in order to construct a legal framework) and the comment of Nigeria (enterprises should not be substitutes for government). The Worker Vice-Chairperson noted, however, that when enterprises did not comply with government regulations, employment agencies should play a role in ensuring that relevant laws were implemented. She was of the opinion that there were gaps between the positions espoused by the Government members, particularly African governments, and those espoused by the Employers' group. The Worker Vice-Chairperson found the approach of the Employers' group to some issues of labour law, such as maternity leave and night work for women, discouraging. In addition, she suggested that the reason why the Employers' group was claiming low levels of collective bargaining was not because workers did not want it, but because employers or government often denied the exercise of this right, especially in developing countries. The ILO should deepen the debate for a consensus among governments, employers' and workers' organizations to promote free trade unions and effective exercise of the right to collective bargaining. Due to her own involvement in negotiations in Italy, the Worker Vice-Chairperson could assure the Employers' group that framework agreements were indeed more than a basis for partnerships. While reasserting the great financial strength and influence of MNEs, she saw an opportunity to involve them – and private equities and hedge funds – in promoting sustainable enterprises by leveraging investment in vocational training and ICT.

- 106.** The Employer Vice-Chairperson was pleased that Government members supported the ten pillars for sustainable enterprises that she had described during earlier discussions. She praised them for providing specific examples on how issues could be addressed. She was sympathetic to the Government members' statements that one size did not fit all, and recognized that social dialogue was a stronger tradition in some countries than in others. She supported the Government members' call for policy coherence, the need to explain policy and legislation to enterprises, the importance of promoting an enterprise culture and the useful partnerships between universities and training institutes, because education and research were critical elements. In response to the Worker Vice-Chairperson's remarks, she made it clear that the Employers' group was not attacking maternity leave, or any specific protective legislation. She feared that an impression had been created that the Employers' group was against mothers, whereas they supported maternity protection and stood by existing international agreements.

#### **Point 4. What can and should the social partners do to promote sustainable enterprises?**

- 107.** The Employer Vice-Chairperson stated that the social partners could play a role in four areas: advocacy on public policy; representation of their membership; provision of services, and dialogue. Regarding advocacy, employers' organizations could lobby for a conducive environment for sustainable enterprise development, utilize national processes in effecting policy and regulatory change, speak up for economic openness, extolling its benefits and promoting a culture of entrepreneurship. Regarding representation, employers' organizations could present the collective view of the business community (for example, through their voice on various national bodies); advise governments on the main constraints and opportunities for enterprise development including skills and infrastructure priorities; provide feed-back to governments on what did or did not work, give leadership in the business community, including advising companies which had embarked on CSR on practical and transparent implementation; act as a focal point for governments and work with them to achieve clearly articulated national policies; undertake promotional campaigns to create awareness of, for example, availability of training programmes; publicize good employer practices; facilitate links between business and education such as with universities and training institutions; facilitate networks for women or young entrepreneurs and others, and analyse and raise awareness of the issue of competition

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between formal enterprises and informal economy operators. Regarding service to members, this could entail guidance – also delivered with governments – to enterprises on, for example, labour law, services to enhance productivity, assistance on administrative requirements for state programmes and on formalization procedures such as registration of new businesses and development of products like skills audit tools. She cited an example by the employers’ organizations from the State of Pernambuco in Brazil (where employers helped in environmental and productivity improvements in the denim clothing cluster, that led to substantial savings and reduced pollution levels linked to untreated waste water). Another cluster example came from Hyderabad in Pakistan, where weaver operators had been hampered by the delay in accessing their 45-day credit notes, as well as unorganized work systems, and the Employers’ Federation had been able, between July 2004 and March 2005, to help improve operations through a cluster-financing approach for the sector (relocation to a common facility centre with rent-sharing advantages and a central accounting service, and improved financial services from the commercial bank). The 50 enterprises involved had doubled their turnover and 18 of them had commenced export operations.

- 108.** Regarding social dialogue and partnerships, the Employer Vice-Chairperson stressed that effective social dialogue could potentially solve situations of conflict even before they arose. She emphasized that effective social dialogue entailed compromise, which did not necessarily resolve fundamental differences, and that trust had to be created between the parties. Successful dialogue over non-contentious issues could generate this trust, which would be very useful for possible conflictual situations in the future. A partnership approach between employers and workers, which looked to create a shared vision and common interest, could contribute to industrial stability. Moreover, effective dialogue that heightens awareness of a company’s strategic goals could lead to very direct results, and thereby improve productivity, foster sustained economic growth and attract investment. An example of social dialogue for promoting skills development was the framework agreement on lifelong learning signed by the European-level social partners, which was being implemented at the national level. She concluded by emphasizing the importance of promoting best practices highlighting joint efforts among the social partners that promoted sustainable enterprises.
- 109.** The Worker Vice-Chairperson highlighted the importance of shared initiatives involving workers and employers as well as governments. She considered that this should go beyond narrow collaboration. For workers, collective bargaining was crucial for sustainable enterprises because it could cover not only economic viability but also the social and environmental pillars of sustainability. She listed the various areas where social partners could work together: first, they could improve occupational safety and health, especially by setting up OSH committees or electing OSH representation, which could monitor standards so as to prevent accidents and disease at work; environmental and HIV/AIDS issues could also be addressed through such OSH institutions, as well as training in order to introduce a preventive safety and health culture in enterprises. Although ratification of international labour standards was a government responsibility, the implementation and monitoring of standards should be the joint task of governments, employers and workers. A second area for worker–employer collaboration was to discuss environmental protection by highlighting the importance of issues such as climate change that affect both production and consumption. One method could be the creation of joint bodies at national and local level, with the participation of public institutions and experts from universities and research centres, to promote the implementation of the Kyoto Protocol, such as the initiative in Spain, where the major employers’ and workers’ organizations had created a platform for dialogue on environmental concerns. A third area where the social partners should play an important role was training, in line with the Human Resources Development Recommendation, 2004 (No. 195). A fourth important area identified by the Worker Vice-Chairperson was creation of a good working environment for effective

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workers' representation, collective bargaining and social dialogue at the enterprise level. She expressed her conviction that to meet the challenge of sustainability required a culture of engaging in constructive dialogue and negotiations with the aim of implementing the Decent Work Agenda and achieving a fair redistribution of productivity gains. She stressed that while the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) secured the fundamental right of collective bargaining, the Workers' Representatives Convention, 1971 (No. 135) recognized that good industrial relations required effective protection of workers' representatives against dismissal related to their representational work, as well as adequate facilities to effectively carry out those functions. Linked to this was the issue of information sharing on best practices in collective bargaining: employers and workers would benefit from an electronic database on such practices that could be hosted and maintained by the ILO.

- 110.** She stressed the importance of legal regulation and called for a distinction between those regulations that were concerned with business registration, multiple reporting and excessive requirements that could be an obstacle for sustainability, and labour legislation that protected workers. Labour laws were not a burden on sustainable enterprises, but this did not mean that they should not be identified by the social partners and changed in order to adapt to new circumstances as long as such changes did not lead to precarious employment and weakened protection. The Employment Relationship Recommendation, 2006 (No. 198) offered governments and social partners guidance on how to ensure that employees enjoyed the labour rights to which they were entitled. She highlighted an example from New Zealand where the Government was linking its purchase of services in the sector covering care of the elderly and persons with disabilities with collective bargaining outcomes that addressed low wages and high turnover. She described the role of trade unions in promoting responsible investment, as an element for sustainable enterprises. For example, due to pressure from the trade unions, the California Public Employees' Retirement System had decided to take into consideration many non-economic factors when deciding on investments. She also cited the work of the Global Unions' Committee on Workers' Capital (CWC) which, at the international level, coordinated sustainability and governance-centred shareholder activism to promote sustainable investment policies of pension funds. There was also a role for trade unions in education and raising the awareness of workers on sustainability issues through education, learning and awareness programmes developed for members. She focused on the issue of global value chain analysis and upgrading including export processing zones (EPZs), stressing that it was important for workers and employers to work together to make sure that labour standards were maintained all along the value chain. Initiatives such as Belgium's "Clean Clothes @ Work" and Italy's "Fabbrica Ethica" in the Tuscany region as well as Nike's recent commitment to a time-bound programme of promoting unionization, social dialogue and mature systems of industrial relations throughout their supply chain. As for the issue of CSR within multinational companies, the Worker Vice-Chairperson considered that it should be developed jointly with their workers' representatives in order to promote sustainable investments and to ensure the application of the OECD Guidelines for Multinational Enterprises and the MNE Declaration. The joint action of the social partners was also critical in achieving work and family balance in enterprises, which was basic to sustainability. She called on enterprises to come up with innovative solutions at enterprise level to ensure that maternity protection and care for children or elderly family members did not result in discrimination.
- 111.** The Government member of Jamaica, speaking also on behalf of Bahamas, Barbados, Suriname, and Trinidad and Tobago, proposed the use of foreign policy as a vehicle for business development and sustainability, especially in working with social partners to lobby and negotiate with international agencies and major trading blocks. This was critical in dealing with areas such as FDI, market access and labour migration, and various sectors of economic activities. Governments should also promote a tripartite approach to

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productivity. The Bahamas and Jamaica had established tripartite productivity centres, which could be replicated in other countries in the region. Lastly, each government should establish a tripartite business forum to have ongoing dialogue aimed at finding effective strategies for areas such as competitiveness in the global market and increase in productivity. The Government member of Nigeria supported these views, and also reiterated the importance of a tripartite approach to developing an effective strategy for sustainable energy.

- 112.** The Government member of Japan, speaking also on behalf of a number of Government members,<sup>10</sup> stated that governments had the responsibility of providing an environment in which sustainable enterprise may flourish and remain profitable, but that the social partners had important roles as well. The social partners could develop partnerships with each other, academics, other civil society networks and the public sector; share experiences, expertise and resources, and build responsive business and worker communities interested in their social and environmental impacts. The social partners could educate their members and each other, including sharing the business case for CSR and demonstrating that CSR could be effective in development of community relations, risk mitigation, improving firm reputation and reaching consumers. The social partners could recognize the value of social and environmental requirements as expressed by national laws and practices and incorporate them into competitive strategies. Lastly, the social partners could identify ways in which business services needed to be tailored to the specific local, sector and country circumstances.
- 113.** The Government member of Indonesia added that government partnership with employers and workers could help domestic producers in those developing countries which were lagging behind in international standards to catch up, particularly concerning supply chain issues.
- 114.** The Government member of the Bolivarian Republic of Venezuela stated that the framework of social dialogue should be participatory, inclusive and decent to secure better coexistence. He also stressed that trade unions in particular were vital partners and that collective bargaining was a key element of social dialogue.
- 115.** The Government member of Trinidad and Tobago pointed out that sustainability was linked to youth, our heritage and future. He proposed developing a programme for students to become acquainted with employers' and workers' organizations during their school breaks, and possibly continue with an internship on graduation. Such a programme would expose young people to both the employer and worker perspectives during their entrepreneurship training and focus on decent work issues, including OSH. The ILO could develop guidelines for such a programme, and it could be supported by the tripartite constituents in each country, with additional support from the ILO and the United Nations Development Programme (UNDP).
- 116.** The Government member of South Africa stressed that, in his country, social dialogue was critical to promoting sustainable enterprises, as coordination of efforts had a more meaningful impact. This occurred at two levels: national negotiating forums and sectoral bargaining councils. He noted that in many countries far more people benefited from collective agreements than were actually members of a trade union or employer organization, an issue which needed to be addressed in discussing social dialogue for sustainable enterprises. While the South African National Economic Development and

<sup>10</sup> Australia, Canada, Czech Republic, Denmark, Finland, Hungary, Indonesia, Ireland, Republic of Korea, Netherlands, New Zealand, Spain, Switzerland, United Kingdom and United States.

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Labour Council had been successful and a role model for other countries, the Government continued to face challenges concerning collective bargaining, in particular the increase in casual work, which was adversely impacting trade union membership. This negative trend not only impacted collective bargaining but also industrial peace, which was a precondition for sustainable enterprises.

- 117.** The Government member of Mexico pointed out that the social partners should contribute in three areas to developing sustainable enterprises: government, economic efficiency and social equity. Government should promote more accountability and should set up measures for dialogue and conflict management, and support transparency and political cohesion. With regard to social equity, the social partners could play an important role in promoting social inclusion and fighting against discrimination, and contribute to more equitable income distribution.
- 118.** The Government member of the United States shared an example of how her Government was addressing the need for skilled workers in partnership with business, education institutions and the workforce community. Outcomes of this programme included more targeted investment of resources and integration of efforts, increased opportunities for employers to use apprenticeships to secure well-trained workers and for workers to enhance their skills and opportunities.
- 119.** The Government member of Greece considered the role of the social partners to be crucial for the promotion of sustainable enterprises, and that social dialogue was the vehicle. Her Government was currently in dialogue with the social partners on modernizing the labour law in line with European Union provisions. The National Employment Committee and the National Committee of Social Protection in her country created enabling and basic conditions for sustainable enterprise development. Tripartism ensured that sustainable growth and competitiveness went hand in hand with social justice.
- 120.** The Government member of Jordan emphasized that social partners could not always be expected to be in a position to promote sustainable enterprises. It was therefore vital that governments establish a supportive environment with adequate legislation and incentives. In doing so, it was important to consider the needs of enterprises and to increase awareness among workers' councils, to promote adequate training programmes, to improve training of managers, to evaluate results, to improve conditions of workers through participation of workers, to help increasing health and safety norms, and to meet the needs of sustainable enterprises.
- 121.** The Government member of Morocco highlighted that employers' organizations should be representative, authentic, credible, operational, well organized and stable in order to play an important role in creating enterprises, promoting youth entrepreneurs and supporting enterprises in difficult situations. Dialogue on both the social and economic aspects of sustainable enterprise development should be decentralized to the regional level, to create linkages with territorial development. Other necessary elements included: partnership between small and large enterprises and productivity improvement; negotiation when enterprises encountered difficulties; creating a social environment guaranteeing workers' rights, and collaboration and cooperation between employers' and workers' organizations.
- 122.** The Government member of India mentioned several contributions employers could make, including producing high-quality goods and services; providing employment; investing in training and promoting social responsibility. He thought that employers should feel that they were the owners of the enterprises and workers should feel they were part of a family. Governments, employers and workers together could develop a partnership for vocational training.

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- 123.** The Government member of Lesotho highlighted the value of partnership to increase productivity, foster skills transfer, and create links between SMEs and large firms. She stressed the need to strengthen trade unions' capacity to protect workers.
- 124.** The Employer Vice-Chairperson referred to the example the Workers' group had given concerning the Government of New Zealand linking the purchase of care services to collective bargaining to address low wages and high turnover in the sector, and suggested that this was in fact not an example of good practice but rather a dispute in progress. She welcomed the various comments affirming that governments retained primary responsibility for promoting an enabling environment, with a role for the social partners. She agreed in particular with comments concerning: the importance of social dialogue in developing policies to attract FDI and promoting OSH; the importance of tripartite productivity centres, addressing youth unemployment, and working with business to address skills gaps. She also confirmed the value of cooperation with the social partners in reform of labour legislation and stressed that while enterprises should invest in training, they could only build on a basic education which should be provided by the State. Lastly, she agreed with statements stressing that the enabling environment was a prerequisite for sustainable enterprises, that there were no jobs without a business-friendly environment which was free of corruption and had a good financial system, and reiterated that partnerships were important in promoting sustainable enterprises.
- 125.** The Worker Vice-Chairperson reiterated that social dialogue was important not only for increasing productivity but also for dealing with problems in a peaceful manner. She agreed that it was important to use foreign policy and trade negotiations to promote sustainable enterprises and sound FDI policies, and added that social dialogue was also important in EPZs. Tripartite forums could also consider solutions for sustainable energy. She shared the concern expressed about the weakening role of collective bargaining and social dialogue with the increase in casual work. She suggested that the experiences shared by the Government member of Jordan concerning health and safety and promotion of workers' rights may have been influenced by the ILO's ongoing work there, which had proven very effective. She also agreed with the suggestion that dialogue should concern not only social issues but also the macroeconomic perspective. She also agreed that programmes to promote entrepreneurship among youth were important, and they should include training on the rights of workers, organizing and the role of trade unions. She wished that the information provided by the Government member of the United States had contained more detail on how it was promoting freedom of association and collective bargaining in the country. Lastly, she defended the example from New Zealand linking purchase of care services to collective bargaining outcomes and emphasized that it was important for governments to promote respect for labour rights in their procurement practices.

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**Point 6. What can the Office do to support constituents in their efforts to promote sustainable enterprises?**

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**Point 7. What should be the ILO's priorities within its Decent Work Agenda in terms of supporting the promotion of sustainable enterprises, in the following areas:**

- Promoting an enabling business and regulatory environment?
- Value-chain upgrading and clustering?
- Local economic development?
- Promoting good workplace practices?
- Targeted programmes: micro-enterprises, SMEs, MNEs, entrepreneurship development (including for women), the informal economy and cooperatives?

**126.** The Chairperson recalled that the Committee's discussion of these points was clustered because of the need to arrive at focused outcomes and concrete proposals for ILO action. While point 6 elicited inputs on how the Office could support constituents generally in promoting sustainable enterprises, point 7 was more specific and listed five topics drawn from the ILO's Programme and Budget for 2008–09 for the Job Creation and Enterprise Development Department. A rich debate in this Committee would not only give guidance on these points, but also help the Office prioritize the various issues.

**127.** The Worker Vice-Chairperson highlighted how the Office could help the constituents in this area within the Decent Work Agenda, since workers considered that decent work was at the core of the ILO's work on enterprise development. The Office's work here should build on the ILO's unique values and mandate based on the wider economic mandate set out in the 1944 Declaration of Philadelphia. Report VI acknowledged that a wide range of actors, including governments, donors, and national and international organizations invested heavily in providing support to SMEs. Many intergovernmental organizations (IGOs) were supporting private sector development, such as the World Bank Group and the United Nations Industrial Development Organization (UNIDO). The ILO should avoid devoting its scarce resources to replicating what other agencies did more effectively and efficiently. But the ILO could reach out to those organizations to achieve global policy coherence and in order to mainstream decent work into their policies and programmes. The importance of the Decent Work Agenda had already been highlighted by the EU when it recalled the attention given to decent work in the ECOSOC Ministerial Declaration and the ongoing work on a new target for the first MDG.

**128.** The Workers' group described its priorities for the ILO's work in this area. The Office should assist in closing the representational gap. According to Report VI, workers in SMEs generally were less secure in their jobs when compared to those in larger enterprises, so the ILO had to help facilitate trade unionization and collective bargaining in such enterprises by promoting the ratification and application of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective



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Bargaining Convention, 1949 (No. 98), and the Workers' Representatives Convention, 1971 (No. 135). Furthermore, noting that millions of workers were denied the protection of labour laws since they worked in the informal economy, the Employment Relationship Recommendation, 2006 (No. 198) should be used as a guide for national governments to ensure that all workers were effectively protected. Collective bargaining should be strengthened and the ILO could assist the constituents by developing a knowledge base on good practices in this area (a database providing good practices had already been proposed by the Workers' group earlier in the discussion). Promoting good workplace practices was also an important area for Office assistance. Building on the body of international labour standards, the Office could promote standards through programmes that facilitated the exchange of good practice. The extension of social protection was one of the most important elements to improve working conditions and productivity in SMEs. Encouraging the adoption of systems that supported the transition from unprotected to protected work would facilitate the formalization of informal work. The Office could promote the design of social security systems that would promote social protection for all, and a universal social floor should be an Office priority, including schemes that addressed the needs of workers and their families in micro- and small enterprises. Promoting social responsibility and good workplace practices through MNEs was also an area for priority action. Two areas of work deserved special attention: promotion of the MNE Declaration and the provision of advice to companies on the application of international labour standards. Additionally, international guidelines on monitoring and auditing of MNEs could be developed to address conflicting standards and procedures, and the Office initiative on EPZs could be strengthened. Local development strategies, including cooperatives, were another area of potential Office focus. Such initiatives could promote participatory development, as well as financial instruments and technical assistance that incorporated sustainable economic, social and environmental criteria. Cooperatives were an especially important area of work to which the ILO should devote increased resources; they attracted the self-employed because they provided valuable services to their members, gave them voice and representation, promoted the formalization of employment and had a proven record in generating decent employment. Both the Promotion of Cooperatives Recommendation, 2002 (No. 193) and the Employment Relationship Recommendation, 2006 (No. 198) provided useful guidance in this area for the constituents.

- 129.** Stressing that sustainable enterprises could not be based on a context of unsustainable wages, the Worker Vice-Chairperson called for further Office work on wage policies, particularly in the area of living wages, building on the March 2007 Governing Body discussion.<sup>11</sup> Fair trade initiatives should also be fostered. Decent work deficits in the informal economy should be addressed, with the work of the Office guided by the International Labour Conference's general discussion on the informal economy in 2002. Office work on sustainable enterprises should also draw on the macroeconomic policies for employment generation and economic growth, set out in the Global Employment Agenda. Given the growth of private equity and hedge fund instruments, she considered that the Office should undertake a study of the social, employment and economic impact of such instruments with a view to safeguarding against their detrimental effects. Noting that investment in infrastructure had great potential for job creation, the Worker Vice-Chairperson called for increased ILO resource allocation to employment-intensive public works programmes; the Labour Clauses (Public Contracts) Convention, 1949 (No. 94) gave guidance on public procurement. Decent work in SMEs could be generated by ensuring that only those firms that complied with labour legislation and safety standards were allowed to bid for public contracts. This could be an important area of collaboration with the World Bank. The Office should undertake research on the impact of climate

<sup>11</sup> Document GB.298/ESP/2.

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change on employment and livelihoods to see whether investment and innovations were applied in a way that generated jobs, protected the natural environment and promoted social equity. Current work between the ILO and UNIDO that sought to develop export consortia for SMEs should include consideration of social and environmental sustainability, including respect for fundamental workers' rights. Lastly, the International Training Centre, Turin, should focus on the promotion of bipartite and tripartite programmes that were based on the key elements of sustainability and decent work.

**130.** The Employer Vice-Chairperson gave three main messages on the Office's work and priorities: it should focus on its mandate and comparative advantage; it should offer practical advice and support derived from this comparative advantage and mandate, and it had to collaborate with other organizations. She remarked on the role of the private sector in the achievement of development outcomes and poverty alleviation, a fact increasingly acknowledged by international policy-makers. This was confirmed by the 2004 report of the UNDP's Commission on the Private Sector and Development entitled *Unleashing entrepreneurship: Making business work for the poor*. The Office could help governments make their actions and policies consistent with their statements concerning the vital role of the private sector, and deliver on their commitments to support private sector development, and encourage their work with the range of international organizations. In the context of Office action, support should be given to the ongoing process of UN reform: the recommendations of the Secretary-General's High-level Panel on UN reform should be fully implemented. These recommendations were an ambitious blueprint for more coherent UN activity and would increase efficiency by eliminating unnecessary duplication and inter-agency competition. The ILO had a unique role to play with its inclusion of employers' and workers' organizations alongside governments that provided a connection with the real world and the opportunity for enhanced social dialogue. The ILO's unique normative framework was a comparative advantage, although it needed to be refocused to deliver high impact and applicable norms for today's globalized labour market. The ILO was widely respected, but needed to adjust to meet new global challenges and to articulate more clearly its core areas of strength. Concerning a more focused approach, the Employer Vice-Chairperson called for practical interventions that concretely supported enterprise start-up and development. The Office should refine its research programme, based on ongoing research and, when possible, collaborate with other organizations. A good example was the 2007 joint ILO–WTO publication entitled *Trade and employment: Challenges for policy research*. The Office also had to assess the needs of the constituents more thoroughly. Demand-driven and quality tools on sustainable enterprise should be developed to help strengthen local actors. In conclusion, the Employer Vice-Chairperson outlined priority areas of work. In the area of standards, work should focus on helping to create the necessary enabling and regulatory environment for sustainable enterprise development. In terms of employment, the Office should develop entrepreneurship programmes, particularly those targeting women and young people. Skills development through education and vocational training were important, as was developing labour market policies conducive to economic and social development. Microcredit and insurance outcomes should be strengthened. In the area of social protection, the fight against HIV/AIDS was critical, as were improved systems for social protection and safer workplaces. In the area of social dialogue, employers' and workers' organizations would benefit from enhanced delivery of technical assistance.

**131.** The Government member of New Zealand, speaking also on behalf of a number of Government members,<sup>12</sup> outlined how the ILO could make a great contribution to the

<sup>12</sup> Australia, Austria, Canada, Czech Republic, Denmark, Finland, Indonesia, Ireland, Japan, Republic of Korea, Netherlands, Norway, Spain, Sweden, United Kingdom and United States.

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discussion on the role of the private sector by focusing on its core mission and labour expertise. She emphasized that the ILO needed to respond better to the different needs of constituents by taking a flexible approach with regard to differences in national economies and levels of development. One such way would be to use the Decent Work Country Programmes (DWCPs) to develop tool kits based on best practice and the successful experiences of other countries. She suggested that ILO field offices should work more closely with member States so that programmes would be aligned more specifically with the labour market policies, rather than adopting a “one-size-fits-all” approach. Since ILO field offices could assist member States within the context of the DWCPs, she looked forward to the strengthening of the field structure, as under discussion in the Governing Body. Specific priorities for the Office should be to undertake research and identify best practice material: to improve data analysis on the links between labour markets, poverty and the requisite social conditions; to help employers and workers through agreement and compliance assistance, and to deliver activities to enable industry sectors to contribute to the design of regulations. She argued that the Office had a key mandate in setting and promoting international labour standards that created a more highly skilled and more engaged workforce. She stressed that, while equality was a right, there were also strong practical arguments for eliminating discrimination against women and other excluded groups. Women’s empowerment clearly increased economic growth, raised agricultural productivity, improved the health and education of the nation as a whole, and their empowerment in business and politics helped improve national and corporate governance. She regretted that women’s economic empowerment had lagged behind other issues and called for greater Office attention to the issue.

- 132.** In addition, the Government member of the United Kingdom stated that the Office should continue to give prominence to CSR and ethical trading initiatives in its programmes. He argued that the Office had a role to play in supporting governments in their efforts to improve the regulatory environment in line with lessons drawn from voluntary initiatives. He welcomed the inclusion in the report of an assessment of the Ethical Trading Initiative (ETI) and urged the Office to play a greater role as an interlocutor with national governments on issues which had constrained its success. Such issues included: creating space for effective tripartite dialogue and promoting freedom of association and collective bargaining; pressing for better regulation based on the Decent Work Agenda, and drawing stronger links between the goals of the ETI and the ILO’s principles, such as ensuring that principles applied to all workers irrespective of their status as employee or their terms of employment.
- 133.** The Government member of France, speaking also on behalf of the Government members of Belgium, Germany and Turkey, strongly supported the statement made by the Government member of New Zealand in relation to women’s economic empowerment and gender equality.
- 134.** The Government member of China proposed that the Office should engage in development cooperation efforts with member States in order to improve legal systems, coordinate different interests in promoting sustainable enterprises and assist in the challenges presented by rural–urban migration. The Office was a rich repository of technical information that could be shared through information exchange, symposia and technical assistance to member States, in particular developing countries, on subjects such as better use of social dialogue and how to facilitate sustainable enterprises’ contribution to decent work. The Chinese Government was currently in the process of amending its labour law to introduce dispute settlement provisions and a new text on labour contracts and their enforcement, so as to ensure a job security legal framework by 2010. She stated that the Office could assist China and other developing countries to learn from countries with more mature economies with regard to collective bargaining and tripartite social dialogue systems. She emphasized that this was particularly important for China, as it had 1 million

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rural migrants coming to cities who needed decent wages, employment, social security and social protection. She thanked the Office for providing a Chinese language version of the report in time for this discussion, because having documents in Chinese assisted fuller participation in ILO debates.

- 135.** The Government member of the Islamic Republic of Iran noted that technological advances and globalization, and the structural changes that they caused, had made enterprises more vulnerable. He suggested that the number of enterprises entering and exiting a market were indicators that should be monitored. As enterprises consolidated employment, it was vital that they survived in a sustainable way and the Office could undertake studies to recognize and analyze all types of obstacles which could endanger them. Good governance, the regulatory environment, social dialogue, the existence of links between corporations and SMEs, were just some of the key areas affecting an enterprise's viability to differing degrees in different countries, so comprehensive research by the Office was necessary to identify what exactly made enterprises vulnerable in particular environments.
- 136.** The Government members of Botswana and Malawi referred to national institutions where experiences of best practice from other countries could be shared if supported by the Office. The Government member of Malawi described how, in 1981, the Office had assisted with the establishment of the Malawi Entrepreneurs Development Institute (MEDI), an organization engaged in research and information sharing on sustainable enterprises; he regretted, however, that ILO support had ceased in 1994 and appealed for a resumption of such support. The Government member of Botswana informed delegates that her Government had recently set up a local enterprise authority responsible for supporting Botswana's enterprises and entrepreneurs; it could benefit from both Office information on lessons learned and what other countries had done in relation to SMEs, and in monitoring, evaluation and impact assessment.
- 137.** The Government member of Mexico suggested that the Office should provide more specialized training in order to strengthen its institutional capacity to assist member States to implement ratified Conventions. It should also seek out funds to generate projects on strategies for the promotion of sustainable enterprises, and gather and disseminate information on the factors that favoured sustainable development. In addition, the Office should collect and disseminate specific case studies and successful practices, and make specific recommendations in accordance with the varied national circumstances. He argued that an action plan was required to delink economic growth from environmental degradation. It could be developed at local and national levels, in cooperation with regional and international programmes, and would involve governments, industry, NGOs (like consumer bodies and environmental lobbies), IGOs and local communities. He pointed out that existing instruments could be built upon, such as the Latin American and Caribbean Initiative on Sustainable Development, the Millennium Declaration and the Johannesburg Plan of Action.
- 138.** Thanking Committee members for the various interventions, the Worker Vice-Chairperson particularly wanted to express agreement with the Government member of New Zealand on the importance of workers and employers complying with international labour standards, and that the ILO had a clear mandate when it came to standard setting. She also supported the Government member of New Zealand's comments on gender equality and emphasized that all discrimination in the world of work should be eliminated. She agreed with the comments of the Government member of the United Kingdom that supported the Office's role in respect of the regulatory environment and on the importance of tripartite dialogue for decent work. The Ethical Trade Initiative example was a social dialogue experiment that was capable of creating positive change all the way along the value chain. She supported the points raised by the Government members of Botswana and Jamaica.

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She agreed with the Employer Vice-Chairperson that the Office had limited capacity and funds and that too much should not be demanded of it, and that the ILO should strengthen its core areas and leave other issues to relevant agencies. Since sustainable enterprises were rooted in decent work, and required tripartism and strong norms to flourish, Office work on this topic was important. She however disagreed with the Employer Vice-Chairperson's inference that employment creation was the most important aspect of the Office's programme; the Workers' group were convinced – and Governing Body discussions had demonstrated – that standard setting was the ILO's core work and it did not require any refocusing.

139. The Employer Vice-Chairperson thanked all the Government members for sharing their expectations on the Office's role, and particularly welcomed the statement of the Government member of New Zealand on behalf of a large number of Government members regarding the need for differentiation as no one size could fit all situations. The Employers' group also agreed that the informal economy should become an area of ILO focus, and noted that the Workers' group endorsed this as well. She agreed with the Government member of Jamaica's comments on fact-based research and partnerships with academia, and the comments of the Government member of the United Kingdom on CSR. She responded to the Worker Vice-Chairperson's comments that MNEs should have been given more attention in the Office by referring to the existence of the Governing Body's Subcommittee on MNEs and the ongoing promotion of the MNE Declaration; it had been decided in November 2006 that the Office set up a helpdesk for MNEs on core labour standards. This was a good example of practical assistance to corporations, as was the series of InFocus seminars on CSR held in recent years. In conclusion, she suggested that there was a need for the Office to share knowledge not only on what worked, but also on what did not work. The Committee's overall guidance on points 6 and 7 needed to be aware of the Office's financial and resource limitations.

## **Point 8. Which external partners should the ILO work with to promote sustainable enterprises?**

140. The Worker Vice-Chairperson divided the question into two parts: what the context of the ILO's cooperation with external agencies should be and with whom the ILO should cooperate. The ILO should cooperate with other agencies in promoting sustainable enterprises in the context of its mandate, which was value based, rooted in tripartism and aimed at improving the lives of workers. She quoted from the Preamble of the ILO Constitution<sup>13</sup> and the Declaration of Philadelphia (1944)<sup>14</sup> to recall what these values

<sup>13</sup> The Preamble of the ILO Constitution states that:

[...] universal and lasting peace can be established only if it is based upon social justice; [...] conditions of labour exist involving such injustice hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled; and an improvement of those conditions is urgently required; as, for example, by the regulation of the hours of work including the establishment of a maximum working day and week, the regulation of the labour supply, the prevention of unemployment, the provision of an adequate living wage, the protection of the worker against sickness, disease and injury arising out of his employment, the protection of children, young persons and women, provision for old age and injury, protection of the interests of workers when employed in countries other than their own, recognition of the principle of equal remuneration for work of equal value, recognition of the principle of freedom of association, the organization of vocational and technical education and other measures; [...] also the failure of any nation to

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were. The ILO had a role to play in promoting sustainable enterprise so that working conditions could be raised to the standards outlined in the Declaration of Philadelphia and within the framework of the Decent Work Agenda.

**141.** Concerning with whom the ILO should cooperate, she emphasized the World Commission on the Social Dimension of Globalization and other calls for policy coherence and urged that the ILO ensure that workers' rights became a cross-cutting issue within the UN system, the WTO and the Bretton Woods institutions. She urged that this be done with the full participation of employers and workers at all levels, and requested that an evaluation and impact assessment of the ILO's comparative advantage in promoting sustainable enterprise development be carried out. She argued that, at the national level, the tripartite DWCPs should be the main context for cooperation with government and other external agencies, and that dialogue should be undertaken with industrialized countries to ensure that their development cooperation policies could be rolled out within the context of decent work.

**142.** Specific areas for cooperation and the related organizations included:

- on climate change, adaptation of economic structures, sustainable consumption, and CSR: UNEP and the common platform between the ILO, UNEP and the WTO;

adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries.

<sup>14</sup> Article II, sections (a) to (d) of the Declaration Concerning the Aims and Purposes of the International Labour Organization, Philadelphia (1944) states that:

[a]ll human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity; the attainment of the conditions in which this shall be possible must constitute the central aim of national and international policy; all national and international policies and measures, in particular those of an economic and financial character, should be judged in this light and accepted only in so far as they may be held to promote and not to hinder the achievement of this fundamental objective; it is a responsibility of the International Labour Organization to examine and consider all international economic and financial policies and measures in the light of this fundamental objective.

Article III states that:

[t]he Conference recognizes the solemn obligation of the International Labour Organization to further among the nations of the world programmes which will achieve: full employment and the raising of standards of living; the employment of workers in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their greatest contribution to the common well-being; the provision, as a means to the attainment of this end and under adequate guarantees for all concerned, of facilities for training and the transfer of labour, including migration for employment and settlement; policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection; the effective recognition of the right of collective bargaining, the cooperation of management and labour in the continuous improvement of productive efficiency, and the collaboration of workers and employers in the preparation and application of social and economic measures; the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care; adequate protection for the life and health of workers in all occupations; provision for child welfare and maternity protection; the provision of adequate nutrition, housing and facilities for recreation and culture; the assurance of equality of educational and vocational opportunity.

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- on the challenge of HIV/AIDS and OSH in the workplace; as well as human resource development in the health sector: the World Health Organization (WHO);
  - on integrating decent work at the country level: UNDP;
  - on integrating decent work at the regional level: the European Union; the African Union; the Association of Southeast Asian Nations (ASEAN); the Southern African Development Community (SADC); the Economic Community of West African States (ECOWAS); the Economic Community of Central African States (ECCAS), the East African Community (EAC); the Common Market for Eastern and Southern Africa (COMESA) and the Southern Common Market (MERCOSUR);
  - on promoting education as a key element in eliminating child labour: the United Nations Education Scientific and Cultural Organization (UNESCO);
  - on promoting sustainable agriculture and rural development: the Food and Agriculture Organization (FAO);
  - on regulating the increasingly volatile international markets: the OECD; the International Monetary Fund (IMF), the Financial Stability Forum and the World Bank, with whom it should also work on conditions for procurement contracts issued by governments;
  - on issues concerning CSR and promoting the OECD Guidelines for Multinational Enterprises and the MNE Declaration: OECD;
  - on assessing the impacts of the evolving trade regime on workers: WTO;
  - on assessing the impact of trade on wages, employment and conditions of work: UNCTAD.

**143.** The speaker highlighted the distinct roles of the ILO and the United Nations Children’s Fund (UNICEF), the former being concerned with child labour, the latter with child welfare. She underlined that the ILO’s child labour programmes were being implemented with the full inclusion of ILO constituents and that any cooperation between the two agencies should apply the same approach. She concluded by reiterating the importance of tripartism and decent work in cooperation with other agencies.

**144.** The Employer Vice-Chairperson briefly outlined some key considerations for the Office in selecting external partners. The ILO should use its unique network of constituents which form the core partnership, and should not work in isolation or in competition with other organizations; rather, policy coordination and coherence were essential.

**145.** Concerning particular institutions with which the ILO should partner, she mentioned the international financial institutions, the UN family of organizations, the OECD, the Donor Committee for Enterprise Development, various research institutions focusing on enterprise development, and practitioners in the field. She stressed, however, that the recommendations should be flexible, to accommodate financial realities and potential change in the focus of various institutions.

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- 146.** The Government member of Hungary, speaking also on behalf of a number of Government members,<sup>15</sup> emphasized the need for improved cooperation with other UN agencies to ensure policy coherence and the avoidance of duplication. He stressed that for the outcomes of this general discussion to have a lasting impact, there was also a need to improve coordination within the ILO. The ILO should seek out and take into account the views and activities of relevant international institutions, organizations and multilateral agencies which were active in the area of sustainable development.
- 147.** The Government members of Egypt and Lebanon stressed that security and stability were necessary for sustainable enterprise. These basic conditions were not always present, as was the case in the Middle East and Africa, due to foreign attacks and interference or internal groups fighting one another. In a context of insecurity, there was not only a lack of investment but also capital flight out of the country. That was why the ILO needed to work with external partners such as IGOs to promote stability, protect human rights, encourage implementation on international labour standards and help employers provide a good work environment. The Government member of Lebanon added that the ILO should work with civil society organizations in the area of vocational training and management, as they had a major role to play in the promotion of sustainable enterprises. He pointed out that developing countries needed such assistance, since employers seldom financed this type of training. The ILO could usefully contribute more to the development of such training.
- 148.** The Government member of Greece, conscious of the many challenges that globalization presented to promoting sustainable enterprises, saw the ILO's partners as including other UN agencies, the WTO, the international financial institutions and the OECD. The ground rules for such cooperation included, as many speakers had already stated in the Committee, a coherent approach in policy, avoidance of duplication and exploiting the comparative advantage the ILO possessed, which was strong tripartism. Moreover, a 2006 Communication of the European Commission entitled "Promoting decent work for all" had encouraged the Commission to work with the ILO, the UN and other international organizations to improve analysis and develop indicators related to the implementation of the Decent Work Agenda. Crucial for the promotion of sustainable enterprises was enhancing cooperation with governments, employers and workers as a key factor for viable entrepreneurship. She added that the exchange of ideas, practices and expertise played a vital role for this purpose. She supported the proposal introduced by the Workers' group to establish a well-organized and reliable database of good practices concerning sustainable enterprises, so that such information could be widely disseminated. Taking all these partnerships and actions into account, a global strategy for sustainable growth aimed at achieving decent work for all, combining economic competitiveness with social justice, could be put into practice.
- 149.** The Government member of Morocco saw the discussion on external partnerships linked to the discussions on the work and priorities of the Office. Since the ILO's aim was the improvement of working conditions and employment rights, it had general and varied functions. In the area of employment and enterprises, the ILO had to promote the many international instruments that covered a wide range of aspects (employment policy, vocational training, human resources development and integration of workers with disabilities, among others), amounting to an objective of promoting the right to employment. The promotion of sustainable enterprises was interlinked with that right to employment. He therefore called on the ILO to: reconcile trade liberalization with labour rights; study the impact of globalization on employment and enterprises so as to be able to

<sup>15</sup> Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Indonesia, Ireland, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Spain, Sweden, United Kingdom and United States.



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take corrective action if necessary and better manage the outcomes, and promote cooperation with the UNDP, the World Bank, development banks and social partners that had a more liberal approach than that of the ILO.

- 150.** The Government member of Jordan considered that the ILO had to cooperate with governments to promote sustainable enterprises on the basis of decent work. He saw a need for instruments to monitor and follow-up in this area. External partnerships should include the Arab Labour Organization.
- 151.** The Government member of the Netherlands noted that certain toolkits aimed at assisting start-ups did not include basic information modules related to environmental and social issues. Given the importance of this aspect of sustainability, well canvassed during the discussion, this gap had to be filled. In this area, the ILO could usefully cooperate with other organizations such as the IFC or the Global Reporting Initiative. The ILO start-up materials should also be checked so as to ensure that environmental and social issues were included, thereby ensuring that right from the start, enterprises developed sensitivity towards these important issues.
- 152.** The Government member of Trinidad and Tobago, speaking also on behalf of Barbados, Jamaica and Suriname, stated that operation of sustainable enterprises both at the firm and national levels required the involvement of many more stakeholders than merely those within the labour dimension, for it was difficult to execute a successful sustainable enterprise without economic, fiscal, trade and social partners. Turning to the UN system, he stated that ILO partnering with the WTO and the UNDP would foster a successful sustainable enterprise partnership. Policies and programmes within these three agencies needed to be intertwined, because operating any one of them in isolation excluded crucial aspects of the operations of others. He pointed out that the WTO's policies and programmes could influence the trade direction of an enterprise without taking into consideration the impact on employment, migration and welfare. He also pointed out that WTO policies and programmes that ignored the labour dimension could result in jobless growth and might be at the expense of workers' rights, as well as loss of welfare and a lowering of the standard of living of the population. In his opinion, at the national level, creating a sustainable enterprise depended on the development of comprehensive policies and programmes which incorporated economic, trade and social issues. With respect to CARICOM, he welcomed the ILO's partnership with the CARICOM secretariat on the issue of sustainable enterprises. He noted that within CARICOM's integration policy called the Caribbean Single Market and Economy (CSME), the single market was already formed and the economic integration element, to be achieved by 2008, would contain the following objectives: improved standards of living and work; full utilization of labour and other factors of production; enhanced levels of international competitiveness, and increased production and productivity. He stated that the CSME also provided for the free movement of goods, services, capital, people and the right of establishment, and that they were the regimes in which the main labour issues should be addressed. CSME was therefore poised to deal effectively with the labour dimension in that region. CARICOM member States could benefit greatly from partnership with the ILO in strengthening the capacity of the CARICOM secretariat to deal with the labour aspect of regional integration. He was sure that the CARICOM secretariat would welcome the assistance that the ILO could offer and hoped that meaningful dialogue could take place in this regard. He informed Committee members that the XV Inter-American Conference of Ministers of Labor (IACML) of the Organization of American States would be hosted in Trinidad and Tobago from 11 to 13 September 2007 and would address issues related to globalization, which affected employment and labour in the Americas. He added that the Conference's cross-cutting theme was making decent work central to social and economic development; it thus offered an opportunity for labour issues to be addressed in partnership with the Americas region. Lastly, he stated that the ILO needed to focus its work on building

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entrepreneurship and requested the ILO to develop, together with the UNDP and WTO, an entrepreneurship curriculum that could be introduced into schools so that the culture of entrepreneurship became an integral part of education.

**153.** In addition, the Government member of Jamaica argued that Office links with research institutions could be extended, in particular to partnerships with universities in order to track and share in the development of innovative products and services that could make enterprises more competitive and sustainable. He suggested that the International Institute for Labour Studies should be more fully integrated into the Office's work.

**154.** The Employer Vice-Chairperson returned to the question of the ILO's mandate, stressing that the Organization had the full mandate to support development of sustainable enterprises. She cited that the relevant provision of the Declaration of Philadelphia concerning collaboration with other institutions as contained in Part IV:

Confident that the fuller and broader utilization of the world's productive resources necessary for the achievement of the objectives set forth in this Declaration can be secured by effective international and national action, including measures to expand production and consumption, to avoid severe economic fluctuations, to promote the economic and social advancement of the less developed regions of the world, to assure greater stability in world prices of primary products, and to promote a high and steady volume of international trade, the Conference pledges the full cooperation of the International Labour Organization with such international bodies as may be entrusted with a share of the responsibility for this great task and for the promotion of the health, education and well-being of all peoples.

**155.** She also recalled other International Labour Conference discussions concerning decent work and the informal economy (2002), promoting youth employment (2005) and job creation in SMEs (1998), which also framed the ILO's mandate concerning promotion of sustainable enterprises. She recalled the guidance contained in article 20 of the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189):

Members should promote the contents of this Recommendation with other international bodies. Members should also be open to cooperation with those bodies, where appropriate, when evaluating and implementing the provisions of this Recommendation, and take into consideration of the prominent role played by the ILO in the promotion of job creation in small and medium-sized enterprises.

Decent work could only exist with sustainable enterprises, and the ILO should seek cooperation with all necessary partners.

**156.** The Worker Vice-Chairperson thanked the Government members of the Committee for their inputs regarding external partnerships, in particular the reminder from the Government member of Greece about the ILO having to work within its mandate and limited resources, from the Government members of Morocco and Trinidad and Tobago on the important link between rights and trade, and from the Government member of the Netherlands on the need to integrate social and environmental aspects of sustainability in start-up materials. The Workers' group considered that the ILO should seek partnerships with all groups that could help in the implementation of the ILO's mandate.

**157.** Reflecting on the entire discussion, the Employer Vice-Chairperson stated how much she appreciated to have had a discussion on promotion of enterprises on the agenda, which was important for all constituents and reflected the relevance of the ILO to the business community. She stressed that enterprises' primary role was to provide products and services that met consumers' expectations in a cost-effective manner and generated profit, allowing these enterprises to continue to be of use to society today and in the long run. She

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suggested that the statement “when I think of sustainability, I think of the long haul” made by the Government member of Trinidad and Tobago should be the Committee’s motto.

- 158.** She summed up the eight discussions points with three questions. First: “What were the needs of enterprises, both externally and internally?” She reiterated the ten pillars necessary to promote sustainable enterprises: (1) good governance; (2) an effective and efficient regulatory environment; (3) entrepreneurship policies; (4) property rights; (5) financial services; (6) education, including promoting an entrepreneurship culture; (7) sound macroeconomic and fiscal policies; (8) infrastructure development; (9) open trade and investment policies and (10) social dialogue. These ten pillars were interconnected and should be considered as a whole. She noted the broad consensus in the Committee about the vital role of these ten pillars for creating and supporting sustainable enterprises.
- 159.** Second: “What were the roles of governments, workers and employers?” This was a key objective achieved in the discussion. The role of business was to create wealth and, as a consequence, jobs. The role of governments was to create an enabling environment to create sustainable enterprises. The role of workers was to act as partners in these endeavours.
- 160.** Beyond the responsibilities of enterprises, many companies undertook voluntary social responsibilities; the discussion on social responsibility should not be concentrated on large multinational companies only. SMEs, which often practiced social responsibility without being aware of it, were the source of job creation.
- 161.** The last question she raised was, “What do we expect from the ILO in terms of promotion of enterprises?” The ILO had to focus on its mandate and comparative advantage, and provide practical responses and support. The responses should be differentiated, flexible, tailor-made and demand-driven, as there was no one-size-fits-all. The ILO should collaborate with other organizations, utilizing its private sector network.
- 162.** She reminded that SMEs represented the overwhelming majority of enterprises throughout the world and that most of the work in developing countries took place in the informal economy. The ILO and its partners should focus on these two elements. Lastly, she expressed appreciation for the excellent discussion, in particular the Government members’ supportive interventions, which she expected to be reflected in the conclusions. This Committee had been a successful learning experience.
- 163.** The Worker Vice-Chairperson thanked the Government members for their insightful contributions to the Committee’s work and noted that these largely reflected the views of the Workers’ group. She recalled her introductory statement and reminded the Committee members that the ILO Constitution and the Declaration of Philadelphia gave the Office a clear mandate in the area of sustainable enterprise, and that it should take full advantage of this mandate in the delivery of services.
- 164.** The Government member of Trinidad and Tobago remarked that he had found the discussion extremely rich, and paid tribute to the Employer and Worker Vice-Chairpersons, who were both women, for their in-depth contributions and analysis, which provided a good example of the value of gender mainstreaming. He concluded by drawing the Committee’s attention to the need for the ILO to go beyond its standard-setting objective, to focus and to build human resources more broadly.
- 165.** The Chairperson thanked the Employer and Worker Vice-Chairpersons for their active role in the work of the Committee, and extended his appreciation to the Government members as well.

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## Draft conclusions

- 166.** The Chairperson introduced the document which contained the draft conclusions prepared by the Drafting Group. He thanked the members of the Drafting Group, which included the Vice-Chairpersons, the Government members and the Employer' and Workers' groups, for their hard work in arriving at the draft, and also thanked the Office for its technical and administrative support.

### Before point 1

- 167.** The Government member of the Netherlands introduced an amendment submitted by the Government members of Ireland and the Netherlands to add a new point after the title "Introduction" and before point 1 reading:

At the Johannesburg World Summit in 2002, a commitment was made to promote the integration of the three components of sustainable development – social and economic development and environmental protection – as interdependent and mutually reinforcing pillars. Poverty eradication, changing unsustainable patterns of production and consumption, and protecting and managing the natural resource base of economic and social development are overarching objectives of, and essential requirements for, sustainable development. The international system, including the ILO, has not yet built strong synergies between social environmental and economic sustainability. As a result, little progress has been made in terms of policy convergence and practical results.

This addition was aimed at placing the promotion of sustainable enterprises within a framework of sustainable development. He indicated that the wording of the amendment had been drawn from Report VI.

- 168.** The Employer Vice-Chairperson did not disagree in principle with the addition proposed in D.35, but stated that it constituted a negative start to the draft conclusions.
- 169.** The Worker Vice-Chairperson supported the amendment and agreed with the Government member of the Netherlands that it provided a good introductory framework, based on the conclusions of the Johannesburg World Summit on Sustainable Development, 2002. She disagreed, however, with the placement of the amendment; in order to deal with the concerns of the Employers' group, she suggested that it should be moved after the first sentence of point 1.
- 170.** The Government member of Austria supported the amendment.
- 171.** The Employer Vice-Chairperson stated that the Employers' group could support the amendment if a better place for it was found, for example, if it were moved after point 3 and the last two sentences were deleted. She argued that there had been no debate in the Committee on the policies to which reference was made in the last sentences of the amendment.
- 172.** The Worker Vice-Chairperson reiterated her view that there was need for a general introductory framework and argued that the last sentences were consistent with Committee discussions on policy coherence in the Governing Body and in the various Reports of the Director-General. She added that the Workers' group supported adding the amendment to the end of point 1.

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- 173.** The Government member of Liberia proposed a subamendment to replace the words “little progress has been made” in the last sentence of the amendment with the words “progress towards policy convergence and practical results is slow”. However, as that subamendment was opposed by the Employers’ and Workers’ groups, he withdrew his subamendment.
- 174.** The Employer Vice-Chairperson accepted the proposal of the Workers’ group and submitted a subamendment that the amendment remain with its original wording, but that it be placed as a new paragraph after point 1.
- 175.** The Worker Vice-Chairperson supported this subamendment.
- 176.** The amendment was adopted as subamended.
- 177.** The Employer Vice-Chairperson introduced an amendment to replace, in the second and third lines of point 1, the words “environmental protection ... decent work.” by the words “overall social protection and economic development including employment creation, decent work and environmental protection.” She justified the amendment by suggesting that the wording in the current text did not give a correct order of priorities; the amendment simply sought to remedy that by reversing the words. She argued that the ILO’s chief mandate was “social and economic development” and that these words should therefore appear before “environmental protection”. In reading out the amendment, the Employer Vice-Chairperson added the word “and” between “employment creation” and “decent work”.
- 178.** The Worker Vice-Chairperson supported the amendment, as did the Government members of the Bahamas, New Zealand and Nigeria.
- 179.** The amendment was adopted as subamended.
- 180.** Point 1, as amended, was adopted.

## **Point 2**

- 181.** The Employer Vice-Chairperson introduced an amendment to add the words “and innovation that improves standards of living and social conditions over time.” in the fourth line, after the words “sustainable development”. She stated that this amendment referred to the importance of innovation in improving living and social conditions over time. She stressed that innovation was a key driver of sustainable enterprises and this was an appropriate place to include it in the text.
- 182.** The Worker Vice-Chairperson supported the amendment.
- 183.** The amendment was adopted.
- 184.** The Employer Vice-Chairperson introduced an amendment to add at the end of the paragraph the words “because it is in workplaces that the social, economic and environmental dimensions come together inseparably.”
- 185.** The Workers’ group considered that this addition refined the reference at the end of point 2 to the unique role of the ILO in supporting sustainable enterprises by highlighting the role of workplaces. They supported the amendment.
- 186.** The amendment was adopted.

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- 187.** The Worker Vice-Chairperson introduced an amendment adding to the end of point 2 the sentence: “The ILO should also use its expertise to assist in transforming unsustainable or hazardous enterprise practices towards sustainability.” She explained that the ILO had an important role to play, particularly among SMEs, in creating a bridge between unsustainable and sustainable practices, and the amendment would ensure clarification of this role at the beginning of the proposed text.
- 188.** The Employer Vice-Chairperson did not support inclusion of the word “hazardous” and proposed a subamendment deleting this reference and placing the revised text in point 20 of the draft conclusions. She considered that this was a more appropriate placement because that point referred to the role of the ILO.
- 189.** The Worker Vice-Chairperson did not support the subamendment of the Employers’ group, but suggested that the Workers’ group would support placement of the amendment in point 20.
- 190.** The Government member of Australia expressed reservations concerning the amendment because of its emphasis on working with enterprises engaged in unsustainable or hazardous practices.
- 191.** The Worker Vice-Chairperson, noting that the ILO had a special role in the area of workplace health and safety, proposed a subamendment referring to the need for the ILO “to assist enterprises with unsustainable practices to achieve sustainability”, and to place it in point 20.
- 192.** The Employer Vice-Chairperson supported the Workers’ group subamendment.
- 193.** The Government member of New Zealand suggested that the proposed text should follow at the end of the first sentence of point 20(4).
- 194.** The Employer and Worker Vice-Chairpersons supported the amendment as subamended, with the English phraseology adjusted so as to read: “and use its expertise to assist enterprises with unsustainable practices to achieve sustainability”, and placing it as a continuation of the second sentence of point 20(4).
- 195.** The Chairperson remarked that final consideration of the subamendment would occur when the Committee reviewed point 20 in its entirety before adopting a final text.
- 196.** Point 2 was adopted as amended.

### **Point 3**

- 197.** Point 3 was adopted without amendment.

### **Point 4**

- 198.** The Worker Vice-Chairperson introduced an amendment to add a reference to “workers’ rights” after the word “entrepreneurship” in the fourth line, because they were clearly one of the main factors for an enabling environment. She stated that this was a crucial aspect that should not be overlooked when initially describing the factors contributing to an enabling environment in the draft conclusions.
- 199.** The Employer Vice-Chairperson supported the amendment.

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- 200.** The amendment was adopted.
- 201.** The Employer Vice-Chairperson introduced an amendment to replace the words “and growth” in the fourth line with the words “growth and maintenance”. This was needed, in her opinion, because an enabling environment should support not only the growth of enterprises, but their maintenance as well. The proposed text implied that the enabling environment was primarily important for the start-up of enterprises and inclusion of the word “maintenance” would ensure clarity that the enabling environment was also important for existing enterprises.
- 202.** The Worker Vice-Chairperson supported the amendment.
- 203.** The amendment was adopted.
- 204.** The Government member of Algeria introduced an amendment, seconded by the Government member of Nigeria, to replace in the fifth line the word “needs” by the word “interests” when referring to balancing the needs of enterprises with broader social aspirations. He stated that this was a clearer formulation of what was intended by the proposed text.
- 205.** The Worker Vice-Chairperson supported the amendment.
- 206.** The Employer Vice-Chairperson stated that it was important that the proposed text reflect that a balance needed to be achieved with both the needs and interests of enterprises, and she proposed a subamendment to include both words.
- 207.** The Worker Vice-Chairperson supported the subamendment.
- 208.** The amendment, as subamended, was adopted.
- 209.** Point 4 was adopted as amended.

## **Point 5**

- 210.** The Employer Vice-Chairperson introduced an amendment to replace the words “and enhanced ... employers and workers” by the words “, enhanced productivity and other development needs of the enterprise, the benefits of which will be shared with all parts of society”. She stressed that it was not just between employers and workers that benefits needed to be paid, but also with others, including consumers and shareholders.
- 211.** The Worker Vice-Chairperson proposed a subamendment to delete the words “all parts of society” and substitute with “will be shared fairly with workers”. She pointed out that there was an increasing wage gap in recent years, and that therefore productivity benefits needed to be shared with workers.
- 212.** The Government member of Germany, speaking on behalf of the Governments of Member States of the European Union,<sup>16</sup> proposed that the original text be kept.

<sup>16</sup> Austria, Belgium, Czech Republic, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Netherlands, Romania, Slovenia, Spain, Sweden and United Kingdom.

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- 213.** The Government member of the Bahamas, sharing the concerns of the Workers' group, wanted to see the text that the Worker Vice-Chairperson had proposed. He proposed adding "equitable".
- 214.** The Employer Vice-Chairperson stated that the text did not reflect the situation companies face in real life, pointing out the existence of shareholders, government tax revenues and others, such as pensioners. She proposed seeking a formulation which took this into account.
- 215.** Referring to an OECD document which highlighted that recent productivity gains were not met with salary increases, the Worker Vice-Chairperson proposed a subamendment to replace "the benefits of which will be shared with all parts of society" with "the benefits of which will be shared equitably within the enterprise and within the wider society". It was crucial to concentrate on increased productivity and share gains with workers, and she requested that this point be reflected by better and specific wording.
- 216.** The Employer Vice-Chairperson accepted the sub-subamendment.
- 217.** The Government member of Germany, speaking on behalf of the Governments of Member States of the European Union, and the Government member of the Bahamas, agreed to the sub-subamendment.
- 218.** The amendment, as sub-subamended, was adopted.
- 219.** The Government member of Algeria withdrew his amendment concerning the French text, in light of the changes introduced under the previous amendment.
- 220.** The Worker Vice-Chairperson withdrew the amendment in light of the adoption of the previous amendment.
- 221.** The Worker Vice-Chairperson introduced an amendment to add the words "social dialogue and collective bargaining" after the word "Tripartism", as social dialogue and collective bargaining were key elements for promoting sustainable enterprises which had meaning beyond tripartism. All instruments for promoting sustainable enterprises should be included.
- 222.** The Employer Vice-Chairperson replied that point 5 spoke to the general society level. Furthermore, the amendment was redundant because the concept of tripartism covered the broader principles of social dialogue and collective bargaining.
- 223.** The Worker Vice-Chairperson stated that tripartism was important, covering certain levels of dialogue with governments and social partners. But it differed from social dialogue which took place at national, sectoral and enterprise levels, and collective bargaining. She stressed the need to clearly identify the different instruments as there were countries where tripartism was observed but where social dialogue and collective bargaining did not exist.
- 224.** The Government member of the United Kingdom suggested the text: "Tripartism, social dialogue, and social partners". The Government member of the Republic of Korea seconded the subamendment.
- 225.** The Government member of Jamaica proposed a sub-subamendment, suggesting replacing the text with: "Tripartism including social dialogue and collective bargaining, as well as", since some of these were elements, not roles.



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- 226.** The Government member of Algeria mentioned that “social partners” was superfluous since “tripartism” already referred to the social partners. The Government member of the Netherlands supported this.
- 227.** The Government member of Trinidad and Tobago proposed as a sub-sub-subamendment “tripartism, including social dialogue and collective bargaining” and to drop the reference to the social partners. The Government members of Austria and Nigeria supported this sub-sub-subamendment.
- 228.** The Employer and Worker Vice-Chairpersons accepted the proposal to subamend as follows: “Tripartism including social dialogue and collective bargaining ...”.
- 229.** The amendment, as sub-sub-subamended, was adopted.
- 230.** Point 5 was adopted as amended.

## **Point 6**

- 231.** The Government member of Algeria, supported by the Government member of Morocco, submitted an amendment to add the words “vice versa” after the word “thrive”. He explained that it was important to note that society also thrived when companies thrived.
- 232.** The Employer and Worker Vice-Chairpersons supported the amendment.
- 233.** The amendment was adopted.
- 234.** Upon the suggestion of the Chairperson, amendments D.65 and D.66 were considered together. The Government member of Germany, speaking also on behalf of a number of Government members,<sup>17</sup> introduced an amendment to add in the third line, after the word “resources”, a new sentence as follows: “Women’s economic empowerment is crucial for sustainable societies. It requires equal access to entrepreneurship opportunities, financial services and labour markets.” (D.65), and to delete after “including the need to support youth” the words “and women’s economic empowerment” (D.66).
- 235.** The Worker Vice-Chairperson supported the amendment.
- 236.** The Employer Vice-Chairperson supported the amendment.
- 237.** The Government member of Nigeria supported the amendment, emphasizing its importance for gender mainstreaming. The Government member of Brazil also supported the amendment.
- 238.** The Government member of Algeria supported the amendment, but introduced a subamendment to add “and young people” before “economic empowerment”.
- 239.** The Government member of Lebanon supported the subamendment introduced by the Government member of Algeria.

<sup>17</sup> Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Romania, Saint Kitts and Nevis, Slovenia, Spain, Sweden, Switzerland, United Kingdom and United States.

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240. The Government member of Austria opposed the subamendment on the ground that women and youth should not be addressed in one sentence, since women represented half of the population and not just a group.
241. The Government member of New Zealand introduced a sub-subamendment not to add “and young people”, as suggested by the Government member of Algeria, but to add the phrase “economic empowerment of young people”.
242. The Worker Vice-Chairperson supported the subamendment, introduced by the Government member of Austria, but did not supported the sub-subamendment, introduced by the Government member of New Zealand, thus suggesting to end the sentence with the word “youth”.
243. The Employer Vice-Chairperson agreed with the proposal of the Worker Vice-Chairperson.
244. The Government member of Algeria agreed for the women and young people to be addressed in separate sentences.
245. The Government member of New Zealand withdrew her sub-subamendment.
246. The Government member of Algeria rephrased his subamendment and proposed to end sentence three with the words “disadvantaged groups”.
247. The Government member of the United States agreed with the views of the Government member of Austria and proposed to revert to the original text of the amendment.
248. The Government member of Trinidad and Tobago introduced a subamendment to move the proposed text sentence starting with the words “Women’s economic empowerment” to the end of the sentence ending with the word “youth”, and not the word “resources”.
249. The Worker Vice-Chairperson did not support the subamendment of the Government of Trinidad and Tobago, saying that if the spirit of the amendment was not to consider women as a disadvantaged group, the sentence should go before discussion of disadvantaged groups. But they did not wish to make a further subamendment.
250. The Employer Vice-Chairperson supported the subamendment of the Government member of Trinidad and Tobago.
251. The Government member of New Zealand disagreed with the subamendment of the Government member of Trinidad and Tobago.
252. The Government member of Austria introduced a new subamendment to delete the phrase “in this regard” in the sentence dealing with youth. This was supported by the Government member of Trinidad and Tobago, who withdrew his subamendment.
253. The Employer Vice-Chairperson supported the subamendment of the Government member of Austria.
254. The Worker Vice-Chairperson also supported the subamendment.
255. These amendments were adopted as subamended.

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- 256.** The Government member of Algeria, supported by the Government member of Nigeria, proposed an amendment in the sixth line, to replace the words “rules that” by the words “their ability to”. He considered that this was important because public policy, which introduced this sentence, already included the concept of rule, and another word to capture the idea of capacity to implement the policy was required.
- 257.** The Employer Vice-Chairperson subamended the change proposed by the Government members of Algeria and Nigeria, so as to read: “... in public policies and regulatory frameworks to deliver ...”. This change aimed at making the phrase more complete.
- 258.** The Worker Vice-Chairperson supported the subamendment proposed by the Employers’ group.
- 259.** The amendment, as subamended, was adopted.
- 260.** An amendment submitted by the Government member of Ukraine was not seconded and therefore not discussed.
- 261.** Point 6 was adopted as amended.

## **Point 7**

- 262.** The Government member of Algeria submitted an amendment, seconded by the Government member of Zimbabwe, to add in the third line, after the word “a”, the adjective “continuous”. He argued that his Government wanted to make clear that the process of entry and exit of enterprises into and from the market was continuous.
- 263.** The Worker Vice-Chairperson supported the amendment.
- 264.** The Employer Vice-Chairperson suggested that “ongoing” was a better word than “continuous”.
- 265.** The Worker Vice-Chairperson supported the subamendment.
- 266.** The amendment, as subamended, was adopted.
- 267.** The Government member of Algeria introduced an amendment, seconded by the Government member of Liberia, to replace the words in the fifth to seventh lines “according to ... labour market” by the words “are very important for managing efficient and socially just transitions that take into account national circumstances”. He argued that the semantics in the French language version of the original text did not accurately reflect the link between active labour market policies and the labour market.
- 268.** The Employer Vice-Chairperson supported the amendment.
- 269.** The amendment was adopted.
- 270.** Point 7 was adopted as amended.

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## Point 8

- 271.** The Government member of Algeria submitted an amendment, seconded by the Government member of Morocco, to replace the words in the third line “and they need to be customized” by the words “of country situations”. He made the point that there were differing national circumstances and his wording made that point more explicitly.
- 272.** The Employer and Worker Vice-Chairpersons supported the amendment.
- 273.** The amendment was adopted.
- 274.** The Worker Vice-Chairperson submitted an amendment in the fourth line, to insert after the words “capacity of countries” the words “without undermining the importance of labour and environmental policies”. She argued that the issue of the capacity of countries had already been covered and that it was important that labour law and environmental protection did not become conditional upon countries’ capacity to implement them. These were important areas that could not be called into question.
- 275.** The Employer Vice-Chairperson submitted a subamendment to add the words “well designed” before the words “labour and environmental policies”. This change reflected the discussions in the Committee on the need for good, well-designed rules.
- 276.** The Worker Vice-Chairperson opposed the subamendment of the Employers’ group because the adjective could qualify laws, whereas this part of point 8 concerned labour and environmental protection as principles, not laws. She considered therefore, that the issue of whether they were well designed or not was not pertinent to the issue under discussion.
- 277.** The Government member of Germany, speaking on behalf of the Governments of Member States of the European Union, supported the original amendment, with a subamendment to change the word “protection” by the word “standards”.
- 278.** The Employer Vice-Chairperson supported the Government members’ subamendment, although queried why the Government of Germany was not prepared to support the introduction of an adjective like “well-designed” when referring to standards.
- 279.** The Worker Vice-Chairperson supported the Government members’ subamendment.
- 280.** The amendment, as subamended, was adopted.
- 281.** The Employer Vice-Chairperson submitted an amendment to the seventh line to replace the words “prevalent in most” by the words “the engines of job creation in”. She argued that these fresh words gave greater weight to the importance of SMEs and better reflected reality.
- 282.** The Worker Vice-Chairperson could support the amendment with a subamendment to replace the words “the engine of” by the words “one of the instruments of”. She argued that, while important, SMEs were one of many instruments for job creation and that this should be reflected.
- 283.** The Government members of the Bahamas, Nigeria, Trinidad and Tobago and the Bolivarian Republic of Venezuela, supported the Worker Vice-Chairperson’s subamendment, because SMEs were not the only instrument available.
- 284.** The Government member of Germany preferred the amendment of the Employers’ group with the use of the word “engines”.

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285. The Employer Vice-Chairperson argued that the subamendment of the Workers' group rendered the formulation too weak and proposed a sub-subamendment to insert the word "main" before the word "instruments" in the subamendment of the Workers' group.
286. The Government member of New Zealand supported the Employer Vice-Chairperson's sub-subamendment and proposed that the words "in most economies" be deleted because they were now redundant.
287. The Worker Vice-Chairperson, the Employer Vice-Chairperson and the Government members of the United Kingdom and the United States, supported this sub-subamendment.
288. The amendment, as sub-subamended, was adopted.
289. The Government members of the Bahamas and Trinidad and Tobago submitted an amendment to replace the last sentence of point 8 by the following: "The promotion of sustainable enterprise also needs to place particular emphasis on incorporating enterprises in the informal sector into the formal sector." They subamended their own wording to read more smoothly as: "The promotion of sustainable enterprise also needs to place particular emphasis on supporting the transition of informal economy operators into the formal economy."
290. The Employer Vice-Chairperson proposed a subamendment to add the words "and ensuring that law and regulation cover all enterprises and workers" to the end of the Government members' amendment to point 8.
291. The Worker Vice-Chairperson supported the amendment, as subamended.
292. The amendment, as subamended, was adopted.
293. Point 8, as amended, was adopted.

## **Point 9**

294. As the Government member of Algeria was not present, the amendment he had proposed was not discussed.
295. The Employer Vice-Chairperson introduced an amendment affecting only the Spanish text, but noted that, since the Spanish translation of the word "profits" had been agreed upon as "*ganancias*", her amendment was now unnecessary. She withdrew the amendment.
296. Point 9 was adopted, without change.

## **Point 10 – Introductory phrase**

297. The introductory phrase to point 10 was adopted without amendment.

## **Point 10(1)**

298. The Government member of the Bolivarian Republic of Venezuela, speaking also on behalf of Argentina, Brazil, Chile, Mexico and Uruguay, submitted an amendment to the first and second lines, to delete the words "War and civil conflict are major deterrents of investment and private sector development" and the word "therefore"; he also amended his

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amendment to add the word “political” to qualify the word “stability” in the second line. He argued that using words like war to commence point 10(1) gave a negative impression, and it was better to retain only the reference to peace and political stability as basic preconditions to nurture the formation and growth of sustainable enterprises. He stated that this provided a more positive approach to the text and reflected the wording of the title of point 10(1).

- 299.** The Worker Vice-Chairperson, recognizing the spirit in which the amendment was formulated, proposed a subamendment to invert the two phrases. Her subamendment therefore placed the sentence “Peace and political stability are basic preconditions to nurture the formation and growth of enterprises” at the beginning of point 10(1), to be followed by the words “, while war and civil unrest are major deterrents to investment and private sector development”.
- 300.** The Employer Vice-Chairperson supported the subamendment.
- 301.** The amendment, as subamended, was adopted.
- 302.** The Government member of Brazil regretted that the adopted point 10(1) referred to “civil conflict”, and would have preferred words like “political instability”.
- 303.** As the Government member of Algeria was not present, the amendment he had proposed was not discussed.
- 304.** Point 10(1), as amended, was adopted.

## **Point 10(2)**

- 305.** Point 10(2) was adopted without change.

## **Point 10(3)**

- 306.** The Employer Vice-Chairperson introduced an amendment to point 10(3) to replace the words in the first and second lines “Institutions ... conditions” by the words “Social dialogue based on freedom of association and the right to collective bargaining is an enabling condition”. She remarked that the original text was too restrictive, because it referred to social dialogue supporting positive outcomes that occurred only within an institutional and regulatory framework, and that social dialogue occurred beyond these frameworks.
- 307.** The Worker Vice-Chairperson opposed the amendment and proposed a subamendment to keep the original text, but replacing the words “enabling conditions” by “essential conditions”. She considered that this change underscored the importance of social dialogue.
- 308.** The Government member of the Bahamas, speaking also on behalf of the Government members of Jamaica, and Trinidad and Tobago (CARICOM members), as well as the Government members of Nigeria and South Africa, supported the subamendment proposed by the Workers’ group.
- 309.** The Employer Vice-Chairperson, remarking that the word “essential” was too descriptive, proposed a sub-subamendment to that proposed by the Workers’ group, so as to replace the words “essential conditions” with “important enabling conditions”.

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- 310.** The Worker Vice-Chairperson opposed the sub-subamendment of the Employers’ group, because she did not want to dilute the essential character of social dialogue.
- 311.** The Government member of the Bahamas, speaking on behalf of the Government members of the Committee members of CARICOM, supported the amendment as subamended by the Workers’ group, preferring the adjective “essential” rather than the weaker word “important”, as did the Government members of Argentina, Botswana, Lebanon, Senegal, South Africa and the Bolivarian Republic of Venezuela.
- 312.** The Employer Vice-Chairperson confirmed the commitment of the Employers’ group to the value of social dialogue based on freedom of association and collective bargaining, but re-emphasized the opposition of the Employers’ group to including the word “essential”, and the reference in the original text to “Institutions and regulatory frameworks”, because sometimes such institutions did not exist and yet social dialogue nevertheless occurred without them.
- 313.** The Government member of Austria proposed a change that combined the concerns of both the Employers’ and Workers’ groups by referring to social dialogue broadly while also including a reference to institutional and regulatory frameworks.
- 314.** The Employer Vice-Chairperson supported the change proposed by the Government member of Austria.
- 315.** The Worker Vice-Chairperson did not support the change proposed by the Government member of Austria and preferred the amendment as subamended by the Workers’ group.
- 316.** The Government member of New Zealand proposed a subamendment reading: “Social dialogue, based on freedom of association and the right to collective bargaining including through institutional and regulatory frameworks, is an essential condition for achieving effective, equitable and mutually beneficial outcomes for governments, workers and wider society.”
- 317.** The Employer and Worker Vice-Chairpersons supported the amendment.
- 318.** The amendment, as subamended, was adopted.
- 319.** The Worker members’ amendment fell as a result.
- 320.** Point 10(3), as amended, was adopted.

#### **Point 10(4)**

- 321.** Point 10(4) was adopted without change.

#### **Point 10(5)**

- 322.** The Employer Vice-Chairperson submitted an amendment to the first line of point 10(5) to replace the word “Social” with “Government and societal”. This wider characterization of “recognition” provided a broader approach for acknowledging the key role of enterprises in development.
- 323.** The Worker Vice-Chairperson supported the amendment.

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- 324.** The amendment was adopted.
- 325.** The Employer Vice-Chairperson introduced an amendment to include the concept of mentorship by replacing the words “innovation and creativity,” by the words “innovation, creativity and the concept of mentorship,”. She explained that mentorship, in addition to innovation and creativity, was especially important for start-ups and in establishing an entrepreneurial culture.
- 326.** The Worker Vice-Chairperson supported the amendment.
- 327.** The Government member of France remarked that the French translation of “mentorship” was incorrect and should be changed, and the Chairperson indicated that the correct French word would be used in the final version of the conclusions.
- 328.** The amendment was adopted.
- 329.** Point 10(5) was adopted as amended.

### **Point 10(6)**

- 330.** The Worker Vice-Chairperson submitted an amendment to change the introductory title of point 10(6), replacing the word “stability” by “policy” to read: “Macroeconomic policy and sound management of the economy”. She noted that the term “stability” was often associated with the structural adjustment policies of the International Monetary Fund, and that such policies had resulted in increased levels of poverty. She stated that the word “policy” provided a better understanding.
- 331.** The Employer Vice-Chairperson opposed the amendment, and proposed a subamendment referring to “Sound and stable macroeconomic policies”.
- 332.** The Government members of Australia, Finland, New Zealand, the United Kingdom and the United States also opposed the amendment, and supported the original text.
- 333.** The Government member of Brazil supported the amendment of the Workers’ group.
- 334.** The Government member of Nigeria submitted a sub-subamendment to the introductory title to read: “Stable macroeconomic policy and sound management of the economy” that was supported by the Government member of Zimbabwe and the Workers’ group.
- 335.** The Government member of Trinidad and Tobago, supported by the Government member of Nigeria, suggested a further wording which could read: “Effective macroeconomic policy and sound management of the economy”.
- 336.** The Employer Vice-Chairperson reworded the Employers’ group subamendment to the introductory title to read: “Sound and stable macroeconomic policy and good management of the economy”.
- 337.** The Worker Vice-Chairperson supported the subamendment to the Workers’ group amendment.
- 338.** The amendment, as subamended, was adopted.



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- 339.** The Worker Vice-Chairperson introduced an amendment to insert in the fourth line, after the words “combating inflation” the words “and provide for policies and regulations that stimulate long-term productive investment.” She was of the opinion that this additional reference was important under point 10(6) in view of the need for rules to promote long-term productive investment.
- 340.** The Employer Vice-Chairperson supported the amendment.
- 341.** The Government member of New Zealand introduced a subamendment to insert in line three after “sound economic management” the words “should stimulate long-term productive investment and”.
- 342.** The Worker Vice-Chairperson did not support the subamendment on the grounds that it was more about language and less about substance.
- 343.** The Government member of New Zealand withdrew her subamendment.
- 344.** The amendment was adopted.
- 345.** As the Government member of Algeria was not present, the amendment he had proposed was not discussed.
- 346.** Point 10(6), as amended, was adopted.

### **Point 10(7)**

- 347.** The Employer Vice-Chairperson introduced an amendment to replace, after the word “integration.”, the rest of the paragraph with the following text:

Trade liberalization is associated with both job destruction and job creation. Whether the resulting net employment effects are positive or negative in the short run mainly depends on country specific factors like the functioning of the labour market. In the long run, however, the efficiency gains caused by trade liberalization are expected to lead to positive employment effects, either in terms of quantity or quality of jobs or a combination of both.

She stressed that this text came from the recent joint study undertaken by the ILO and the WTO.

- 348.** The Worker Vice-Chairperson did not support the amendment. She noted that this quote came from a recent academic study that reflected views of only some academics, and that this study did not fully reflect the problems for workers in developing countries, associated with the negative employment effect of trade liberalization, and largely ignored the social and environmental dimensions of the problem. She also emphasized that the concerns of poor countries were not taken into account with this text.
- 349.** The Government member of Nigeria, speaking also on behalf of a number of Government members,<sup>18</sup> opposed the amendment. They expressed concern that the amendment did not take into account the effect of trade liberalization on countries; it was too vague and did not take into account the development level of countries. They also suggested that the

<sup>18</sup> Botswana, Ghana, Liberia, Malawi, Morocco, Namibia, Senegal, South Africa, Swaziland and Zimbabwe.

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amendment had been copied from an academic study, and the evidence presented in that recent research had not been proven.

**350.** The Government member of South Africa supported the opposition expressed by the Government member of Nigeria, and asked the Employers' group to explain why this amendment had been introduced.

**351.** The Government member of Germany, speaking on behalf of the Governments of Member States of the European Union, acknowledged that it was difficult to find a balanced point of view on the issue of trade and remarked that the original draft Conclusion on point 10(7) was too ambitious. As the current text was not sufficient and a more balanced view on this issue was needed and, while he did not suggest any specific subamendment due to lack of agreement within the EU on this topic, he expressed appreciation for the efforts of the Employers' group to improve the balance of the wording of point 10(7).

**352.** The Government member of New Zealand introduced a subamendment to combine the initial text with the amendment submitted by the Employer Vice-Chairperson, to read:

The capacity of developing countries to build their own industrial base must be taken into account in lifting barriers to domestic and foreign markets. Trade liberalization is associated with both job destruction and job creation. The resulting net employment effects may be positive or negative in the short run. However, employment and development issues should be taken into consideration as trade openness can lead to job dislocation, increased informality and growing income inequality. Measures therefore must be taken by governments, in close consultation with the social partners, in order to better assess the employment and decent work impacts of trade policies and to harness the potential benefits and minimize the costs associated with trade integration. Actions are also needed at regional and multilateral levels to remove trade distortions, and to assist developing countries in the areas of value addition and management of change. However, the efficiency gains caused by trade liberalization can be expected to lead to positive employment effects, either in terms of quantity or quality of jobs or a combination of both if the abovementioned issues are duly taken into consideration.

**353.** The Employer Vice-Chairperson supported the subamendment introduced by the Government member of New Zealand and noted that, although the amendment was based on the recent research, it did accumulate facts and research findings over a long period of time. In addition, the Government members of Australia, Canada, Kenya, the Republic of Korea, Sweden, the United Kingdom and the United States, supported the subamendment introduced by the Government member of New Zealand.

**354.** The Worker Vice-Chairperson, as well as the Government member of Trinidad and Tobago, supported neither the initial amendment, nor the subamendment introduced by the Government member of New Zealand. The Worker Vice-Chairperson emphasized that the Committee had had discussions on this topic last week, and most of the issues that were being discussed now had already been addressed. Noting the opposition to the amendment expressed by the Workers' group and the Government members of African States, she called on the Employers' group to withdraw the amendment.

**355.** The Government member of Argentina, speaking also on behalf of Brazil, Chile, Nigeria, Uruguay and the Bolivarian Republic of Venezuela, did not support the subamendment, since the issue of development level of countries was not adequately reflected there.

**356.** The Employer Vice-Chairperson called for the deletion of the whole paragraph because it was beyond the ILO's mandate.

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- 357.** The Worker Vice-Chairperson reacted by stating that the conclusions needed a reference such as in point 10(7). The discussion was not about trade negotiations, but about the effects of trade on employment and labour. She also stressed that the joint ILO–WTO study opened the dialogue between these two organizations in line with calls for such better cooperation that had commenced at the WTO’s first ministerial conference in 1996, and its purpose was to strengthen the links between the two organizations.
- 358.** The Chairperson suspended discussion of the amendment. He recalled that in the Global Employment Agenda (GEA), core element 1, entitled “Promoting trade and investment for productive employment and market access for developing countries” contained a useful section for the discussion.
- 359.** When the discussion of amendments to point 10(7) resumed, the Chairperson proposed to revert to the original text, as was agreed with the Employer and Worker Vice-Chairpersons.
- 360.** The Government member of Ireland, speaking also on behalf of a number of Government members,<sup>19</sup> and Government members of the African member States, proposed the following amended text to point 10(7):

The varying development levels of countries must be taken into account in lifting barriers to domestic and foreign markets. Efficiency gains caused by trade integration can lead to positive employment effects either in terms of quantity or quality of jobs or a combination of both. However, as trade integration can also lead to job dislocation, increased informality and growing income inequality, measures must be taken by governments in consultation with the social partners, to better assess and address the employment and decent work impact of trade policies. Actions are also needed at regional and multilateral levels to remove trade distortions and to assist developing countries in building their capacity to export value-added products, manage change and develop a competitive industrial base.

- 361.** The Employer Vice-Chairperson, while noting that the text was not what had originally been intended, accepted the amended text.
- 362.** The Worker Vice-Chairperson also agreed to the amended text.
- 363.** The amendment as subamended was adopted.
- 364.** In view of the above adoption, the following amendments fell: D.3, D.7, D.15, D.41, D.52, D.53, D.62 and D.64.
- 365.** The Employer Vice-Chairperson introduced an amendment to point 10(8), to replace the word “start-up” with “enterprise start-ups and ongoing operations of existing companies”. She explained that there was also a need to support existing companies to remain sustainable.
- 366.** The Worker Vice-Chairperson agreed to the amendment.
- 367.** The amendment was adopted.

<sup>19</sup> Austria, Australia, Bahamas, Barbados, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hungary, Japan, Republic of Korea, Netherlands, Nigeria, Norway, New Zealand, Sweden, Switzerland, and Trinidad and Tobago.

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- 368.** The Employer Vice-Chairperson introduced an amendment to point 10(8), to add the words “transparent, accountable and well communicated” after the words “well designed”. She stated the importance of communicating so that the relevant parties knew what regulations existed.
- 369.** The Worker Vice-Chairperson agreed to the amendment which was adopted.
- 370.** Point 10(8) was adopted, as amended.
- 371.** The Government member of Trinidad and Tobago introduced an amendment to point 10(9), to replace the words “guarantees all citizens and enterprises” by the word “provides”, which was seconded by the Government member of Liberia. He explained that legal systems could not guarantee that contracts were upheld.
- 372.** The Worker Vice-Chairperson did not agree to the amendment, stating that legal systems should be guaranteed through legal instruments.
- 373.** The Employer Vice-Chairperson aligned with the Workers’ group statement.
- 374.** The amendment was withdrawn.
- 375.** The Worker Vice-Chairperson introduced an amendment to point 10(9), to insert after the words “simply ownership” the words “its use shall also serve the public good”. She recalled that earlier discussion on the role of property had more than a value in itself; it should also produce positive effects for society.
- 376.** The Employer Vice-Chairperson did not accept the amendment. It was not possible to speak more generally about the use of private property for the public good. The intention of the Worker Vice-Chairperson was already reflected in the last sentence of the paragraph, concerning the obligation to comply with the rules and regulations established by society.
- 377.** The Government members of Australia, Canada, the United Kingdom and the United States all stated that they could not accept the amendment.
- 378.** The Worker Vice-Chairperson withdrew the amendment.
- 379.** Point 10(9) was adopted without change.
- 380.** The Employer Vice-Chairperson introduced an amendment to add the following new paragraph after point 10(9): “*Sound competition.* In order to eliminate anti-competitive practices in national markets, it is necessary to establish competition rules that secure a level playing field for all companies, including SMEs.”
- 381.** The Worker Vice-Chairperson stated that she could not accept the amendment, saying that it was not possible to have a level playing field with countries at different levels of development.
- 382.** The Employer Vice-Chairperson clarified that the paragraph referred only to national markets.
- 383.** The Worker Vice-Chairperson stated that the current text appeared to advocate an international approach to national market competition.
- 384.** The Employer Vice-Chairperson asked for a better formulation of the text, and the Worker Vice-Chairperson asked for Government proposals.

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- 385.** The Government member of Austria suggested to replace “in national markets” with “at the national level”.
- 386.** The Government member of the United States stated that the original formulation was acceptable, but she could also support the proposal of the Government member of Austria.
- 387.** The Government member of Trinidad and Tobago stated that he could support the amendment so long as the practice of his Government to set aside 10 per cent of public contracts to benefit micro- and small enterprises would not be considered an anti-competitive practice.
- 388.** The Government member of Liberia sought explanation of whether the Employers’ group was referring to foreign companies, since many national companies had limited access to credit and other issues which made for an uneven playing field.
- 389.** The Employer Vice-Chairperson explained further that in many developing countries, SMEs had difficulty accessing the local market due to cartels and monopolies. This was the issue they wanted to address.
- 390.** The Government member of Germany supported the amendment, but suggested to amend the title to “*Fair competition*”. He agreed with the subamendment of the Government member of Austria.
- 391.** The Government member of Brazil felt more comfortable after hearing the Employers’ group supplementary explanation. However, she could not fully understand what the last sentence “secure a level playing field for all companies, including SMEs” meant. She therefore proposed a subamendment to make the sentence more general, “necessary to establish competitive rules to eliminate anti-competitive practices at national level for all companies, including SMEs.” Lastly, she agreed to change the title of the paragraph to “*Fair competition*”.
- 392.** The Chairperson suggested changing the paragraph title to “*Fair competition*”, to which the Employers’ group agreed.
- 393.** The Employer Vice-Chairperson accepted the subamendment.
- 394.** The Worker Vice-Chairperson sought to clarify whether public monopolies would be considered to be anti-competitive.
- 395.** The Employer Vice-Chairperson clarified that she had referred to cartels and unfair monopolies, not public monopolies.
- 396.** The Government member of Nigeria proposed a sub-subamendment to include “excluding public monopolies.”
- 397.** The Worker Vice-Chairperson stated that if public utilities and services were excluded, then the proposed text would have been agreeable, provided that there were fair playing fields for companies and universal application of social standards.
- 398.** The Employer Vice-Chairperson, as a further subamendment, suggested taking out the words “for all companies, including SMEs” from the originally proposed amendment.
- 399.** The Worker Vice-Chairperson suggested as another subamendment the following: “it is necessary to establish for private sector competition rules which include universal respect for social standards, to eliminate anti-competitive practices at national level”.

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- 400.** The Employer Vice-Chairperson accepted the Workers' group subamendment.
- 401.** The amendment was adopted as subamended.
- 402.** The Government member of Nigeria, speaking also on behalf of a number of Government members,<sup>20</sup> introduced an amendment to point 10(10), to replace the words "and cooperatives" by the words "including cooperatives and start-ups". She explained that cooperatives were part of SMEs and that start-ups often had difficulty accessing finance in her region.
- 403.** Both the Employer and Worker Vice-Chairpersons supported the amendment, which was adopted.
- 404.** Point 10(10) was adopted as amended.
- 405.** The Government member of Nigeria, speaking also on behalf of a number of Government members, introduced an amendment to include the words "working space for enterprises" after the words "such as" in point 10(11). She gave the example of vendor stalls or industrial parks as places where enterprises carried out their work.
- 406.** The Employer Vice-Chairperson supported the amendment, but proposed a subamendment to include the word "physical" before "working spaces for enterprises" to clarify the issue.
- 407.** The Worker Vice-Chairperson supported this subamendment.
- 408.** The Government member of Nigeria supported the subamendment, but proposed the word "dedicated" instead of the word "physical" for stylistic purposes.
- 409.** The Government member of Algeria proposed that the subamendment use the term "industrial zone" instead of "physical working spaces for enterprises".
- 410.** The Worker Vice-Chairperson argued that the term "industrial zone" did not properly capture the meaning and proposed "facilities for enterprises".
- 411.** The Government member of Nigeria proposed instead "physical facilities," which was accepted.
- 412.** The amendment was adopted, as subamended.
- 413.** The Government member of Nigeria, speaking also on behalf of a number of Government members, introduced an amendment to insert the words "water and" after the words "Reliable and affordable access to". This was of particular relevance to enterprises operating in African countries, which experienced problems with the water supply as well as the energy supply.
- 414.** The Employer and Worker Vice-Chairpersons both accepted the amendment.
- 415.** The amendment was adopted.

<sup>20</sup> Algeria, Botswana, Ghana, Kenya, Liberia, Malawi, Morocco, Namibia, Senegal, South Africa, Swaziland and Zimbabwe.

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- 416.** The Employer Vice-Chairperson introduced an amendment to delete the word “sources” after the word “energy” in point 10(11). One could have access to an energy source and still not necessarily have access to energy.
- 417.** The Worker Vice-Chairperson supported the amendment.
- 418.** The amendment was adopted.
- 419.** The Government member of Trinidad and Tobago introduced an amendment to delete the last sentence of point 10(11) which read: “Expanding access to information and communication technologies (ICTs) is another crucial challenge in the era of the knowledge economy.” and to add a new paragraph as follows: “*Information and communication technologies.* Expanding access to information and communication technologies (ICTs) is another crucial challenge in the era of the knowledge economy.” The amendment was seconded by the Government member of Brazil. ICTs were an important issue which needed to be highlighted in a separate subsection. In light of an earlier suggestion by the Government member of South Africa, he subamended his amendment, adding at the end “The use of ICTs is therefore fundamental to the development of sustainable enterprise and must be fully utilized in this regard. Affordable broadband technology is therefore of extreme importance to countries and enterprises.”
- 420.** The Employer and Worker Vice-Chairpersons accepted the amendment and sub-amendment.
- 421.** The amendment was adopted as subamended.
- 422.** Point 10(11) was adopted as amended.
- 423.** The Employer Vice-Chairperson introduced an amendment to insert after point 10(11), the following: “*Business capability.* Ensuring adequate access to markets for all enterprises facilitates the sustainable growth of SMEs. Such enterprises are also particularly assisted by local access to supporting industries such as service providers and machinery producers. Furthermore, all enterprises are assisted by good access to research institutions to assist them in growth through innovation.” She emphasized that a unique paragraph was needed on business capabilities.
- 424.** The Worker Vice-Chairperson argued that the first sentence of the amendment had been dealt with in the section on fair competition. She proposed a subamendment to delete the first sentence, and change the second sentence to begin: “Enterprises are also ...”. She suggested that the new sentence be placed at the end of the section on physical infrastructure, after the words “especially in developing countries”.
- 425.** The Employer Vice-Chairperson agreed with the subamended text, but proposed a further subamendment to make the sentence a separate paragraph. Placing the sentence in the section on physical infrastructure watered down the meaning. She also further subamended the text to add “suppliers and” between the words “machinery” and “producers”.
- 426.** The Worker Vice-Chairperson stated that she thought the amendment went well in the section on physical infrastructure, as it concerned the issue of technological infrastructure.
- 427.** The Government member of Trinidad and Tobago proposed a further subamendment to introduce the words “and should be facilitated” after the words “particularly assisted”, which was accepted by the Employer and Worker Vice-Chairpersons.
- 428.** The Employer Vice-Chairperson withdrew her subamendment.

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- 429.** The amendment was adopted as amended by the Worker Vice-Chairperson and the Government member of Trinidad and Tobago.
- 430.** Points 10(12) and 10(13) were adopted without amendment.
- 431.** The Employer Vice-Chairperson introduced an amendment that in the first line of point 10(14) concerning adequate social protection, the words “tax-based universal” be replaced by the words “sustainable national”. There were different models for financing social security systems which needed to be reflected in the text.
- 432.** The Worker Vice-Chairperson stated that this amendment eliminated the word “universal” which was important for the Workers’ group. She drew attention to amendment D.50, which had been put forward by the Workers’ group, which replaced the words “tax based” by the words “tax based or other publicly funded models of”. She encouraged the Employers’ group to withdraw their amendment and support the Workers’ group amendment instead.
- 433.** The Government member of South Africa supported the amendment proposed by the Workers’ group, and felt it met the concerns of the Employers’ group. He further added that universality was key and that he would like to add the word “comprehensive” before the words “tax based”.
- 434.** The Government member of Nigeria also supported the amendment proposed by the Workers’ group.
- 435.** The Government member of the United States argued that the amendment proposed by the Workers’ group did not take into account variations in social protection systems. She preferred the Employers’ group amendment.
- 436.** The Employer Vice-Chairperson did not accept the Workers’ group amendment, as it did not account for schemes which included company contributions. A more general formulation was needed.
- 437.** The Government member of Japan supported the Employer Vice-Chairperson, as did the Government member of Australia, who argued that funding could also come from individuals.
- 438.** The Worker Vice-Chairperson argued that developing countries in particular needed a universal social security system, as it was not always possible to obtain work. She acknowledged that there were individual and privately funded systems, but suggested that this did not obviate the fact that basic social security funded via taxation was a basic right for everyone. She reiterated that the notion of universality was very important for the Workers’ group.
- 439.** The Government member of Germany, speaking on behalf of the Governments of Member States of the European Union, highlighted that social security was not only tax based but that there were private and other forms of publicly funded systems. He proposed a subamendment to introduce the word “sustainable” before the word “universal”.
- 440.** The Government member of Nigeria supported this subamendment, stating that sustainability was important. The Government member of the Netherlands also agreed with the subamendment, but suggested that the word “sustainable” be moved before the words “tax based”.



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- 441.** The Government member of Trinidad and Tobago proposed to remove the words “is the best alternative to” and replace them with the word “would”. The first sentence of the subparagraph on adequate social protection would now read “A sustainable tax-based or other national universal social security system that provides citizens with access to key services such as quality health care, maternity protection and a basic pension would reconcile social aspirations with business competitiveness.” This was accepted by the Employer and Worker Vice-Chairpersons. This compromise between amendments D.90 and D.50, as announced by the Government member of Trinidad and Tobago, was accepted.
- 442.** Amendments D.90 and D.12 fell.
- 443.** The Employer Vice-Chairperson introduced an amendment to the last sentence of point 10(14) concerning adequate social protection to insert after “health care,” the words “; basic unemployment benefits”. It was important to enumerate the key services that could be provided by enhanced systems of social protection.
- 444.** The Worker Vice-Chairperson proposed a subamendment to delete the word “basic” which was supported by the Employer Vice-Chairperson.
- 445.** The amendment, as subamended, was adopted.
- 446.** The Worker Vice-Chairperson introduced an amendment to point 10(14) to replace the words “is the best alternative to reconcile social aspirations with business competitiveness” at the end of the first sentence with the words “is key to extend social protection including to informal economy workers, to improve productivity and to foster the transition to the formal economy”. She remarked that the Committee had discussed the need to promote formalization. Social protection was of particular interest to Government members from developing countries as it could help accelerate the transition to the formal economy, and that the formalization of the informal economy would broaden the national tax base.
- 447.** The Employer Vice-Chairperson did not support the amendment, noting that the question arose of who would pay for the extension of social protection, and this could lead to a growing informal economy.
- 448.** The Government member of Germany, speaking on behalf of the Governments of Member States of the European Union, stated that these Governments would reject the suggestion to extend social security benefits to workers in the informal economy.
- 449.** The Government member of Canada remarked that the amendment repeated the clause at the beginning of the sentence which called for a universal system of social protection. The Government members of Trinidad and Tobago and the United States supported this view.
- 450.** The Government member of South Africa proposed a subamendment to replace the text of the amendment with: “is key to extend social protection to improve productivity by fostering the transition to the formal economy”. The Worker Vice-Chairperson supported this subamendment.
- 451.** The Government member of the United States did not support the subamendment, stating that it would limit the paragraph to describing the benefits of social security only for the informal economy. Firms and workers in the formal economy would also benefit.
- 452.** The Worker Vice-Chairperson proposed to further amend the proposal of the Government member of South Africa to insert after “productivity” “, including by fostering the transition to the formal economy.”

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- 453.** The Government member of New Zealand proposed a subamendment to replace that introduced by the Workers' group to read "is key to improving productivity and fostering the transition to the formal economy."
- 454.** The Employer Vice-Chairperson supported the subamendment.
- 455.** The Worker Vice-Chairperson, noting that the reference to social protection was not included, did not support the subamendment.
- 456.** The Government member of the United States supported the amendment as subamended by the Government member of New Zealand.
- 457.** The Government member of the Bolivarian Republic of Venezuela supported the amendment as formulated by the Workers' group.
- 458.** The Government member of Trinidad and Tobago proposed a subamendment to retain the sentence in the original text and, following the words "to reconcile social aspirations and business competitiveness", to add the sentence: "This measure could extend social protection to informal economy workers, improve productivity and foster their transition to the formal economy."
- 459.** The Worker Vice-Chairperson proposed to further amend the paragraph to delete "would reconcile social aspirations with business competitiveness" and add "Such measures could extend social protection to the informal economy" after "basic pension".
- 460.** The Employer Vice-Chairperson stated that in light of the last two subamendments, she now had serious problems with the paragraph. The original message had been diluted and the question still remained of who would pay. The issue of how to promote the transformation from the informal economy to the formal economy was already dealt with in point 15(2). She preferred to retain the amendment as subamended.
- 461.** The Chairperson requested a show of hands among the Government members to gauge support for the amendment as subamended by the Government member of New Zealand. On the strength of the level of Government support, both the Employers' and the Workers' groups supported the amendment as subamended.
- 462.** The amendment, as subamended, was adopted.
- 463.** The Employer Vice-Chairperson withdrew the amendment.
- 464.** The Government member of Algeria introduced an amendment, seconded by the Government member of Egypt, to insert the words "ensuring their" after the word "and" concerning protecting workers' health.
- 465.** The Employer Vice-Chairperson supported the amendment.
- 466.** The Worker Vice-Chairperson did not support the amendment, noting that, although she appreciated the goodwill in formulating the amendment, both health and safety in the workplace were equally needed for the protection of workers, a view supported by the Government member of the Netherlands.
- 467.** The Government member of Nigeria proposed a subamendment to read: "Ensuring and protecting workers' health and safety at the workplace is also vital for sustainable enterprise development."

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**468.** The Government member of New Zealand shared the view of the Workers' group, as did the Employers' group, and the amendment was withdrawn.

**469.** Point 10(14) was adopted, as amended.

### **Point 10(15)**

**470.** The Government member of Algeria introduced an amendment to the French text.

**471.** Both the Employer and Worker Vice-Chairpersons supported the amendment.

**472.** The amendment was adopted.

**473.** The Employer Vice-Chairperson introduced an amendment to replace the word "should" by the word "may". Some countries had provisions described in this point, but others did not. The text should reflect the practices which occurred in a broader range of countries.

**474.** The Worker Vice-Chairperson did not support the amendment. The text should encourage sustainability and emphasize the need for tax incentives and regulations, as well as public procurement. The text did not say "must".

**475.** The amendment was not supported by the Government members of Canada, the Netherlands, New Zealand and Nigeria.

**476.** The Employer Vice-Chairperson clarified that the proposed amendment was aimed at avoiding exclusion of SMEs, since it was more difficult for smaller enterprises to certify environmental practices.

**477.** The Government member of Australia supported the amendment, but expressed her concern that the Committee was going beyond the mandate of the ILO.

**478.** The amendment was withdrawn.

**479.** The Government member of Algeria introduced an amendment, seconded by the Government member of Swaziland, to replace in the fourth line the words "environmentally sustainable consumption and production patterns" by the words "consumption and production patterns that are compatible with the requirements of sustainable development."

**480.** The amendment was supported by both the Employer and Worker Vice-Chairpersons.

**481.** The amendment was adopted.

**482.** Point 10(15) was adopted, as amended.

### **Point 11**

**483.** The Government member of Algeria introduced an amendment, seconded by the Government member of Egypt, to replace the first phrase by the following: "At the enterprise level, sustainability means operating a business so as to grow and earn profit, taking into account the economic and social aspirations of citizens and the impact on the natural environment."

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- 484.** The Worker Vice-Chairperson did not support the amendment. The reference in the first sentence to the economic and social aspirations of people inside and outside the organization was important to keep.
- 485.** The Employer Vice-Chairperson supported the amendment.
- 486.** The Government members of Austria, Brazil and Germany did not support the amendment.
- 487.** The amendment was withdrawn.
- 488.** The Employers' group withdrew the amendment.
- 489.** Point 11 was adopted.
- 490.** Point 12, introductory text, was adopted without amendment.

### **Point 12(1)**

- 491.** The Government member of Algeria withdrew the amendment.
- 492.** The Employer Vice-Chairperson introduced an amendment to replace the word "participation" by the words "information and consultation". She stated that worker participation was not always the case, and that information and consultation were basic principles which always applied.
- 493.** The Worker Vice-Chairperson introduced a subamendment to replace the word "participation" by the words "information, consultation and participation".
- 494.** The Employer Vice-Chairperson supported the subamendment.
- 495.** The amendment, as subamended, was adopted.
- 496.** The Worker Vice-Chairperson submitted an amendment in the fourth line after "socially responsible behaviour", to insert a new sentence as follows: "Social dialogue has led to positive examples also at international level, such as the conclusion of International Framework Agreements between multinationals and global union federations in different industrial sectors." She stated that the amendment was needed to highlight the positive experiences on social dialogue and industrial relations linked to sustainable enterprises represented by Framework Agreements.
- 497.** The Employer Vice-Chairperson introduced a subamendment so as to replace the words "has led to positive examples also at international level" by the words "includes examples at international level". Her subamendment aimed at reflecting the fact that some Employer members had had problems with International Framework Agreements.
- 498.** The Worker Vice-Chairperson supported the subamendment proposed by the Employers' group.
- 499.** The amendment, as subamended, was adopted.
- 500.** Point 12(1), as amended, was adopted.

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## Point 12(2)

- 501.** The Worker Vice-Chairperson submitted an amendment to the first line so as to insert after the word “development” a new sentence which read as follows: “Human resource development in sustainable enterprises should be based on social dialogue and workers’ participation as recommended in the Human Resources Development Recommendation, 2004 (No. 195).” She argued that this addition was necessary to highlight the importance of social dialogue and workers’ participation that were well laid down in Recommendation No. 195.
- 502.** The Employer Vice-Chairperson introduced a subamendment so as to delete the words “as recommended in the Human Resources Development Recommendation, 2004 (No. 195).” The Employers’ group opposed introducing into the text references to international labour standards by specific name, as such specific references were not used elsewhere in the draft conclusions and because such an addition would set a precedent for other parts of the conclusions.
- 503.** The Government members of Australia, Canada, the Netherlands and the United States supported the Employer Vice-Chairperson’s subamendment because they did not agree to listing specific instruments by name and its implication of adding long listings of instruments throughout the conclusions, as did the Government member of France, on stylistic grounds, although he agreed with the Workers’ group that international labour standards should be supported.
- 504.** The Worker Vice-Chairperson challenged the Employer Vice-Chairperson’s statement that such specific references to ILO instruments were not used in the draft conclusions. For example, she cited point 3 of the draft conclusions, that contained references to a number of official instruments such as the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, 1998. She added that the Employers’ group should not have had any problems accepting a reference to an ILO instrument adopted by the International Labour Conference, such as Recommendation No. 195. The Worker Vice-Chairperson expressed her astonishment at the lack of support for this Recommendation, which had been adopted in 2004, but, noting that the Government members were largely in favour of the subamendment, supported the subamendment as well.
- 505.** The amendment, as subamended, was adopted.
- 506.** The Government member of Germany, speaking on behalf of the Governments of Member States of the European Union, introduced an amendment to replace the word “treat” in the second line by the word “view”, since this word conveyed the correct connotation in point 12(2).
- 507.** The Employer and Worker Vice-Chairpersons supported the amendment.
- 508.** The amendment was adopted.
- 509.** The Employer Vice-Chairperson introduced an amendment to add in the fifth line, after the word “require,” the words “and accordingly”. She emphasized that skills’ evaluation was a critical issue not only for the employers, but also for the workers.
- 510.** The Worker Vice-Chairperson opposed this amendment on the grounds that such an amendment narrowed the text and implied that the following phrase was only based on the enterprise’s determination of its required skills. The proposed amendment would remove the possibility of workers’ identification of skills needs.

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- 511.** The Government members of Austria, Bahamas, Germany and Nigeria also opposed the amendment.
- 512.** The Employer Vice-Chairperson feared that there was a misunderstanding, since the intention of the Employers' group was not to restrict the sense of the paragraph, but to focus on human resource development at the enterprise in the broad sense. She introduced a subamendment to add the words "and then" after the words "they require" in the hope that this would remove any misunderstanding.
- 513.** The Worker Vice-Chairperson did not support the subamendment as she still felt that the scope of point 12(2) had to be broader than the issue of enterprises assessing skills and then reacting to their own assessment.
- 514.** The Employer Vice-Chairperson withdrew the amendment.
- 515.** The Employer Vice-Chairperson introduced an amendment to add in the seventh line, after the words "knowledge sharing.", the following new sentence: "Workers should make use of the education, training and lifelong learning opportunities."
- 516.** The Worker Vice-Chairperson supported this amendment, since it reflected the spirit of the Human Resources Development Recommendation, 2004 (No. 195).
- 517.** The amendment was adopted.
- 518.** The Employer Vice-Chairperson introduced an amendment to replace in the tenth line the words "strategy. Furthermore, they respect genuine employment relationships, avoid precarious employment" by the word "strategy,".
- 519.** The Worker Vice-Chairperson introduced a subamendment in order to retain some of the wording of the original text at the end of point 12(2). The last three lines, as subamended, would read as follows: "Sustainable enterprises integrate human resource development into their business strategy that respects genuine employment relationships and gives equal treatment to men and women workers in developing their skills, competencies and productivity."
- 520.** The Employer Vice-Chairperson supported the subamendment.
- 521.** The Government member of the Bahamas wondered whether the words "men and women" captured completely the fact the male and female workers of all ages were covered in this sentence. Having been assured by the Chairperson that this was the standard ILO language for gender inclusiveness, he did not propose a sub-subamendment.
- 522.** The amendment was adopted as subamended.
- 523.** Point 12(2) was adopted as amended.

### **Point 12(3)**

- 524.** The Worker Vice-Chairperson introduced an amendment to delete in the second line the word "flexible" and insert after the word "environment" the words "and negotiated flexible work organization." She immediately introduced a subamendment to insert after the word "environment" the words "and mutually beneficial flexible work organization".
- 525.** The Employer Vice-Chairperson supported the subamendment.

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- 526.** The amendment was adopted as subamended.
- 527.** An amendment submitted by the Government members of Argentina, Brazil, Chile, Mexico, Uruguay and the Bolivarian Republic of Venezuela, fell as a result of the adoption of the Workers' group amendment to point 12(3).
- 528.** The Government member of Trinidad and Tobago, seconded by the Government member of the Bahamas, submitted an amendment to the tenth line so as to replace the words "and HIV/AIDS" with the words ", HIV/AIDS and other life-threatening diseases (e.g. diabetes, hypertension)." He stated that it was important to stress that other diseases could be addressed in workplace situations, and in his own region, both diabetes and hypertension were major killers.
- 529.** The Employer Vice-Chairperson opposed the amendment because she did not wish the text to contain a listing of all possible life-threatening diseases, which varied across regions, thus lengthening the text. In addition, such an amendment could give rise to a debate over which diseases should be included.
- 530.** The Worker Vice-Chairperson supported the amendment.
- 531.** The Government member of the Netherlands, supported by the Government members of the Bahamas, Greece and the United States, proposed a subamendment to remove the examples, so that the reference would end with the words "and other life-threatening diseases."
- 532.** The Government member of Nigeria proposed a sub-subamendment to add the words "chronic and" before "life-threatening diseases", since many chronic disease were as debilitating and harmful in the workplaces as life-threatening ones, especially in developing countries.
- 533.** The Government member of the Bahamas, speaking on behalf of CARICOM member States members of the Committee, as well as the Government members of Lebanon, Morocco, Mozambique, Saint Kitts and Nevis, and Senegal, supported the sub-subamendment proposed by the Government of Nigeria.
- 534.** The Employer and Worker Vice-Chairpersons also supported the sub-subamendment.
- 535.** The amendment, as sub-subamended, was adopted.
- 536.** Point 12(3) was adopted as amended.

#### **Point 12(4)**

- 537.** The Employer Vice-Chairperson withdrew an amendment to point 12(4).
- 538.** The Employer Vice-Chairperson introduced an amendment to the third line to replace the word "equal" by the word "equitable", which better reflected the idea of equitable distribution of income and wealth.
- 539.** The Worker Vice-Chairperson supported the amendment.
- 540.** The amendment was adopted.

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- 541.** The Employer Vice-Chairperson introduced an amendment to the fourth line to replace the words “A major vehicle for achieving this” by the words “Important vehicles for achieving this”. She argued that this change was necessary as collective bargaining and social dialogue were clearly not the only instruments available for the sharing of productivity gains.
- 542.** The Worker Vice-Chairperson supported the amendment.
- 543.** The amendment was adopted.
- 544.** Point 12(4) was adopted as amended.

### **Point 12(5)**

- 545.** The Employer Vice-Chairperson introduced an amendment to the sixth line to insert after the word “workers” the words “and other stakeholders”. This reflected reality because CSR could involve many groups, such as shareholders and consumers.
- 546.** The Worker Vice-Chairperson supported the amendment.
- 547.** The amendment was adopted.
- 548.** The Government member of the United Kingdom, speaking also on behalf of the Government members of New Zealand, the Netherlands and the United States, introduced an amendment to line seven, after the word “activities.”, so as to add a new sentence: “In this regard, ethical and fair trade initiatives help promote CSR in value chains.” He noted that this was an increasingly important concern, and placement in point 12(5) was logical.
- 549.** The Worker Vice-Chairperson supported the amendment.
- 550.** The Employer Vice-Chairperson proposed a subamendment, to add the word “can” before “help promote CSR in value chains”, as it was a more appropriate formulation.
- 551.** The Worker Vice-Chairperson opposed the subamendment, stating that she preferred the wording of the Government members’ amendment rather than the subamendment, as did the Government members of Austria, the Netherlands, Nigeria, Norway and Sweden.
- 552.** The Employer Vice-Chairperson withdrew the subamendment.
- 553.** The amendment was adopted without change.
- 554.** The Government member of the United Kingdom, speaking also on behalf of the Government members of New Zealand, the Netherlands and the United States, submitted an amendment to the seventh line to replace the words “In this respect” by the word “The”. He noted that the amendment was a grammatical change necessitated by the adoption of these Government members’ amendment to line seven of point 12(5), discussed above.
- 555.** The Employer and Worker Vice-Chairpersons supported the amendment.
- 556.** The amendment was adopted.
- 557.** Point 12(5) was adopted as amended.
- 558.** Point 12(6) was adopted without change.



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## Point 13

559. As the Government member of Algeria was absent when the amendment was to be discussed, it fell.
560. Point 13 was adopted.

## Point 14

561. Point 14, introductory phrase, was adopted.

### Point 14(1)

562. The Employer Vice-Chairperson introduced an amendment to delete the words “including through the enforcement of labour and environmental standards”. She subamended this amendment to leave the words, but replace “enforcement” with “respect”.
563. The Worker Vice-Chairperson further amended the amendment to change “respect” to “implementation”. The paragraph was talking about government action, so it was more appropriate to speak of implementation of legislation rather than respect.
564. The Government member of the Netherlands did not agree with any of the amendments. Governments were supposed to enforce law, so the text should speak of enforcement. The Government member of Australia agreed.
565. The Government member of Austria proposed a further amendment, to include both implementation and enforcement, which the Government members of the Bahamas, Germany, Greece, Nigeria and Sweden supported.
566. The Worker Vice-Chairperson supported the amendment proposed by the Government member of Austria.
567. The Employer Vice-Chairperson clarified that the purpose of the Employers’ group amendment was to strengthen the focus on creating an enabling environment; as the text stood, it diluted this focus with an emphasis on enforcement and implementation. These were important issues, but not the core element for creating an enabling environment for sustainable enterprises. As a compromise, she offered a further amendment, to insert “well-designed” before “labour and environmental standards”.
568. The Worker Vice-Chairperson opposed the Employers’ group further amendment, stating that the idea of standards being well designed did not apply; a standard was a standard and it had to be implemented and enforced regardless. The Government members of the Bahamas, the Czech Republic, New Zealand and the United Kingdom, concurred with the Worker Vice-Chairperson and did not support the Employer Vice-Chairperson’s subamendment.
569. The Employer Vice-Chairperson withdrew her sub-subamendment, stating that she was disappointed that the text emphasized as the primary role of government in promoting sustainable enterprises the implementation and enforcement of labour and environmental standards.

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**570.** The Government member of Senegal drew attention to the fact that, in the French translation, the words “application” and “*mis-en-oeuvre*” had the same meaning in the French language and that new words therefore needed to be found.

**571.** The amendment, as subamended, was adopted.

**572.** Point 14(1) was adopted as amended.

**573.** Point 14(2) was adopted.

### **Point 14(3)**

**574.** The Worker Vice-Chairperson introduced amendment D.68 to replace the text of point 14(3) with the following text: “behaving as a sustainable employer and integrating sustainability as a guiding principle when procuring goods and services as well as in economic trade and investment policies.” Government should act responsibly not only concerning procurement of goods and services, but also in respect of its trade and investment policies.

**575.** The Employer Vice-Chairperson opposed the amendment. As she had previously stated, SMEs would have difficulties meeting the expectations created by new conditionalities in public procurement. Furthermore, central to the operation of public procurement was the idea that it had to be economic; adding new criteria created conflicts.

**576.** The Government member of the United Kingdom argued that the amendment weakened the original focus on good procurement practices, and he was not inclined to re-enter the debate on trade. He was supported by the Government members of Australia, Germany, the Netherlands and the United States.

**577.** The Worker Vice-Chairperson agreed to withdraw the amendment.

**578.** The Government member of Trinidad and Tobago introduced an amendment to replace point 14(3) by the following: “engendering such enterprises in their role as employers and significant suppliers of goods and services.” which was seconded by the Government member of the Bahamas. He pointed out that “behaving as” was not considered fluid English and that it should be replaced by “functioning” or “operating”. He then subamended his amendment and proposed to move the clause “where applicable” to earlier in the text: “functioning where applicable as sustainable enterprises as ...”.

**579.** Both the Employer and Worker Vice-Chairpersons preferred to keep the original text, and the amendment was withdrawn.

**580.** Point 14(3) was adopted.

### **Point 15**

**581.** Point 15, introductory paragraph, was adopted.

**582.** Point 15(1) was adopted.

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## Point 15(2)

- 583.** The Government member of Germany, speaking also on behalf of a number of Government members,<sup>21</sup> introduced an amendment to add after point 15(2) the following new paragraph: “*Encouraging corporate social responsibility (CSR)*. Governments should promote, facilitate and raise awareness of CSR taking into account the specific needs of small and medium-sized enterprises.” This new paragraph addressed the role of governments in promoting CSR.
- 584.** The Worker Vice-Chairperson accepted the idea, but proposed a subamendment to add the following at the end: “and support efforts by social partners to jointly address issues of CSR.” She noted that governments could support and help joint initiatives by employers and workers.
- 585.** The Employer Vice-Chairperson replied that there was broad recognition that CSR was not a social dialogue exercise and that it was a business-driven initiative which included initiatives by social partners. She proposed a further amendment to include the voluntary concept of CSR and to delete the part that referred to “efforts of social partners to jointly address issues of CSR.”
- 586.** The Government member of Austria suggested another subamendment to change the title to “*Encouraging the voluntary concept of CSR*” and to add at the end of the paragraph the subamendment of the Workers: “and support efforts by social partners to jointly address issues of CSR.”
- 587.** The Government member of Germany stated that there was already a mention of the voluntary nature of CSR in point 12, but it could be added again, if necessary. He then raised a concern about stakeholder participation in CSR. In Germany, CSR was open to all stakeholders, and was not limited to dialogue between the social partners.
- 588.** The Government member of Australia supported the position expressed by the Government member of Germany and stated that she had preferred the text from the original amendment.
- 589.** The Employer and Worker Vice-Chairpersons endorsed the statement made by the Government member of Austria.
- 590.** The amendment, as sub-subamended, was adopted.
- 591.** Point 15(2) was adopted as amended.
- 592.** Point 15(3) was adopted without amendment.
- 593.** Point 15(4) was adopted without amendment.
- 594.** Point 15(5) was adopted without amendment.
- 595.** Point 15(6) was adopted without amendment.

<sup>21</sup> Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Romania, Saint Kitts and Nevis, Slovenia, Spain, Sweden, Switzerland, United Kingdom and United States.

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### **Point 15(7)**

- 596.** The Chairperson recalled the agreement reached while discussing point 10(11) to move one sentence from there to the end of point 15(7), namely the following text: “Furthermore, all enterprises are assisted by good access to research institutions to assist them in growth through innovation.”
- 597.** The Committee adopted the amendment.
- 598.** Point 15(7) was adopted as amended.

### **Point 15(8)**

- 599.** The Employer Vice-Chairperson submitted an amendment to replace in the fifth line, the word “business” by the word “employers”.
- 600.** The Worker Vice-Chairperson introduced a subamendment to replace the word “employers” by the word “enterprises”, because this phrase as a whole was strictly relevant to enterprises.
- 601.** The Employer Vice-Chairperson supported the subamendment.
- 602.** The amendment, as subamended, was adopted.
- 603.** Point 15(8) was adopted as amended.

### **Point 15(9)**

- 604.** The Government member of Trinidad and Tobago introduced an amendment, seconded by the Government member of Saint Kitts and Nevis, to replace, in the third line, the last sentence starting with the words “Good governance ...” by the following: “The success of sustainable enterprise policies calls for effective intra-governmental agencies.” He subamended the amendment with the following text: “The success of enterprise policies therefore calls for effective collaboration among intra-governmental institutions.” He explained that the need for this amendment and subamendment was driven by the importance of collaboration among different government institutions.
- 605.** The Worker Vice-Chairperson did not support the amendment as subamended, as point 15(9) was situated under the heading “Role of government” and good governance was crucial for sustainable enterprises.
- 606.** The Employer Vice-Chairperson also opposed the subamendment and the amendment.
- 607.** The Government member of Trinidad and Tobago withdrew the amendment and subamendment.
- 608.** Point 15(9) was adopted without change.
- 609.** Point 15(10) was adopted without change.
- 610.** Point 15(11) was adopted without change.

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## Point 15(12)

611. The Worker Vice-Chairperson submitted an amendment to replace the words in the fifth and sixth lines “be recognized and respond” by the words “contribute to personal development, access to culture and active citizenship, while responding”. She introduced a subamendment to replace the words “be recognized and respond” by the words “be recognized and contribute to personal development, access to culture and active citizenship, while responding”.
612. The Employer Vice-Chairperson opposed the amendment, as subamended, because the original sentence in the draft conclusions was important; she therefore subamended the Workers’ group subamendment so as to retain the original text and to place the Worker Vice-Chairperson’s amendment at the end of the sixth line, after the words “labour market”.
613. The Worker Vice-Chairperson supported the Employer Vice-Chairperson’s subamendment.
614. The Government member of Greece stressed the importance of the phrase in the original text “Skills acquired should be recognized”, given that in the context of globalization women and men were migrating for employment and were facing problems having their skills recognized when trying to integrate into new labour markets.
615. The Employer Vice-Chairperson noted that the word “recognized” had not been dropped from the text of the subamendment introduced by the Employers’ group.
616. The amendment, as subamended, was adopted.
617. The Employer Vice-Chairperson introduced an amendment to insert in the sixth line, after the word “market.” a new sentence as follows: “The involvement of the social partners is important in this regard.”
618. The Worker Vice-Chairperson introduced a subamendment to delete the words “in this regard”.
619. The Employer Vice-Chairperson supported the subamendment.
620. The amendment, as subamended, was adopted.
621. The Worker Vice-Chairperson introduced an amendment to replace in lines eight to ten the text “Reforming ... culture.” by the text “Governments should invest in and create the conditions to enhance education and training at all levels.” She introduced a subamendment to add to the end of the new sentence the following words: “and continuously upgrade the education system”.
622. The Employer Vice-Chairperson opposed the subamendment since the proposed text lost some of the good elements of the original sentence that had been supported by many Committee members during the discussions, including the importance of developing an entrepreneurial culture.
623. The Worker Vice-Chairperson explained that her subamendment responded to the perceived importance of addressing the issue of skills development for everyone, and to go beyond government action simply for cultivating an entrepreneurial culture, and the Government member of Nigeria agreed that the focus should be on skills development for everybody.

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- 624.** The Government member of Trinidad and Tobago introduced a sub-subamendment to the subamendment introduced by the Worker Vice-Chairperson, so as to add after the words “create the conditions” the words “to reduce illiteracy and”.
- 625.** The Government member of Greece did not support the subamendment introduced by the Worker Vice-Chairperson, on the ground that the purpose of this part of point 15(12) was specifically addressing the issue of entrepreneurship. She preferred the original text, as did the Government members of New Zealand and the United States; the Government member of Trinidad and Tobago suggested that one option would be to extract from the text a fresh point about entrepreneurial culture.
- 626.** The Employer Vice-Chairperson introduced a sub-subamendment to retain the original text, and to add after it the new sentence contained in the amendment proposed by the Workers’ group.
- 627.** The Worker Vice-Chairperson supported the sub-subamendment introduced by the Employer Vice-Chairperson, but introduced a further subamendment so as to add the adjective “sustainable” before the words “entrepreneurial culture”. She also supported the sub-subamendment introduced by the Government member of Trinidad and Tobago to add the words “to reduce illiteracy and”.
- 628.** The Employer Vice-Chairperson opposed the Workers’ group addition to her sub-subamendment since she was not in favour of using the word “sustainable” yet again in the draft text.
- 629.** The Worker Vice-Chairperson explained the importance for the Workers’ group of adding the adjective “sustainable” to entrepreneurial culture, and introduced another sub-subamendment to the tenth line of point 15(12) so as to replace the words “function as a driving force for” with the words “contribute to”.
- 630.** The Employer Vice-Chairperson opposed the further sub-subamendments introduced by the Worker Vice-Chairperson.
- 631.** The Chairperson called for a show of hands to gauge support among the Government members for the sub-subamendments introduced by the Worker Vice-Chairperson. Since the majority of Government members opposed them, they fell.
- 632.** The Chairperson returned to the sub-subamendment introduced by the Government member of Trinidad and Tobago to add the words “to reduce illiteracy and”, which was supported by both the Employer and Worker Vice-Chairpersons.
- 633.** The Worker Vice-Chairperson’s amendment, as sub-subamended by the Employer Vice-Chairperson and the Government member of Trinidad and Tobago, was adopted.
- 634.** The Employer Vice-Chairperson withdrew an amendment in the light of the adoption of the previous amendment to point 15(12).
- 635.** Point 15(12) was adopted as amended.

## **Point 16**

- 636.** The introductory paragraph was adopted without amendment.
- 637.** Point 16(1) was adopted without amendment.

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## Point 16(2)

- 638.** The Employer Vice-Chairperson submitted an amendment to the second line to replace the word “SMEs” by the word “enterprises” because this word was more appropriate in the context of the social partners reaching out to both workers and owners of enterprises in the informal economy. She proposed a subamendment to replace the word “SMEs” with the words “enterprises, and in particular SMEs”, noting that this broadened the meaning of the text.
- 639.** The Worker Vice-Chairperson supported the amendment as subamended by the Employer Vice-Chairperson.
- 640.** The amendment, as subamended, was adopted.
- 641.** Point 16(2), as amended, was adopted.
- 642.** Point 16(3) was adopted without amendment.

## Point 16(4)

- 643.** The Employer Vice-Chairperson introduced an amendment to the second line to insert after the word “including” the words “where relevant”, as this amendment represented a reference to the fundamental role of the social partners in the implementation of international labour standards.
- 644.** The Worker Vice-Chairperson opposed the amendment, as did the Government members of Austria, Bahamas, the Netherlands, the United Kingdom and the United States, with the Workers’ group noting that such standards were always relevant.
- 645.** The Employer Vice-Chairperson withdrew the amendment.
- 646.** The Employer Vice-Chairperson withdrew this amendment, which had been proposed by the Employers’ group.
- 647.** The Government member of United States introduced an amendment on behalf of a number of Government members.<sup>22</sup> She explained that the amendment sought to strengthen the original text by introducing a new paragraph after point 16(4) that focused on the collaboration in partnerships by the social partners, including between themselves and with other civil society networks and the public sector.
- 648.** The Employer and Worker Vice-Chairpersons opposed the amendment.
- 649.** The Government member of United States withdrew the amendment.
- 650.** Point 16(4) was adopted without amendment.

<sup>22</sup> Australia, Austria, Canada, Czech Republic, Denmark, Finland, Hungary, Indonesia, Ireland, Japan, the Netherlands, New Zealand, Norway, Saint Kitts and Nevis, San Marino, Sweden, Switzerland, United Kingdom and United States.

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## Point 17

- 651.** The Government member of the Netherlands introduced an amendment on behalf of a number of Government members,<sup>23</sup> which added in the first line after the word “mandate” the word “, budget”. He explained that this additional word would complete more fully the reference to elements that should guide the ILO’s work in promoting sustainable enterprises, namely its mandate, budget and comparative advantage.
- 652.** The Employer Vice-Chairperson supported the amendment, as did the Worker Vice-Chairperson, who nevertheless remarked that a reference to the ILO budget was already made in the draft resolution concerning the promotion of sustainable enterprises that prefaced the draft conclusions.
- 653.** The amendment was adopted.
- 654.** The Worker Vice-Chairperson submitted an amendment to add after point 17 the following new point:

The ILO should promote the ratification and application of the following international labour standards, which in addition to the core Conventions are relevant to the promotion of sustainable enterprises:

Maternity Protection Convention, 2000 (No. 183)

Workers’ Representatives Convention, 1971 (No. 135)

Labour Inspection Convention, 1947 (No. 81)

Labour Clauses (Public Contracts) Convention, 1949 (No. 94)

Employment Relationship Recommendation, 2006 (No. 198)

Promotion of Cooperatives Recommendation, 2002 (No. 193)

Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189),

and she subamended it to add at the end a reference to the Human Resources Development Recommendation, 2004 (No. 195). She stressed that the ILO should promote the ratification and application of a range of international labour standards (ILS) – in addition to the core labour standards – that were relevant to the promotion of sustainable enterprises. The inclusion of a listing was aimed at assisting those who would read the text of the conclusions in future years, to understand exactly what instruments had been considered relevant.

- 655.** The Employer Vice-Chairperson opposed the amendment because the Committee had already decided, in earlier proposed amendments, not to list instruments by specific name. She also stressed that there had been no extensive sampling of which ILS might be considered relevant by Committee members, that closed lists were a problem if future ILS were identified as relevant, and certain Conventions listed in the amendment had been poorly ratified.

<sup>23</sup> Australia, Austria, Canada, Czech Republic, Denmark, Finland, Hungary, Indonesia, Ireland, Japan, the Netherlands, New Zealand, Norway, Saint Kitts and Nevis, San Marino, Spain, Sweden, Switzerland, United Kingdom and United States.



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- 656.** The Worker Vice-Chairperson explained the amendment in the light of the fact that the Committee had included references to the subject matter of these Conventions and Recommendations throughout the text of the draft conclusions; she did not understand the reluctance of the Employers' group concerning the amendment.
- 657.** The Government member of the Netherlands considered that there was general consensus among the Government members of the Committee that some listing was useful, but submitted a subamendment to include the list of ILS in an annex to the conclusions. She suggested the following title for an annex: "Conventions and Recommendations that relate to the promotion of sustainable enterprises".
- 658.** The Government member of Trinidad and Tobago supported the subamendment, although he could also agree to placing the list in a footnote referenced to the ILO's "mandate" in the first line of point 17.
- 659.** The Worker Vice-Chairperson, agreeing to place the list in an annex, proposed a subamendment to her own amendment so that the text in the new point after point 17 would read: "The ILO should promote the ratification and application of international labour standards that relate to the promotion of sustainable enterprises (see annex)."
- 660.** The Employer Vice-Chairperson proposed a sub-subamendment that read: "The ILO in implementing this resolution should take into account all relevant international labour standards (Conventions and Recommendations)", without any listing of Conventions and Recommendations or annex.
- 661.** The Government member of Australia supported the sub-subamendment of the Employers' group, noting that promotion of international labour standards was, in any case, part of the regular mandate of the ILO and was therefore not needed in the draft conclusions.
- 662.** The Worker Vice-Chairperson opposed the Employer's group sub-subamendment.
- 663.** The Government member of Canada raised a legal issue since the amendment appeared to imply that the ILO was to promote the ratification of Recommendations, whereas they were ILS that were not open to ratification as Conventions were. The Committee would have to take care with the wording on this issue.
- 664.** The Worker Vice-Chairperson replied to the Government member of Canada that her amendment included the words "ratification" and "application" precisely so as to address the ratification of Conventions and the application of them and of Recommendations.
- 665.** The Government member of Nigeria supported the subamendment that had been submitted by the Government member of Netherlands to include the list of ILS in an annex with the proposed title.
- 666.** The Government members of Argentina, Austria, Bahamas, Barbados, Saint Kitts and Nevis, Trinidad and Tobago, and the Bolivarian Republic of Venezuela, as well as the Government member of Zimbabwe, speaking on behalf of the Africa group, supported the subamendment of the Workers' group.
- 667.** The Employer Vice-Chairperson explained her sub-subamendment again, stressing that many ILS had received doubtful support, such as Recommendation No. 198, the adoption of which in 2006 had seen many Government delegates abstaining, as well as a block abstention by the Employers' group.

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- 668.** The Worker Vice-Chairperson stated that her opposition to the Employers' group sub-subamendment was not swayed by references to abstentions at the time of adoption; in her opinion, a Recommendation was a Recommendation once adopted, even if particular governments had not been able to support it.
- 669.** The Chairperson, after consultations with the Office, confirmed that the inclusion of an annex in draft conclusions was possible. He asked Committee members what such an annex might contain if there should be agreement about adding one, what its limitations would be, and how the Committee would reach agreement on its contents.
- 670.** The Worker Vice-Chairperson recalled that since the 2006 resolution on occupational safety and health had contained an annex of relevant ILS, a precedent existed. She reiterated the Workers' group support of the subamendment proposed by the Netherlands.
- 671.** The Chairperson called for a show of hands to gauge support among the Government members for the Employer Vice-Chairperson's sub-subamendment which read: "The ILO in implementing this resolution should take into account all relevant international labour standards (Conventions and Recommendations)". Since the majority of Government members opposed it, the sub-subamendment fell.
- 672.** The Government member of the Netherlands further amended her own subamendment to read: "The ILO should promote the ratification and application of international labour standards relevant to the promotion of sustainable enterprises" and that the title of the annex would read: "Annex: Conventions and Recommendations that relate to the promotion of sustainable enterprise, including:". This wording would avoid a problem of having a definitive list in the annex.
- 673.** The Worker Vice-Chairperson supported the sub-subamendment.
- 674.** The Employer Vice-Chairperson introduced a sub-subamendment to replace the word "including" by the words "such as".
- 675.** The Worker Vice-Chairperson supported the sub-subamendment.
- 676.** The Employer Vice-Chairperson reconsidered her position and withdrew the sub-subamendment.
- 677.** The Chairperson called for a show of hands to gauge support among the Government members for the subamendment, as further amended, submitted by the Government member of the Netherlands. Given that the majority of Government members supported it, the subamendment was adopted.
- 678.** The Employer Vice-Chairperson wanted the record to show that the Employers' group had not supported the sub-subamendment of the Government member of the Netherlands.
- 679.** The Chairperson announced that the Legal Adviser would assist in finalizing the specific language to be used in the annex and proposed that the exact wording be endorsed by the Committee members when the draft conclusions, as amended, would be proposed for adoption.
- 680.** The amendment, as subamended, was adopted.
- 681.** The Employer Vice-Chairperson submitted an amendment to add a new point after point 17, to read: "In its interventions, the ILO needs to focus on practical and demand-driven responses such as tools, methodologies and knowledge sharing that is of practical

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value to the social partners in their activities.” She withdrew the amendment in the light of a Workers’ group amendment that would have the same effect at the same place.

**682.** The Worker Vice-Chairperson introduced an amendment to add a new point after point 17 to read:

The ILO should work closely with ILO constituents on an ongoing basis to assess its current practice with reference to these conclusions and, in particular:

- (a) the centrality of the Decent Work Agenda to this practice;
- (b) the need to enhance the quality of programme delivery and outcomes;
- (c) the alignment of sustainable enterprise programmes to Decent Work Country Programmes to ensure they address local priorities and conditions;
- (d) the importance of full participation of constituents at each level of ILO operations including the field level.

**683.** She subamended this amendment so as to add a new subparagraph (e) at the end of the proposed amendment, which would subsume the text that had just been withdrawn by the Employer Vice-Chairperson: “In its interventions, the ILO needs to focus on practical and demand-driven responses such as tools, methodologies and knowledge sharing that is of practical value to the social partners in their activities.”

**684.** The Employer Vice-Chairperson supported the amendment and proposed a subamendment to delete the phrase: “with reference to these conclusions” as the sentence should be kept in general terms and not specifically with the conclusions; to delete in subparagraph (d) the words “at each level” and “including the field level” and to replace the word “operations” by the word “activities”. She also subamended the Workers’ group amendment that added a new subparagraph (e) reflecting the Employers’ group withdrawn amendment, so that the text would stand alone after subparagraph (d) and not be part of the enumerated sentences.

**685.** The Worker Vice-Chairperson supported the Employer Vice-Chairperson’s deletion of the words “at each level” and “including the field level” in subparagraph (d). However, she opposed the deletion of the phrase: “with reference to these conclusions” because, in her opinion, the reference to these conclusions was important as it underlined the fact that the role of the ILO needed to be grounded in a framework of action. To accommodate the Employers’ group, she proposed a sub-subamendment to add the following words: “including with reference to these conclusions”.

**686.** The Employer Vice-Chairperson supported the sub-subamendment.

**687.** The Government member of Australia pointed out that there were synergies amongst the various amendments aiming to add a new point after point 17. She submitted another subamendment that reflected discussions held with several Government members, which added before subparagraph (d) a new subparagraph, which would read: “(d) the field structure review which should provide the opportunity to enhance the delivery and quality of sustainable enterprise programmes.” She also proposed a subamendment so as to improve the wording of subparagraph (e) to read “the importance of full participation of constituents in the ILO activities.”

**688.** Both the Employer and Worker Vice-Chairpersons supported the subamendment proposed by the Government member of Australia.

**689.** The amendment, as subamended, was adopted.

**690.** Point 17, as amended, was adopted.

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## Point 18

- 691.** The Worker Vice-Chairperson introduced an amendment to the first line to replace the words “is a core element of” by the words “should be linked to” and subamended it to read as follows: “is based on” the Global Employment Agenda (GEA). She added that there was no clear reference to sustainable enterprises in the GEA, so the original text required a change.
- 692.** The Employer Vice-Chairperson supported the amendment as subamended.
- 693.** The amendment, as subamended, was adopted.
- 694.** The Employer Vice-Chairperson introduced an amendment to insert at the beginning of point 18 the sentence “Enterprise creation is a fundamental prerequisite for achieving Decent Work outcomes.” and subamended it to add text that had been agreed in discussions with the Workers’ group, namely: “Creation of sustainable enterprises is a key element to achieve decent work outcomes.”
- 695.** The Worker Vice-Chairperson supported the amendment as subamended.
- 696.** The amendment, as subamended, was adopted.
- 697.** Point 18, as amended, was adopted.

## Point 19

- 698.** The Worker Vice-Chairperson submitted an amendment to add after point 19 the following new paragraph: “The ILO should undertake research, policy development and advocacy for a conducive environment to create sustainable enterprises and decent work and focus in particular on employment orientated macroeconomic and trade policies. The ILO should also support developing countries to develop and implement industrial policies to create sustainable enterprises.” and subamended it – so as to shorten the text – to read: “The ILO should undertake research, policy development to promote enterprises and decent work and focus in particular on employment orientated macroeconomic and trade policies. The ILO should also support developing countries to develop and implement industrial policies to create sustainable enterprises.”
- 699.** The Employer Vice-Chairperson proposed a subamendment to delete “employment oriented macroeconomic and trade policies” and the word “industrial” in the last line of the amendment. She stated that the ILO had no competence to enter into issues of trade, macroeconomic and industrial policies.
- 700.** The Worker Vice-Chairperson reminded the Employers’ group and the Government members that point 10(6) regarding an environment conducive to sustainable enterprises already contained an agreed wording, which recognized macroeconomic policy as a key issue for sustainable enterprises. She added that developing countries faced problems with regard to trade issues, and raised the need for the ILO to undertake research for the future, focusing on trade and macroeconomic trends. She concluded by stating that such research should help governments and constituents find solutions on the two issues.
- 701.** The Government member of Nigeria expressed her surprise that the Employers’ group did not want a reference to “employment oriented macroeconomic and trade policies” as the Employers’ group had often called for well-designed policy during these discussions. She

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stated that employment was a core issue for the ILO and therefore opposed the Employers' group subamendment.

- 702.** The Government member of Australia sought to reach a compromise by suggesting the following text which was more neutral: “to focus, in particular, on the impact of macroeconomic and trade policies on employment.”
- 703.** The Employer Vice-Chairperson explained her opposition to the Workers' group amendment, and stressed that there was a crucial difference in the relationship between macroeconomic policy and the promotion of sustainable enterprises. The amendment would dilute the core competencies of the ILO. The Employers' group also opposed the amendment of the Government member of Australia.
- 704.** The Worker Vice-Chairperson supported the amendment of the Government member of Australia. She stated that in her country, Italy, the workers' organizations regularly discussed macroeconomic policy issues with the Government and that discussing such issues was crucial for all parties – governments, employers and workers – considering their impact on industrial policy and ultimately on employment. She considered that impact of trade on employment was directly linked with the ILO's mandate.
- 705.** The Government member of Germany noted that his Government encouraged the ILO to conduct research in the field of its core competencies but that it also encouraged the ILO to cooperate with other agencies that had competencies in the relevant area. He therefore subamended the Workers' group text to read: “The ILO should undertake research, policy development to promote decent work and cooperate with relevant international organizations on macroeconomic and trade issues. The ILO should also support developing countries to develop and implement policies to create sustainable enterprises.”
- 706.** The Worker and Employer Vice-Chairpersons and the Government member of Japan supported the subamendment submitted by the Government member of Germany.
- 707.** The Government member of the Netherlands opposed the subamendment because employment was a core business of the ILO and the Office already conducted research on macroeconomic issues and employment.
- 708.** In view of those comments, the Worker Vice-Chairperson amended the subamendment to read: “The ILO should undertake research, policy development to promote employment, decent work and cooperate with relevant international organizations on macroeconomic and trade issues. The ILO should also support developing countries to develop and implement policies on industrial development to create sustainable enterprises.”
- 709.** The Government member of New Zealand proposed to add the word “and” so as to improve the language.
- 710.** The Employer Vice-Chairperson submitted a further sub-subamendment, to add after the words “relevant international organizations” the following text: “where it can bring to bear its expertise on the relationship between employment and macroeconomic, and trade issues.” She stated that this wording would maintain the idea of what the ILO could do and where its competitive advantage lay.

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**711.** The Worker Vice-Chairperson proposed another sub-subamendment to replace the proposed words “where it can” by “so that it brings to bear”. The text would read:

The ILO should undertake research and policy development to promote employment and decent work and cooperate with relevant international organizations so that it brings to bear its expertise on the relationship between employment and macroeconomic and trade issues. The ILO should also support developing countries to develop and implement policies on industrial development to create sustainable enterprises.

**712.** The Employer Vice-Chairperson accepted the Workers’ group sub-subamendment.

**713.** The amendment, as subamended, was adopted.

**714.** The Government member of Australia withdrew an amendment in the light of the adoption of the previous amendment.

**715.** Point 19 was adopted, as amended.

## **Point 20**

**716.** The introductory paragraph was adopted without amendment.

### **Point 20(1)**

**717.** The Government member of New Zealand introduced an amendment on behalf of a number of Government members,<sup>24</sup> and subamended it to replace the title and the first part of the paragraph by the following thus merging with a later amendment (D.103):

Strengthen capacity of governments and social partners to establish an enabling environment for sustainable enterprise. In this regard, the ILO should support governments and social partners by:

- (a) developing information resources to support enterprises to make sustainable decisions based on an increased understanding of labour market and economic and social conditions, particularly in the developing world;
- (b) providing guidance on ways that policies and regulation can support improved working conditions, the transition of informal economy operators to the formal economy and economic and social development;
- (c) providing guidance and technical assistance to member countries to enable them to produce more accurate and reliable statistics to help them evaluate their achievements in promoting decent work in sustainable enterprises;
- (d) gathering and disseminating information on the relationship between policies responding to cross-cutting social issues, such as gender and the need to empower women, and the development of sustainable enterprises;
- (e) providing support to employers’ and workers’ organizations to close the representational gap and improve their capacity to analyse the dynamics of their business and labour environment so that they are able to advocate for the development of sustainable enterprises; and

<sup>24</sup> Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Indonesia, Ireland, Islamic Republic of Iran, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Saint Kitts and Nevis, Sweden, Spain, United Kingdom and United States.

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- (f) providing technical assistance to support small and medium-sized enterprises to become sustainable through, for example, networking, developing workers' capabilities and competencies, and upgrading regional and global value chains and clusters.
- 718.** The Worker Vice-Chairperson introduced a subamendment to add to subparagraph (e) in the first line, after the word "organizations", the words "to promote workers' rights,".
- 719.** The Employer Vice-Chairperson introduced a sub-subamendment to add in subparagraph (a) after the word "resources" the words ", tools and methodologies"; to insert in (b) after the word "conditions," the words "enabling business environment for sustainable enterprises," and to insert in (f) after the word "support" the words "entrepreneurs and,".
- 720.** The Worker Vice-Chairperson supported this sub-subamendment in principle, but considered that including the word "entrepreneurs" in subparagraph (f) was not appropriate because entrepreneurs did not become sustainable; their enterprises did. The text should focus on structures. She introduced another subamendment to insert in subparagraph (f) instead of "entrepreneurship", the words "enterprises, in particular". However, in view of the lack of support for it from the Employer Vice-Chairperson, she withdrew it and introduced a fresh subamendment to replace the word "entrepreneurship" with the word "micro,".
- 721.** The Government member of the Netherlands supported the first part of the sub-subamendment introduced by the Employer Vice-Chairperson. She proposed an amendment to the Workers' group sub-subamendment, so as to replace in subparagraph (f) the word "micro" with the word "start-ups".
- 722.** The Employer and Worker Vice-Chairpersons, as well as the Government member of Zimbabwe, supported the sub-subamendment of the Government member of the Netherlands.
- 723.** The Government member of the Bahamas, speaking also on behalf of the Government member of Trinidad and Tobago, introduced a subamendment to add after the word "start-ups" the word "micro" in subparagraph (f).
- 724.** The Employer and Worker Vice-Chairpersons supported the amendment and subamendment.
- 725.** The amendment, as subamended, was adopted.
- 726.** The Worker Vice-Chairperson submitted an amendment to the title so as to read: *"Strengthen capacity of governments and social partners to establish an enabling environment for sustainable enterprise."*
- 727.** The amendment fell, as it was subsumed by the previous amendment.
- 728.** Point 20(1) was adopted as amended.
- 729.** Point 20(2) was adopted.
- 730.** Point 20(3) was adopted.

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## Point 20(4)

- 731.** The Chairperson recalled that there had been agreement to insert here a subamendment which evolved from the discussion of D.60: “The ILO should also use its expertise to help enterprises to achieve sustainability.”
- 732.** The amendment was adopted.
- 733.** The Employer Vice-Chairperson introduced an amendment to point 20(4) to replace the words “enterprise managers” with “enterprise representatives” in reference to training programmes designed for these individuals and workers. She proposed a subamendment to replace the words with “enterprise managers and representatives” because this made the text clearer in terms of which groups were being targeted for training.
- 734.** The Worker Vice-Chairperson supported the subamendment, and the amendment, as subamended was adopted.
- 735.** Point 20(4) was adopted as amended.

## Point 20(5)

- 736.** The Worker Vice-Chairperson introduced an amendment to replace the text “Particular attention ... disadvantaged groups” in point 20(5) with the following text: “Particular attention should be given to the promotion of cooperatives, social enterprises and other enterprises that are fully committed to achieving decent work and providing economic opportunities for disadvantaged groups. Targets and incentives should be provided to encourage enterprises to employ workers from marginalized and disadvantaged sections of society.” The new text was more consistent with the objective stated in the title of this section.
- 737.** The Employer Vice-Chairperson opposed the amendment because it left out many important elements, such as youth employment and employability, as well as the references to in-school curricula and entrepreneurship programmes.
- 738.** The Government members of the United Kingdom and the United States also opposed the amendment.
- 739.** The Worker Vice-Chairperson withdrew the amendment.
- 740.** The Worker Vice-Chairperson introduced an amendment to qualify medium-sized enterprises by the word “sustainable” in order to be consistent with the rest of the text.
- 741.** There were no objections and the amendment was adopted.
- 742.** The Worker Vice-Chairperson introduced an amendment to point 20(5) to include after the word “curricula” the words “workers’ rights,”. She noted that it was important to include training on workers’ rights for these groups.
- 743.** The Employer Vice-Chairperson proposed a subamendment to include employers’ rights as well.
- 744.** The Worker Vice-Chairperson could not support this subamendment.



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- 745.** The Government members of Austria, the Netherlands and Sweden preferred the original draft text.
- 746.** Both the subamendment and the amendment were withdrawn.
- 747.** The Government member of Germany, speaking on behalf of a number of Government members,<sup>25</sup> introduced an amendment to point 20(5) to delete the word “other” in reference to disadvantaged groups, as women were not a disadvantaged group.
- 748.** The Employer and Worker Vice-Chairpersons supported the amendment.
- 749.** The amendment was adopted.
- 750.** The Worker Vice-Chairperson introduced an amendment to the last sentence of point 20(5) to replace the words “the relationship between ... formal economy” by the words “policies and regulation that can support improved working conditions, and the development of programmes that support the transition of informal economy operators to the formal economy and economic and social development”. The wording of the amendment made the issue of working conditions and the importance of the transition to the formal economy more clear.
- 751.** The Employer Vice-Chairperson opposed the amendment. The amendment read as if it was advocating more laws for the transition to the formal economy.
- 752.** The Government member of the Netherlands also opposed the amendment on the grounds that it was not clear.
- 753.** The amendment was withdrawn.
- 754.** Point 20(5) was adopted as amended.

## **Point 21**

- 755.** The Worker Vice-Chairperson introduced an amendment to point 21 to insert after the word “success” the words “in the mainstreaming of the Decent Work Agenda”. She proposed a subamendment to read “by forging partnerships to promote the Decent Work Agenda with other United Nations agencies”.
- 756.** The Employer Vice-Chairperson accepted the amendment.
- 757.** The amendment, as subamended, was adopted.

<sup>25</sup> Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Japan, Republic of Korea, Netherlands, New Zealand, Norway, Romania, Saint Kitts and Nevis, Slovenia, Spain, Sweden, Switzerland, United Kingdom and United States.

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- 758.** The Government member of Switzerland introduced an amendment to point 21 on behalf of a number of Government members,<sup>26</sup> to insert after the word “agencies” the words: “including the World Health Organization (particularly in the context of UN reforms) to ensure consistency and avoid duplication of effort. It should also work with”. The amendment sought to include, in the context of establishing partnerships, the significance of the UN reform process. The World Health Organization was mentioned in light of its special relationship with the ILO.
- 759.** The Worker Vice-Chairperson proposed a subamendment to also include reference to UNEP, because the topic of the environment was a principal topic of discussion by the Committee.
- 760.** The amendment as subamended was adopted.
- 761.** The Worker Vice-Chairperson withdrew the amendment.
- 762.** The Government member of the Netherlands, speaking on behalf of a number of Government members,<sup>27</sup> introduced an amendment to add at the end of the point “Additionally the ILO should consider working together with relevant internal and external organizations to develop modules on basic social and environmental issues, to be included in tool kits for business start-ups.” She clarified that the words “internal” referred to other UN organizations.
- 763.** The Worker Vice-Chairperson indicated that she had nothing against the amendment, but stipulated that it needed subamending to clarify what “internal” meant. She proposed the inclusion of the words “other agencies within the UN family” to replace the word “internal”. The Worker Vice-Chairperson also proposed that the words “the decent work agenda” replace the words “basic social”.
- 764.** The Government member of the Netherlands argued that removal of the words “basic social” had the effect of omitting human rights. She proposed to subamend the second of the Worker Vice Chairperson’s subamendments by replacing the words “the decent work agenda” with the words “decent work, social”.
- 765.** The Employer and Worker Vice-Chairpersons accepted this.
- 766.** The amendment was adopted as amended.
- 767.** Point 21 was adopted as amended.

<sup>26</sup> Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Hungary, Indonesia, Ireland, Republic of Korea, Netherlands, Norway, Saint Kitts and Nevis, Spain, Sweden, Switzerland and United Kingdom.

<sup>27</sup> Austria, Germany, Ireland, Netherlands, New Zealand and United Kingdom.

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## Point 22

**768.** The Worker Vice-Chairperson introduced amendment D.118 to insert after the words “knowledge bases” in the first line of point 22 the words: “concerning the promotion of sustainable enterprises to achieve decent work.”

**769.** The Employer Vice-Chairperson proposed a broad subamendment that would cover all the proposed amendments to point 22. She proposed that point 22 should read:

Furthermore, within the parameters of the programme and budget, the Office should build its knowledge base on emerging issues (for example through research in such areas as the link between sustainability, impact of climate change on enterprises and employment), facilitate the sharing of knowledge and practice across countries (through, for example, web sites and databases on such subjects as collective agreements, industrial relations and the enabling environment for sustainable enterprises) and strengthen its technical cooperation programmes.

**770.** The Worker Vice-Chairperson supported the subamendment of the Employers’ group.

**771.** Point 22, as amended, was adopted.

**772.** As a result of the broad agreement on D.118, amendments D.122, D.121, D.120 and D.119 were withdrawn by the Worker Vice-Chairperson.

**773.** Amendment D.117, as subamended by herself, was introduced by the Worker Vice-Chairperson to add after point 22 a new point as follows: “Due to increasing difficulties of audited companies to comply with different private standards of CSR, the ILO should promote further discussion within the Subcommittee on Multinational Enterprises of the Governing Body towards the development of ILO guidelines on independent auditing.” She argued that the ILO should examine the increasing difficulties companies are facing when subject to different auditing systems.

**774.** The Employer Vice-Chairperson proposed a subamendment to avoid the perception that the ILO was labelling companies. She proposed that the new paragraph read: “Due to the increasing proliferation of different private standards of CSR, the ILO should promote further discussion with constituents on how to achieve a coherent approach with regard to social standards”.

**775.** The Worker Vice-Chairperson indicated that she accepted the broad thrust of the Employer Vice-Chairperson’s subamendment, but suggested that the words “social standards” be replaced with the words “social auditing”. She argued that it was different standards of auditing that was the real issue at hand.

**776.** The Government member of Germany informed delegates of the fact that the G8 summit had, on 8 June 2007, decided to initiate high-level discussions in the OECD on CSR, and that consequently his Government could not call for the ILO to do the same as it would be duplication.

**777.** The Government member of Austria proposed that the Employer Vice-Chairperson’s subamendment stop after the word “approach”.

**778.** The Government member of the Netherlands argued that since this point only suggested that the ILO further undertake discussions, she would support both the amendment and the subamendment of the Government member of Austria. The Government member of New Zealand supported this subamendment.

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- 779.** The Employer and Worker Vice-Chairpersons both accepted this subamendment.
- 780.** D.117, as subamended, was adopted.
- 781.** The Government member of the Islamic Republic of Iran withdrew the amendment, as it was incorporated into another amendment.
- 782.** Point 22 was adopted as amended.
- 783.** The Committee considered the draft report at its 14th sitting. The Reporter introduced the draft report, with the annexed conclusions as amended by the Committee. She noted that the report reflected how the delegates, coming from different backgrounds, had been able to come together and find common ground. The report was the result of concerted efforts of many people, and thanked the Chairperson, the Employer and Worker Vice-Chairpersons, the Government members and the secretariat under the guidance of the Representative of the Secretary-General.
- 784.** The Committee unanimously adopted the report, subject to minor amendments and corrections to specific paragraphs submitted by some members.
- 785.** The Employer Vice-Chairperson expressed her thanks to the Chairperson, the Worker Vice-Chairperson and the many Government members involved in the discussion, as well as the members of the Employers' group. She appreciated the openness and depth of discussion, as well as the positive atmosphere. In closing, she wanted to highlight two points. Firstly, she stressed that point 16(2) should not be interpreted as support for the extension of the informal economy, but rather that informal economy operators should be assisted to make the transition to the formal economy and thus ensure that laws and regulations covered all enterprises and workers. She emphasized that in the translation and application of this point, care must be taken to ensure that this meaning was maintained. Secondly, concerning point 11(17) she stressed that governments should not only apply environmental criteria in public procurement procedures as, (a) this risked excluding SMEs, and (b) that governments should use economic criteria foremost.
- 786.** The Worker Vice-Chairperson also expressed her thanks to everyone, and her appreciation for the positive dialogue which had occurred. She stressed that the conclusions were good, but the challenge was still ahead in ensuring that they served as the basis for the ILO's work in the future. She stressed the importance of the ILO working with various international institutions, including ensuring that the social partners had a role. She emphasized freedom of association, collective bargaining and industrial relations as the pillars for developing sustainable enterprises.
- 787.** The Government of the Bolivarian Republic of Venezuela thanked everyone for their contributions. He stated the intention of his Government to clarify that the ILO should give way to other international organizations concerning trade and macroeconomic issues.
- 788.** Additional thanks were expressed by the Government member of Morocco, speaking on behalf of the Africa group, the Government member of Trinidad and Tobago, and the Government member of Yemen, speaking on behalf of the Gulf Cooperation Council.

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**789.** The Chairperson, speaking in both English and the indigenous language of New Zealand (*Te reo Maori o Aotearoa*), closed the meeting by expressing his gratitude for the positive and constructive contributions of all the Committee members. He appreciated the open and pragmatic dialogue and constructive compromises reached on more contentious issues. He congratulated the Employer and Worker Vice-Chairpersons for their leadership and the Government members for their valuable contributions. Lastly, he expressed appreciation for the supportive role and contribution of the secretariat, the Reporter, the interpreters and the translators.

**790.** The sitting adjourned at 1 p.m.

Geneva, 11 June 2007.

(Signed) A. Annakin,  
Chairperson.

B. Ungerer,  
Reporter.

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## Resolution concerning the promotion of sustainable enterprises

The General Conference of the International Labour Organization, meeting at its 96th Session, 2007,

Having undertaken a general discussion on the basis of Report VI, *The promotion of sustainable enterprises*,

1. Adopts the following conclusions; and

2. Invites the Governing Body of the International Labour Office to give due consideration to them in planning future action on the promotion of sustainable enterprises centred on the Decent Work Agenda and to request the Director-General to take them into account both when implementing the Programme and Budget for the 2010–11 biennium and allocating such other resources as may be available during the 2008–09 biennium.

## Conclusions concerning the promotion of sustainable enterprises

### Introduction

1. There is a broad and wide-ranging international debate on the important role of the private sector and sustainable enterprises in social and economic development, including employment creation and decent work and environmental protection. Therefore, the Governing Body of the International Labour Office decided to include the item of the promotion of sustainable enterprises on the agenda of the 96th Session of the International Labour Conference as a means to achieve decent work within the wider framework of sustainable development.
2. At the Johannesburg World Summit in 2002, a commitment was made to promote the integration of the three components of sustainable development – social and economic development and environmental protection – as interdependent and mutually reinforcing pillars. Poverty eradication, changing unsustainable patterns of production and consumption, and protecting and managing the natural resource base of economic and social development are overarching objectives of, and essential requirements for, sustainable development. The international system, including the ILO, has not yet built strong synergies between social, environmental and economic sustainability. As a result, little progress has been made in terms of policy convergence and practical results.
3. Wealth creation depends on the productive interactions of all parts of society. Sustainable enterprises are a principal source of growth, wealth creation, employment and decent work. The promotion of sustainable enterprises is, therefore, a major tool for achieving decent work, sustainable development and innovation that improves standards of living and social conditions over time. Governments and the social partners need to cooperate to promote the integration of the three components of sustainable development – economic, social and environmental – as interdependent and mutually reinforcing pillars. The ILO is uniquely placed to contribute to sustainable development through the promotion of decent work because it is in workplaces that the social, economic and environmental dimensions come together inseparably.

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4. In addressing the challenges of sustainable enterprise promotion, it is important to recall instruments which guide the ILO's wider Decent Work Agenda. The ILO Constitution, including the Declaration of Philadelphia, as well as the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, 1998, emphasize that economic and social policies are essential and mutually reinforcing components in order to create broad-based sustainable development and promote social justice. The ILO's Global Employment Agenda adopted by the ILO's Governing Body provides a set of policies, including enterprise development policies, aimed at achieving full and productive employment and decent work for all.
  5. Promoting sustainable enterprises is about strengthening the rule of law, the institutions and governance systems which nurture enterprises, and encouraging them to operate in a sustainable manner. Central to this is an enabling environment which encourages investment, entrepreneurship, workers' rights and the creation, growth and maintenance of sustainable enterprises by balancing the needs and interests of enterprise with the aspiration of society for a path of development that respects the values and principles of decent work, human dignity and environmental sustainability.
  6. Promoting sustainable enterprises is also about ensuring that human, financial and natural resources are combined equitably in order to achieve sustainable innovation, enhanced productivity and other development needs of the enterprise, the benefits of which will be shared equitably within the enterprise and the wider society. This calls for new forms of cooperation between government, business, workers and society to ensure that the quality of present and future life and employment is maximized, while safeguarding the sustainability of the planet. Tripartism, including social dialogue and collective bargaining, is a vital element in this regard.
  7. Sustainable enterprises need sustainable societies: business tends to thrive where societies thrive and vice versa. This requires social and economic inclusiveness, as well as equity in the distribution and access to resources. Women's economic empowerment is crucial for sustainable societies. It requires equal access to entrepreneurship opportunities, financial services and labour markets. Fostering social and economic opportunities for disadvantaged groups is particularly important, including the need to support youth. Sustainability also entails confidence in public policies and regulatory frameworks to deliver on the promise of prosperous, stable and equitable societies.
  8. Enterprises need to be viable in order to be sustainable, but this does not deny the fact that in vibrant, dynamic economies some enterprises will inevitably contract or fail and there is an ongoing process of entry and exit. The principles and values of decent work provide as much guidance in the case of enterprises which contract or fail as they do in those which succeed and grow. In this regard, active labour market policies and social protection are very important for managing efficient and socially just transitions that take into account national circumstances.
  9. The goals of the Decent Work Agenda are universally applicable. However, there is no one-size-fits-all solution to the design and implementation of policies to promote sustainable enterprises. Policies need to recognize diversity of country situations in line with the level of development, resources and institutional capacity of countries without undermining the importance of labour and environmental standards. Similarly, the diversity in size and types of enterprises and their place in the value chain requires a range of differentiated interventions, while recognizing that small and medium-sized enterprises (SMEs) are one of the main instruments of job creation. The promotion of sustainable enterprises also needs to place particular emphasis on supporting the transition of informal economy operators to the formal economy and ensuring that laws and regulations cover all enterprises and workers.

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## An environment conducive to sustainable enterprises

10. An environment conducive to the creation and growth or transformation of enterprises on a sustainable basis combines the legitimate quest for profit – one of the key drivers of economic growth – with the need for development that respects human dignity, environmental sustainability and decent work.
11. The enabling environment for sustainable enterprise development comprises a large array of factors, the relative importance of which may vary at different stages of development and in different cultural and socio-economic contexts. However, there are some basic conditions that are generally considered to be essential. These interconnected and mutually reinforcing conditions are the following:
  - (1) *Peace and political stability.* Peace and political stability are basic preconditions to nurture the formation and growth of sustainable enterprises while war and civil conflict are major deterrents of investment and private sector development.
  - (2) *Good governance.* Democratic political institutions, transparent and accountable public and private entities, effective anti-corruption measures and responsible corporate governance, are key conditions for making market economies and enterprises perform in superior ways and be more responsive to the values and long-term goals of society.
  - (3) *Social dialogue.* Social dialogue based on freedom of association and the right to collective bargaining, including through institutional and regulatory frameworks, is essential for achieving effective, equitable and mutually beneficial outcomes for governments, employers, workers and wider society.
  - (4) *Respect for universal human rights and international labour standards.* Competitiveness should be built on values. Respect for human rights and international labour standards, especially freedom of association and collective bargaining, the abolition of child labour, forced labour and all forms of discrimination, is a distinctive feature of societies that have successfully integrated sustainability and decent work.
  - (5) *Entrepreneurial culture.* Governmental and societal recognition of the key role of enterprises in development and strong support, both public and private, to entrepreneurship, innovation, creativity and the concept of mentorship, particularly for start-ups, small enterprises and targeted groups such as women and youth, are important determinants of a conducive business environment. Respect for workers' rights should be embedded in programmes targeting entrepreneurial culture.
  - (6) *Sound and stable macroeconomic policy and good management of the economy.* Monetary, fiscal and exchange rate policies should guarantee stable and predictable economic conditions. Sound economic management should balance the twin objectives of creating more and better jobs with combating inflation and provide for policies and regulations that stimulate long-term productive investment. Attention should also be given to increasing aggregate demand as a source of economic growth contingent on national conditions. In the case of developing and least developed countries, achieving sound macroeconomic conditions usually requires the decisive support of the international community through debt relief and official development assistance.
  - (7) *Trade and sustainable economic integration.* The varying development levels of countries must be taken into account in lifting barriers to domestic and foreign markets. Efficiency gains caused by trade integration can lead to positive employment effects either in terms of quantity or quality of jobs or a combination of both.



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However, as trade integration can also lead to job dislocation, increased informality and growing income inequality, measures must be taken by governments in consultation with the social partners, to better assess and address the employment and decent work impact of trade policies. Actions are also needed at regional and multilateral levels to remove trade distortions and to assist developing countries in building their capacity to export value-added products, manage change and develop a competitive industrial base.

- (8) *Enabling legal and regulatory environment.* Poorly designed regulations and unnecessary bureaucratic burdens on businesses limit enterprise start-ups and the ongoing operations of existing companies, and lead to informality, corruption and efficiency costs. Well-designed transparent, accountable and well-communicated regulations, including those that uphold labour and environmental standards, are good for markets and society. They facilitate formalization and boost systemic competitiveness. Regulatory reform and the removal of business constraints should not undermine such standards.
- (9) *Rule of law and secure property rights.* A formal and effective legal system which guarantees all citizens and enterprises that contracts are honoured and upheld, the rule of law is respected and property rights are secure, is a key condition not only for attracting investment, but also for generating certainty, and nurturing trust and fairness in society. Property is more than simply ownership. Extending property rights can be a tool for empowerment and can facilitate access to credit and capital. They also entail the obligation to comply with the rules and regulations established by society.
- (10) *Fair competition.* It is necessary to establish, for the private sector, competition rules that include universal respect for labour and social standards, and to eliminate anti-competitive practices at national level.
- (11) *Access to financial services.* A well-functioning financial system provides the lubricant for a growing and dynamic private sector. Making it easier for SMEs, including cooperatives and start-ups, to access financing, for example, credit, leasing, venture capital funds or similar or new types of instruments, creates appropriate conditions for a more inclusive process of enterprise development. Financial institutions, particularly multilateral and international ones, should be encouraged to include decent work in their lending practices.
- (12) *Physical infrastructure.* Enterprise sustainability and human development critically depend on the quality and quantity of the physical infrastructure available, such as physical facilities for enterprises, transportation systems, schools and hospitals. Reliable and affordable access to water and energy also remains a major challenge, especially in developing countries. Enterprises are also particularly assisted by local access to supporting industries such as service providers, and machinery suppliers and producers.
- (13) *Information and communication technologies.* Expanding access to information and communication technologies (ICTs) is another crucial challenge in the era of the knowledge economy. The use of ICTs is, therefore, fundamental to the development of sustainable enterprises and must be fully utilized in this regard. Affordable broadband technology is also of extreme importance to countries and enterprises and should be facilitated.
- (14) *Education, training and lifelong learning.* Human talent is the single most important productive factor in today's economy. Focusing on the development of a skilled workforce and the expansion of human capabilities through high-quality systems of

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education, training and lifelong learning is important for helping workers to find good jobs and enterprises to find the skilled workers they need. Financial support should also be made available to enhance access of poor workers to training and skills upgrading. In this way, society can achieve the twin goals of economic success and social progress.

- (15) *Social justice and social inclusion.* Inequality and discrimination are incompatible with sustainable enterprise development. Explicit policies for social justice, social inclusion and equality of opportunities for employment are needed. Effective exercise of the right to organize and bargain collectively is also an effective means to ensure fair distribution of productivity gains and adequate remuneration of workers.
- (16) *Adequate social protection.* Sustainable tax-based or other national models of universal social security that provide citizens with access to key services such as quality health care, unemployment benefits, maternity protection and a basic pension, are key to improving productivity and fostering transitions to the formal economy. Protecting workers' health and safety at the workplace is also vital for sustainable enterprise development.
- (17) *Responsible stewardship of the environment.* In the absence of appropriate regulations and incentives, markets can lead to undesirable environmental outcomes. Tax incentives and regulations, including public procurement procedures, should be used to promote consumption and production patterns that are compatible with the requirements of sustainable development. Private market-based solutions, such as the use of environmental criteria in assessing credit risk or investment performance, are also effective means to tackle this challenge.

## **Responsible and sustainable enterprise-level practices**

12. At the enterprise level, sustainability means operating a business so as to grow and earn profit, and recognition of the economic and social aspirations of people inside and outside the organization on whom the enterprise depends, as well as the impact on the natural environment. Long-term viability implies that the management of enterprises should be based on the three pillars of sustainability: economic, social and environmental. This allows enterprises to create wealth and decent work.
13. Sustainable enterprises should innovate, adopt appropriate environmentally friendly technologies, develop skills and human resources, and enhance productivity to remain competitive in national and international markets. They should also apply workplace practices based on full respect for fundamental principles and rights at work and international labour standards, and foster good labour-management relations as important means of raising productivity and creating decent work. The following principles are applicable to all enterprises:
  - (1) *Social dialogue and good industrial relations.* Sustainable enterprises engage in social dialogue and good industrial relations, such as collective bargaining and worker information, consultation and participation. These are effective instruments to create win-win situations, as they promote shared values, trust and cooperation, and socially responsible behaviour. Social dialogue includes examples at international level, such as the conclusion of International Framework Agreements between multinational enterprises and global union federations in different industrial sectors. Social dialogue supports the adoption of long-term and socially responsible investment strategies. It can contribute to higher productivity and innovation, health and safety in the workplace, as well as equity, fairness and the development of skills

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that meet the needs of enterprises and the need of workers for recognized and transferable skills.

- (2) *Human resource development.* Human resource development in sustainable enterprises should be based on social dialogue and workers' participation. Sustainable enterprises view skilled workers as a major source of competitive advantage and view employees both as assets and agents for change. The development of relevant skills and competencies and their effective use ensure high productivity and competitiveness of enterprises. Enterprises need to identify and determine the skills they require, invest in training of workers and managers, promote a culture of lifelong learning and innovation, encourage workplace learning and facilitate knowledge sharing. Workers should make use of education, training and lifelong learning opportunities. The development of skills and competencies ensures employability of workers and their ability to adjust to changing technologies and work organization. Sustainable enterprises integrate human resource development into their business strategy that respects genuine employment relationships and gives equal treatment to men and women workers in developing their skills, competencies and productivity.
- (3) *Conditions of work.* Sustainable enterprises offer conditions of work that provide a safe and motivating working environment and mutually beneficial flexible work organization. They adopt workplace practices that are free of discrimination, harassment and intimidation. They promote gender equality and equal opportunity and treatment of vulnerable groups. They apply workplace practices that maintain a sustainable balance between work, life and family, and recognize the role of women in sustainable development. Good workplaces are safe and healthy, and allow workers to contribute to changes and improvements. Sustainable enterprises also respect the relevant labour standards including minimum age for employment, reject the worst forms of child labour, reject forced labour and, where relevant, address tuberculosis, malaria, HIV/AIDS and other chronic and life-threatening diseases. In this context, the ILO code of practice *HIV/AIDS and the world of work* is a useful point of reference. They recognize that such practices improve productivity and strengthen the innovativeness and competitiveness of enterprises.
- (4) *Productivity, wages and shared benefits.* Workers need to be able to participate in the success of enterprises and to gain a fair share in the benefits of economic activities and increased productivity. This helps to contribute to a more equitable distribution of income and wealth. Important vehicles for achieving this are through collective bargaining and social dialogue.
- (5) *Corporate social responsibility (CSR).* Sustainable enterprises can use CSR to complement their pursuit of sustainable strategies and outcomes. CSR is a business-driven voluntary initiative and refers to activities that are considered to exceed compliance with the law. CSR cannot substitute for legal regulation, law enforcement and collective bargaining. However, where CSR is transparent and credible and based on genuine partnership, it can provide workers and other stakeholders with further opportunities to engage enterprises on the social and environmental impact of their activities. In this regard, ethical and fair trade initiatives help promote CSR in value chains. The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and the OECD Guidelines for Multinational Enterprises provide guidance on good corporate behaviour and citizenship.
- (6) *Corporate governance and business practices.* Good corporate governance and business practices are based on values such as accountability, fairness and transparency, respect for the rule of law and for fundamental principles and rights at work. The principles of sustainable enterprises should be promoted along supply

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chains. Sustainable enterprises adopt responsible business practices and standards which take into account economic, social and environmental objectives, ensure appropriate management incentives, systems and responsibilities, and workplace consultation.

14. Sustainable enterprises should be firmly committed to abide by the laws that affect their operations and those governing their relationship with the rest of society. They contribute to society's efforts to remove corruption and improve transparency.

## Role of government

15. The role of governments in the promotion of sustainable enterprises is threefold:

- (1) creating an enabling environment by ensuring the basic conditions for sustainable enterprise development listed earlier, including through the implementation and enforcement of labour and environmental standards;
- (2) going beyond these basic conditions by proactively establishing programmes and policies to create incentives for enterprises to develop and behave in a responsible and sustainable way, for instance, through the dissemination of examples of best practice; and
- (3) behaving as sustainable enterprises, both as employers and procurers of goods and services where applicable.

16. Government can act as regulator, facilitator and promoter of sustainable enterprises through a range of policies and practices, such as:

- (1) *Facilitating and participating in social dialogue.* Social dialogue, freedom of association and the right to collective bargaining are relevant tools in the promotion of sustainable enterprises and should be expanded to cover all sectors of the economy.
- (2) *Labour law enforcement through efficient labour administration, including labour inspection systems.* Well-designed labour legislation and policies are important to the development of sustainable enterprises. Governments should implement and enforce labour legislation through well-resourced systems of labour administration and labour inspection. Experience gained from implementation and enforcement of legislation should inform reviews. Special attention should be given to extending coverage of labour law to all workers, in particular to women and men in the informal economy or workers in disguised employment relationships.
- (3) *Encouraging the voluntary concept of corporate social responsibility (CSR).* Governments should promote, facilitate and raise awareness of CSR, taking into account the specific needs of SMEs, and support efforts of the social partners to jointly address issues of CSR.
- (4) *Promotion of socially and environmentally responsible public procurement, lending and investment.* Governments should promote social and environmental standards in public procurement and investment programmes and in lending policies, including at the bilateral and multilateral levels. They should strengthen and reinforce a culture of respect for workers' rights by setting a strong example, as well as promoting sound environmental practices.
- (5) *Promoting sectors and value chains.* Governments often promote investment in specific sectors and engage in industrial policy initiatives which are important to

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increase the employment content of growth. These policies should fully incorporate social and environmental objectives, take into account the whole of the value chain and not hinder or stifle domestic investment initiatives, nor weaken workers' rights.

- (6) *Flexibility and protection to manage change.* Sustainable enterprises and economies must develop the ability to adapt to rapidly changing conditions in the marketplace. In order to support enterprises and their workers to cope with such challenges, governments should develop a legal and institutional framework, including labour regulation, social protection, active labour market policies and efficient employment services which also support enterprises' capacity to adapt. Such policies should be developed in full consultation with the social partners.
- (7) *Targeted programmes.* Governments should promote sustainable enterprise development programmes and encourage a culture of sustainable entrepreneurship within specific groups, such as women, youth and disadvantaged groups, and in specific sectors and areas.
- (8) *Research and innovation.* Governments should facilitate investment in research and development to promote academic partnerships, technology transfer and innovation in sustainable enterprise development. Furthermore, all enterprises are assisted by good access to research institutions to assist them in growth through innovation.
- (9) *Access to information, and business and financial services.* Governments should provide appropriate mechanisms and frameworks for compiling and disseminating relevant information and provide services for employers and workers, thereby reducing barriers to information. This should include information and services designed to aid understanding of regulations and procedures for enterprises and of workers' rights, and to facilitate access to credit and other financial services, particularly for micro-, small and medium-sized enterprises. Information should include examples of best practice in achieving decent work objectives.
- (10) *Policy coordination and coherence.* There is a need for policy coherence and collaboration within government, as sustainable enterprises have needs which transcend line ministry boundaries. Good governance calls for effective intra-government coordination and collaboration.
- (11) *International policies.* There is an important international dimension to the promotion of sustainable enterprises. This calls for the formulation of effective policies at the international level in the areas of trade, finance, debt relief, investment, labour migration, and the social and environmental dimensions of globalization, as well as in terms of the coherence between these policies.
- (12) *Production and consumption patterns.* Governments have a role in implementing policies to encourage more sustainable forms of production and consumption.
- (13) *Supporting skills development.* In a rapidly globalizing world, governments' increased investment in human capital, through non-discriminatory, high-quality education and training systems and lifelong learning is essential in order to facilitate entry and re-entry into the labour market for all groups, and to increase levels of productivity and quality of employment. Skills acquired should be recognized and respond to continuously changing and demanding needs of the labour market and contribute to personal development, access to culture and active citizenship. The involvement of the social partners is important. Vocational training also facilitates mobility of workers, which is important in light of new evolving structures of production and work. Reforming vocational education and training systems and, in this context, the development of school-to-work schemes, could function as a driving

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force for the cultivation of entrepreneurial culture. Governments should invest in and create the conditions to reduce illiteracy and to enhance education and training at all levels and continuously upgrading the education system.

## **Role of social partners**

17. Employers, workers and their organizations have a vital role to play in supporting governments in the development and implementation of policies to promote sustainable enterprises, as outlined above. Tripartism, bipartism and effective social dialogue are fundamental to sustainable enterprise development. Social partners can play an effective role through:
- (1) *Advocacy.* Recalling the mutually reinforcing relationship between decent work, sustainable development and the promotion of sustainable enterprises, social partners should participate in national processes to advocate and design appropriate policies and regulations in order to encourage sustainable enterprise development.
  - (2) *Representation.* Social partners have a vital role to play in reaching out to workers and owners of enterprises and in particular those of SMEs and the informal economy, and in general, increasing the representation of their membership to ensure deeper and broader benefits of association, representation and leadership, including in the field of public policy advocacy, its formulation and implementation.
  - (3) *Services.* Social partners provide a variety of important services to their members that can have a significant impact on the formation and growth of sustainable enterprises including knowledge management, training, awareness-raising, advice and guidance on how to access public and private services, links to research and consultancy resources, and advice on innovative practices at the workplace. Furthermore, they have a role in providing information on good practice in collective bargaining and in sharing information about CSR.
  - (4) *Implementation of policies and standards.* Social partners have a fundamental role to play in giving effect to decent work, including in relation to the implementation of labour standards and policies on human resources development. For example, social partners have an important role to play in promoting occupational safety and health at the national as well as the enterprise level, including developing and implementing policies related to HIV/AIDS in the world of work.

## **Role of the ILO**

18. The ILO's work in promoting sustainable enterprises must be guided by its mandate, budget and comparative advantage, and be firmly grounded in its unique standard-setting role and in the Decent Work Agenda. In this respect, it should draw fully on its tripartite structure, its genuine connections to the actual world of work through representative organizations of employers and workers, an established culture of social dialogue and a normative framework as a standard-setting organization.
19. The ILO should promote the ratification and application of the international labour Conventions, and promote the application of the Recommendations, relevant to the promotion of sustainable enterprises (see annex).
20. The Office should work closely with ILO constituents on an ongoing basis to assess its current practice with reference to these conclusions including:

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- (1) the centrality of the Decent Work Agenda to this practice;
  - (2) the need to enhance the quality of programme delivery and outcomes;
  - (3) the alignment of sustainable enterprise programmes to DWCPs to ensure that they address local priorities and conditions;
  - (4) the field structure review which should provide the opportunity to enhance the delivery and quality of sustainable enterprise programmes; and
  - (5) the importance of full participation of constituents in the ILO activities.

In its interventions, the ILO needs to focus on practical and demand-driven responses such as tools, methodologies and knowledge sharing that are of practical value to the social partners in their activities.

- 21.** Creation of sustainable enterprise is a key element to achieving decent work outcomes. The ILO's work on sustainable enterprise development is based on the Global Employment Agenda which, as the employment pillar of the Decent Work Agenda, provides guidance for the attainment of full and productive employment and decent work for all. In this respect, it must be coordinated with the three other strategic objectives: rights at work, social protection and social dialogue.
- 22.** The goal of decent work is universal, but bearing in mind that policy and practice in the promotion of sustainable enterprises will vary between countries having different levels of development, the ILO has to provide situation-specific practical support and tools to governments and social partners. Training programmes need to be developed and delivered in collaboration with the International Training Centre of the ILO. The Centre should focus its work in the area of enterprise promotion programmes on the key elements of sustainability and decent work.
- 23.** The ILO should undertake research and policy development to promote employment and decent work and cooperate with relevant international organizations so that it brings to bear its expertise on the relationship between employment and macroeconomic and trade issues. The ILO should also support developing countries to develop and implement policies on industrial development to create sustainable enterprises.
- 24.** The DWCPs are the main mechanism for ILO's cooperation with constituents throughout the world. Each DWCP organizes ILO cooperation in a coherent framework that effectively enables a member State to make progress towards achieving decent work. The Office's work on sustainable enterprises development should provide direct and relevant support to the strategies contained within DWCPs. This support needs to contribute to:
  - (1) *Strengthen capacity of governments and social partners to establish an enabling environment for sustainable enterprises.* The ILO needs to support governments to establish policies and regulations which contribute to an enabling environment for sustainable enterprise creation, which contributes to growth in the formal economy and ensures respect for workers' rights and gender equality. In this regard, the ILO should support governments and social partners by:
    - (a) developing information resources, tools and methodologies to support enterprises to make sustainable decisions based on an increased understanding of labour market and economic and social conditions, particularly in the developing world;

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- (b) providing guidance on ways that policies and regulations can support improved working conditions, an enabling business environment for sustainable enterprises, the transition of informal economy operators to the formal economy and economic and social development;
  - (c) providing guidance and technical assistance to member States to enable them to produce more accurate and reliable statistics to help them in evaluating the achievement of decent work through sustainable enterprise;
  - (d) gathering and disseminating information on the relationship between policies responding to cross-cutting social issues, such as gender and the need to empower women, and the development of sustainable enterprises;
  - (e) providing support to employers' and workers' organizations to promote workers' rights, to close the representational gap and improve their capacity to analyse the dynamics of their business and labour environment so that they are able to advocate for the development of sustainable enterprises; and
  - (f) providing technical assistance to support start-ups, micro- and small and medium-sized enterprises to become sustainable through, for example, networking, developing workers' capabilities and competencies, and upgrading regional and global value chains and clusters.
- (2) *Value-chain upgrading and clustering.* The ILO needs to support governments and social partners to develop and upgrade clusters/sectors that have the potential to create sustainable enterprises and decent work. Specifically, the ILO should undertake research and analysis to inform the identification of sectors with decent employment creation potential and the development of strategies to take advantage of these opportunities.
- (3) *Local development strategies.* The ILO should provide support through research, training, knowledge sharing and technical cooperation projects to governments and social partners in the design and implementation of strategies at subnational levels that contribute to the creation of sustainable enterprises and decent work. Such strategies are particularly relevant in regions where major economic sectors and traditional industries are under competitive and environmental pressures, and new opportunities for growth and employment creation are needed, as well as in post-crisis situations.
- (4) *Application of responsible and sustainable workplace practices.* The ILO should support the documentation, dissemination and replication of good workplace practices at national, sectoral and enterprise levels and use its expertise to assist enterprises with unsustainable practices to achieve sustainability. Specific guidance should be provided to enterprises to promote responsible workplace practices along their supply chains, including through the use of the MNE Declaration. This would include the integration of the concept of decent work, the role of employers' and workers' organizations, the importance of workers' rights and the business case for sustainable practices into broader enterprise development programmes. The ILO should contribute its expertise on fostering labour-management relations and partnerships for improved productivity and working conditions. Such programmes need to include trainers and materials designed for enterprise managers and representatives and workers to improve their engagement in social dialogue and collective bargaining, and ensure that entrepreneurs are introduced to the concept of decent work, the role of trade unions and the importance of respect for workers' rights in the ILO's enterprise start-up and training programmes.



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(5) *Targeted programmes for specific and marginalized groups.* Particular attention needs to be given to micro-, small and medium-sized sustainable enterprise development, promotion of cooperatives, youth employability and employment, and entrepreneurship (including in-school curricula), women's empowerment and entrepreneurship, and entrepreneurship programmes for disadvantaged groups. Specific attention is required regarding the informal economy. The ILO could provide guidance on the relationship between regulation and informality, working conditions and economic growth, and the development of programmes that support the transition of informal economy operators to the formal economy.

**25.** In undertaking the above work, it is important that the ILO leverage its comparative advantage to achieve greater success by forging partnerships to promote the Decent Work Agenda with other United Nations agencies and bodies (particularly in the context of UN reforms), including the World Health Organization and the United Nations Environment Programme, to ensure consistency and avoid duplication of effort. It should also work with the Bretton Woods institutions and other international and regional financial institutions, the Organisation for Economic Co-operation and Development, the World Trade Organization, academia and other relevant partners involved in the promotion of sustainable enterprises and decent work. It should work with international, multilateral and bilateral institutions in order to ensure sustainable procurement and lending practices that demonstrate an understanding and application of the principles contained in international labour standards and the MNE Declaration. Additionally, the ILO should consider working together with other agencies and bodies in the UN family and external organizations to develop modules on decent work, social and environmental issues, to be included in tool kits for business start-ups.

**26.** Due to increasing proliferation of different private standards of CSR, the ILO should promote further discussion with constituents on how to achieve a coherent approach.

**27.** Furthermore, within the parameters of the programme and budget, the Office should build its knowledge base on emerging issues (for example, through research in such areas as the link between sustainability, impact of climate change on enterprises and employment), facilitate the sharing of knowledge and practice across countries (through, for example, web sites and databases on such subjects as collective agreements and industrial relations and the enabling environment for sustainable enterprises) and strengthen its technical cooperation programmes.

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## **Annex**

### **Instruments of the International Labour Organization that relate to the promotion of sustainable enterprises including:**

#### ***I. Conventions***

Labour Inspection Convention, 1947 (No. 81)

Labour Clauses (Public Contracts) Convention, 1949 (No. 94)

Workers' Representatives Convention, 1971 (No. 135)

Maternity Protection Convention, 2000 (No. 183)

#### ***II. Recommendations***

Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189)

Promotion of Cooperatives Recommendation, 2002 (No. 193)

Human Resources Development Recommendation, 2004 (No. 195)

Employment Relationship Recommendation, 2006 (No. 198)

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## CONTENTS

	<i>Page</i>
<i>Sixth item on the agenda: The promotion of sustainable enterprises (general discussion)</i>	
Report of the Committee on Sustainable Enterprises.....	1
Resolution concerning the promotion of sustainable enterprises.....	95
Conclusions concerning the promotion of sustainable enterprises.....	95