



International  
Labour  
Office

# The Role of Multinational Enterprises in the Promotion of Decent Work in Rural Areas

**DECENT WORK IN THE RURAL ECONOMY  
POLICY GUIDANCE NOTES**

A wide-angle photograph of a tobacco plantation. The foreground and middle ground are filled with rows of lush green tobacco plants, their large, broad leaves clearly visible. The field extends to a flat horizon line. Above the horizon, the sky is a clear, bright blue, dotted with soft, white clouds. The lighting suggests a bright, sunny day, with the plants appearing vibrant and healthy.

Widening income disparities in the developing world between urban and rural areas have renewed the focus on policies to spur growth and productivity in the rural economy. Large enterprises – whether multinational or domestic – have a crucial role to play in direct and indirect employment creation and skills development in rural areas, as well as the respect of rural workers’ rights. This policy guidance note addresses how the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) can provide guidance on these issues. It concludes by providing specific recommendations for governments, companies, and employers’ and workers’ organizations.

## 1. Rationale and justification

Large-scale enterprises, both multinational and domestic, operate in a range of sectors in the rural economy, such as agriculture, extractive industries, forestry and fisheries. These enterprises in turn procure some of the goods and services they need locally, which can create local jobs and promote the integration of local enterprises into global value chains. For large enterprises, local procurement can lower procurement costs, improve supply chain efficiency and strengthen their linkages with the communities where their operations take place.

The presence of large companies is often encouraged by governments, who seek to attract growing shares of FDI motivated by the expectation of spillover benefits, new production capacity, technology transfer and skills upgrading, and a potential boost to national income. In rural areas, these investments can offer employment opportunities where these are scarce, and promote local economic development more broadly through indirect and induced jobs. For their part, large enterprises – and multinational enterprises (MNEs)<sup>1</sup> in particular – are rapidly realizing that there is an almost untapped rural consumer market in developing countries with vast rural populations, as rural consumers gain more spending power and as infrastructure development makes these areas more reachable.<sup>2</sup>

Moreover, following the agreement of a new development agenda in the form of the 2030 sustainable development agenda – which contains 17 sustainable development goals and 169 indicators – there is a renewed call to “increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research

and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries”. While public investment plays a key role in the development of rural areas, the 2030 sustainable development agenda calls on “all businesses to apply their creativity and innovation to solving sustainable development challenges” and promotes an intensive global engagement in support of the implementation of all the goals and targets.

In order to maximize the positive contribution that multinational enterprises can make to economic and social development, and to minimize and resolve the difficulties to which their various operations may give rise, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) of the ILO provides recommendations to governments, MNEs, and employers’ and workers’ organizations on general policies, employment, training, conditions of work and life, and industrial relations, while distinguishing their respective roles and responsibilities.

While the MNE Declaration does not exclusively address enterprises operating in rural areas, its provisions are particularly relevant in this context, as rural areas tend to have weak or non-existent labour inspection and workers can be more vulnerable due to isolation, poor literacy skills and informality, among others.

This policy guidance note outlines how the guidance provided in the MNE Declaration can be used to maximize the positive contribution of MNEs to the promotion and achievement of Decent Work in rural areas.

<sup>1</sup> The term “multinational enterprise” is understood in this guidance note to include enterprises – whether they are of public, mixed or private ownership – which own or control production, distribution, services or other facilities outside the country in which they are based. This interpretation of the term is that of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

<sup>2</sup> As an example, a special series of the Wall Street Journal and India Knowledge@Wharton – looking at the impact of Multinational Enterprises in Rural India – estimates that the number of households in rural India earning less than US\$760 a year is down from 65 per cent to 24 per cent since 1993. Combined with infrastructure development that helps products reach rural markets, the rural consumer market of the country is increasingly attracting the presence of MNEs. Report available at: <http://online.wsj.com/news/articles/SB127296168752486467>.

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## 2. Scope and definitions

The ILO supervisory bodies have signalled serious violations of international labour standards (ILS) in rural areas, regarding organizational rights and collective bargaining, equality and non-discrimination, child labour, forced labour, and discrimination against women, indigenous peoples and migrant workers.<sup>3</sup> In addressing decent work deficits, both governments and enterprises have an important role to play.

### a. Overall roles and responsibilities of governments and enterprises

A key strength of the MNE Declaration is that it clearly distinguishes the roles and responsibilities of governments and enterprises in the employment and labour aspects of socio-economic development.

The MNE Declaration encourages governments to ratify relevant international labour standards and ensure their compliance in order to protect workers.<sup>4</sup> Beyond the legal framework, governments can also put in place other types of frameworks to encourage a greater contribution from enterprises to public policy objectives. These can include corporate social responsibility policies, guidelines or committees, and local content requirements, among others. In order to foster policy coherence, home and host country governments are also encouraged to consult each other, at either's initiative, to ensure the promotion of good social practice by enterprises.

In brief, the role of governments is to:

- Protect workers' rights in law;
- Ensure the rule of law;
- Promote dialogue with workers' and employers' organizations;
- Create an enabling environment to strengthen business linkages between small and medium enterprises and large companies;
- Put measures in place to ensure that potential negative impacts on rural communities do not outweigh the projected benefits.

On the other hand, enterprises should respect the sovereign rights of States and national laws and regulations. In addition, they can also put in place voluntary initiatives to maximize their contribution to the development priorities of countries of operations. It is important to note however that these voluntary initiatives should not be seen as a replacement for compliance with national legislation.

In brief, enterprises should:

- Respect workers' rights in their operations;
- Encourage their business partners to respect workers' rights;
- Ensure effective supply chain management, having due regard for workers' rights;
- Help build a culture of respect for the rule of law;
- Engage in dialogue with government and workers' and employers' organizations.

<sup>3</sup> ILO: *Empowering rural workers, employers and communities through international labour standards*, Rural Policy Briefs, Geneva, 2012.

<sup>4</sup> Conventions that governments are particularly urged to ratify are Nos. 29, 87, 98, 100, 105, 111, 122, 138 and 182. These are: Convention (No. 29) concerning Forced or Compulsory Labour; Convention (No. 87) concerning Freedom of Association and Protection of the Right to Organise; Convention (No. 98) concerning the Application of the Principles of the Right to Organise and to Bargain Collectively; Convention (No. 100) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value; Convention (No. 105) concerning the Abolition of Forced Labour; Convention (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 122) concerning Employment Policy; Convention (No. 138) concerning Minimum Age for Admission to Employment; Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.

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The MNE Declaration can be used as a framework to foster coherence between public policies and private sector action, which can in turn contribute to building a strong culture of responsible business behaviour.

## b. Direct, indirect and induced employment in rural areas

There is a heavy reliance on wage labour activities in rural labour markets, both as economic survival and as a pathway out of poverty. Rural wage employment, although consistently underreported in national statistics, does not only refer to relate to agricultural wage work, but also to work in other sectors of the rural economy.<sup>5</sup> Against this backdrop, large enterprises – both multinational and domestic – can play a crucial role in the creation of direct and indirect jobs, as well as in improving their quality in terms of wages and working conditions.

### Direct contribution to employment

MNEs can directly contribute to the promotion of decent work through increasing employment opportunities and standards in their countries of operations, taking into account the employment policies and development objectives set out by the government. In doing so, priority should be given to the employment, occupational development, promotion and advancement of nationals at all levels of operations.

MNEs should also strive to make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of their staff at all levels, and avoid discrimination based on sex, skin colour, ethnicity, beliefs, or social origin, among others. Opportunities should be provided for employees at all levels to access relevant training to meet the demands of the enterprise and develop generally useful skills that can promote career opportunities.

Providing security of employment is an important contribution to the promotion of decent work in rural areas, as is the notification in due time when changes in operations with a negative effect on employment are required, with a view to mitigate adverse effects. This is particularly important when an MNE is the main source of employment in a rural area or community.

It should be noted however that increases in production or new investments in rural areas, such as in the extractive sector or even agriculture, are no longer automatically associated with the creation of new jobs. There are several reasons behind this trend, but when governments seek investment as a strategy to foster development in rural areas and bring about new jobs, policymakers should distinguish between those investments that will create new jobs and those which will tend to cause job losses, and put complementary employment policies in place to foster indirect and induced employment.

<sup>5</sup> ILO: *Women and Men in the Informal Economy: A Statistical Picture*, Second edition, Geneva, 2014.

## BOX 1: Protecting jobs and the community from changes in company operations

Michelin is an industry leader in tyre manufacturing, and rubber is a critical input to its manufacturing process. Rubber production is crucial to the livelihoods of many people in a community in the state of Bahia, Brazil, where one of Michelin's plantations started to under-perform. When cost pressures made it impossible to maintain this plantation, Michelin considered several ways to divest while minimizing harm to the workers, the community and surrounding environment. The Michelin "Green Gold Bahia Project" (POVB, Projeto Ouro Verde Bahia) was the result of the company's internal process of reflecting upon ways in which to divest from the plantation, taking into account that economic considerations were tightly linked with social and environmental issues.

Michelin was the largest employer in a radius of 150 kilometres, and 600 direct jobs were at risk, plus hundreds of indirect jobs. The region where the POVB is located has one of the lowest rankings on the Human Development Index (HDI) in Brazil, making workers particularly vulnerable to unemployment if the Michelin plantation were shut down, as few other job opportunities exist and skill sets are suited for agricultural work. The location of the plantation is in an environmentally sensitive area, where efforts are made towards conservation of the few remaining sections of the Atlantic Forest in the region. The company was concerned that unemployment or poor environmental management might result from selling the plantation, and would reflect negatively upon its corporate image. Michelin's decision in this case would surely have a significant, and highly visible, impact. The company decided that its corporate social responsibility (CSR) programme "Performance and

Responsibility Michelin" was to be the framework in which to conduct the divestment of the Bahia plantation. The company decided to break the plantation into parcels, to be sold to Michelin employees who could then source to Michelin and other buyers. This could be done in a way that allowed Michelin to continue to support an environmentally and socially sensitive approach to rubber production in Bahia. The change in ownership of the plantation at the end of 2004, when there were approximately 270 employees, did not involve any dismissals. Each independent owner absorbed around 20 people. The independent producers together employed approximately 500 staff as of April 2008. In addition, Michelin has retained around 1,000 hectares of rubber trees for research and family agriculture. As one of the conditions specified in the transfer of ownership, Michelin required the independent farmers to guarantee they would maintain the same terms and conditions of employment for workers as they had enjoyed with Michelin.

The POVB project is an example of how the collaborative approach advocated in the MNE Declaration can help to address challenges. The POVB was implemented through a consultative process, involving local and national government, that sold major sections of the Michelin plantation in a way that provided economic, technical and social conditions to ensure a transition in ownership that creates new jobs, while also preserving many of the rights of workers, most importantly the right to organize and bargain collectively. New businesses and jobs were created; small producers benefited from strengthened family farming programmes; and the surrounding municipalities benefited from improvements in housing, infrastructure and social services.

**Source:** Sims, E. and Posthuma, A.: *Global reach – Local relationships: Corporate social responsibility, workers' rights and local development*, Employment Working Paper No. 28, Geneva, ILO, 2009.

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## Indirect contribution to employment

While the number of direct employment created by large enterprises can be limited, their contributions to the creation of indirect employment in their value chains can be significant when procuring locally from small and medium enterprises, which are a main source of job creation in rural areas. These local inputs can include raw materials, equipment and components, and logistic services, such as transport, catering, security, etc. Through these business linkages,

MNEs have the potential to boost rural economies, generate income, create jobs, support livelihoods, and foster the development of domestic industries in host communities. Proponents of local content argue that in the short term, it fosters job creation. In the long term, it can contribute to the development of domestic industries and foster induced employment, which results from the salaries and wages paid to workers employed in direct and indirect jobs boosting the local economy.

## BOX 2: Contributing to creating more and better jobs through responsible sourcing

A large number of companies have put in place responsible sourcing policies. Responsible sourcing is defined by the International Chamber of Commerce (ICC) as “a voluntary commitment by companies to take into account social and environmental considerations when managing their relationships with suppliers”. Responsible sourcing has become an integral part of supply chain management, and it is seen by companies as a strategy to manage risk and build long-term relations with suppliers. As global market leaders, large companies can leverage their influence to not only contribute to create more, but also better jobs in rural areas indirectly linked to a company’s operations.

Some examples of companies operating in different sectors with responsible sourcing guidelines are:

- The Body Shop International, which set up its Community Fair Trade sourcing programme in 1987, to source some of its key ingredients directly from small producer groups in marginalized communities through sustainable business models. Its current operating framework outlines that suppliers need to be democratically organized producer groups consisting of small-scale farmers or socially responsible small to medium-sized organizations with

operations in marginalized communities, which also need to ensure traceability, compliance with certifications and quality standards. Compliance by suppliers with international labour standards, including not to make use of forced or child labour, not to discriminate, the provision of a safe and healthy environment, and clear guidelines regarding pay and overtime, are also stipulated as requirements for suppliers in the Community Fair Trade programme.

- Nestlé’s Responsible Sourcing Guideline outlines among its general requirements legal compliance by suppliers with all applicable laws and regulations, human rights and labour practices, environmental impact, land use rights, and creation of shared value for society and local communities and rural development. This includes that the need to demonstrate that there are rural development benefits accruing to local communities as a consequence of production activities, and fair opportunities for employment and provision of goods and services for the local population.

**Source:** ICC: *ICC guide to responsible sourcing*, Paris, ICC Commission on Business in Society, 2008; Nestlé: *Nestlé Responsible Sourcing Guideline*, Vevey, Switzerland, 2013 (September); The Body Shop International: *Community Fair Trade Charter*, London, 2010.

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However, if business linkages are not done responsibly, MNEs can also be at risk of contributing to or being associated with adverse effects. In this regard, companies are encouraged to exercise due diligence in their value chains. This is particularly important in rural areas, which are often difficult to reach and where the enforcement of laws and regulations remains weak.

As the UN Guiding Principles on Business and Human Rights state, the scope of human rights due diligence “should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships”. Thus, the focus of due diligence is “on identifying and addressing the relevant impact on human rights, i.e., that which is connected to the enterprise’s own activities and to its business relationships”.<sup>6</sup>

### BOX 3: International sectoral guidance frameworks

There are several international frameworks that provide specific guidance for enterprises.

UNCTAD, FAO, IFAD and the World Bank have jointly developed a set of Principles for **Responsible Agricultural Investment (RAI)** that respects rights, livelihoods and resources. The ILO was involved in the development of the principles throughout the process by providing comments. The seven Principles cover all types of investment in agriculture, including between principal investors and contract farmers. In many cases no purchase of land or concessions are involved. Where this does occur, the principles cover both large and small holdings. The Principles are based on detailed research on the nature, extent and impacts of private sector investment and best practices in law and policy. They are intended to distil the lessons learned and provide a framework for national regulations, international investment agreements, global corporate social responsibility initiatives, and individual investor contracts.

More information about the RAI can be found here: <https://www.responsibleagroinvestment.org/>

The Global Compact also embarked on a process to adopt a set of principles on this area, resulting in the **Food and Agriculture Business (FAB) Principles**. The FAB Principles establish the attributes of well-functioning and sustainable

global food and agriculture systems, and articulate a common understanding of the resources, ecosystem services and socio-economic impacts needed to build resilience into these systems and the markets that they serve. The FAB Principles are the first set of global voluntary business principles for the food and agriculture sectors. The ILO has provided extensive inputs to the development of the FAB principles to enhance the contribution of businesses operating in the agriculture and food sectors to decent work. As one of the FAB principles state, “Businesses should respect the rights of farmers, workers and consumers. They should improve livelihoods, promote and provide equal opportunities, so communities are attractive to live, work and invest in.”

More information about the FAB principles can be found here: [www.unglobalcompact.org](http://www.unglobalcompact.org)

The OECD and FAO have developed Guidance for Responsible Agricultural Supply Chains to help enterprises observe responsible business conduct and undertake due diligence along agricultural supply chains.

More information about this guidance can be found here: <http://www.oecd.org/daf/inv/investment-policy/rbc-agriculture-supply-chains.htm>

<sup>6</sup> United Nations: *The Corporate Responsibility to Respect Human Rights, An Interpretive Guide*, New York and Geneva, 2012, HR/PUB/12/02.

## 3. The ILO's approach

The MNE Declaration provides the framework for the ILO's engagement with the private sector in the promotion and achievement of decent work. Key means of action to promote the MNE Declaration and provide guidance on its implementation are:

### Public-private dialogue

To maximize the positive contribution of enterprises to both direct and indirect employment in rural areas, and more generally to national and local priorities for development and social policy aims, public-private dialogue platforms offer a mechanism to address relevant concerns, make informed decisions, agree on action and ensure that all actors concerned have voice. Dialogue also contributes to increased ownership and transparency. However, in sectors where public-private relations have been affected by conflict and mutual mistrust, dialogue can be all the more challenging. In this context, dialogue is best brokered or facilitated by a neutral party, with no vested interest in the process.

Public-private dialogue can take place at the national, sectoral or local level. At the national level, parties to the dialogue are more likely to have the capacity to participate and negotiate effectively, although this capacity may vary from actor to actor. At the local level, government members, employers' and workers' organizations, and community representatives may lack the skills to represent and voice their interests effectively, so the promotion of dialogue should encompass measures to build the institutional capacity at both national and local levels in order to level the playing-field among stakeholders in dialogue processes.

In the context of the rural economy, parties to the dialogue are likely to include governments, employers' and workers' organizations, as well as enterprises. The clarification and mutual understanding of their respective roles and responsibilities is a key element of the dialogue process, as confusion about who is expected to do what can significantly increase mistrust. This is particularly the case of large extractive projects and their relations with local governments, workers' organizations and communities.

When dialogue takes place at the local level, it is particularly important for government and enterprises to engage with community representatives, to ensure that community priorities are taken into account and that they benefit from major business operations that may take place where they are located.

### Generating and sharing knowledge and strengthening institutional capacity

Strengthening institutional capacity is crucial to the promotion of decent work in rural areas. To this end, capacity-building and training activities are regularly conducted both as a standard annual course or tailor-made activities at the country level, at the request of ILO constituents. Training courses are tailor-made according to the needs of constituents, but often focus on introducing participants to the guidance set out in the MNE Declaration for enterprises, governments, employers' and workers' organizations, and looking at the potential of MNEs and national enterprises to contribute to the respect of labour rights and the achievement of decent work. Increasingly, courses also include a component on fostering job creation and skills development, and supporting development of small and medium enterprises (SMEs) through business linkages. In rural areas, these are key measures to ensure that the benefits of MNE activity are more widely shared.

### Providing guidance to companies on international labour standards

The ILO Helpdesk for Business on International Labour Standards works as a one-stop shop for company managers and workers on how to better align business operations with international labour standards and build good industrial relations. The Helpdesk provides basic information and specific guidance on implementing principles of the MNE Declaration and international labour standards. Specific queries on applying principles of international labour standards in company operations can be directly submitted by email or telephone. The website of the Helpdesk includes relevant tools and resources, including questions modelled on queries received and the ILO Helpdesk Factsheets.

## **BOX 4: Examples of questions that the ILO Helpdesk for Business has dealt with related to the rural economy**

The Helpdesk is available for company managers and workers; government agencies, employers' and workers' organizations and other interested organizations can also make use of the service. As such, the Helpdesk does not focus exclusively on labour issues that affect rural workers, but it does receive several questions related to decent work deficits in rural areas.

Examples of questions received are:

- If the national law considers girls as young as 12 who marry to be adults and thus of working age, is their work considered to be child labour? Our question relates to the agricultural sector.

- Which ILO convention, if any, provides guidance on hours of work for producers of agricultural and/or horticultural products worldwide?
- Does the ILO Hours of Work (Industry) Convention, 1919 (No. 1) also apply to producers of agricultural and or horticultural products worldwide? If not, which ILO convention is applicable for above-mentioned producers?

To see the responses to these questions and many others please visit : [www.ilo.org/business](http://www.ilo.org/business)

## **4. The ILO's experience to date**

The ILO has been working on encouraging the positive impact of multinational enterprises on socioeconomic development and reducing the risk of possible negative impact since 1976, and has gained considerable experience since then. Recent examples of the diverse range of interventions to promote decent work in the rural economy include:

### **Cote d'Ivoire: Engaging multinational enterprises on job creation for young women and men**

Building on the recommendations of the MNE Declaration, the ILO has provided technical assistance to Côte d'Ivoire since 2010 by fostering a public-private partnership approach to addressing one of the major challenges in the country: youth employment. The ILO intervention and assistance comprises data collection, dialogue facilitation, assistance in the formulation of joint action plans, and in the implementation of these actions plans. In 2010 the ILO surveyed approximately 30 multinational enterprises, identifying ways in which they could – through their business activities – generate more and better jobs for local youth, both in their own operations and along their supply chains. Two of the focus sectors were agriculture and mining, which attract a considerable share of FDI. The findings and recommendations of the study were presented to representatives of the MNEs, who subsequently established a multi-stakeholder Task

Force on Youth Employment Promotion and Responsible Investment under the leadership of the Confédération Générale des Entreprises de Côte d'Ivoire, CGE-CI. This Task Force – which brings together representatives of MNEs, training and research institutions, universities and government institutions responsible for youth employment – ensured concrete follow-up to the recommendations of the study.

### **Zambia: Promoting responsible business practices in the mining sector through public-private dialogue**

Since 2013, the ILO has been engaging with key actors in the mining sector – which concentrates a significant share of FDI inflows – and facilitating a dialogue process, with the objective of providing a platform for government, foreign mining companies and employers' and workers' organizations to jointly assess the root causes of the sustainability challenges faced by sector, and to identify collective measures for the country to benefit more from mining activity, particularly in terms of the creation of more and better jobs in host communities. As part of this work, several studies have been conducted to explore the contribution of the mining sector to local economic development, and a number of dialogue meetings and study tours have been undertaken. These efforts culminated in the launch of the Tripartite Partnership

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Committee for the Zambian Mining Sector in March 2015. As a sectoral sub-committee of the Tripartite Consultative Labour Council, it provides a permanent tripartite dialogue forum in support of the decent work priority of more and better jobs in the mining sector, with a particular focus on working conditions and industrial relations.

### El Salvador: Eradicating child labour from the sugarcane industry

The ILO estimates that globally, 60 per cent of all child labourers (between 7 and 15 years old) work in agriculture, fishing, aquaculture, forestry and livestock. The majority (67.5 per cent) of them are unpaid family members. The main causal factors are poverty, limited access to education, and inadequate access to adult labour. El Salvador ratified Convention No. 182 in 2000 and determined that child labour in sugarcane harvesting constitutes one of the worst forms of child labour in the country. Sugarcane in El Salvador is mostly produced by cooperative farms, formed after an agrarian reform some 25 years ago, and children of cooperative members are among the child labourers found on these plantations. The cooperatives sell the harvested sugarcane

to any of nine sugarcane mills in El Salvador, which in turn sell it to large companies. With the support of the ILO's IPEC programme, the government has worked closely with the government and the Salvadoran Sugar Association – a member of the national employers' association ANEP – and particularly its charitable foundation Fundazucar, to eradicate child labour from sugarcane harvesting. IPEC engaged Fundazucar to carry out baseline research to inform the design of integrated interventions. At the local level, these involved the setting up of non-formal education centres (which were later recognized by the Ministry of Education), the training of labour inspectors, teachers and community leaders to identify and monitor child labour, and the establishment of education centres focused on sensitizing the community about the issue. At the national level, in 2003 the Sugar Association issued a directive in 2003 banning the use of child labour in its nine sugarcane mills as well as on plantations that supply unprocessed cane. Farms or cooperatives that still use child labour are fined through a reduction in cane prices whilst repeated violations can lead to an end in the business relationship with mills. A tripartite National Steering Committee on Child Labour has also been created, with the participation of ANEP, workers' organizations and the government.

### BOX 5: The Child Labour Platform

The Child Labour Platform (CLP) is a cross-sectoral, multi-stakeholder forum for sharing experiences and lessons learned in eliminating child labour, particularly in supply chains.

The Platform draws on ILO's extensive experience in this area to provide guidance and knowledge-sharing opportunities to address obstacles and key dilemmas faced by business; to link with global and local initiatives to eliminate child labour; and to foster practical action that can make a difference in affected communities.

The CLP is co-chaired by the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC), and coordinated by the ILO and the Global Compact.

For more information, visit: <http://www.ilo.org/ipec/Action/CSR/clp/lang--en/index.htm>

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## 5. Practical guidance and resources

The experience gained by the ILO indicates that the following practical measures are crucial in the promotion of decent work in the rural economy.

### To governments:

- Ratify relevant international labour standards to protect workers in the rural economy.
- Conduct assessments of the job creation potential of crucial sectors of the rural economy in order to target investments accordingly – both public and private – and put in place complementary policies to enhance positive spillovers in terms of indirect and induced jobs.
- Create an enabling environment for the development of small and medium-sized enterprises through a crosscutting strategy that touches upon simplifying the legal and regulatory framework, enhancing access to credit, strengthening skills development services, and developing suitable infrastructure, among others. Implement targeted strategies to support women and young entrepreneurs.
- Put in place policies to ensure that the benefits of private investment are more equitably shared in rural communities. This can include the implementation of sectoral CSR policies (agriculture, fisheries, extractive industries, etc.), the establishment of investment and decent work committees, or the development of local procurement policies, to encourage large enterprises in the rural economy to develop preferential local procurement and local employment policies.

### To companies:

- Ensure that company practices are in line with international labour standards and use leverage for suppliers to do the same.
- Enhance local procurement and initiate or strengthen small business development/providers programmes, in order to build the capacity of local suppliers. Develop indicators to monitor, evaluate and report on the outcomes of such programmes.
- Set up and/or participate in consultative forums with rural communities to develop collaborative strategies to enhance local economic linkages.
- Challenge gender stereotypes in hiring and promotion, as well as on procurement practices.
- Give due notice on changes in operations that are likely to have a significant impact on rural employment and put in place contingency measures.

### To workers' and employers' organizations:

- Engage in dialogue processes to address decent work deficits on the rural economy (freedom of association and collective bargaining, child labour, forced labour, employment, skills, etc.).
- Raise awareness and strengthen the capacity of their members on how to address decent work deficits affecting the rural economy.

### To all stakeholders:

- Promote and strengthen tripartite dialogue to address decent work deficits in the rural economy and build the capacity of government, employers' and workers' organizations to this end.
- Involve, when relevant, enterprises and community leaders in dialogue platforms, to ensure that strategies to address decent work deficits are widely supported, have ownership, and are implementable and sustainable.

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## Declarations

ILO. 2006. *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)*, Fourth edition (Geneva).

—. 1998. *Declaration on Fundamental Principles and Rights at Work*.

## Tools

ILO - IPEC. *Child Labour Platform*.

ILO. *ILO Helpdesk for Business on International Labour Standards*. Visit the ILO Helpdesk website at [www.ilo.org/business](http://www.ilo.org/business) and get in touch at [assistance@ilo.org](mailto:assistance@ilo.org).

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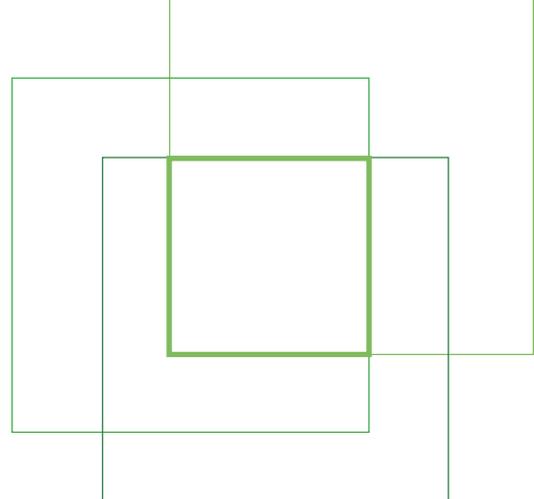
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# Overview of Policy Guidance Notes on the Promotion of Decent Work in the Rural Economy



## Supporting inclusive agricultural growth for improved livelihoods and food security

- Decent Work for Food Security and Resilient Rural Livelihoods
- Decent and Productive Work in Agriculture

## Promoting economic diversification and triggering productive transformation for rural employment

- Economic Diversification of the Rural Economy
- Promoting Decent Work for Rural Workers at the Base of the Supply Chain
- The Role of Multinational Enterprises in the Promotion of Decent Work in Rural Areas
- Transitioning to Formality in the Rural Informal Economy
- Sustainable Tourism – A Catalyst for Inclusive Socio-economic Development and Poverty Reduction in Rural Areas

## Promoting access to services, protection and employment-intensive investment

- Providing Access to Quality Services in the Rural Economy to Promote Growth and Social Development
- Extending Social Protection to the Rural Economy
- Developing the Rural Economy through Financial Inclusion: The Role of Access to Finance
- Employment-Intensive Investment in Rural Infrastructure for Economic Development, Social and Environmental Protection and Inclusive Growth

## Ensuring sustainability and harnessing the benefits of natural resources

- A Just Transition towards a Resilient and Sustainable Rural Economy
- Decent Work in Forestry
- Harnessing the Potential of Extractive Industries
- Water for Improved Rural Livelihoods

## Increasing the voice of rural people through organization and the promotion of rights, standards and social dialogue

- Rights at Work in the Rural Economy
- Promoting Social Dialogue in the Rural Economy
- Building Local Development in Rural Areas through Cooperatives and other Social and Solidarity Economy Enterprises and Organizations
- Decent Work for Indigenous and Tribal Peoples in the Rural Economy
- Empowering Women in the Rural Economy
- Decent Work for Rural Youth
- Promoting Fair and Effective Labour Migration Policies in Agriculture and Rural Areas

## Improving the knowledge base on decent work in the rural economy

- Enhancing the Knowledge Base to Support the Promotion of Decent Work in Rural Areas

**For more information please visit [www.ilo.org/rural](http://www.ilo.org/rural) or contact [rural@ilo.org](mailto:rural@ilo.org)**

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