

TERMS OF REFERENCE

Study on the Innovations and Challenges in the Digital Traceability towards Safe, Fair and Sustainable Food Supply Chains in Asia

1. Introduction

These Terms of Reference (TOR) are an integral part of the Release Purchase Order for Services to which they are annexed. The purpose of the TOR is to specify the type(s) of services required and identify elements that need to be addressed during the facilitation/coaching session(s).

2. Background

The new mode of digital traceability in the food supply chains is gaining momentum globally with the East and the Southeast Asia as one of the hot beds. The blockchain or the distributed ledger technology (DLT) is seen as the promising platform for supply chain traceability. The technology would allow immediate trace back of all the data in case of an outbreak of food poisoning and fast and precise recall actions. The blockchain is also seen as a solution to the challenges of responsible and sustainable business practices in sectors such as agriculture, fishery and mining.

The blockchain use cases are transitioning from the proof of concept (POC) stage to the deployment in the commercial scene. Over the last couple of years, several multinationals have announced that they would tap the DLT for the transparency and sustainability of their supply chains. The large-scale cooperatives too are investing into the blockchain-based traceability. Likewise, there are also many other players using the new technologies for supply chain traceability such as the blockchain start-ups with social purpose, NGOs and the exporters in the global south. Due to its built-in consensus mechanism and immutable nature, the use of the DLT is also expected to enhance the trustworthiness of the independent voluntary certification schemes.

Behind these are the growing demand of consumers and buyers on food safety, social responsibility and environmental sustainability, casting doubts on the effectiveness of the conventional traceability system. The consumer demand for environmental protection has gained popular support in recent years, too. One of the critical questions of the new digital traceability initiatives is what institutional mechanism could enhance the trustworthiness of the information recorded. The regulatory environment is a critical factor on the advancement of the digital traceability, evolving around two pillars - the drive for a harmonized or single standard and the another proliferating similar standards.

See Annex 1 for further discussion of the digital traceability towards safe, fair and sustainable food supply chains.

In order to explore the potential of the digital traceability for the realization of safe, fair and sustainable food supply chains in this dynamic but complex environment, ILO is interested to commission a study on the innovations and challenges of the digital traceability. The study will be conducted in collaboration with the Responsible Supply Chain in Asia (RSCA) Project. See Annex 2 for further details of the Project.

Objectives and Scope of the Research

The overall objective of the study is to review the state-of-the-art of digital traceability initiatives and the relevant standards and regulations in Southeast Asia and extract lessons learned in order to kick-start an informed policy dialogue on these novel ideas and to explore operationalizing the Future of Work agenda of the ILO at the country level, particularly in the Philippines and Vietnam where the original idea of tapping the technological innovations towards Safe, Fair and Sustainable Food Supply Chains was developed. The outcome of the activities are expected to contribute to feasible project proposals for the two countries and could inspire similar projects across the Region.

The geographic coverage of the study will be Southeast Asia with deeper focus on the Philippines and Vietnam for specific elements of the study. The literature review shall cover the prominent examples world-wide. Sector-wise, the study will pay attention to the strategic export-oriented agro-fishery food products of the Philippines and Vietnam such as **cacao, coconut, coffee, meat, pangasius (cat fish), shrimp and tuna**, but prominent traceability initiatives from within the regions should be studied even if it deals with agro-fishery food products other than these. The cases of critical importance that are found outside of Southeast Asia (e.g., in Europe, China – t.b.d.) shall be covered by the interviews through the internet (e.g., via the Skype interview).

The specific objectives of the study are as follows.

- To understand the trend in the digital traceability of the agro-fishery food supply chains and common challenges faced.
- To identify and document the best-performing or promising cases to date of the agro-fishery food traceability systems with an emphasis on those operating in Southeast Asia in each of the three thematic areas – food safety, labour rights and working conditions, and environmental sustainability.
- To understand the cost and expected benefits of the digital traceability for the actors in the region, particularly for the small farmers, fisherfolks and MSME processors/manufacturers.
- To understand the off-line verification system that would best support the digital traceability of the agro-fishery food products.
- To analyze the missing links between the traceability initiatives of the global buyers and the key agro-fishery food supply chains in Southeast Asia. [See also the ToRs on the Study on mandatory requirements and voluntary certifications for agro-food exports, from which the present study shall benefit.]
- To understand the standards and regulatory issues surrounding the digital traceability of the select agro-fishery food sectors in the region.
- To extract operational lessons learned for the traceability and certification system for the target countries.

3. Vendor's responsibilities

Key tasks and outputs

PHASE 1:

- Literature and internet review of the latest examples of the traceability initiatives in the agro-fishery food supply chains in the private sector as well as in the government, industry associations, cooperatives and other non-government sectors.
- Preliminary key informant interviews with the industry experts on digital traceability and the relevant standards.
- Preliminary mapping of the digital traceability cases in terms of:
 - Type of organization which leads the traceability initiative, e.g., global supermarket chains,

- the large-scale cooperative buyers and producers, the multinational agro-fishery food companies, the social or environmental mission-driven organizations and programmes (NGOs, social enterprises, businesses with a strong CSR programme, industry associations, trade unions, and governments);
- information covered in the traceability system, e.g., provenance, food safety, organic/Halal/Kosher, labour rights and working conditions, and environmental sustainability;
 - type of technology platform used, e.g., IBM Watson IoT Platform Blockchain, Ethereum Blockchain, SAP Leonardo Blockchain, FoodChain of TE-FOOD;¹
 - type of the standards followed, e.g., GS1, ISO, GAP, specific organic certificates, fair trade certificate;
 - types of the user interface apps used for different actors in the supply chain, e.g., farmer app, fisherfolk app, SME app, worker app, and the app for the supply chain lead firm, and;
 - type of the off-line verification system used, e.g., self-certification, certification by producer cooperatives, the participatory guarantee system (PGS), buyer audit, third party audit.
- Preliminary mapping of the relevant standards and regulations in the key countries covered by or affecting the traceability cases mapped.
 - Phase 1 report writing.

PHASE 2:

- In-depth key informant interviews (mostly remote, e.g., via Skype) with the industry experts on digital traceability and the relevant standards.
- In-depth interviews (mostly remote, e.g., via Skype) with the select cases of digital traceability champions in Asia.
- In-depth interviews with the select cases in the Philippines and Vietnam as well as the inspiring cases from within the rest of Southeast Asia.
- Writing of case studies that provides the typology discussion vis-à-vis the baseline situation; cost incurred; the impacts expected/observed; and lessons learned in each of the following thematic areas: food safety, labour rights and working conditions, and environmental protection.
- Identification of key lessons learned and commonly encountered remaining challenges in terms of technologies, institutions and standards/regulations.
- Presentation at a consultation meeting in April 2020 to be held in Manila and Hochiminh City.
- Phase 2 report writing and revision including the reflection of comments to be provided by the ILO and key stakeholders.

4. ILO's responsibilities

Administration, Reporting and Coordination

The contract for the study will be issued and administered by the ILO Country Office for the Philippines (CO-Manila). The technical guidance of the study will be provided primarily by the Enterprise Development Specialist based in CO-Manila and the Programme Manager of the RSCA based in Bangkok, with additional technical supports from the concerned technical specialists and the national project coordinators of RACA in the target countries as well as the specialists in Bangkok and the ILO headquarters in Geneva as appropriate, under the overall guidance of the country directors of ILO in the Philippines and Vietnam.

¹ These categories are given temporarily for indicative purposes. A more authoritative typology of the blockchain and non-blockchain based digital platforms should be developed in consultation with the industry experts.

The ILO team will ensure that the technical feedback will be provided in a proper and timely manner to the deliverables submitted by the Vendor, and the contract and the payments be processed in an accurate and timely manner.

5. Schedule

Duration of the assignment

The work will be carried out in two phases. The Phase 1 of the study will take place between 15 October 2019 and 15 December 2019. The Phase 2 of the study will take place between 15 January 2020 and 30 April 2020.

Deliverables

PHASE 1:

1. Draft Phase 1 report (15-20 pages) including i) the result of the literature review and preliminary key informant interview, ii) draft mapping of the agro-fishery food traceability system found, and iii) draft mapping of the relevant standards and regulations for the agro-fishery food traceability. [by November 20, 2019]
2. Final report of Phase 1 reflecting ILO comments, including the research plan for Phase 2. [by December 10, 2019]

PHASE 2:

3. Phase 2 progress report including draft case study write-ups, the updated mapping of the digital traceability cases and the updated mapping of the standards and regulations covered by or affecting the digital traceability cases. [by end February 2020]
4. Draft Phase 2 report (not more than 50 pages excluding annexure) that integrates all the work above. [by the end of March 2020]
5. PPT presentation slides summarizing the findings of study and preliminary recommendations. [Idem.]
6. The finalized Phase 2 report reflecting the comments of the ILO and key stakeholders to the satisfaction of the ILO. [by mid-April 2020]

6. Completion criteria

The all the deliverables will be submitted to the satisfaction of the ILO reflecting the comments provided by the ILO technical team.

7. Special terms and conditions

Contract Value and Payment

The Consultant (a research institute or a consulting firm is assumed) will **make an offer of the overall consultancy fee for this contract, including his/her travel costs for the field research for the Phase 1 of the study**. Due to the regional and global coverage and the short time horizon, the use of the interview via the Internet (e.g., Skype conferences) is encouraged except for the interviews to be conducted by resident researchers/consultants in the target countries without travel.

The contract for Phase 1 will be issued and paid according to the deliverables submitted to the satisfaction of the ILO. Once all the deliverables of the Phase 1 contract are accepted by the ILO and the corresponding fee is paid, another contract for Phase 2 will be issued. ILO reserves the right to invite new bidders for Phase 2.

8. Miscellaneous

Qualifications and experience

Given that the mixed areas of expertise required for this research, this call for proposal would strongly encourage proposals from the teams/consortiums of two to three experts who could jointly meet the following expertise and skills so that the assignments of the TORs could be properly handled:

- A good understanding of the blockchain and other relevant technologies and related standards.
- Experiences in research or operations on food safety and certification.
- Experiences in research or operations on labour rights and working conditions.
- Experiences in research or operations on environmental protection.
- Experience in conducting analysis of supply chains or value chains in any of the three thematic areas (food safety, working conditions, environment).
- Knowledge and understanding of the ILO's instruments/tools on responsible supply chains such as the MNE Declaration and related labour standards [See Annex 3 for the MNE Declaration].
- Good contacts in Southeast Asia in particular the Philippines and Vietnam.
- Ability to reach out to the businesses, the governments and other types of organizations in the large markets (e.g. EU, US, China, Japan) and conduct interviews via the internet.
- Demonstrated ability to write analytical reports in English on the relevant topics.
- Knowledge and working experience with the commodities and their derived products referred in this ToRs would be an advantage.
- Ability to liaise responsibly with senior officials and staff of the ILO and key partner organizations.

Each of the experts must have:

- An advanced degree in economics, social science, business management, labour laws and policies, engineering, or related field.
- At least five (5) years of experience in survey, research, data analyze and technical assistance/consultancy in socio-economic development.

Team leader must have at least ten (10) years of experience in handling international studies in the relevant thematic areas.

Submission of proposal

The interested candidates must submit their proposal (technical proposal not exceeding eight (8) pages plus detailed budget, resumes and other annexes to be attached)² to ILO with the following details:

- The understanding of the thematic issues discussed including key challenges towards safe, fair and sustainable food supply chains.
- Preliminary identification of the champion cases in Asia and the promising cases to be considered in the Philippines, Vietnam and the rest of Southeast Asia.
- Methodology for undertaking the research, including preliminary work plan and time line as well as the outreach strategy for interviews.
- Detailed budget estimates for Phase 1 of the study [as part of annexure].
- Demonstrated experience and capacity: describe why you are qualified to undertake this consultancy including the combined coverage of the areas of expertise required for the research by each of the proposed researcher/consultant.
- List of written/published evidence [as part of annexure]: similar research/consultancy work done and/or published.
- Resume of each of the experts to be engaged with clear months/years of assignments/work experiences by each employer/contractor [as part of annexure].

All proposals must be submitted by **5:00pm (Manila time) of Wednesday, 9 October 2019** through emails to the following:

- Enterprise Development Specialist of ILO Manila at kagohashi@ilo.org, with copy to
- ILO Manila registry at manila@ilo.org, and
- Programme Manager of the RSCA Project at guacayan@ilo.org.

Proposal evaluation

All proposals will be evaluated on the following criteria:

- Good understanding of the recent development and challenges of the digital traceability of the agro-fishery food supply chains particularly of the key commodity supply chains of Southeast Asia.
- Good understanding of the technology elements of the digital traceability.
- Good understanding of the global supply chain discussion and the ILO.
- Qualifications of proposed experts and their combined coverage of the expertise required for the research
- Quality of technical proposal
- Estimated cost of the study
- Proposed timeline

For the evaluation of the proposals for this particular study, quality of technical proposal will be put before the cost. Therefore, the lowest cost bidder does not necessarily be prioritized.

² The detailed budget, resumes and other annexes to be attached will not be counted as part of the maximum eight page-length of the technical proposal.

Only shortlisted candidates will be contacted for interviews for the final selection.

Appendices

Annex 1: Preliminary discussion on digital traceability towards safe, fair and sustainable food supply chains

Annex 2: About the Responsible Supply Chain in Asia Project

Annex 3: The MNE Declaration

Annex 4: CSR definitions of EU and ILO

Annex 5: ILO and the global supply chain debate

Annex 1: Preliminary discussion on digital traceability towards safe, fair and sustainable food supply chains

The new mode of digital traceability in the food supply chains is gaining momentum globally with the East and the Southeast Asia as one of the hot beds. The rise of the new digital ecosystems and the increasing application of new technologies in agriculture and fishery sector (ag-tech or smart agriculture/livestock/fishery) in the region are bolstering the innovations in the traceability in the food supply chains. The digital traceability is already a reality not only in the advanced economies but also in some of the emerging economies of the region such as China³ and Vietnam.⁴ The entry cost is lowering thanks to the use of the low-cost data storage media such as the bar-code or the QR-code system to record the traceability data that can be read by the smartphones.

The blockchain or the distributed ledger technology (DLT) is seen as the promising platform for supply chain traceability. The technology is attractive in the global supply chain setting because it combines fragmented information on provenance and transactions across the complex, cross-border supply chains into one, and making it accessible by all the parties while keeping the record immutable and tamper-proof. It would allow immediate trace back of all the data in case of an outbreak of food poisoning and fast and precise recall actions. The IBM's Food Trust – a blockchain consortium of the supermarket giants (e.g., Carrefour, Tyson and Walmart) and agri-food multinationals (e.g., Dole, Nestle and Unilever) has been a pioneer of its kind. The blockchain use cases are transitioning from the proof of concept (POC) stage to the deployment in the commercial scene.⁵

The blockchain is also seen as a solution to the challenges of responsible and sustainable business practices in sectors such as agriculture, fishery and mining. Over the last couple of years, several multinationals have announced that they would tap the DLT for the transparency and sustainability of their supply chains. Those include: BMW, Coca-Cola, Ford, LG, Nestle and Unilever. The large-scale cooperatives too are investing into the blockchain-based traceability in search of efficiency in the supply chain management or for enhancing their social and environmental commitments. These include the British consumer cooperative (Co-op), the US national milk marketing cooperative (Dairy Farmers of America – DFA), the Finnish retail cooperative (S-Group), the largest supermarket chain in Switzerland (Migros) and the Australia's largest cooperative (CBH Group).

Not only the giant multinationals, but there are also many other players using the new technologies for supply chain traceability such as the blockchain start-ups with social purpose,⁶ NGOs and the exporters in the global south. They typically follow the international conventions and protocols on human and labour rights as well as environmental protection. Due to its built-in consensus mechanism and immutable nature, the use of the DLT is also expected to enhance the trustworthiness of the independent voluntary certification schemes such as the Fairtrade International and Global G.A.P. as well as the corporate- or industry-led social and sustainability reporting programmes.

³ For example, ZhongAn, the insure-tech leader, launched "GO GO CHIKEN" project in 2018, making the traceability data of chicken available using the blockchain technology. The Walmart China has introduced the blockchain-based traceability to its supermarket chain since June 2019.

⁴ Since 2016, nearly 350 outlets in Hochiminh City have been using the bar code system allowing consumers to trace the provenance of pork by their smartphones. Several traceability apps are available for the smartphone users in Vietnam, and several initiatives are testing the blockchain-based traceability system.

⁵ For example, Cargill started its blockchain-based traceable turkey program since 2017, and made more than 200,000 turkeys traceable during the thanksgiving holidays in 2018. Carrefour deployed the IBM's Food Trust Blockchain in its supermarket chain since 2018.

⁶ For example, UK-based PROVENANCE and Singapore-based Eachmile Technologies.

Behind these are the growing demand of consumers and buyers on food safety, social responsibility and environmental sustainability, casting doubts on the effectiveness of the conventional traceability system. The continuing occurrence of food scandals have driven the rapid evolution of the traceability initiatives in North America, Europe, China and Vietnam. In the latter two in particular, despite the advancement of the digital traceability system, the consumer confidence on food safety remains low. China has recently seen several initiatives of the blockchain-based traceability for beef, milk, seafood and wine, but it is yet to seen whether these could resolve the record-low consumer confidence on food safety in 2018 after myriad of scandals.

Since the collapse of the Rana Plaza in Bangladesh in 2013, the global textile manufacturers have been working hard to gain the consumer confidence since the premise collapsed was the audited one by the several multinational brands. The post-Rana Plaza developments have led to the recent partnership between the UN Economic Commission for Europe (UNECE), the European Commission (EC), the ILO, the International Trade Centre (ITC) and private sector partners to develop a 'Decent Work and Transparency and Traceability Tool' for the garment sector. The fair or ethical trading programmes continue expanding their coverage, but the traceability challenges remain an unaccomplished agenda. Even the Kimberley Process, probably the most successful framework of ethical trading with a reportedly 99% coverage of the global diamond trade, continues criticized for the loopholes.⁷

The consumer demand for environmental protection has gained popular support in recent years, too. In 2018, a school strike to stop climate crisis initiated by a Swedish teenage girl alone quickly grew viral to become a global movement. Various consumer surveys in recent years coincide with the recognition of the high and rising interests among consumers, particularly millennials, in buying responsibly- and sustainably-sourced products. The global businesses are trying to catch up with the trend by eliminating the plastic straw and taking initiatives to realize a circular economy. In the Philippines, Cargill started working with the Rainforest Alliance for responsible sourcing of coconut oil for cortings and fillings of its food products, ensuring the traceability using the mass balance model. In Vietnam, the Government is exploring the technology-enabled traceability system in an effort to eliminate the illegal, unreported and unregulated (IUU) fishing towards the certification of the Marine Stewardship Council as a response to the EU Yellow Card.

One of the critical questions of the new digital traceability initiatives is what institutional mechanism could enhance the trustworthiness of the information recorded. The producer cooperative is a preferred solution tested by many (e.g., the cacao farmers' cooperative in Costa Rica⁸, the mango farmers' cooperative in Vietnam,⁹ the rice farmers' cooperative in Cambodia,¹⁰ and the coffee farmers' cooperative in Sao Tome and Principe.¹¹) Besides that, the cooperative is often the basis of the Participatory Guarantee System (PGS), another mechanism often discussed to make the Blockchain-based agri-food traceability more reliable. Prior to the Blockchain, the PGS has been one of the key mechanisms implemented for the certification of the organic products including in Southeast Asia.

The regulatory environment is a critical factor on the advancement of the digital traceability, evolving around two pillars - the drive for a harmonized or single standard and the proliferation of similar standards. Traceability coding is already part of the import requirements of the major economies, and

⁷ The Kimberley Process-certified "conflict-free" diamonds may be subject to broader human rights abuses or poor working conditions, says the critiques.

⁸ "Blockchain to restore trust in food supply chains? A case study in the cacao sector of Costa Rica," an article posted by Margo Potma on November 15, 2018 at the Digital Social Innovation.

⁹ "Vietnamese cooperative applies blockchain for mango tracking," Tuoi Tre News, 04-07-2018.

¹⁰ "Blockchain for livelihoods from organic Cambodian Rice (BlocRice) project," Oxfam in Cambodia.

¹¹ "Trace what matters: Is Blockchain the solution to food safety, quality and brand reputation?," article by Perly Neo and Tingmin Kow at Food navigator-asia.com, April 5, 2019.

the process is becoming digitalized. ISO has developed several traceability standards¹² and aiming at releasing the blockchain and DLT standards (ISO/TC 307) by 2021. GS1, the global standard of bar-coding system for food and medicine, has also released GS1 Global Traceability Standards (2017) and Digital Link standard (2018). Several quality certification schemes are demanded by many importers (e.g., Global GAP, BRC, IFS, FSSC22000 and SOF), so are the organic certificates if the product is organic. Many countries both importing and exporting sides of agri-food products have enacted food safety law. Many international buyers have social code of conduct and conduct social audits. Likewise, several voluntary certifications schemes are typically required by the buyers (e.g., GLOBAL G.A.P. Risk Assessment on Social Practice, Fairtrade and Rainforest Alliance). In the Philippines, the legal foundation for the traceability is laid down,¹³ but there are several challenges on the certifications that may be used in conjunction with the digital traceability.

¹² These include: ISO 22005:2007 (traceability in feed & food chain); ISO 22000:2018 (food safety management systems), and; ISO 34101-1:2019 (sustainable and traceable cocoa).

¹³ Relevant laws governing agriculture and traceability in the Philippines may include the following among others: the Meat Inspection Act of 2004 (RA No. 9296); the Handline Fishing Act of 2007 (RA No. 9379); the Organic Agriculture Act of 2010 (RA No. 10068); the Food Safety Act of 2013 (RA No. 10611); the Illegal, Unreported and Unregulated (IUU) Fishing Act of 2015 (RA No. 10654); the Halal Export Development and Promotion Act (RA No. 10817); the Agricultural Smuggling Act of 2016 (RA No. 10846).

Annex 2: About the Responsible Supply Chain in Asia Project

"*Responsible Supply Chains in Asia*" is a three-year project (hereinafter "the Project") conducted by the International Labour Organization (ILO) and the Organization for Economic Co-operation and Development (OECD) with support of the European Union (EU). The objectives of the Project are: i) promote smart, sustainable and inclusive growth by ensuring that investors and businesses have a better understanding and practical examples of responsible behaviour; ii) create policy environments conducive to promoting responsible conduct, and; iii) increase opportunities for dialogue on challenges and opportunities. The Project covers six Asian countries: China, Japan, Myanmar, the Philippines, Thailand and Vietnam.

The Project aims to contribute to an enhanced respect for labour, environment and human rights standards by businesses engaged in supply chains in Asia in line with international instruments on Corporate Social Responsibility (CSR) [See Annex 4 for the definitions of CSR], Responsible Business Conduct (RBC), and Business and Human Rights. This initiative is one of the expressions of the EU's long-standing commitment to promote human rights, decent work and sustainable development, a pledge underpinned by the EU Treaties and reinforced in the European Commission's trade policy strategy of 2015 "*Trade for All*". It falls in particular under the Commission's commitment to *identify opportunities for responsible supply chain partnerships* and the *EU's strategic approach to responsible business conduct*, which is based on internationally agreed principles and guidelines.

The Project takes special guidance from the **ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration)** – see Annex 3 for more details) and the **OECD Guidelines for Multinational Enterprises (the OECD Guidelines)**. These international standards and frameworks have been converging, increasingly cross-referencing each other, and the ILO's 1998 Declaration on Fundamental Principles and Rights at Work¹⁴ has been mainstreamed into its MNE Declaration as well as other international standards. Having the fundamental principles and rights at work¹⁵ in the core, the MNE Declaration promotes principles directed to governments and enterprises, respectively, on the broad topics of employment, training, conditions of work and life, and industrial relations. These two documents stand as the main international instruments on RBC/CSR in the global supply chains. Note that these are "voluntary" codes of conduct.

The Project was met with acute interests by the national stakeholders against the backdrop of the rising scrutiny on social, environmental and human rights issues along the supply chains including, among others, the expanding Free Trade Agreements (FTAs) with the social, environmental and human rights provisions. These are combined with the dynamic restructuring of the global supply chains amidst the Fourth Industrial Revolution and the trade frictions. All these will have tremendous impacts on the future course of socioeconomic development in these Asian nations tightly interconnected in the global supply chains. Needless to say that one of the most important impacts

¹⁴ It is a statement made by the ILO "that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions".

¹⁵ The eight conventions covering the following four subjects are considered as fundamental principles and rights at work: i) freedom of association and the effective recognition of the right to collective bargaining; ii) the elimination of all forms of forced or compulsory labour; iii) the effective abolition of child labour; and iv) the elimination of discrimination in respect of employment and occupation.

will be on the job creation and decent work scenario through value chain development and trade, a top agenda of the Government of the Philippines and other countries in the region.

The specific objectives of the ILO component of the Project in the Philippines are the following:

- Foster understanding and knowledge of investors, businesses, CSOs and policy makers on CSR/RBC from the perspective of decent work
- Create a policy environment conducive to promoting the CSR/RBC in line with the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).
- Increase opportunities for dialogue by businesses on challenges and opportunities in the realisation of CSR.

Research is the first of the four components of the Project – other three being outreach through technical seminar and conferences, policy advocacy through social dialogues and training. The outcome of the research will inform the subsequent components, hence a key activity of the Project.

The agriculture and food commodity had been selected as the focus sector for the Philippines through prior consultation with the ILO constituents. Further focus on the fruit and vegetable sector has been developed by the ILO team considering its significance in production, employment and trade with a good opportunity for growth and decent job creation.

Each country has target sectors as follows: China – electronics and textile; Japan – electronics and automotive parts; Myanmar – agriculture and seafood; the Philippines – agriculture and food; Thailand – meat, fruit and vegetable, and automotive parts, and; Vietnam – wood processing and seafood/aquaculture.

Annex 3: The MNE Declaration

The **Tripartite declaration of principles concerning multinational enterprises and social policy** (MNE Declaration) is the ILO instrument that provides direct guidance to enterprises on social policy and inclusive, responsible and sustainable workplace practices. The aim of this Declaration is to encourage the positive contribution which multinational enterprises can make to economic and social progress and the realization of decent work for all; and to minimize and resolve the difficulties to which their various operations may give rise. These principles do not aim at introducing or maintaining inequalities of treatment between multinational and national enterprises. They reflect good practice for all. Multinational and national enterprises, wherever the principles of the MNE Declaration are relevant to both, should be subject to the same expectations in respect of their conduct in general and their social practices in particular.

Its principles are addressed to MNEs, governments of home and host countries, and employers' and workers' organizations and cover areas such as employment, training, conditions of work and life, and industrial relations as well as general policies.

1. General policies

2. Employment

- Employment promotion
- Social security
- Elimination of forced or compulsory labour
- Effective abolition of child labour: minimum age and worst forms
- Equality of opportunity and treatment
- Security of employment

3. Training

4. Conditions of work and life

- Wages, benefits and conditions of work
- Safety and health

5. Industrial relations

- Freedom of association and the right to organize
- Collective bargaining
- Consultation
- Access to remedy and examination of grievances

The guidance is founded substantially on principles contained in international labour standards (ILO conventions and recommendations listed in Annex I of the instrument), and on obligations that States have through their ILO membership and following their ratification of ILO conventions.

The MNE Declaration highlights the importance of the rule of law, law enforcement and social dialogue and recalls that all parties should respect workers' rights and contribute to the realization of the fundamental principles and rights at work. It emphasizes the importance of dialogue and consultations among the different parties to ensure inclusive, sustainable, responsible business behaviour of MNEs in host countries and compatibility with national development objectives and policies. It encourages home and host country governments of MNEs to engage in consultations with

each other as well as with their enterprises on social and labour policy.

The MNE Declaration is the only global instrument in this area that was elaborated and adopted by governments, employers' and workers from around the world. Adopted by the Governing Body of the ILO at its 204th session (Geneva, November 1977), the instrument was amended several times. It was last amended in March 2017 following a tripartite review process to respond to new economic realities and to take into account developments since the last update in 2006. These developments included new labour standards and policy outcomes adopted by the International Labour Conference, the Guiding Principles on Business and Human Rights endorsed by the Human Rights Council in 2011, and the adoption of the 2030 Agenda for Sustainable Development.

The revision has enriched the MNE Declaration by strengthening and adding principles addressing specific decent work issues related to social security, forced labour, transition from the informal to the formal economy, wages, safety and health, access to remedy and compensation of victims. And by outlining the different roles that different actors have in achieving the aim of the MNE Declaration, aligned with the Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework.

To stimulate the uptake of the principles of the MNE Declaration by the various parties, the Governing Body has also adopted a number of operational tools that are listed in Annex II of the MNE Declaration. The MNE Declaration is influencing and guiding policies of international and regional organizations, national governments, multi-stakeholder initiatives as well as policies and codes of enterprises of all sizes.

Annex 4: CSR definitions of EU and ILO

The European Commission definition

The Commission has defined CSR as the responsibility of enterprises for their impact on society. CSR should be company led. Public authorities can play a supporting role through a smart mix of voluntary policy measures and, where necessary, complementary regulation. Companies can become socially responsible by: a) following the law; and b) integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations.

The Commission promotes CSR in the EU and encourages enterprises to adhere to international guidelines and principles. The EU's policy is built on an agenda for action to support this approach. It includes: 1. Enhancing the visibility of CSR and disseminating good practices; 2. Improving and tracking levels of trust in business; 3. Improving self and co-regulation processes; 4. Enhancing market rewards for CSR; 5. Improving company disclosure of social and environmental information; 6. Further integrating CSR into education, training, and research; 7. Emphasising the importance of national and sub-national CSR policies; and 8. Better aligning European and global approaches to CSR.

To evaluate the CSR strategy, the Commission launched a Public Consultation on CSR 2011-2014: achievements, shortcomings, and future challenges in 2014.

[Source: Corporate Social Responsibility (CSR) - Internal Market, Industry, Entrepreneurship and SMEs - European Commission http://ec.europa.eu/growth/industry/corporate-social-responsibility_en]

ILO definition

The ILO defines CSR as a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law.

The ILO can play an important role in CSR because labour standards and social dialogue are key aspects of CSR and this is the core business of the ILO. Most CSR initiatives, including codes of conduct, refer to the principles deriving from international labour standards, developed by the ILO. ILO Conventions, when ratified at the national level become binding on governments and those governments must adopt legislation to implement them. Whilst not binding on enterprises, the principles derived from ILO Conventions can act as a guide for enterprises' behaviour. The ILO plays a role by helping to promote dialogue between governments, workers' and employers' organizations and by providing assistance and tools to better understand the labour dimension of CSR.

[Source: The ILO and Corporate Social Responsibility (CSR) – ILO Helpdesk Factsheet No. 1]

Annex 5: ILO and the global supply chain debate

The International Labour Organization (ILO) is the United Nations specialized agency devoted to advancing opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. ILO's work is based on the premise that universal, lasting peace can be established only if it is based on social justice. The organisation's main objectives are to promote rights at work, encourage decent employment opportunities for all, enhance social protection and strengthen dialogue in handling work-related issues.

The ILO recognizes the important role played by multinational enterprises in the economies of most countries and in international economic relations. It also recognizes their enormous potential to contribute to the goal of decent work for all in today's globalized world. To guide and encourage their positive contribution to socio- economic development and minimize negative impacts of their operations, the ILO promotes the **Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration – see Annex 3)**. More specifically, global supply chains have created opportunities for suppliers to move to higher value activities and have enabled workers to access employment requiring a higher level of skills and offering better pay and conditions. Where employers are compliant with labour regulations and international labour standards, this enhances decent work in global supply chains. However, there are also ample examples where global supply chains lead to deficits in decent work.

In response to the rising interests on decent work in the global supply chain in recent years, the 105th session of the International Labour Conference in 2016 focused on the topic, and the ILO released the updated version of the MNE Declaration in March 2017. One of the highlights of the discussion at the 105th ILC was the decent work deficits among the small farmers/fisherfolks and processors in the upstream of the supply chains. The ILO has been intensifying its activities (projects, programmes, research, etc.) to analyse the demands placed by global supply chains on the standards, framework and procedures advocated by the ILO to promote decent work at the enterprise, national, regional and global levels and also to ensure that ILO procedures are fit for purpose in the context of global supply chains.

End of TOR.