



Governing Body

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Institutional Section

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FIFTH ITEM ON THE AGENDA

ILO engagement with the private sector

Strategy for wider ILO engagement with the private sector

Purpose of the document

This paper presents a revised approach to the ILO's engagement with enterprises and proposes a strategy for the future. The Governing Body is invited to endorse this revised approach (see the draft decision in paragraph 10).

Relevant strategic objective: All.

Policy implications: See paragraphs 6–8.

Legal implications: None.

Financial implications: None.

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

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Related documents: GB.319/INS/5(Rev.); GB.320/INS/5/2; GB.320/POL/10.

1. At its 319th Session (October 2013), the Governing Body considered a document ¹ concerning a strategy for wider ILO engagement with the private sector, ² which presented a possible approach to the implementation of the enterprise initiative, which was one of the seven centenary initiatives suggested in the Report of the Director-General to the 102nd Session (2013) of the International Labour Conference. The Governing Body document presented a concise world of work context, summarizing existing ILO work on and with enterprises, and proposed strategic components and modalities for the initiative.
2. In the Governing Body's discussion, there was widespread and strong support for wider ILO engagement with the private sector. However, questions were raised concerning both the content and the management of contacts with enterprises. The Director-General was therefore requested to present to the current session of the Governing Body a revised approach, taking into account the views expressed on the substance, methodology and operation of an enterprise initiative.
3. Other documents presented under this and other agenda items concern public-private partnerships ³ and the implementation strategy for the follow-up mechanism of, and promotional activities on, the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration). ⁴

Key messages from the Governing Body discussion

4. A number of key messages emerged or were underlined in the discussion at the October 2013 session of the Governing Body and have been taken into account in the preparation of the revised approach, namely:
 - (i) All engagement with the private sector should be in conformity with ILO principles and values, and entered into with a view to advancing the Decent Work Agenda.
 - (ii) The ILO already has extensive involvement with enterprises, including with regard to the implementation of programme and budget outcome 3 on sustainable enterprises and the promotion of the MNE Declaration, in conformity with the mandate and guidance provided by the 2008 ILO Declaration on Social Justice for a Fair Globalization; the enterprise initiative should complement and consolidate such work.
 - (iii) All activities should respect the tripartite character of the ILO and the existing representational roles of the tripartite constituents.
 - (iv) Enterprises are likely to approach the ILO on a wide range of issues. The ILO should be responsive to the needs of enterprises, in all areas that fall within its mandate.

¹ GB.319/INS/5(Rev.).

² The term "private sector" has various definitions. For the present purposes, it refers to all non-public entities including enterprises, foundations, non-governmental organizations and households. This paper focuses on enterprises within a broad definition that includes multinational enterprises, and on other private sector actors most relevant to the strategy proposed.

³ GB.320/INS/5/2.

⁴ GB.320/POL/10.

- (v) The experience to date of ILO engagement with enterprises has underlined the need for management processes to be put in place, which would allow for a coherent and systematic response with full information-sharing across the Organization.
- (vi) At the same time, enterprises need a rapid, clear and practical response from the ILO and would be discouraged from engaging if overly bureaucratic or heavy procedural arrangements were in place.
- (vii) While appropriate mechanisms for public–private partnerships are an important part of ILO resource mobilization, fund-raising should not be the primary objective of an enterprise initiative.

A revised approach

5. Taking into account the above Governing Body messages, the suggested components of a revised approach to wider engagement with the private sector are set out in the paragraphs that follow.

Substance

6. An enterprise initiative should be designed to allow for ILO engagement with enterprises across the full range of ILO activities, on the basis of commitment to shared values. In this regard, it should build on, and complement, existing work, and use existing instruments, notably international labour standards and the MNE Declaration.
7. It follows that the areas of substantive work to be undertaken would depend significantly on the manifestations of interest from enterprises. Furthermore, the three “strategic components” of an initiative suggested in the document presented to the Governing Body in October 2013 were positively received and should be incorporated as central and innovative parts of the initiative, as follows:
 - *enterprise and supply chain policies and practices*: the discussion scheduled for the 105th Session (2016) of the International Labour Conference should provide important guidance for the development of this area of work;
 - *international initiatives on enterprise behaviour*: the clear expectation of constituents that the ILO will take on a more visible and substantive role in international processes on corporate social responsibility, including in the application of the United Nations Global Compact’s principles and the Guiding Principles on Business and Human Rights, requires action which is different from direct engagement with individual enterprises, but which nevertheless plays an important and necessary role in underpinning it; and
 - *building knowledge and outreach*. This component would seek to realize the full potential for learning benefits for both the ILO and for enterprises from wider engagement. The ILO itself needs to have better understanding of enterprise realities to address successfully decent work challenges, while enterprises will be able to gain fuller knowledge, for example, of the international labour standards which they frequently reference in their own corporate policies. Research and training activities might be expected to result from successful outreach.

Methodology and operations

8. The significance attributed by the Governing Body to the role of internal management arrangements in the success of an enterprise initiative justifies the presentation to it of more detailed information on proposed Office arrangements than is generally the case. It is, anyway, clear that those arrangements must meet two criteria, which the Governing Body's deliberations have shown to be of decisive importance:
- (i) they must meet the enterprise expectations of clarity, practicality and agility and ensure that all contacts with enterprises are channelled through a process that is understood and respected across the Organization and which enables such contacts to be managed systematically and coherently; and
 - (ii) they must ensure that information on all aspects of engagement with enterprises is made known to constituents.
9. To these ends, the following processes would be put in place:
- the Enterprises Department will be the technical lead department, responsible for the overall coordination and execution of activities under the enterprise initiative;
 - all contacts from enterprises will initially be directed to the Bureau for Employers' Activities (ACT/EMP), or to the Bureau for Workers' Activities (ACTRAV) if the contact comes from workers' organizations. ACT/EMP and ACTRAV will be responsible for the sharing of information with each other and with their respective group secretariats and the employers' and workers' organizations concerned, and for the provision of any guidance or advice required;
 - thereafter, it will be the responsibility of the Enterprises Department to design substantive work with interested enterprises, with the relevant policy departments providing the necessary technical inputs;
 - where financial or legal issues arise, the Partnerships and Field Support Department (PARDEV), the Financial Management Department (FINANCE) and the Office of the Legal Adviser (JUR) will be involved, according to the terms of the Office policy and procedure developed on the basis of the guiding principles adopted by the Governing Body at its 301st Session (March 2008);⁵
 - decisions on whether or not to proceed with engagement with a given enterprise or to continue with such engagement will be referred to the Director-General;
 - research needs arising from the enterprise initiative will be the subject of consultation between the Enterprises and Research Departments; and
 - the International Training Centre of the ILO (Turin Centre) will be consulted on the implementation of training activities connected with the implementation of the initiative.

⁵ See GB.301/TC/1; Director-General's Announcement, IGDS No. 81 (Version 1), *Public-private partnerships*, of 14 July 2009; and Office Procedure, IGDS No. 83 (Version 1), *Public-private partnerships*, of 14 July 2009.

Draft decision

- 10. The Governing Body endorses the revised approach to wider ILO engagement with the private sector.***