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Employment and Social Protection Segment

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THIRD ITEM ON THE AGENDA

Follow-up to the conclusions concerning the promotion of sustainable enterprises adopted by the International Labour Conference in June 2007

Overview

Summary

This paper provides an overview of follow-up to the conclusions concerning the promotion of sustainable enterprises adopted by the International Labour Conference at its 96th Session (2007), focusing on the effect the Office has given to those conclusions. ¹ It sets out the new strategic framework developed by the Office and highlights some of the major achievements, impacts and lessons learned in the implementation of the framework. It also describes the work in progress and remaining challenges.

Policy implications

Yes.

Legal implications

None.

Financial implications

None.

Decision required

The paper seeks guidance on the future orientation of the Sustainable Enterprise Programme.

Follow-up action required

None.

Author unit

Job Creation and Enterprise Development Department (EMP/ENTERPRISE).

References to other Governing Body documents and ILO instruments

GB.312/POL/13.

¹ A similar overview of follow-up to the conclusions and additional information was included in Ch. 4 of ILO: *Employment policies for social justice and a fair globalization*, Recurrent item report on employment, 2010 (Report VI), International Labour Conference, 99th Session, Geneva, 2010.

The new guidance provided by the ILC conclusions

1. The Governing Body included the item of the promotion of sustainable enterprises on the agenda of the 96th Session (2007) of the International Labour Conference (ILC) as a means to achieve productive employment and decent work within the wider framework of sustainable development.
2. Drawing on the latest thinking on sustainable development, private sector development and good corporate citizenship, the conclusions adopted by the ILC at that session imply profound change in the way enterprise development should be seen and practiced. In particular they:
 - articulate a new, comprehensive and integrated vision establishing links with and between the three dimensions of sustainability (social and economic development and environmental protection);
 - define two major new building blocks (an enabling environment and responsible and sustainable workplace practices); and
 - identify numerous specific ways in which existing approaches should be further developed and new issues on which knowledge and practical guidance is to be generated.²

Translating the new concepts and guidance into practice: The Sustainable Enterprise Programme Strategic Framework

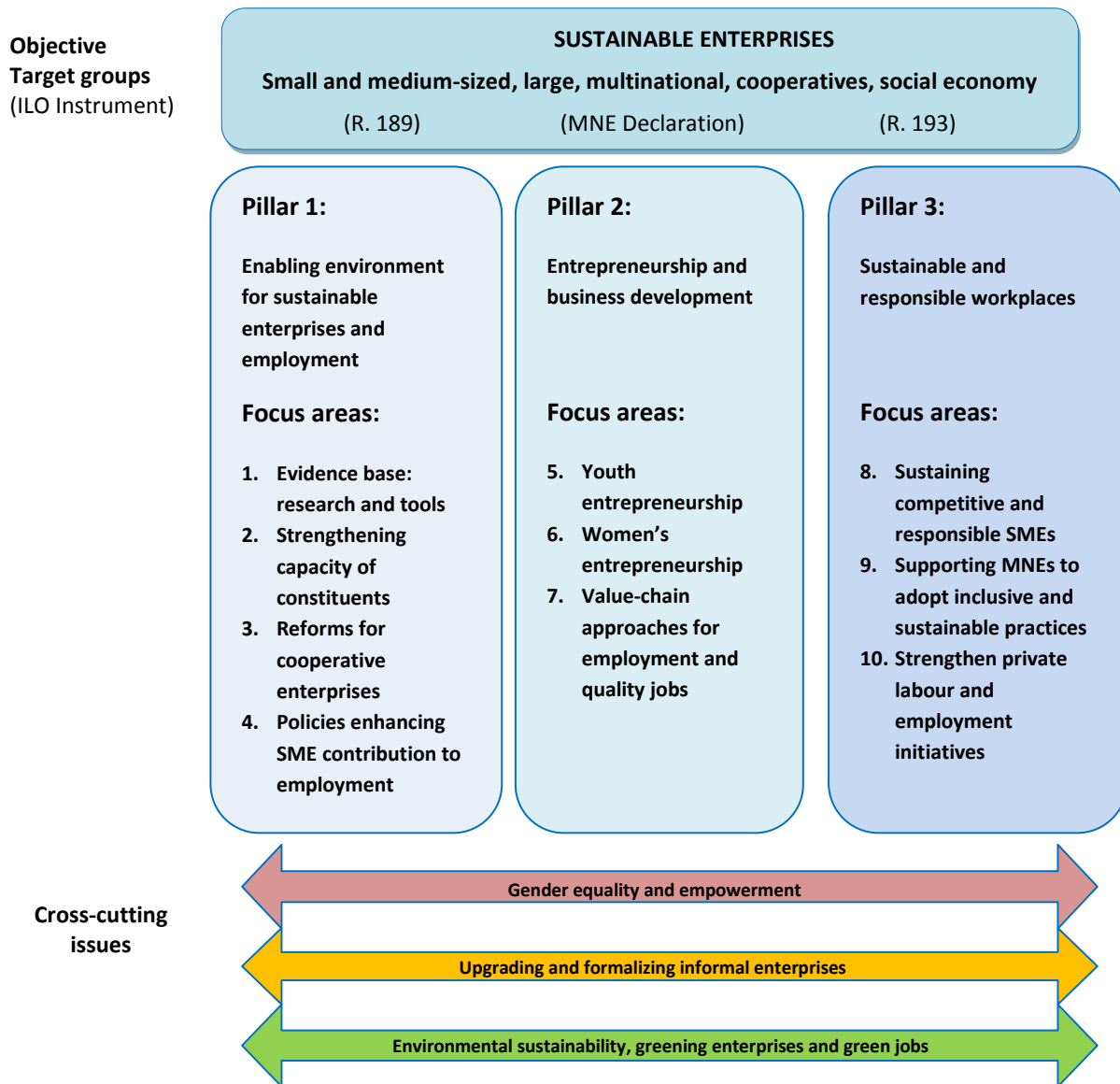
3. The ILC conclusions of 2007 have fundamentally recast the way the Office approaches enterprise development, both conceptually and in practice. In view of the new paradigm resulting from the conclusions, the Executive Director of the Employment Sector launched a thorough review of the ILO's earlier programme and, adopting a highly participatory approach, embarked on the design of a new strategy.
4. The resulting Strategic Framework³ for putting into practice the concept of sustainable enterprise agreed by the ILC aims at:
 - creating an enabling environment for sustainable enterprises;
 - helping enterprises to establish themselves and thrive in this environment by promoting entrepreneurship and business development; and
 - assisting enterprises to adopt sustainable and responsible workplace practices.
5. These objectives constitute the three interrelated and mutually supportive pillars of the ILO strategy. Figure 1 provides a schematic overview of the pillars, as well as of the ten focus

² <http://www.ilo.org/public/english/standards/reIm/ilc/ilc96/pdf/pr-15.pdf>.

³ *The Sustainable Enterprise Programme: Strategic Framework*, ILO, Job Creation and Enterprise Development Department, 2010, www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_142873.pdf.

areas of work and the three cross-cutting issues that are identified in the strategy. The first pillar involves assisting member countries to assess, and where necessary, to adapt policies, laws and regulations to encourage investment and the establishment and growth of sustainable enterprises. The second focuses on the role of entrepreneurs and ways in which member States and constituents can help them take advantage of environments conducive to the creation and expansion of businesses that lead to more and better jobs. The third pillar concentrates on the quality of the working environment and productivity, which are elements that are integrated into the other two pillars but must also be promoted effectively at the enterprise level.

Figure 1. The strategic framework for the ILO Sustainable Enterprise Programme



6. Within each pillar, areas of work are identified on which the Office needs to focus its attention. Gender equity, enterprises in the informal economy and environmental sustainability constitute cross-cutting issues which are embedded in all components of the strategy. The aim is to combine relevant elements from the three pillars in customized and integrated assistance to member States.

7. The strategy for the promotion of sustainable enterprises was incorporated into the ILO Strategic Policy Framework 2010–15, as part of the ILO’s wider mission to promote decent work for all. The three pillars are reflected under Outcome 3 (sustainable enterprises) of the outcome-based workplan of the Office and are embedded in Decent Work Country Programmes (DWCPs) through four indicators:
 - indicator 3.1: enabling environment;
 - indicator 3.2: promotion of entrepreneurship and enterprise development;
 - indicator 3.3: responsible workplace practices; and
 - indicator 3.4: enabling environment for foreign direct investment and responsible workplace practices related to multinational enterprises.
8. Significant contributions are also made under a number of other outcomes.
9. In practice, nearly all DWCPs refer to enterprise development. Two-thirds of the 78 countries which have fully developed DWCPs identify sustainable enterprises as one of their top three priorities. Demand is particularly strong concerning enterprise development for the benefit of young people, women and excluded groups. By contrast, indicator 3.4 is undersubscribed, an issue to be addressed in the next review of the ILO outcome structure.
10. The three pillars are also the organizing principle for the Office’s research, development and capacity-building programme, captured in the programme and budget through the global product on sustainable enterprises.

Pillar 1: Enabling environments

11. The ILO has significantly expanded its work on creating an environment conducive to sustainable enterprises, in line with paragraphs 10 and 24(l) of the ILC conclusions and Pillar 1 of the Strategic Framework. All three units in the Job Creation and Enterprise Development Department (EMP/ENTERPRISE) (the Small Enterprise Programme, Cooperatives and Multinational Enterprises) are contributing. About a third of the work months of professional staff in the department are dedicated to this pillar.
12. In line with the emphasis in the ILC conclusions on coherence of international and national policies, the Office has been active at both levels.
13. Important achievements in terms of international policy coherence in line with the ILC conclusions were the critique of the employing workers indicator (EWI) used in the *Doing Business* report series, published by the International Finance Corporation (IFC) of the World Bank Group, and the revision of the *OECD Guidelines for Multinational Enterprises*, published by the Organisation for Economic Co-operation and Development (OECD). The EWI has been criticized by multiple stakeholders, but the Office’s technical critique, prepared by the Economic and Labour Market Analysis Department in collaboration with EMP/ENTERPRISE, was influential in successfully arguing the case for a “triple bottom line” including investments in the workforce. The World Bank Group removed the EWI from the overall *Doing Business* ranking exercise and determined that the EWI was not to be used as a basis for policy advice at the country level. In addition, it initiated some work on designing a worker protection indicator and invited the ILO to collaborate on this. The Office also engaged successfully with the OECD in the 2011 revision of the *OECD Guidelines for Multinational Enterprises*, which fully reflect the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social

Policy (MNE Declaration) and include a reference to the Employment Relationship Recommendation, 2006 (No. 198).⁴

14. The Office also participates actively in the Donor Committee for Enterprise Development (DCED),⁵ which brings together the IFC/World Bank Group, United Nations (UN) agencies and bilateral donors and serves as a forum for sharing experiences and establishing best practices in the field of enterprise development. The Office's input to the donor guidance prepared by the DCED with regard to creating an enabling environment introduced a decent work perspective to that document.⁶
15. At the country level, a major step towards putting the ILC conclusions into practice has been the development of a comprehensive but flexible methodology for undertaking assessments of the enabling environment based on the 17 conditions for the promotion of sustainable enterprises identified in the conclusions. The aim of the assessment is to present a picture of the relative strengths and weaknesses of the enabling environment of a country over time and compare them to those of countries at a similar level of development. On this basis, priorities for improvements and policy recommendations can be identified.
16. The assessment methodology specifies a very wide set of indicators drawn from secondary sources corresponding to each of the 17 conditions. The compilation of indicators from published sources is complemented by a customized opinion survey with questions corresponding to all, or a set of the 17 conditions. Together with information from individual interviews and focus group discussions with public and private stakeholders, including the social partners, an integrated and detailed assessment of the enabling environment is produced. During the assessment process, the Recommendations listed in the Annex to the ILC conclusions are regularly discussed, and opportunities to promote them, including best practices in the relevant fields, are seized. Discussions on international labour standards take place alongside discussions on national legislation matters related to the world of work. Most notably, discussions invariably deal with freedom of association and collective bargaining.
17. The entire process is done with, and through, one or both of the social partners, as the core objective is to strengthen the capacity of the social partners to undertake subsequent assessments and to use the studies as an evidence base and platform on which to advocate reform. The Bureau for Employers' Activities (ACT/EMP) has developed an accompanying tool⁷ to help employers' organizations incorporate the findings of the assessments into their policy advocacy and capacity-building efforts.
18. The methodology has been tested in a number of countries, including Swaziland and Indonesia. In Swaziland, this was done through collaboration between the Small Enterprise Programme, ACT/EMP and the Federation of Swaziland Employers and Chamber of Commerce. In Indonesia, the work to create an enabling environment evolved from the tripartite action plan of the Indonesia Jobs Pact and is jointly undertaken by the Small

⁴ This work has been guided by the Governing Body Subcommittee on Multinational Enterprises. A paper providing additional information is before the Multinational Enterprises Segment (GB.312/POL/13).

⁵ <http://www.enterprise-development.org/>.

⁶ *Supporting business environment reforms: Practical guidance for development agencies*, DCED, 2008 Edition, <http://www.enterprise-development.org/page/guidelines>.

⁷ <http://www.ilo.org/public/english/dialogue/actemp/whatwedo/projects/effectivemploy.htm>.

Enterprise Programme, the Bureau for Workers' Activities (ACTRAV) and the four main trade union confederations in Indonesia. Applications of the methodology are well under way in Botswana, Mongolia and Oman and have started in Barbados. The methodology is being applied along sectoral lines in Kyrgyzstan and Ukraine in cooperation with the ILO's Trade and Employment Programme.

19. Cooperatives are a specific context for the creation of an enabling environment. Thanks to successful promotion, an increasing number of countries have requested the ILO to assist them with the reform of their cooperative legislation and policies in the light of the Promotion of Cooperatives Recommendation, 2002 (No. 193). Work is under way in over 20 countries, ranging from industrialized to developing ones. Reform has taken place in an additional six African countries with assistance from the ILO's Cooperative Facility for Africa.
20. A particularly effective way of promoting the reform of cooperative legislation in line with Recommendation No. 193 – affording both harmonization and economies of scale – has been support to regional and subregional initiatives to establish common framework legislation. This includes the support for the regional framework laws in Latin America and in the 16 member States of the Organization for the Harmonization of Business Law in Africa (OHADA), as well as support to the European Commission and stakeholders to revise the Statute for a European Cooperative Society. The programme implementation reports for 2008–09 and 2010–11 bear testament to the effectiveness of such initiatives, reporting 25 outcomes related to cooperative reform under indicator 3.1.
21. For capacity building on the enabling environment, the Office and the International Training Centre of the ILO in Turin (the Turin Centre) revised and updated the training course *Creating an enabling environment for sustainable small enterprise development* to take account of the ILC conclusions. The course has been delivered successfully in Turin and in-country to more than 300 participants. A significant technical contribution is a new guide to labour law and micro- and small enterprise development in Africa. It was developed in cooperation with the ILO's Industrial and Employment Relations Department (DIALOGUE), based on empirical work under a project funded by the Norwegian Agency for International Development (NORAD).
22. Remaining challenges include enhancing integration across the ILO regarding country-level work relating to the 17 conditions set out in the ILC conclusions, given that the conditions transcend the competencies and mandate of EMP/ENTERPRISE. This work is in progress, together with other work in the Employment Sector on trade, macroeconomy, industrial policy, skills and infrastructure and with DIALOGUE concerning the role of labour law as part of the regulatory framework. Initial steps have also been taken to explore options for access to social protection for SMEs in order to enhance enterprise survival and to provide incentives for formalization. The Employment Sector is also taking steps to integrate enabling environment analysis more systematically in reviews of national employment policies. A number of challenges related to international policy coherence are identified in the paper before the Multinational Enterprises Segment.⁸
23. An even greater challenge is to get traction at the country level for policy reform, particularly where such reforms concern policy fields dominated by other actors to which the constituents and ILO have limited access. Following the consolidation of the assessment methodology, an important step will be the building of capacity for larger-scale application and follow-up in the field, initially among enterprise, workers' and employers' specialists, but progressively also among other specialists in the Decent Work Teams.

⁸ GB.312/POL/13.

Pillar 2: Entrepreneurship and business development

24. This pillar repositions entrepreneurship and business development, the most established area of work on enterprise development. For the ILO, enterprise development is not just about unleashing entrepreneurship; it is fundamentally about creating decent jobs. The relevance of ILO's emphasis on SMEs and start-ups has been reconfirmed by new research. A new World Bank study shows again that SMEs account for two-thirds of all employment and most new creation of formal jobs takes place in young and small enterprises.⁹
25. The continued high demand for support for entrepreneurship and business development is reflected in 26 DWCPs, which set targets for country outcomes under indicator 3.2 on enterprise development, as well as in the large technical cooperation portfolio of approximately US\$70 million in this area.
26. Developments under Pillar 2 have built on the range of ILO products in entrepreneurship development, which have enhanced the visibility and credibility of the ILO within the small business promotion community and have strengthened the solid networks that each programme has forged over the years with national, regional and international partners in order to guarantee sustainability. These flagship products on entrepreneurship education and training include the Know About Business programme (KAB), which promotes entrepreneurial awareness and attitudes among young people; the Start and Improve Your Business programme (SIYB), which helps business start-ups; and the Women's Entrepreneurship Development programme (WED), which is tailored for women.
27. Studies¹⁰ have been undertaken to assess the outreach and immediate impact of these products. The SIYB is used in more than 50 countries and has been translated into more than 40 languages. It has reached 4.4 million trainees, leading to the creation of an estimated 2.7 million new jobs. The KAB has been introduced in vocational training, secondary schools and universities in 40 countries, reaching more than 500,000 students. Assessments show that participants are significantly more likely to start enterprises than non-participants. To date, the KAB has been incorporated into national curricula in 17 countries. The WED projects funded by Irish Aid and NORAD specifically have reached about 60,000 women entrepreneurs since 2009, helping them to multiply their sales fourfold and to increase their profits by 50 per cent.¹¹ It should be noted that this significant outreach is often the result of national resources being added to initial investments via the ILO.

⁹ M. Ayyagari, A. Demircuc-Kunt and V. Maksimovic: *Small vs. young firms across the world: Contribution to employment, job creation, and growth*, Policy Research Working Paper No. 5631, World Bank Development Research Group, Finance and Private Sector Development Team, Apr. 2011.

¹⁰ T. Lucas de Rezende and J. Dyring Christensen: *Supporting Entrepreneurship Education: A report on the Global outreach of the ILO's Know About Business programme* (Geneva, ILO, 2009); and S. Van Lieshout, M. Aliyev and M. Sievers: *SIYB Global tracer study* (Geneva, ILO, forthcoming).

¹¹ This figure represents the outreach of two technical cooperation projects on WED and funded by Irish Aid and NORAD since 2009, and not the global outreach of the ILO's work on women's entrepreneurship.

28. Drawing on the lessons learned, large-scale projects targeting women and youth entrepreneurship development have been established in Eastern and Southern Africa, as well as in South-East Asia.¹²
29. Since 2007, the Office has increasingly been adopting a more integrated approach, by progressively reflecting the goal of sustainable development in ILO projects and tools, by expanding the work on value chains and entrepreneurship for vulnerable groups and by deepening the assessment of outreach and impact. Rather than promoting a range of stand-alone tools addressing micro- and small enterprises, interventions are increasingly based on a systemic view of markets, of institutions and of disadvantaged groups aiming at sustainable development. This is achieved by analysing the conditions which shape markets in order to improve the access of men and women to opportunities for enterprise development, creating more and better jobs, and by paying greater attention to the link between enterprise productivity and responsible workplace practices. This also includes access to finance where the ILO helps to link entrepreneurs up to micro-finance providers and to the banking system.
30. In line with the ILC conclusions, support for sectoral enterprise development through value-chain development has expanded significantly. The evaluation of earlier projects in this area, such as the Enter Growth project in Sri Lanka, focusing on value chains in remote rural areas, have demonstrated the potential. With a budget of US\$5 million, Enter Growth has reached 52,000 enterprises in agriculture and tourism. Employment grew by 15 per cent in the provinces reached, significantly faster than the national average.
31. Building on the achievements and lessons learned, the overall ILO portfolio of projects on value-chain development has grown from an estimated five projects in 2007 to 24 projects in 2011, with a total portfolio of US\$31 million. Many of the ongoing projects focus on rural areas. Examples of projects include those in Sri Lanka and Viet Nam, which link business opportunities to the improvement of workplace practices in value chains, and a pilot project in the textile sector in Kyrgyzstan, working with the national labour unions. In Ghana, ILO support to rural enterprise development has led to institutional reform in local government structures, recently feeding into a national policy on local economic development. The ILO co-chairs the UN value chain development working group and provides training for the ten agencies involved, through the Turin Centre, on value-chain development for decent work.
32. Several items of follow-up to the ILC conclusions are still considered to be work in progress. The Office is engaged in efforts to reflect social and environmental dimensions more effectively in entrepreneurship promotion products. So far, initial modules on environmental sustainability, the greening of enterprises and green business options have been included in the KAB and the SIYB. The full updating of these products will require substantial resources.
33. Likewise, further work is needed on impact assessment. EMP/ENTERPRISE has played a proactive role in promoting an internationally agreed standard for results measurement through the DCED Results Measurement Steering Group. In this multi-donor initiative, the ILO has promoted the use of employment-related indicators and will be the first UN agency to pilot test the standard in three technical cooperation projects covering some ten countries in Africa, Asia and Latin America. The standard aims to quantify and attribute results clearly and to allow the aggregation of results, and thus comparisons, across projects and programmes. Preliminary results should be available in 2012. In addition, the

¹² These include the Youth Entrepreneurship Facility for East Africa, financed by Denmark with a budget of US\$23 million.

Youth Entrepreneurship Facility in East Africa is preparing a randomized control trial in Ugandan secondary schools in order to establish the impact of the KAB. Efforts to consolidate the lessons learned are under way, aiming to develop fully the concept and to provide practical guidance for integrated projects which can achieve the promotion of sustainable enterprises on a large scale and generate lasting improvements through systemic interventions.

34. A number of challenges remain for entrepreneurship development. ILO assistance to developing countries tends to focus on needs in the large informal economy and in rural areas. This often makes it difficult to closely involve the social partners. A second challenge is shrinking staff resources at headquarters, limiting the ability to keep established products up to date, to provide quality assurance, impact assessment and learning opportunities and to develop new products. A third and related challenge is to create more operational links between different sizes and types of enterprises and to develop partnerships with the private sector for the promotion of sustainable enterprises, in particular for young people, women and rural populations.

Pillar 3: Sustainable and responsible workplace practices

35. The goal of Pillar 3 is to help the constituents in member States align their operations with responsible and sustainable workplace practices in line with the ILC conclusions. Work in this area has focused on the guidance provided to the Office in paragraphs 24(2) (value chain upgrading and clustering), and 24(4) (application of responsible and sustainable workplace practices) of the ILC conclusions. Delivery has been organized around three strategic focus areas: (1) sustaining competitive and responsible SMEs; (2) supporting multinational enterprises to adopt inclusive and sustainable business practices; and (3) strengthening the labour dimension of corporate social responsibility (CSR) initiatives.
36. The programme for Sustaining Competitive and Responsible Enterprises (SCORE), funded by the Swiss State Secretariat for Economic Affairs (SECO) and NORAD, makes a key contribution to implementing the ILO's strategy for the promotion of responsible and sustainable enterprise-level practices. It is a practical training and workplace improvement programme to increase the productivity of SMEs while promoting recognition of and respect for workers' rights. SCORE capacitates ILO constituents and service providers to promote and deliver the training programme to enterprises. It offers technical assistance guided by the international labour standards and comprehensive training materials to these partners. Collaboration across the Office, including with ACTRAV and ACT/EMP as well as the Bureau for Gender Equality, has helped ensure that the programme is relevant for enterprises and is responsive to workers' rights and gender equality. The programme also offers a training module on cleaner production in collaboration with the United Nations Industrial Development Organization.
37. SCORE is active in seven countries. All activities are guided by tripartite advisory committees in each country and at the global level. By July 2011, it had reached 136 trainers and 210 representatives of industry associations, trade unions and governments in China, Colombia, Ghana, India, Indonesia and South Africa. So far, the programme has trained 105 SMEs and an estimated 3.8 million people have been exposed to radio broadcasting or publications which promote responsible workplace practices. While data on impact are not yet available, a mid-term evaluation found evidence for improving performance and working conditions in enterprises.
38. A related approach for the promotion of responsible and sustainable workplace practices has been developed in Latin America under the System for the Measurement and

Improvement of Productivity (SIMAPRO). The system stimulates organizational learning based on productivity and decent work. SIMAPRO is currently applied in Chile, Cuba, the Dominican Republic and Mexico, across a range of sectors, including sugar, fruit, automotive parts, clothing and tourism, and in SMEs broadly. Impact assessments show high rates of return on improvements identified in management-labour dialogues as well as improvements in working conditions. The role of stakeholders, including of trade unions, is explicitly discussed in the process and constituents play a key role in initiating and directing SIMAPRO projects. In Mexico, for example, this has led to a tripartite agreement on competencies in the tourism industry.

39. SCORE and SIMAPRO focus on small and medium-sized firms, complementing Better Work, the most prominent ILO programme aimed at enterprise-level practices. Better Work, a joint programme of the ILO and the IFC, has been concentrating on large firms in the apparel sector which are first-tier suppliers to global brands. Country programmes in Cambodia (such as Better Factories Cambodia), Haiti, Indonesia, Jordan, Lesotho, Nicaragua and Viet Nam combine independent enterprise assessments examining compliance with international labour standards and national labour law, together with enterprise advisory and training services to support practical improvements through workplace cooperation.
40. Better Work country programmes are designed and implemented with the active participation of the relevant employers' and workers' organizations, the national government and international buyers to promote stakeholder engagement and sustainability through shared solutions. At the national level, each country programme is guided by a tripartite Project Advisory Committee, while at the enterprise level, workplace committees comprising equal numbers of workers and managers address compliance gaps and oversee development and implementation of an improvement plan.
41. Analysis of labour law compliance data in the apparel industry from Better Factories Cambodia¹³ finds that there was a broad improvement in working conditions among factories. Reputation-sensitive buyers and public disclosure of factory-level non-compliance enhance the pace and degree of improvement, but even when these are absent, compliance did not return to the baseline.
42. Better Work is exploring the possibility of expanding the programme to other sectors, including agribusiness, and has also conducted a feasibility study on starting a Better Work programme in the ready-made garment sector in Bangladesh.
43. Another important line of new work under this pillar has been the promotion of sustainable business practices in multinational enterprises. Key achievements in this area include the successful launch and uptake of the ILO Helpdesk for Business on International Labour Standards. Launched less than two years ago, this free and confidential service has provided expert technical advice to 471 users seeking guidance on the implementation of international labour standards and the principles of the MNE Declaration. The operation of the Helpdesk is guided by a tripartite steering committee. The Helpdesk website was launched in November 2010 and has attracted 10,000 visits, with users from all five

¹³ R. Robertson et al.: *Labour law compliance and human resource management innovation: Better factories Cambodia*, Better Work discussion paper series No. 1 (Jan. 2011). Available at <http://www.betterwork.org/EN/Publications/Documents/Discussion%20Paper%20Series%20No%201%20-%20Labour%20Law%20Compliance%20and%20Human%20Resources%20Management%20Innovation%20-%20Better%20Factories%20Cambodia.pdf>.

regions in its first six months of operation.¹⁴ The site provides users with access to a wide range of questions and answers processed by the Helpdesk service and links employers, workers and government users with an array of tools from across the ILO that were designed to reach a business audience.¹⁵

44. For training and capacity building in this area, the Office provides content and instructional support to courses for constituents and participants from multinational enterprises on implementing ILO core labour standards and the principles of the MNE Declaration in collaboration with the Turin Centre. A new training course, *Sustainable enterprise promotion through good workplace practice and human resource management*, was specifically designed for a tripartite audience and was introduced in 2007. The number of courses on this subject has increased from one in 2008 to nine in 2011 and from 17 participants to 124.
45. In 2010–11, the Office and the Turin Centre have collaborated with a network of business schools to develop curricula on sustainable supply chain management and implementing the social dimension of CSR for onward distribution to a growing number of business schools in emerging economies. The packages are promoted through international networks of business schools including via large networks of business schools such as the Principles for Responsible Management Education initiative, which is inspired by the principles of the UN Global Compact, and the European Foundation for Management Development. The ILO's membership in the UN Global Compact has also provided opportunities for other partnerships in capacity building through guides and training with local Global Compact networks in Argentina, Egypt, Kosovo,¹⁶ Pakistan, Serbia and the Syrian Arab Republic.
46. Substantial progress is being made with the promotion of a coherent approach to CSR inside the ILO. The development of the helpdesk portal has had a positive spin-off in terms of strengthening and improving collaboration between diverse units of the ILO from across all sectors, resulting in increased joint research and tool production. An innovative mechanism for awareness raising and capacity building are “webinars”, organized in collaboration with other ILO units, on issues such as equal pay for work of equal value (with the Bureau for Gender Equality), children and young people in hazardous work (with the International Programme on the Elimination of Child Labour) and disability in the workplace (with the Skills and Employability Department and ACT/EMP).
47. Challenges in the area of workplace practices are to increase the coverage as well as the sustainability of the approaches, particularly those aiming at micro- and small enterprises. Sustainability requires the creation of an institutional capacity closely linked to constituents and cost recovery of the interventions. Both challenges could be tackled in part through public–private partnerships. A model for such partnerships already exists in Better Work, which engages international apparel brands to support enterprise-level efforts to improve labour standards compliance, while also contributing feedback and guidance to Better Work at the global and country levels. An initial step in this direction for SMEs is the conclusion of an agreement on a pilot programme with the Swiss retailer Coop to train its SME suppliers in China. Impact assessment of training and capacity building is another area to be tackled more systematically. Ex-post evaluations of CSR courses, launched by

¹⁴ Data available for the period up to 6 June 2011 only, due to technical changes in the ILO's main website.

¹⁵ For further information see GB.312/POL/13/REF on the Governing Body website.

¹⁶ As defined in United Nations Security Council Resolution No. 1244 of 1999.

the Turin Centre in 2010, suggested that the courses did lead to changes in the behaviour of individuals and in their organizations.

Coordination and effective delivery

48. Coordination among the units at headquarters dealing with enterprise development has intensified as described above, starting with the units in EMP/ENTERPRISE. Collaboration and knowledge sharing with colleagues in the field are pursued through the building of a global enterprise team, including enterprise specialists in the field, the Turin Centre, large technical cooperation projects and regular consultants. In addition to occasional face-to-face meetings, this effort relies on video conferences and a web-based knowledge platform.
49. The Sustainable Enterprise Programme continues to benefit from substantial extra-budgetary resources, demonstrating the continued demand among member States and support among donors for the programme. The total portfolio has varied from US\$78 million to US\$100 million since 2007, making it the second largest portfolio in the ILO (equivalent to 10–12 per cent of total extra budgetary funding). Annual expenditure rose from US\$26 million in 2007 to US\$36 million in July 2011. Trends are difficult to discern, because of some very large single projects such as the US\$23 million Youth Entrepreneurship Facility for East Africa.
50. While the portfolio is large, it is not balanced. Some 90 per cent of resources go towards entrepreneurship and business development (Pillar 2) and 10 per cent support workplace practices. The extra-budgetary resources directly earmarked for the enabling environment have grown, but remain small. This distribution of resources is partly a reflection of demand by member States for support related to Pillar 2 and to the long track record and proven products of the ILO in enterprise development. The imbalance is being addressed through promoting more integrated approaches using the assessment of the enabling environment as well as by linking sustainable enterprise support more closely to national employment policies.

Outlook and priorities for the future

51. The Sustainable Enterprise Programme enjoys growing demand for services and there is clearly potential for growth and greater impact. In addition to completing the work that has started under the pillars, as described above, there is scope for greater effectiveness and efficiency. The reduction in staff and non-staff resources at headquarters needs to be addressed through a combination of targeted growth of extra-budgetary resources and better sharing of work within the global enterprise team. The latter would see ILO headquarters focusing on development of new approaches and quality assurance, the Turin Centre taking over more capacity building and some aspects of knowledge management (as is already happening in the case of local economic development), the field becoming more autonomous in implementing well-understood tools, and external partnerships helping to cover key areas of work.
52. A good example of this cooperation is the innovative annual ILO Summer Academy on Sustainable Enterprise Development at the Turin Centre. Introduced in 2008, it combines the holistic and integrated perspective of the ILC conclusions with economies of scale and opportunities for stakeholder dialogue.
53. Significant gains are expected from economies of scale afforded by larger, more integrated and policy-oriented technical cooperation projects. These can respond to the ILC

conclusions' call for customized solutions, taking into account the broader policy context. The global enterprise team is developing systemic, integrated and multi-level interventions which address all relevant constraints from the value-systems including attitudes to entrepreneurship and decent work, to the enabling environment, enterprise development for key groups and workplace-level practices.

54. These interventions need to be able to demonstrate conclusively their impact on all dimensions of sustainable development and on decent work at different levels (national, sector and enterprise). They are built around the central role of the constituents and of social dialogue, while the ILO focuses on facilitation. This emerging model of cooperation will enable the constituents and other national actors to bring about lasting change and progress towards sustainable enterprises on a significant scale.

Point for discussion

55. This document is submitted for debate and guidance on the way the Office has followed-up on the ILC conclusions of 2007. The Governing Body may wish to discuss the following questions:
- (a) How can the Office build on the development of the assessment methodology for an enabling environment to effectively support constituents in advocating for policy reform?
 - (b) How can the Office best build on its extensive experience and know-how on enterprise development to assist member States in addressing pressing problems such youth unemployment, social inclusion, rural development and food security, among others?
 - (c) What are the priorities for the further implementation of the ILC conclusions in the next biennium?

Geneva, 6 September 2011