



Governing Body

325th Session, Geneva, 29 October–12 November 2015

GB.325/POL/9

Policy Development Section
Multinational Enterprise Segment

POL

Date: 9 October 2015

Original: English

NINTH ITEM ON THE AGENDA

Update on the implementation of the promotional framework and follow-up to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, including ILO collaboration with other intergovernmental and international organizations

Purpose of the document

The paper provides an update on the implementation of the promotional framework and information-gathering mechanism of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), as adopted by the Governing Body at its 317th and 320th Sessions. It also provides an update on collaboration with other international organizations and on the increased relevance of the MNE Declaration in the context of the 2030 Agenda for Sustainable Development. The Governing Body is invited to provide guidance and consider the adoption of the proposed points for decision (see draft decision point in paragraph 31).

Relevant strategic objective: All.

Policy implications: Yes.

Legal implications: None.

Financial implications: None.

Follow-up action required: The Office will take into account the guidance provided and act upon the Governing Body's decisions.

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Related documents: GB.317/POL/8 and GB.320/POL/10; GB.325/INS/6.

Introduction

1. At its 320th Session in March 2014, the Governing Body adopted the implementation strategy for the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), which includes both promotional activities and a new follow-up mechanism.¹ This paper provides an update on progress achieved in that regard and highlights the collaboration with other international and intergovernmental organizations as discussed by the Governing Body at its 322nd Session in November 2014.
2. The effectiveness of the current implementation strategy and collaboration with other international organizations needs to be evaluated in the broader context of the new international development agenda. The 2030 Agenda for Sustainable Development highlights the key role of private sector activity, investment and innovation for productivity, inclusive economic growth and job creation.² The MNE Declaration is well placed to guide the behaviour of enterprises, in particular, although not exclusively, with regard to sustainable development goal 8, which aims to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. The guidance contained in the MNE Declaration is also relevant to other significant developments in the multilateral arena, ranging from the anticipated follow-up to the Paris Climate Change Conference from 30 November to 11 December 2015 to the discussions on the role of the private sector in development at meetings of the Group of 20 (G20) and in other forums.

Progress regarding the elements of the implementation strategy

1. Awareness raising and capacity building

3. In response to the needs expressed by tripartite constituents and multinational enterprises, a global resource kit is being finalized. The resource kit will be a major tool for raising awareness and supporting the use of the MNE Declaration in practice by governments, enterprises and social partners. It will feature country-level and sectoral case studies, assessment tools for each of the four groups of users, policy briefs, and a question and answer section on the application of the principles of the MNE Declaration in business operations, based largely on questions received via the International Labour Office Helpdesk for Business on International Labour Standards (ILO Helpdesk).
4. The e-learning module entitled “Business and Decent Work: An introduction to the MNE Declaration” was launched in English, French and Spanish during the 103rd Session of the International Labour Conference, in June 2014. The self-guided module is promoted through the ILO website, the ILO Helpdesk, the International Training Centre of the ILO (the Turin Centre), in country-level activities and in collaboration with other international organizations. Additional language versions in Arabic, Chinese, Japanese, Portuguese and Russian will be produced when resources become available.

¹ GB.320/POL/10.

² 2030 Agenda for Sustainable Development, para. 67.

5. A new open course entitled “Multinational enterprises, development and decent work: The approach of the MNE Declaration” was developed in response to the capacity-building needs expressed by tripartite constituents. The bilingual pilot course in English and French addressed tripartite constituents in the Africa region in preparation for the upcoming 13th African Regional Meeting (Addis Ababa, 30 November–3 December 2015). A course in Spanish is scheduled for 2016. The existing open course entitled “International labour standards and corporate social responsibility: Frameworks and practices” was organized in 2014 and is scheduled to run again in 2016.
6. The Turin Centre will expand its course offerings on the MNE Declaration in the context of the 2030 Agenda for Sustainable Development. It has created a post to support activities, including through the e-campus and new partnerships. Themes involving the MNE Declaration are being mainstreamed into other courses, such as the Academy on Sustainable Enterprise and the Academy on Rural Development, and into activities organized by the Bureau for Employers’ Activities (ACT/EMP) and the Bureau for Workers’ Activities (ACTRAV).
7. The ILO Helpdesk continues to provide information via its website, and to answer questions on international labour standards principles in relation to business operations.

2. Country-level assistance

8. The Office provides country-level assistance to link the promotion of MNE Declaration principles more closely with national development and decent work priorities. Country priority outcomes under the 2014–15 Programme and Budget were supported in Albania, Angola, Azerbaijan, Plurinational State of Bolivia, Côte d’Ivoire, Fiji, Jamaica, Kenya, Lesotho, Mozambique, Myanmar, Oman, Pakistan, Panama, Senegal, Turkey, Viet Nam and Zambia. The decent work issues addressed are determined by the priorities defined by constituents. Assistance typically includes research, awareness raising, capacity building, facilitation of dialogue, technical support on policy and development of action plans. ACTRAV has organized a number of activities at the regional and subregional levels in Latin America, South Asia, and Central and Eastern Europe involving national and sectoral trade unions, based on its publication entitled *The ILO MNEs Declaration: What’s in it for Workers?*
9. The various activities organized by the Office have begun to attract support from development partners. Country-level activities on responsible business have started in Myanmar, Pakistan and Viet Nam with Japanese funding. New partnerships with enterprises to promote responsible practices have been developed, mainly in Africa (Côte d’Ivoire, Ethiopia, Ghana, Malawi and Tanzania) and Asia (Bangladesh, Cambodia, Indonesia and Myanmar). The renewed partnership between France and the ILO includes a chapter on corporate social responsibility, with country-level activities in Côte d’Ivoire and Senegal and home-host country exchanges.
10. On the basis of the growing number of country-level experiences, the Office is developing an intervention model (results framework) that can guide development cooperation.

3. Global network of MNE Declaration focal points

11. Launched in March 2014, the global network comprises 70 appointed ILO officials at headquarters and in the field who combine work on the MNE Declaration with their other responsibilities. Periodic emails, webinars and an online collaborative space stimulate exchanges among members of the network. The focal points play an instrumental role in providing country-level support, and in the regional follow-up process.

4. Promotion at the sectoral level

12. The relevant provisions of the MNE Declaration have been included as references in background reports submitted to sectoral global dialogue forums, such as the issues paper for the Global Dialogue Forum on Wages and Working Hours in the Textiles, Clothing, Leather and Footwear Industries (Geneva, 23–25 September 2014). Moreover, the MNE Declaration was an important reference point in the 2014 Regional Tripartite Workshop on Improving Safety and Health in Mining for Selected Asian Countries (Jakarta, 16–18 December 2014), as well as for ongoing research on decent work in plantations, with a focus on the Dominican Republic, Ghana, Indonesia and Sri Lanka, under the area of critical importance on the promotion of decent work in the rural economy.
13. Sectoral reports based chiefly on desk research are being drafted on the retail, road transport, telecommunications and call centre services, construction and infrastructure sectors, for inclusion in the global resource kit described above.

5. Mainstreaming the MNE Declaration in development cooperation and public–private partnerships

14. ILO development cooperation supports the Office's policy outcomes, Decent Work Country Programmes and country priorities. Mainstreaming the principles of the MNE Declaration in development cooperation and in public–private partnerships depends on the demands and needs of tripartite constituents, as reflected in the ILO's results frameworks at the global and country levels. Thanks to the active role played by the MNE Declaration focal points and the Office's internal appraisal of development cooperation proposals, references to the MNE Declaration have become more frequent and coherent.

6. Company–union dialogue

15. The ILO Helpdesk home page invites companies and trade unions to use the facilities of the ILO as a neutral place in which to discuss issues of mutual concern. To date, this new dialogue mechanism has not been used directly.

7. ILO Regional Meetings (tripartite session and information-gathering mechanism)

16. In 2014, the Office initiated the new information-gathering process among governments and employers' and workers' organizations. One or more constituents from 31 out of the 35 member States in the Americas returned the questionnaire. On the basis of these replies, the Office prepared a report on the promotion and application of the MNE Declaration and

social policy in the Americas³ as an input for a well-attended special session during the 18th American Regional Meeting (Lima, 13–16 October 2014) giving constituents the opportunity to discuss the promotion and application of the MNE Declaration in the region. The Office subsequently drew up a regional action plan for the Americas comprising mainly capacity-building and knowledge-sharing activities to achieve outcomes under the programme and budget.

17. The same process is under way for the upcoming 13th African Regional Meeting; in addition, awareness-raising and capacity-building activities for tripartite constituents from the region have been offered prior to the special session on the promotion and application of the MNE Declaration and social policy in Africa.

8. Capacity building for national statistical offices

18. The Office has produced a preliminary paper assessing the current state of knowledge about the economic and social impacts of the operations of multinational enterprises, particularly in developing countries. The paper identifies operational definitions of multinational enterprises and maps common criteria used to measure their economic and social impacts in host countries, institutions collecting data, the content and data sources used and international standards guiding national statistics on foreign direct investment. In addition, it assesses how these data sources relate to the provisions of the MNE Declaration, identifies gaps and recommends next steps. The findings of ILO research in this area will be reported to the 20th International Conference of Labour Statisticians in 2018.

Collaboration with other international and intergovernmental organizations

19. Further to the guidance of the Governing Body, the Office continues to promote policy coherence among international organizations, with a view to enhancing the use and recognition of the MNE Declaration.
20. During the 15th anniversary forum of the United Nations (UN) Global Compact – Global Compact +15 (New York, 23–25 June 2015) – the ILO organized a session on making decent work a key driver for development. In view of the new leadership of the Global Compact and its role in enhancing the business contribution to the 2030 Agenda for Sustainable Development, collaboration will be reoriented towards closer partnership on decent work, in line with the principles of the MNE Declaration.
21. Cooperation with the UN Working Group on business and human rights has been formalized, in that its working methods have been revised to recognize the relevance of the ILO mandate for the business and human rights agenda.⁴ During the Third Annual Forum on Business and Human Rights (Geneva, 1–3 December 2014), the ILO organized a well-attended session on the new forced labour Protocol and participated in high-level panels. It is currently preparing to participate in the upcoming Fourth Annual Forum. In addition, the

³ ILO: *Multinational enterprises, development and decent work: Report on the promotion and application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy in the Americas* (Geneva, 2014).

⁴ UN: Outcome of the tenth session of the Working Group on the issue of human rights and transnational corporations and other business enterprises, A/HRC/WG.12/10/1, Annex.

Office contributed technical inputs to the first session of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights. This working group has the mandate to elaborate an international, legally-binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises.

22. The Office continues to make technical contributions to guidance tools developed by the Organisation for Economic Cooperation and Development (OECD) for businesses on due diligence in various economic sectors, and to participate in related events.
23. Following the dialogue organized by the ILO in cooperation with the United Nations Conference on Trade and Development (UNCTAD) on the creation of more and better jobs through investment, during the World Investment Forum 2014 (Geneva, 13–16 October 2014), the Memorandum of Understanding signed by the ILO and UNCTAD in 2014 included a work item on supporting investment promotion agencies in the formulation and implementation of strategies to attract sustainable investment leading to more and better jobs. In this context, the Office participated in high-level meetings of the World Association of Investment Promotion Agencies, which is seeking to strengthen the social and decent work dimension of foreign direct investment by promoting the principles of the MNE Declaration.
24. With UNCTAD and OECD, the ILO coordinates the annual Interagency Roundtable on Corporate Social Responsibility. This brings together experts from international organizations and their development and social partners to explore corporate social responsibility topics, share experiences and identify opportunities for collaboration. The 2014 Roundtable discussed sustainable procurement; the 2015 Roundtable will discuss the role of the private sector in achieving the 2030 Sustainable Development Goals.
25. The Office contributed to the G20 framework of inclusive business policies developed under the Turkish Presidency. Based mainly on the inclusive business models of the United Nations Development Programme and the World Bank/International Finance Corporation, the framework includes a call by leaders of the G20 for inclusive business and the establishment of a G20 global learning and action platform. The MNE Declaration is referenced in the annexes to the G20 Framework on Inclusive Business as the principal normative instrument guiding company behaviour on labour and employment issues.
26. The European Union (EU) is in the process of adopting a new corporate social responsibility policy. The renewed EU Strategy 2011–14 for Corporate Social Responsibility called on all European-based multinational enterprises to commit to respect the principles of the MNE Declaration. The ILO participated in the annual meetings of the EU Member States High-level Group on Corporate Social Responsibility and the European Multi-Stakeholder Forum on Corporate Social Responsibility in February 2015. Moreover, the Office submitted inputs for the EU policy paper on the role of the private sector in development, highlighting the relevance of the principles of the MNE Declaration.⁵

⁵ European Commission: *A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2014) 263 final, para. 2.4.1.

Lessons learned and way forward

27. The new implementation strategy has started to bear fruit by increasing the visibility of the MNE Declaration among tripartite constituents and other stakeholders, and building their capacity in that regard. The special sessions held during ILO Regional Meetings and the reports prepared for those sessions provide opportunities for raising awareness among tripartite constituents and for capacity building, discussion and follow-up action at the regional and country levels. The Office has begun to receive support for this work from donor governments in the form of technical cooperation projects and junior Professional Officer posts.
28. Nevertheless, enhancing the impact and contribution of the principles of the MNE Declaration to inclusive growth and decent work at the country level requires firm commitment from the tripartite constituents. In its recommendations to the Governing Body,⁶ the Tripartite Ad Hoc Working Group on the Follow-up Mechanism of the MNE Declaration suggested in 2012 that national constituents appoint national focal points on a tripartite basis to promote the use of the MNE Declaration and its principles, whenever appropriate and meaningful in the national context, and inform the Office of these focal points. It would be useful to identify in how many ILO member States such focal points have been appointed, and where they are situated.
29. Barriers often cited to the effective promotion of the MNE Declaration include its complexity, the fact that it does not fully capture the current realities of globalization and sustainable development, and that other instruments provide practical guidance for enterprises as well as a remediation mechanism.
30. In this context, a revision of the text of the MNE Declaration and its follow-up mechanism might increase its usefulness. The new 2030 Agenda for Sustainable Development and the upcoming 40th anniversary of the MNE Declaration in 2017 could provide an opportunity for a discussion among the ILO tripartite constituents on the way forward.

Draft decision

31. The Governing Body:

- (a) *requests the Office to take into account guidance provided to enhance the impact of the implementation strategy for the MNE Declaration and related collaboration with other international and intergovernmental organizations; and*
- (b) *invites all ILO member States and tripartite constituents to give full support to the promotion of the MNE Declaration at the global, regional and country levels and to inform the Office of nationally-appointed focal points.*

⁶ GB.313/POL/9(Rev.).