



SECOND ITEM ON THE AGENDA

Follow-up to the Tripartite Forum on Promoting the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and consideration of options for the Eighth Survey on the effect given to the Declaration

1. This paper, submitted in accordance with a request by the Officers of the Subcommittee on Multinational Enterprises, addresses two issues. The first part attempts to present in a clear and concise way the suggestions made by the participants at the Tripartite Forum on Promoting the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) in order to enable the Subcommittee to make recommendations to the Governing Body on the most appropriate forms of follow-up. The second part outlines a number of options for the Eighth Survey on the effect given to the MNE Declaration for consideration by the Subcommittee.

Follow-up to the Tripartite Forum on Promoting the Tripartite Declaration of Principles concerning Multinational Enterprises

2. The Tripartite Forum on Promoting the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was held in Geneva on 25-26 March 2002, in accordance with a decision taken by the Governing Body of the International Labour Office at its 280th Session (March 2001). The Governing Body had convened the Forum to stimulate dialogue and to exchange practical experiences among government representatives, and workers and employers – particularly from multinational enterprises (MNEs) – on how to apply and promote the principles of the MNE Declaration in the context of MNE operations today. The Governing Body anticipated that the results of the Forum could be useful in informing future Governing Body discussions on the application and promotion of the MNE Declaration.
3. Close to 60 participants, representing a wide range of government institutions, employers' and workers' organizations as well as MNEs, attended the Forum. A great number of participants indicated their appreciation that, thanks to its informal nature, the Forum had

made it possible to have a frank and open dialogue on the promotion of the MNE Declaration.

4. Although, given its nature, the Forum did not adopt any formal conclusions or recommendations, there was a broad consensus that the Office should undertake greater efforts to make the MNE Declaration better known and explain its relevance as a universal, basic reference in the broader context of the ongoing debate on corporate social responsibility (CSR). The MNE Declaration should inform and influence this debate since it was of higher quality and more comprehensive than most CSR activities and initiatives, such as unilateral codes of conduct, multi-stakeholder processes and framework agreements. The participants considered that in its efforts to promote the MNE Declaration the Office should emphasize that: the MNE Declaration was rooted in an organization based on social dialogue and thus promoted a partnership approach; it had been adopted on the basis of a consensus between the tripartite constituents of the ILO's Governing Body; and it went well beyond fundamental rights and also covered other critical areas such as industrial relations, occupational safety and health, employment and training.
5. Forum participants made a number of concrete suggestions as to how the Office could intensify its efforts to promote the MNE Declaration. A widely supported suggestion was for the Office to more actively promote the MNE Declaration at the regional and subregional levels, for instance through the organization of similar forums in the regions. To have greater impact and reach a wider audience, such forums and other activities could be undertaken in cooperation with other multilateral organizations and institutions and with regional groupings such as the Association of South-East Asian Nations (ASEAN), the European Union (EU), the Common Market of the Southern Cone (MERCOSUR) and the Southern African Development Community (SADC).
6. Another suggestion was to pursue a sectoral approach. This could be done through closer cooperation between the Multinational Enterprises Programme and the Sectoral Activities Programme to ensure that, where and when relevant, the principles of the MNE Declaration were reflected and taken into consideration in the background documents for sectoral meetings and that the MNE Declaration figured prominently in the corresponding web site. The Office could also work more closely with sectoral industry associations and international trade union secretariats. This might entail not only providing advice and information on the MNE Declaration but also organizing meetings to promote a process of sectoral dialogue around the MNE Declaration and, in those sectors where they did not exist, promoting the creation of global sectoral industry associations.
7. A combination of sectoral and regional approaches was also suggested, with one participant mentioning for example the possibility of organizing a tripartite exercise for the apparel sector in Central America to lay the foundations for a viable, sustainable and internationally competitive apparel industry which could provide decent jobs in the subregion.
8. A large number of Forum participants felt that the Office should make a greater effort to bring the MNE Declaration directly to the attention of MNEs and particularly of their chief executive officers. This could be done through targeted campaigns, for instance at the yearly World Economic Forum, and through other means, such as the United Nations Global Compact. In this context the major challenge was how to approach those MNEs that were not familiar with the MNE Declaration and its principles since, generally, participation in CSR initiatives tended to be based on self-selection and thus often involved "preaching to the converted".
9. Many Forum participants also considered that the Office should continue and intensify its efforts to gather and disseminate information on good practices in line with the MNE

Declaration through traditional and electronic means such as the unique business and social initiatives database (<http://oracle02.ilo.org:6060/dyn/basi/vpisearch.first>).

Options for the Eighth Survey on the effect given to the Declaration of Principles concerning Multinational Enterprises and Social Policy

- 10.** In March 2001 the Governing Body adopted a number of recommendations concerning the Eighth Survey made by the Working Group established by the Subcommittee on Multinational Enterprises to review the responses to the Seventh Survey on the effect given to the Declaration of Principles concerning Multinational Enterprises and Social Policy.¹ The Working Group had recommended that the next questionnaire should: use clear terminology; aim at greater comparability of data; request information that will facilitate drawing of conclusions by and across specifically relevant categories; cover all areas of the MNE Declaration; deal with MNE operations in home as well as host countries, mergers and acquisitions, greenfield investments, and linkages with other enterprises; examine policies and measures relating to best MNE practices in areas critical to the aims of the MNE Declaration for which typically no legal distinctions are made between MNEs and national enterprises; focus on measures that enable lower income groups and less-developed areas to benefit from MNE activities; include questions on specific safety and health practices and management systems at enterprise and sectoral levels, as well as queries on national standards relating to health and safety committees; and refer to the issue of the labour and employment effects of MNE operations in the context of privatization and deregulation as a separate question.
- 11.** The Working Group had also recommended that “a further survey in a new format be carried out covering the years 2000, 2001, 2002, and 2003, or other appropriate action be taken to invite periodic reports in accordance with the decisions of the 205th and 248th Sessions of the Governing Body and the 65th Session of the International Labour Conference”. “The draft text of such questionnaire should be examined by the Subcommittee in November 2003 and dispatched early in 2004, and the replies thereto should be examined by the Subcommittee and the Governing Body in November 2005. Such questionnaire should seek to clarify terms where appropriate, achieve as great a comparability of data as possible, and request information that will enable the Working Group to draw conclusions by and across specifically relevant categories. In addition, the replies of each respondent should be made available to the other(s) in the same country, preferably directly but, if not, by the Office”.
- 12.** In the course of the meeting of the Subcommittee on Multinational Enterprises during the 283rd Session of the Governing Body, a number of Subcommittee members indicated that it would be useful to have a preliminary discussion at its next meeting on the different possible options to give effect to the above recommendations.² Although the observations during the discussions focused on the form of the survey, it was clear that the Subcommittee was open to having a broader look at the survey process and the different forms it can take. The present paper therefore outlines a number of different options for the Eighth Survey.

¹ GB.280/13.

² GB.283/11.

- 13.** One option would be to essentially maintain the current process but undertake it in a more streamlined fashion by ensuring that the design of the questionnaire is such that it would elicit responses that are more easily comparable and can therefore be presented in a more user-friendly format. This would involve: including shorter and clearer questions, framing questions in such a way that they trigger more concrete responses, particularly in terms of successful experiences and unresolved challenges; and basing questions on the results of research undertaken by the Office and previous surveys. Ideally, this option would also involve phrasing questions in such a way that the responses would make it possible to undertake time-series analysis. In order to do this, however, it would be necessary to delay the next survey in order to free up staff time to undertake an in-depth analysis of past surveys and identify key trends that have developed over time. This option would also include the addition of a number of questions specifically soliciting statistical information. The option would have no major budgetary consequences.
- 14.** A second option would be to follow the first option but supplement it with a questionnaire to be sent directly to MNEs, international industry associations and global union federations (formerly known as international trade secretariats) as well as to the relevant global and (sub)regional intergovernmental organizations and NGOs. The information provided by these entities would not formally be subject to analysis by the Working Group of the Subcommittee but could be presented in the form of boxes in the summary document, as a separate document and/or electronically. The advantage of this option is that it would make available to the Subcommittee information that is highly pertinent to the provisions of the MNE Declaration but to which reference is not normally made in the responses provided by member States. This option would have limited budgetary consequences.
- 15.** A third option would be to use a simplified standard general questionnaire covering all areas of the MNE Declaration but add, on a cyclical basis, more detailed questions concerning one specific area of the MNE Declaration (i.e. general policies, employment, training, conditions of work and life, and industrial relations). The advantage of this option would be that the responses would presumably provide the Office with a better basis to develop targeted technical cooperation activities to help constituents give greater practical application to the principles of the MNE Declaration. To ensure timeliness of the information and thus relevance of any technical cooperation activities that respond to the needs identified in the responses to the questionnaire, it would probably be desirable to increase the frequency of the survey process. This option would have considerable budgetary implications that would need to be taken into account in the process of preparing the 2004-05 and subsequent Programme and Budget proposals.
- 16.** A fourth option would be to reduce the frequency of the Global Survey so as to free up resources to undertake in-depth surveys and studies at the country level. The results of these surveys and studies could then be used to facilitate follow-up in terms of stimulating social dialogue between MNEs and local ILO constituents and promoting decent work based on the principles of the MNE Declaration. The selection of countries where the surveys and studies would be undertaken could target countries with high levels of foreign direct investment or the so-called “decent work countries” where the Policy Integration Department (INTEGRATION) is developing an integrated approach to decent work. The advantage of this option would be the establishment of a much clearer link between the research and operational activities of the Multinational Enterprises Programme. The budgetary consequences of this option would depend on the number of countries to be covered in any given biennium.
- 17.** Obviously, combinations of the different options outlined above are also possible. Regardless of the option chosen, however, the Office could take a number of steps to improve the process and obtain a higher response rate. One would be to mobilize to a

greater extent than in the past the ILO field structure to try to obtain more and more timely responses, particularly in terms of achieving greater tripartite participation in the preparation of the responses. Another step would be to enable respondents to submit their responses electronically. This could help, on the one hand, to reduce the workload involved in reviewing and analysing the responses and, on the other hand, reduce the delays in the transmittal of the responses.

- 18. *The Subcommittee may wish to express its views on the suggestions made during the Tripartite Forum on Promoting the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and to recommend to the Governing Body that it request the Office to prepare proposals for follow-up accordingly.***
- 19. *The Subcommittee may wish to express its views on the different options outlined in this paper concerning the Eighth Survey on the effect given to the Declaration of Principles concerning Multinational Enterprises and Social Policy and to recommend to the Governing Body that it request the Office to prepare more detailed proposals, including possibly a draft questionnaire.***

Geneva, 30 September 2002.

Points for decision: Paragraph 18;
Paragraph 19.