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Policy Development Section

POL

Multinational Enterprises Segment

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Taking stock five years after the adoption of the revised Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

Purpose of the document

At its 329th Session, the ILO Governing Body adopted the revised Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (5th edition) (MNE Declaration), comprising a revised text and list of ILO Declarations, international labour Conventions and Recommendations, codes of practice, guidelines and other guidance documents relevant to the MNE Declaration (Annex I) as well as a new Annex II containing a set of operational tools to stimulate the uptake of the principles of the MNE Declaration by all parties. Since 2017 the Governing Body has also adopted a series of decisions to further stimulate the use of the instrument by all actors. This paper provides an overview of the progress made since 2017, as well as opportunities in the current context to further promote the use of the MNE Declaration to advance decent work and inclusive economic growth (see the draft decision in paragraph 30).

Relevant strategic objective: All.

Main relevant outcome: Outcome 4: Sustainable enterprises as generators of employment and promoters of innovation and decent work.

Policy implications: Subject to the Governing Body's decision and guidance, the Office work plan on the promotion of the MNE Declaration and engagement with other international organizations will be adjusted.

Legal implications: None.

Financial implications: Yes.

Follow-up action required: Yes.

Author unit: Enterprises Department (ENTERPRISES).

Related documents: GB.346/INS/3/3, GB.346/INS/6 and GB.346/INS/INF/3.

▶ Introduction

1. The aim of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) is to encourage the positive contribution which multinational enterprises (MNEs) 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. This aim is furthered by appropriate laws and policies adopted by governments, including labour administration and inspection, and by cooperation among governments and employers' and workers' organizations of all countries. Governments of ILO Member States, employers' and workers' organizations and MNEs operating in their territories are invited to observe the principles embodied in the Declaration.
2. Uniquely among ILO normative instruments, the MNE Declaration directly addresses enterprises, in addition to governments and social partners, highlighting the distinct but complementary roles of all actors in harnessing foreign direct investment, international trade and international production processes, including supply chains, for decent work. It is also unique in stimulating consultations between home and host governments of MNEs¹ and in encouraging policy coherence and collective action to advance decent work at the national level.
3. The ILO Governing Body first adopted the MNE Declaration in 1977 and has updated the instrument several times, keeping pace with the changing nature of business operations in the increasingly globalized and integrated economy as well as with the changing expectations of how business operations should contribute to sustainable development and decent work priorities. In its most recent revision in 2017, the Governing Body added Annex II, which sets out operational tools to stimulate the uptake of the principles of the MNE Declaration by all parties. Subsequent Governing Body decisions have commended its use to constituents and enterprises in relation to trade, investment, supply chains, business and human rights, and the human-centred recovery out of the COVID-19 crisis.

▶ A. Increased visibility and uptake since 2017

Increased visibility at the international and regional levels

4. Within the ILO, the International Labour Conference has included the MNE Declaration in resolutions concerning engagement with the private sector on decent work and on enhancing the decent work outcomes of supply chains, trade and investment. Since 2017, all outcome documents of ILO regional meetings have included a reference to the MNE Declaration, often with a call to further support constituents in its implementation. It has also been included in 14 outcome documents of sectoral and technical meetings.
5. Other intergovernmental bodies have also referenced the MNE Declaration as an important instrument on sustainable and responsible business, including in G7 and G20 statements, the United Nations (UN) Climate Change Conference in Glasgow (COP26) Just Transition

¹ See ILO, GB.337/INS/12/2 and “Building Blocks for a Comprehensive Strategy on Achieving Decent Work in Supply Chains”.

Declaration and initiatives by regional organizations, especially the European Union (EU) in a range of communications, conclusions, directives and trade agreements. Workers and employers at the global level have affirmed their commitment to promoting the MNE Declaration, such as the International Organisation of Employers and Business 7 (B7) and Labour 7 (L7) jointly.²

Increased use by tripartite constituents at the national level

6. Since the 2017 revision, the number of constituents using the MNE Declaration as a framework to address decent work priorities-at the national level, in bipartite dialogue and in support of their own members-has grown significantly. For the first time ever, the MNE Declaration is [available in 20 languages](#), with many language versions produced at the request of national constituents.
7. [Côte d'Ivoire](#), [Ghana](#), [Jamaica](#), [Nepal](#), [Norway](#), [Pakistan](#), [Portugal](#), [Senegal](#) and [Sierra Leone](#) have appointed national focal points on a tripartite basis to promote the use of the MNE Declaration in the national context. The composition and priority actions of these national focal points are specific to each country.³ As foreseen in Annex II, the Office has organized capacity-building activities and facilitated sharing of experiences between national focal points on making use of the MNE Declaration in the national context, including by engaging with other ministries and with enterprises operating in the country. The Sierra Leone national focal points established a Technical Working Group to coordinate actions across national institutions and ministries on promoting the implementation of the principles of the MNE Declaration, and initiated discussions on the ratification of the Indigenous and Tribal Peoples Convention, 1989 (No. 169), to better protect indigenous peoples in areas with increased business operations. The national focal points in Côte d'Ivoire developed a national action plan (NAP) for the promotion of the MNE Declaration, which they are discussing with the National Human Rights Council. National focal points in West Africa jointly highlighted the relevance of the MNE Declaration for the subregion, resulting in the Labour and Social Dialogue Council of the West African Economic and Monetary Union (WAEMU) adopting an opinion to stimulate the use of the Declaration in all WAEMU Member States.⁴ The national focal point in Portugal conducted training activities for trade unions and participated in exchanges with tripartite constituents in Portuguese-speaking countries in Africa.
8. Where tools and processes similar to national focal points exist, such as the National Contact Points (NCPs) for Responsible Business Conduct (RBC) of the Organisation for Economic Co-operation and Development (OECD), the MNE Declaration encourages governments to facilitate the involvement of the social partners in them. In line with the MNE Declaration guidance on home-host country dialogues, the French NCP participated in exchanges with tripartite constituents from French-speaking countries in Africa to highlight the French due diligence legislation and expectations in relation to overseas operations of French companies. Several NCPs have expressed interest in making better use of the Declaration and forging closer links with ILO tools and resources.

² For a detailed list of references since 2017, see ILO, "[Overview of References made to MNE Declaration in International and Regional Policy Frameworks](#)".

³ ILO, "[Presentation - National Focal Points to Promote the use of the ILO MNE Declaration, July 2022](#)", 27 July 2022.

⁴ ILO, "[The ILO MNE Declaration at the Centre of a Transnational Dialogue within the Labour and Social Dialogue Council of the West African Economic and Monetary Union](#)".

9. In other Member States, constituents are taking action based on the MNE Declaration. In Chile, the Labour Directorate has used the instrument alongside the 1998 ILO Declaration on Fundamental Principles and Rights at Work to pilot a programme stimulating enterprises in the wine industry to better align their operations with the principles of international labour standards. In Peru, the Ministry of Women and Vulnerable Populations engaged with large enterprises to promote gender equality with a focus on work-life balance, which resulted in enterprises adopting improvement plans. In Viet Nam, constituents launched a tripartite-plus task force on socially responsible labour practices in the electronics sector using the MNE Declaration as a comprehensive policy framework.
10. Constituents are increasingly making the link between the MNE Declaration, the UN Guiding Principles on Business and Human Rights and the broader business and human rights agenda, and more specifically in the context of NAPs on business and human rights. NAPs are "an evolving policy strategy developed by a State to protect against adverse human rights impacts by business enterprises in conformity with the UN Guiding Principles on Business and Human Rights".⁵ UN Member States are encouraged to develop, adopt and implement NAPs through inter-ministerial and multi-stakeholder consultation processes to stimulate the implementation of the UN Guiding Principles. To date, 30 Member States have published such NAPs, and processes are under way in other countries. Several include a call for the ratification and/or better application of international labour standards, especially the ILO core Conventions, and often reference the MNE Declaration together with the ILO Helpdesk for Business on International Labour Standards (ILO Helpdesk). ILO constituents are increasingly taking part, at times with the support of the ILO,⁶ in the formulation, implementation and assessment of NAPs, which allows for stronger national policy coherence between the business, human rights and decent work agendas. Constituents in Argentina, Chile, Colombia, Ecuador, Japan, Pakistan and Peru, among others, have harnessed ILO capacity-building and technical assistance to strengthen their involvement in this process. Some NAPs, such as those of Japan and Pakistan, explicitly reference the MNE Declaration and commit to its promotion.
11. Constituents are also making better use of the MNE Declaration to encourage positive decent work outcomes through trade, foreign direct investment and supply chains. An increasing number of trade and investment agreements include RBC provisions⁷ that reference the MNE Declaration, at times alongside the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises. Such provisions stimulate the implementation of the MNE Declaration at the national level as well as dialogues between international trade and investment partners on decent work challenges and opportunities. This is also reflected in more institutional arrangements, such as the Sierra Leone local content agency being included in the national focal points in Sierra Leone and the Ghana Investment Promotion Centre being part of the national focal points in Ghana. The WAEMU has encouraged its Member States to integrate the principles of the MNE Declaration into investment policies.
12. National social partners have also taken initiatives to promote the implementation of the MNE Declaration among their members, including in the context of supply chains. For instance, several employers' organizations in Central America have launched national business networks and developed resources on the elimination of child labour and its root causes, based on the

⁵ UN Working Group on Business and Human Rights, "Guidance on National Action Plans on Business and Human Rights", November 2016.

⁶ See for example, ILO, "Responsible Business Conduct in Latin America and the Caribbean (RBCLAC)".

⁷ ILO, "MNE Declaration and Trade and Investment".

guidance provided in the MNE Declaration. Employers and workers in the National Labour Council of Belgium have developed annual action plans to increase the national ownership of the instrument by social partners and enterprises. In Pakistan, under the leadership of the Employers' Federation of Pakistan, stakeholder dialogues on the national business agenda and the MNE Declaration allowed experiences gained in Sialkot in the promotion of socially responsible labour practices to be shared among the delivery partners for the Tokyo 2020 Olympic Games. More examples have been collected and are shared as country case studies on the [MNE Declaration web portal](#).

Increased use at the enterprise level

13. Enterprises – primarily MNEs – are the main users of the ILO Helpdesk.⁸ This ILO service has become an important source of information for companies conducting due diligence and wanting to closely align their policies and practices with principles of international labour standards and the MNE Declaration. During the most recent reporting period, the Helpdesk website received an average of 54,481 visits per month and was fast approaching 3 million page views since its launch. Individual queries by company managers are increasingly seeking first-hand information to inform their own processes, such as requests for clarification regarding specific provisions found in international labour standards or comments made by the ILO supervisory bodies. This highlights the importance of the ILO making information from its supervisory machinery accessible to companies and others to facilitate the incorporation of labour issues into due diligence processes. The expansion of the ILO Helpdesk in this regard has also been identified as a specific action item by the tripartite working group developing building blocks to ensure decent work in supply chains.⁹
14. Over 30 MNEs and global unions refer to the MNE Declaration in global framework agreements.¹⁰
15. The [Company-Union Dialogue](#) procedure has been used six times following a joint request by a company and a union for ILO technical assistance or facilitation of dialogue to support the implementation of the principles of the MNE Declaration in a specific situation.

► B. Increased uptake can be attributed to broader ILO awareness-raising and capacity-building activities, country-level support and enhanced collaboration with other international organizations

Capacity-building

16. Since 2017, the Office has substantially increased its awareness-raising and capacity-building activities at the global, regional and national levels. Three standard training courses on the MNE Declaration are offered on an annual basis at the International Training Centre of the ILO

⁸.ILO, “ILO Helpdesk for Business: Update Report on the Expert Advice Service And Web Site March 2022”.

⁹ See GB.346/INS/6.

¹⁰ ILO, “References made to the MNE Declaration in International Framework Agreements”.

(Turin Centre):¹¹ The "MNE Declaration and its approach" course mainly targets tripartite constituents; the "due diligence" course targets enterprises and tripartite constituents; and the "investment for decent work" course targets investment promotion agencies. In 2021, a massive open online course (MOOC) on "The MNE Declaration and SDG 8" drew over 1,200 participants from 114 countries. It was organized in collaboration with the International Organisation of Employers and the International Trade Union Confederation and included speakers from the OECD, the Office of the UN High Commissioner for Human Rights (OHCHR), the UN Development Programme (UNDP), the UN Global Compact (UNGC), the UN Conference on Trade and Development (UNCTAD), the Food and Agriculture Organization of the United Nations and the EU. A similar MOOC in French is scheduled in October 2022 for countries in French-speaking Africa.

17. These courses are complemented by self-guided training materials as well as capacity-building activities at the regional and national levels. The Bureau for Employers' Activities has conducted training for employers' organizations and the Bureau for Workers' Activities for workers' organizations, including global union federations. Sessions or electives on the MNE Declaration have also been included in other Turin Centre courses, such as the e-Academy on Social Dialogue and Industrial Relations and the Rural Development Academy. Capacity-building activities are often supplemented with support to constituents to develop road maps for the promotion and implementation of the MNE Declaration in the national context, thus strengthening the link between capacity-building and subsequent action at the national level.
18. The Office has also developed [tools](#) for tripartite constituents, with concrete examples of how the MNE Declaration can be used to achieve national decent work priorities. It has expanded its range of tools for companies, which are all made available through the ILO Helpdesk: [a self-assessment tool for enterprises](#) developed jointly with the International Organisation of Employers; [a training package to assist small and medium-sized enterprises](#) in aligning their policies and practices with the MNE Declaration; and topic-specific tools such as [The elimination of child labour and its root causes – the guidance offered by the ILO MNE Declaration](#).

Regional follow-up

19. The regional follow-up mechanism set out in Annex II of the MNE Declaration "comprises a regional report on the promotion and application of the MNE Declaration in the ILO Member States in the region. The regional reports are based primarily on inputs received from governments, employers' and workers' organizations in these Member States on the basis of a questionnaire and a special session during ILO Regional Meetings provides a tripartite dialogue platform to discuss further promotional activities at the regional level." The Office prepared a report for each ILO regional meeting; the special sessions during regional meetings have stimulated exchanges between tripartite constituents on the implementation of the Declaration.¹² The next special session will be organized as part of the 17th Asia and the Pacific Regional Meeting of the International Labour Organization.

¹¹ ILO, "Training opportunities".

¹² ILO, "Regional follow-up".

Development cooperation

20. Several ILO Member States benefited from development cooperation projects that specifically used the MNE Declaration as the framework for collective action bringing together governments, employers, workers and enterprises to address decent work challenges in relation to trade, investment and supply chains: the Japan-funded "More and better jobs in Asia" project (Pakistan and Viet Nam); the EU-ILO-OECD "Responsible Supply Chains in Asia" programme (China, Japan, Myanmar, the Philippines, Thailand, Viet Nam); the EU Finland "Trade for Decent work" project, jointly implemented with the International Labour Standards Department; the project "Entr'Alliance" implemented with the Fundamental Principles and Rights at Work Branch as part of the France-ILO partnership; and the Japan-funded "Building responsible value chains in Asia" jointly implemented with Better Work. Other projects focused specifically on RBC, such as the EU-ILO-OECD-OHCHR Responsible Business Conduct in Latin America and Caribbean (RBCLAC) project (Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama and Peru).
21. Other ILO development cooperation projects have started to include an awareness-raising or capacity-building component on the MNE Declaration, such as the Accelerating action for the elimination of child labour in supply chains in Africa (ACCEL Africa) project and the Advancing the Decent Work Agenda in North Africa (ADWA) project. The Advancing decent work and inclusive industrialization in Ethiopia project included a tripartite inter-ministerial workshop on building a framework for integrated action and policy coherence for the realization of decent work through trade and investment, which has led to the development of a road map for the promotion of the MNE Declaration in Ethiopia.¹³

► C. Broader cooperation with other intergovernmental organizations

22. International policy coherence is a key component of the ILO strategy to promote the uptake of the MNE Declaration. Since the endorsement of the UN Guiding Principles, the business and human rights agenda has gained in importance at the international, regional and national levels. The MNE Declaration, which is founded on international labour standards, plays an important complementary role to the implementation of the UN Guiding Principles. The Committee of Experts on the Application of Conventions and Recommendations has highlighted the role of the MNE Declaration as the basis for ILOs engagement on business and human rights agenda.¹⁴ The ILO and the UN Working Group on Business and Human Rights issued a briefing note on the linkages between international labour standards, the UN Guiding Principles and NAPs on business and human rights, contributing to the UN Secretary-General's Call to Action for Human Rights.
23. The ILO consistently contributes to global, regional and subregional UN forums on business and human rights, given the many labour topics discussed in such forums. These forums are

¹³ ILO, "Advancing Decent Work and Inclusive Industrialisation in Ethiopia – ONEILO SIRAYE - Midterm evaluation", March 2022.

¹⁴ ILO, "The MNE Declaration and the Business and Human Rights agenda".

mainly organized by the OHCHR and also by the UNDP, which has become more active in the field of NAPs.

24. The ILO contributed to an OECD exercise to take stock of the 2011 *OECD Guidelines for Multinational Enterprises* and of the NCPs as a non-judicial grievance mechanism, and, with EU funding, provided several training sessions to NCPs. The ILO collaborates with the UN Global Compact on enhanced capacity-building efforts, including a new set of ILO UNGC self-guided modules for enterprises on the UN Global Compact's labour principles; and it provided inputs to the UNGC's revision process of its Communication on Progress. Other international organizations and multi-stakeholder initiatives have sought ILO technical assistance when developing or revising their standards or guidelines on the labour component of RBC, such as the World Bank, regional development banks and the Global Reporting Initiative.
25. Increased attention is being paid to RBC, including due diligence, in the broader policy discussions and initiatives in making trade, investment and supply chains more sustainable and inclusive and increasing the benefits for all countries. Many ILO statements call for closer collaboration with other international organizations on trade and investment and highlight the relevance of the MNE Declaration in this regard. Together with UNCTAD, the ILO surveyed the extent to which export processing zones (EPZs) explicitly use labour policies as tools to attract investment or refer to them in their communications with potential investors. This research provided the basis for an enhanced partnership with UNCTAD on technical support to Member States to establish "sustainable zones" contributing to the Sustainable Development Goals, especially in Africa. The Office advocates for the involvement of ILO constituents in the establishment of such zones, using the provisions of the MNE Declaration in tripartite policy discussions on how EPZs can contribute to decent work and fundamental principles and rights at work, in line with the conclusions of the meeting of experts on EPZs.¹⁵ The ILO and UNCTAD jointly organized a session on decent work in EPZs in Africa during the 2021 7th World Investment Forum. There is an opportunity for the ILO to join the recently launched UNCTAD-led Global Alliance of Special Economic Zones.¹⁶
26. A recently conducted ILO-World Association of Investment Promotion Agencies (WAIPA) survey identified the specific needs of investment promotion agencies to make progress on decent work. Enhanced linkages between ILO constituents and investment promotion agencies and their line ministries should provide further opportunities to maximize the contribution of MNEs to decent work priorities in host countries.
27. This nexus is particularly relevant to enable the least developed countries – as the Report of the Director-General to the 110th Session of the International Labour Conference highlighted – to fully harness the potential of MNEs to forge strong linkages with domestic enterprises, and in so doing to help these firms to upgrade their productive capacities. The MNE Declaration encourages MNEs to contract with national enterprises to promote employment in developing countries, but without avoiding their responsibilities as embodied in the Declaration. It also promotes the participation of MNEs operating in developing countries in national skills development programmes. The ILO and the Turin Centre are collaborating with UNCTAD, the UN Industrial Development Organization, the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and WAIPA in a joint programme, funded by the Enhanced Integrated Framework, to

¹⁵ ILO, "Conclusions adopted by the Tripartite Meeting of Experts to promote Decent Work and Protection of Fundamental Principles and Rights at Work for Workers in Export Processing Zones", November 2017.

¹⁶ See, [SustainableFDI.org](https://www.sustainableFDI.org).

build the capacity of investment promotion agencies from 20 of the least developed countries, while promoting RBC in line with the MNE Declaration. This programme builds on the broader ILO partnerships with UNCTAD and WAIPA to enhance the decent work and broader sustainable development impacts of foreign direct investment.

► D. Emerging areas for further support to constituents and business

28. Feedback gathered from regional questionnaires and meetings, tripartite and company training sessions, projects and other dialogues indicates that more could be done to support constituents in making better use of the MNE Declaration and to assist enterprises in applying its principles, including in the context of supply chains and due diligence.
29. The following could be considered by the Governing Body:
 1. **Increase awareness-raising and capacity-building activities for constituents.** The MNE Declaration is becoming an important framework for ministries of labour and employers' and workers' organizations to gain a seat at the table to advocate for policy coherence on trade and investment. However, constituents require tools, peer to peer learning and exchanges of experiences to support their full engagement in shaping broader policies to impact decent work.
 2. **Enhance support to national focal points and similar tools and processes.** Tripartite national focal points and similar processes for the promotion of the MNE Declaration provide an institutional structure to facilitate social dialogue, knowledge sharing and capacity-building, to contribute to national policy coherence, including the development and implementation of NAPs on business and human rights, and to engage in home-host country consultations. However, national focal points and similar processes need support to become firmly established and realize their full capacity.
 3. **Facilitate the sharing of knowledge and experience on implementing the MNE Declaration.** Virtual knowledge-sharing activities, such as the massive open online course (MOOC), showed the interest of constituents, enterprises and their business partners, as well as of international organizations, in participating in such events. Building on its global convening power, a dedicated ILO forum on business and decent work would strengthen the ILO's lead in stimulating the contribution of business to decent work.
 4. **Further mainstream the MNE Declaration within Office activities,** in line with previous calls by the ILO's governance bodies. This could include making better use of the MNE Declaration as a framework for collective action in relevant development cooperation projects and raising awareness of the MNE Declaration among enterprises engaging in ILO projects or becoming members of ILO business networks.
 5. **Implement those elements that relate to the MNE Declaration of the building blocks for a comprehensive strategy on achieving decent work in supply chains** identified by the Tripartite Working Group on Options to Ensure Decent Work in Supply Chains.

▶ Draft decision

30. The Governing Body requested the Director-General:

- (a) to scale up activities in support of constituents to make better use of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), in line with the building blocks for a comprehensive strategy on achieving decent work in supply chains;**
- (b) to strengthen the ILO Helpdesk for Business on International Labour Standards and other operational tools as outlined in Annex II of the MNE Declaration;**
- (c) to further mainstream the MNE Declaration in relevant development cooperation programmes and ILO engagement with enterprises;**
- (d) to strengthen ILO engagement with other international organizations to advance decent work through the promotion of the MNE Declaration in the context of trade, investment and supply chains; and**
- (e) to facilitate resource mobilization to that effect.**