



## Governing Body

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Policy Development Section  
*Multinational Enterprises Segment*

**POL**

Date: 16 February 2018

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### SIXTH ITEM ON THE AGENDA

## Review of the MNE Declaration follow-up mechanism comprising promotional activities and an information-gathering system

#### Purpose of the document

The Governing Body is invited to review the current state of the MNE Declaration follow-up mechanism, as outlined in the paper, and to consider the draft decision in paragraph 20.

**Relevant strategic objective:** All.

**Main relevant outcome/cross-cutting policy driver:** Outcome 4: Promoting sustainable enterprises.

**Policy implications:** Yes.

**Legal implications:** No.

**Financial implications:** No.

**Follow-up action required:** Yes.

**Author unit:** Enterprises Department (ENTERPRISES).

**Related documents:** GB.320/POL/10; GB 322/POL/8; GB.325/POL/9.



## Introduction

1. At its 320th Session, the Governing Body adopted a new implementation strategy for the follow-up mechanism of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), which the Governing Body reviewed for the first time at its 325th Session. At its 329th session, the Governing Body adopted a revised MNE Declaration with an Annex II listing operational tools to enhance its uptake by all parties addressed in the instrument. The promotion of the MNE Declaration is also part of the Enterprises Initiative and included in the programme and budget outcome promoting sustainable enterprises.
2. The current paper provides an overview of the follow-up mechanism: promotional activities, including outreach through collaboration with other international organizations; information gathering; other operational tools listed in Annex II of the revised MNE Declaration; and mainstreaming within the ILO. The overview is complemented by a section on significant outcomes and lessons learned to allow the Governing Body to assess the effectiveness of the follow-up mechanism it adopted in 2014.
3. As requested by the Governing Body,<sup>1</sup> a global report synthesizing the reports and outcomes of the tripartite discussions held during the four Regional Meetings has been prepared and included in the appendix to this paper.

## A. Review of the promotional activities

### 1. Awareness raising and capacity building at the global and regional level

4. Nine language versions<sup>2</sup> of the revised MNE Declaration (2017) were made available for the event to mark the 40th anniversary of the MNE Declaration (331st Session of the Governing Body); additional language versions are being produced. Texts have been shared with intergovernmental, national, non-governmental and other organizations at global, regional and country-level awareness-raising activities. The Bureau for Workers' Activities (ACTRAV) has updated its Guide *The ILO MNEs Declaration: What's in it for Workers?* It is available in five languages and will be a key tool supporting workers' activities in this area, including for prompting company–union dialogue at the sectoral and global levels.
5. A new website<sup>3</sup> on the MNE Declaration launched in early 2018 allows users to navigate the range of MNE Declaration tools and resources more easily, including country case studies highlighting how its principles have been put into practice, the ILO Helpdesk for Business on International Labour Standards (ILO Helpdesk), training opportunities and the regional follow-up mechanisms (reports). In addition, it provides an overview of recent international and regional policy frameworks and declarations that reference the MNE Declaration, demonstrating how the instrument relates to broader ILO policy work and how

<sup>1</sup> [GB.320/POL/10](#).

<sup>2</sup> All versions are available on: [www.ilo.org/mnedeclaration](http://www.ilo.org/mnedeclaration).

<sup>3</sup> In English: [www.ilo.org/mnedeclaration](http://www.ilo.org/mnedeclaration); in French: [www.ilo.org/declarationemn](http://www.ilo.org/declarationemn); in Spanish: [www.ilo.org/declaracionemn](http://www.ilo.org/declaracionemn).

it is being taken up by other organizations and institutions. This website will be further expanded to evolve into a global resource kit for tripartite constituents, enterprises and other users.

6. The e-learning module “Business and Decent Work: An introduction to the MNE Declaration”<sup>4</sup> was launched in English, French and Spanish in 2014 and in Arabic, Chinese, Portuguese and Russian in 2015. It is being updated following the adoption of the revised MNE Declaration. The new version will be available in the three official languages in the first quarter of 2018; participants who complete the module receive a certificate.
7. Training related to the MNE Declaration has greatly expanded since 2015, including ten training events on the MNE Declaration with a total of over 500 participants. The bilingual (English and French) flagship course for constituents “Multinational enterprises, development and decent work: The approach of the MNE Declaration” was launched in 2015 and conducted annually with support from the ILO Regional Offices for Africa, Asia and the Pacific and Europe; a parallel course for Spanish-speaking constituents was hosted at the ILO Regional Office for Latin America and the Caribbean in 2017. The course “International Labour Standards and Corporate Social Responsibility: Understanding workers’ rights in the context of due diligence” builds on the experiences of the ILO Helpdesk and is directed more specifically to companies. Sessions on the MNE Declaration and its practical application were included in the Sustainable Enterprises Academy (2016), the Academy on Rural Development (2016), the Academy on Social Dialogue and Industrial Relations (2016) and the Academy on Workplace Compliance through Labour Inspection (2017). In addition, the Bureau for Employers’ Activities and the Bureau for Workers’ Activities in the International Training Centre of the ILO in Turin have included sessions on the MNE Declaration in their respective training activities.
8. Following an agreement between the ILO and the World Association of Investment Promotion Agencies (WAIPA), joint training courses were organized on “Effective investment facilitation and sustainable development”, attended by 34 investment promotion agencies. The course aims to enhance the capacity of these investment promotion agencies to integrate the principles of the MNE Declaration in investment-promotion strategies.

## 2. The ILO Helpdesk

9. The ILO Helpdesk provides free and confidential guidance on how to apply the principles of the MNE Declaration and international labour standards in business operations. The ILO Helpdesk website is available in the three official languages and Japanese (hosted on the ILO–Tokyo website). It features a question and answer section, ILO tools, resources and training opportunities for business, and ILO business networks for further engagement. The question and answer section is the most popular feature of this website, with more than 5,700 visitors per month on average. Since 2014, the ILO Helpdesk has responded to approximately 320 requests, with more than 70 new question and answer sections added to the website. The Office promotes the service through the relevant websites of governments, employers’ organizations and business associations, as well as intergovernmental and other organizations.

<sup>4</sup> See [www.ilo.org/mnelearning](http://www.ilo.org/mnelearning).

### 3. Country-level assistance

10. The Office provides country-level assistance to link promotion of the MNE Declaration more closely with national development and decent work priorities. Country priority outcomes under the 2014–15 and 2016–17 Programme and Budget were supported in Angola, Azerbaijan, Barbados, Plurinational State of Bolivia, Chile, China, Costa Rica, Côte d'Ivoire, Egypt, Fiji, France, Indonesia, Italy, Jamaica, Japan, Kenya, Lesotho, Mexico, Mozambique, Myanmar, Nepal, Oman, Pakistan, Panama, Philippines, Russian Federation, Senegal, Turkey, Viet Nam and Zambia. Priorities addressed were determined by the tripartite constituents and linked to the Decent Work Country Programme (DWCP). Assistance typically includes research/assessments, awareness raising, capacity building, dialogue facilitation, technical support on policy formulation and development of action plans. National tripartite-plus dialogue platforms for sustained joint action on socially responsible labour practices have been institutionalized in the tea sector in Nepal, the sporting goods sector in Pakistan and the electronics sector in Viet Nam. The Office also supports home-host country dialogues on achieving decent work in global supply chains. ACTRAV has organized regional and subregional activities for national and sectoral trade unions in Central and Eastern Europe, Latin America and South Asia.
11. An increasing number of partners have shown interest in supporting the promotion of the MNE Declaration. Projects in Pakistan and Viet Nam are supported by the Japanese Government, and the renewed partnership between France and the ILO supports country-level activities in Côte d'Ivoire and Senegal and home-host country exchanges. The European Union (EU) selected the ILO as an implementing partner for a project on responsible supply chains in Asia (China, Japan, Myanmar, Philippines, Thailand and Viet Nam), together with the Organisation for Economic Co-operation and Development (OECD), and a similar project on responsible business is under discussion for the Americas. The ILO and UN Women were also selected as implementing partners for an EU project on women's economic empowerment in business operations in G7 countries (Canada, Japan and the United States). New partnerships with enterprises to promote responsible practices have been developed, mainly in Africa (Côte d'Ivoire, Ethiopia, Ghana, Malawi and United Republic of Tanzania) and Asia (Bangladesh, Cambodia, Indonesia and Myanmar).

### 4. National focal points appointed on a tripartite basis

12. The revised MNE Declaration encourages member States to appoint national focal points to stimulate the promotion and application of the MNE Declaration at the country level. To date, Portugal and Senegal have appointed such focal points, and Côte d'Ivoire and Jamaica are in the process of doing so. Armenia, Azerbaijan, Belgium, Ecuador, France, Georgia, Ireland, Italy and Switzerland have requested more information, assistance and/or the sharing of experiences. Other member States have taken preliminary steps towards the establishment of such national focal points, especially to facilitate home-host country dialogues on multinational enterprise operations. Indicator 4.3 of the 2018–19 Programme and Budget relating to outcome 4 on promoting sustainable enterprises includes establishing dialogue platforms, and new technical cooperation projects on the MNE Declaration will start in several member States. The Office will provide support for these processes and engage with the appointed national focal points as part of the ILO centenary celebrations in 2019.

## 5. Collaboration with other international and intergovernmental organizations

13. The Office continues to engage with international organizations with a view to enhancing international policy coherence and the application of the principles of the MNE Declaration, especially in the context of the private sector contribution to the Sustainable Development Goals (SDGs):

- (a) The new global strategy of the United Nations Global Compact includes “amplifying existing work around the Ten Principles as well as embracing new directions including driving business action in support of the SDGs – particularly through business innovation and partnerships with the UN”.<sup>5</sup> The ILO will be a partner in the upcoming two-year, time-bound action platform on decent work in global supply chains. The ILO participated in the UN Global Compact Leaders’ Summit, whose programme included a day focusing on “Making Global Goals Local Business”, and the United Nations Private Sector Forum and the UN system private sector focal points meeting, both coordinated by the UN Global Compact.
- (b) The UN Working Group on Business and Human Rights welcomed the revised MNE Declaration, stating that it “provides a key international reference for collective efforts to ensure that labour rights are protected and respected in transnational business operations. The revision represents a significant contribution toward greater normative coherence in this area ...”.<sup>6</sup> The Office regularly meets with the working group and provides inputs for their country visits and their thematic reports to the General Assembly and Human Rights Council. It participated in the Annual Forum on Business and Human Rights, with specific sessions, and as speakers in panel discussions. The Office also participated in sessions of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights.
- (c) The MNE Declaration provides guidance to governments on creating an enabling environment for attracting responsible investment. The ILO collaborates with other international organizations to support countries seeking to attract investment that will contribute to attaining the SDGs, in particular Goal 8. Key partners in this work include the United Nations Conference on Trade and Development (UNCTAD) and WAIPA. During the 2014 UNCTAD World Investment Forum, the ILO organized a session on “Creating More and Better Jobs through Investment” and has since provided technical inputs to UNCTAD’s investment policy reviews and training support for investment promotion agencies. Following the ILO and WAIPA cooperation agreement, the ILO became a member of its Consultative Committee, alongside the World Bank, the United Nations Industrial Development Organization (UNIDO), UNCTAD, the OECD and the International Economic Development Council. The ILO is also a member of the UN inter-agency technical committee established to enhance the effectiveness of UN support to the least developed countries in the area of attracting foreign direct investment, and is part of a joint UN proposal for the capacity building of investment promotion agencies in the least developed countries with the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), UNCTAD and UNIDO.

<sup>5</sup> <https://www.unglobalcompact.org/what-is-gc/strategy> accessed 17 January 2018.

<sup>6</sup> [http://www.ohchr.org/Documents/Issues/TransCorporations/2017-04-28\\_INFONOTE\\_WGBHR\\_ILO\\_MNE.pdf](http://www.ohchr.org/Documents/Issues/TransCorporations/2017-04-28_INFONOTE_WGBHR_ILO_MNE.pdf).

- (d) The ILO, together with UNCTAD and the Office of the United Nations High Commissioner for Human Rights, coordinates the annual Inter-agency Roundtable on Corporate Social Responsibility for international organizations, governments, the social partners, businesses, representatives of relevant civil society organizations and experts to share experiences, promote policy coherence and identify opportunities for collaboration. Meetings have addressed: sustainable procurement (2014); the role of the private sector in implementing the SDGs (2015); non-discrimination (2016); and the role of corporate social responsibility (CSR) in the Green Economy (2017).
- (e) The ILO provided technical assistance to the OECD during the 2011 update of its Guidelines for Multinational Enterprises, and on the development of OECD general guidance on due diligence and sector-specific guidance for the agriculture, garment and footwear, mineral and extractive industries.<sup>7</sup> The Office also provides expertise to the OECD National Contact Points upon request<sup>8</sup> and participates in OECD-organized events. The revised ILO MNE Declaration includes a reference to the 2011 OECD MNE Guidelines.
- (f) The G20, under the German presidency in 2017, adopted several statements referencing the MNE Declaration, especially in the context of sustainable global supply chains, in which the G20 leaders “commit to fostering the implementation of labour, social and environmental standards and human rights in line with internationally recognised frameworks, such as the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy”.<sup>9</sup>
- (g) Several EU policy documents and trade agreements reference the ILO MNE Declaration. The ILO provided inputs to the EU during the development process of the non-binding guidelines on the disclosure of non-financial information by companies. Relevant developments and actions within the Organization were presented during the 2016 EU meeting on corporate social responsibility/responsible business conduct. The ILO highlighted the MNE Declaration at an EU corporate social responsibility conference in Costa Rica in 2017 organized in the context of the sustainable development chapter of the EU–Central America association agreement.
- (h) The 2016 “ASEAN Guidelines for CSR on Labour” reference the MNE Declaration and the 1998 ILO Declaration on Fundamental Principles and Rights at Work. The ILO and the ASEAN CSR Network facilitated a conference in which tripartite constituents of ASEAN member States discussed country-level corporate social responsibility policies in line with the ASEAN labour guidelines. Upcoming activities on sustainable enterprises in Indonesia and the new EU-funded project “Responsible supply chains in Asia” will provide further opportunities for Office support to the ASEAN member States.
- (i) In 2017, the Tokyo Organising Committee of the Olympic and Paralympic Games (Tokyo 2020) and the ILO partnered to advance decent work through socially

<sup>7</sup> <http://mneguidelines.oecd.org/guidelines/>.

<sup>8</sup> “The ILO should, taking into account the function and the geographical scope of OECD National Contact Points (NCPs), upon request, provide expertise to the NCPs on social and labour standards”. Paragraph 23(e) of the 2016 ILC Conclusions concerning decent work in global supply chains, International Labour Conference, *Provisional Record* 14-1, 105th Session, Geneva, May–June 2016.

<sup>9</sup> *G20 Leaders’ Declaration: Shaping an interconnected world*, see: [http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/multilateral-system/g20/WCMS\\_562295/lang--en/index.htm](http://www.ilo.org/global/about-the-ilo/how-the-ilo-works/multilateral-system/g20/WCMS_562295/lang--en/index.htm).

responsible labour practices among the Games' delivery partners, based on the provisions of the MNE Declaration. Collaboration includes technical seminars and symposiums on corporate social responsibility.

## **B. Review of the information-gathering mechanism**

### **1. ILO Regional Meetings (information-gathering mechanism and tripartite session)**

14. The regional follow-up mechanism started with the American Regional Meeting (2014), followed by the African Regional Meeting (2015), the Asia and the Pacific Regional Meeting (2016) and the European Regional Meeting (2017). For each region, the tripartite constituents were surveyed and the responses formed the basis of a report that was discussed during a special tripartite session of the Regional Meeting, formulating recommendations for further promotion of the Declaration in the region. A training course for tripartite constituents on the MNE Declaration was offered as part of the process. The global report in the attached appendix synthesizes the findings of the four regional reports and the outcomes of the tripartite discussions and highlights follow-up actions.

### **2. Capacity building for national statistical offices**

15. The MNE Declaration calls on governments to study the impact of multinational enterprises, which requires the availability of reliable data. The Office has produced several studies to support this effort. A preliminary study mapped existing sources of data for areas covered by the MNE Declaration. Two further studies used collated data provided by the National Institute of Statistics and Geography of Mexico (INEGI) through the national employment survey, the establishment survey and the economic census to evaluate the strengths and limitations of each approach. A tripartite workshop validating these studies (Mexico City, Mexico, 2016) agreed that governments should gather data on MNE impacts based on an effective data-gathering mechanism. A regional technical workshop for statisticians (Lima, Peru, 2017) concluded that a clearer statistical definition of an MNE was needed, as well as guidelines for various data-gathering methodologies, clearer indicators and model questions for each target population surveyed. A paper is being prepared for the 2018 International Conference of Labour Statisticians (ICLS), synthesizing the findings of the studies and outcomes of the workshops and inviting the ICLS to explore ways to collaborate with the ILO on developing methodologies for gathering such data at the national level.

## **C. Operational tools in Annex II**

16. In addition to promotional activities, Annex II of the revised MNE Declaration lists two other operational tools to stimulate the uptake of the MNE Declaration:

- Company-union dialogue: The ILO Helpdesk website 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.
- The interpretation procedure was updated during the review process. No requests for interpretation have been received during the period 2014–17.

## D. Mainstreaming within the ILO

17. In response to the Governing Body's request to further mainstream the MNE Declaration in the work of the ILO, initiatives have been taken to enhance collaboration among the policy-related departments and the Field Operations and Partnerships Portfolio. This enhanced collaboration is strongly facilitated by the references to the MNE Declaration in new standards and outcomes of policy discussions, such as:

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### ILO international labour standards

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- Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205).

### ILC Conclusions

- Resolution concerning decent work in global supply chains, International Labour Conference, 105th Session, Geneva, 2016.
- Resolution on Advancing Social Justice through Decent Work, International Labour Conference, 105th Session, Geneva, 2016.
- Resolution concerning the second recurrent discussion on employment, International Labour Conference, 103rd Session, Geneva, 2014.

### Outcomes of tripartite meetings of experts

- ILO Guidelines on decent work and socially responsible tourism, 2017.
- Conclusions on the promotion of decent work for migrant fishers, Tripartite Meeting on Issues relating to Migrant Fishers, Geneva, 2017.
- Draft code of practice on safety and health in opencast mines, Meeting of Experts on Safety and Health in Opencast Mines, Geneva, 2017.
- Conclusions to promote decent work and protection of fundamental principles and rights at work for workers in Export Processing Zones (EPZs), Tripartite Meeting of Experts to Promote Decent Work and Protection of Fundamental Principles and Rights at Work for Workers in Export Processing Zones, Geneva, 2017.
- General principles and operational guidelines for fair recruitment, 2016.
- Final Report, Meeting of Experts to Adopt Policy Guidelines for the Promotion of Sustainable Rural Livelihoods Targeting the Agro-food Sectors, Geneva, 2016.\*

### ILO plans of action

- Decent work in global supply chains: Revised ILO programme of action 2017–21, Governing Body, 328th Session, Geneva, November 2016; and ILO roadmap for the programme of action on decent work in global supply chains, Governing Body, 329th Session, Geneva, March 2017.
- Follow-up to the discussion on social dialogue at the 102nd Session of the International Labour Conference (2013): Plan of action, Governing Body, 319th Session, Geneva, March 2013 (revised in March 2016).

### Other ILO policy documents

- Buenos Aires Declaration on Child Labour, Forced Labour and Youth Employment, 2017.
- *Déclaration d'Abidjan sur le renforcement du rôle et de l'impact des institutions nationales de dialogue social pour une gouvernance économique et sociale plus efficace et juste*, 2017.

\*The Meeting of Experts was unable to conclude its work and the draft policy guidelines were subsequently not adopted.

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18. Mainstreaming in country and regional technical assistance is also greatly aided by references to the promotion of the instrument in DWCPs and an internal ILO network of MNE Declaration focal points. Periodic email updates, webinars and an online collaborative space serve to support these ILO focal points and facilitate the exchange of information and resources. Examples of mainstreaming include:

- (a) The MNE Declaration has been referenced in sectoral reports, the conclusions of meetings of experts, sectoral guidelines and codes of practice, thus stimulating the uptake of its principles in a sectoral setting.

- (b) A number of new ILO development cooperation projects include the promotion of the MNE Declaration. As part of the ILO's public-private partnerships' procedure and clearance process, each prospective enterprise considering entering a public-private partnership with the ILO will be provided with information on the MNE Declaration. The revised MNE Declaration is now more closely aligned with the international human rights and development agendas, opening up possibilities for further partnerships.
- (c) Social dialogue is at the heart of the MNE Declaration. A study<sup>10</sup> analysed country experiences using tripartite social dialogue to address issues related to foreign direct investment and MNE operations using the MNE Declaration as a framework. The paper was presented in the 2016 Academy on Social Dialogue and Industrial Relations. The campaign "Towards the universal ratification of Convention No. 144 on Tripartite Consultation by the ILO centenary in 2019"<sup>11</sup> observed that the tripartite-appointed national focal points to stimulate the promotion and application of the MNE Declaration at the country level could contribute to the promotion of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144). Research<sup>12</sup> and a subsequent thematic brief<sup>13</sup> on the role of social dialogue in promoting business growth – carried out in the context of the "Global Deal for Decent Work and Inclusive Growth" – highlighted the key role of social dialogue in the MNE Declaration as a means to encourage sustainable development through inclusive growth and decent work. The Office will further document and share good practices of company–union dialogue related to the various chapters of the MNE Declaration.

## E. Significant outcomes and lessons learned

19. The various elements of the follow-up mechanism to the MNE Declaration adopted by the Governing Body are clearly generating greater awareness and uptake of the MNE Declaration by the ILO and its constituents, enterprises and other international organizations. The regional follow-up mechanism and the tripartite-appointed national focal points stimulate the uptake of the MNE Declaration at the regional and country levels. This is underpinned by enhanced capacity building, technical support and new development cooperation projects and public-private partnerships that will further the application of the instrument. The adoption of the revised MNE Declaration and its operational tools offer a timely and renewed opportunity for constituents and enterprises to address opportunities and challenges for decent work and sustainable development posed by foreign direct investment, global supply chains and multinational and national enterprise operations.

<sup>10</sup> ILO Working Paper: *Multinational enterprises and inclusive development: Harnessing national social dialogue institutions to address the governance gap*.

<sup>11</sup> [http://www.ilo.org/global/topics/workers-and-employers-organizations-tripartism-and-social-dialogue/WCMS\\_589134/lang--en/index.htm](http://www.ilo.org/global/topics/workers-and-employers-organizations-tripartism-and-social-dialogue/WCMS_589134/lang--en/index.htm).

<sup>12</sup> ILO: *Social Dialogue and Economic Performance: What matters for business – A review*, Conditions of Work and Employment Series No. 89, Geneva, 2017.

<sup>13</sup> Thematic Brief: *Achieving Decent Work and Inclusive Growth: The Business Case for Social Dialogue*, see: [http://www.theglobaldeal.com/app/uploads/2017/09/Thematic-Brief-Achieving-Decent-Work-and-Inclusive-Growth\\_The-Business-Case-for-Social-Dialogue-2.pdf](http://www.theglobaldeal.com/app/uploads/2017/09/Thematic-Brief-Achieving-Decent-Work-and-Inclusive-Growth_The-Business-Case-for-Social-Dialogue-2.pdf).

**Draft decision****20. *The Governing Body:***

- (a) takes note of the information contained in the document; and*
- (b) requests the Office to take into account its guidance on enhancing the further recognition and implementation of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).*



## Appendix

### Global report on multinational enterprises, development and decent work: Report on the promotion and application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

#### 1. Introduction

This global report is part of the follow-up mechanism that the Governing Body adopted in March 2014 to enhance the promotion and application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). It synthesizes the findings of four regional reports that were prepared by the Office based on the information gathered from governments and employers' and workers' organizations in ILO member States, and includes the outcomes of the special sessions organized during the ILO Regional Meetings in the Americas (ARM 2014), Africa (AFRM 2015), Asia and the Pacific (APRM 2016), and Europe and Central Asia (ERM 2017). It also contains an overview of follow-up activities and conclusions.

#### 2. The regional reports

For each Regional Meeting the Office prepared a regional report providing an overview of activities undertaken by governments and employers' and workers' organizations to raise awareness of the MNE Declaration and promote application of the principles in their country.

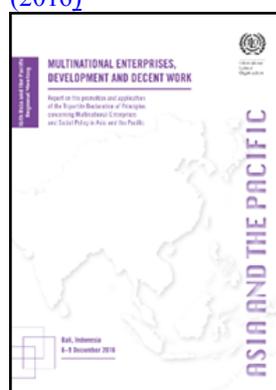
Americas (2014)



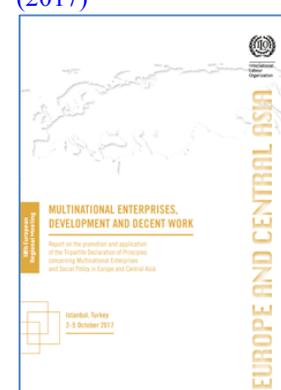
Africa (2015)



Asia and the Pacific (2016)



Europe and Central Asia (2017)



##### 2.1. Preparation of the report

The information for each regional report was gathered directly through a questionnaire sent to governments and employers' and workers' organizations in the region. The same questionnaires were tailored to each constituent group but identical across regions. They requested constituents to indicate: (1) the relevance of the principles of the MNE Declaration in their country and to provide detailed information on opportunities and challenges linked to the operations of multinational enterprises in their respective countries; (2) any dialogue mechanisms concerning operations of MNEs in their country; and (3) the way in which they have promoted and applied the principles of the MNE Declaration. Respondents were also offered the possibility of formulating further recommendations. The questionnaires were distributed to the governments via an ILO official communication to the Geneva-based

permanent missions and to the employers' and workers' organizations via the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC), respectively. Further follow-up and support was offered by ILO regional office staff, decent work teams and country offices as well as via the Bureaux for Employers' and Workers' Activities and their specialists in the field.

To support the information gathering process, a five-day training course entitled "Multinational enterprises, development and decent work: the approach of the MNE Declaration" was organized in the International Training Centre of the ILO (ITC–ILO) in Turin in 2015, 2016 and 2017. The Office specifically promoted the course to tripartite participants from the region where the Regional Meeting was taking place that year. The ITC–ILO and regional offices provided a number of scholarships to nominated participants. The course enhanced the visibility of the MNE Declaration among national constituents and increased their understanding of the guidance it provides.

For the Americas, the course could not be organized in 2014 when the regional follow-up mechanism started. In November 2017, the five-day course was offered in Spanish in the ILO Regional Office in Lima, gathering 24 participants from 14 countries in the Latin American and the Caribbean region. This course served as a follow-up activity to the recommendations formulated during the American Regional Meeting in 2014 and as preparation for the 2018 regional follow-up mechanism in the Americas.

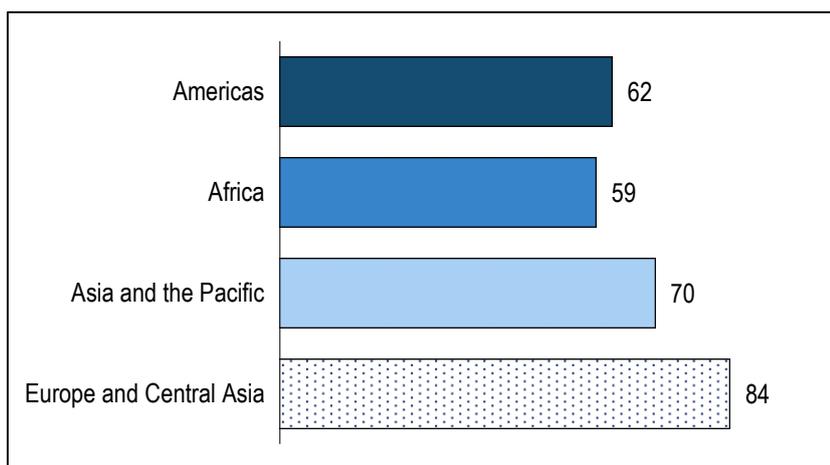
## **2.2. Summary of the information gathered from constituents**

All of the regional reports followed the same structure:

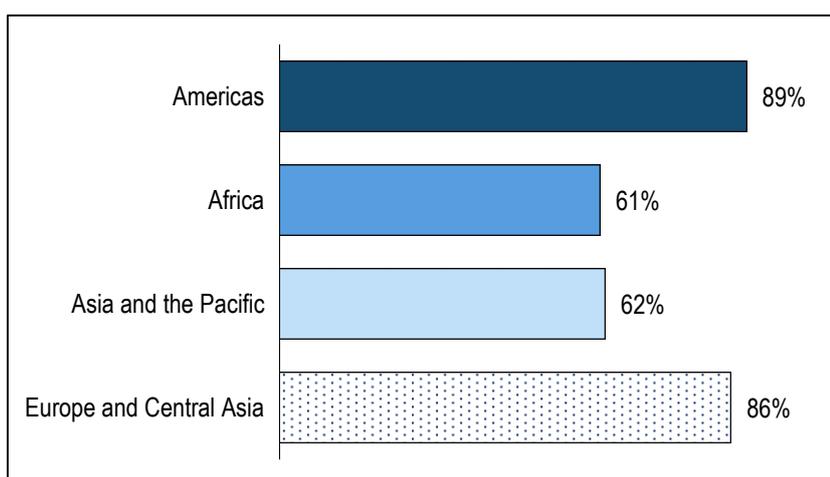
- (i) an overview of the MNE Declaration and its recommendations to harness the potential of foreign direct investment (FDI) and the operations of multinational enterprises (MNEs) for decent work and development;
- (ii) a chapter on the key characteristics of FDI in each region, the sectoral composition of FDI, the intersection between FDI and decent work, and policy initiatives taken by member States to better align FDI with regional and national development agendas;
- (iii) a chapter analysing the information gathered from governments and employers' and workers' organizations on their efforts to raise awareness and apply the principles of the MNE Declaration; and
- (iv) key recommendations made by the tripartite constituents to further promote the instrument in the region.

### **Response rate**

Each region had a good response rate from governments and from employers' and workers' organizations, with 275 responses received overall (see figure 1). This clearly indicates the willingness of the constituents from all four regions to express their views on the relevance of the MNE Declaration through the information gathering process, confirmed by their expressions of interest to further promote the instrument.

**Figure 1. Number of responses received from constituents in each of the regions**

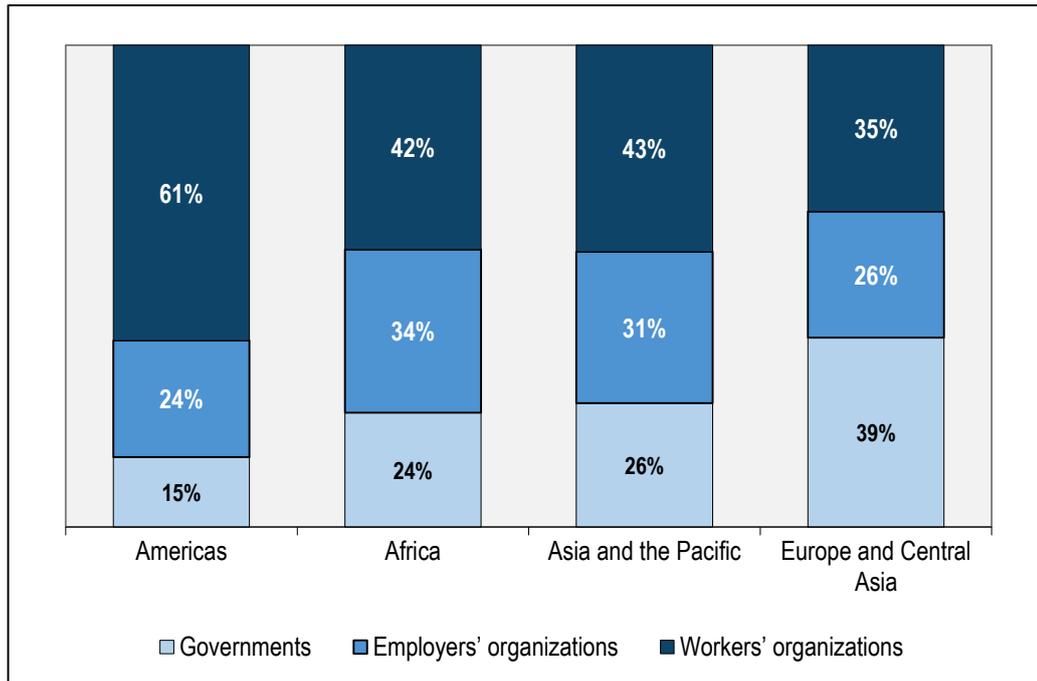
A high percentage of member States in each region had at least one constituent group which sent a response to the questionnaire (see figure 2).

**Figure 2. Rate of member States in each of the regions where at least one constituent submitted a response**

For each region, all three constituent groups substantially contributed to the information gathering process (see figure 3). In both Africa and Asia and the Pacific, governments, employers' organizations and workers' organizations submitted a similar share of responses. In the Europe and Central Asia region, the largest share of responses came from governments (39 per cent). In the Americas, the majority of responses came from workers' organizations (61 per cent).

For 27 member States, all three constituent groups responded (five member States in Africa, 11 in Asia and the Pacific, and 11 in Europe and Central Asia). In some cases, a tripartite dialogue at the country level had taken place prior to submitting the questionnaire.

Figure 3. Responses received from each constituent group in each of the regions



Indication of the relevance of the areas of the MNE Declaration

In each of the regions, constituents were asked to indicate which areas of the MNE Declaration were most relevant, taking into account the political and economic situation in their respective countries. The questionnaire listed the following 12 areas, based on the 2006 version of the MNE Declaration <sup>1</sup> (see table 1), and asked respondents to provide further information concerning the opportunities and challenges linked to the operations of MNEs.

Table 1. Areas covered by the fourth edition of the MNE Declaration (2006)

<b>Employment</b>	Employment promotion
	Equality of opportunity and treatment
	Security of employment
<b>Training</b>	Training
<b>Conditions of work and life</b>	Wages, benefits and conditions of work
	Minimum age
	Safety and health
<b>Industrial relations</b>	Freedom of association and the right to organize
	Collective bargaining
	Consultation
	Examination of grievances
	Settlement of industrial disputes

<sup>1</sup> The MNE Declaration was revised in March 2017, too late for the revisions to be taken into account in the questionnaire sent to the constituents for the 2014–17 cycle. Nonetheless, some constituents referenced the review in their responses to the questionnaire.

Quotes from constituents further illustrated opportunities and challenges, of which a selection is reproduced here. Employment promotion was considered relevant by the large majority of respondents across all regions and constituent groups and the most important opportunity provided by MNEs.

In terms of employment, the immediate effect of the establishment of multinational enterprises is job creation ... Therefore, and to ensure national development, it is necessary to design and implement policies, programmes and actions that aim to create an enabling environment for foreign investment and to ensure that such investments guarantee their workers a decent quality of life and sustainable human development.

*(Secretariat of Labour and Social Welfare, United Mexican States)*

Constituents also highlighted the importance of the quality of jobs created through FDI.

While generally any FDI that comes into the country generates employment, government should be able to provide guidelines and investment policies for multinationals to be invited in. These already exist in the country, which [multinational corporations] can and should follow. ... These could generate not only just any job, but jobs that are better and more decent, provided ... that government can coordinate and cohere its various policies, in particular, as related to economic, labour and governance.

*(Federation of Free Workers, Philippines)*

Several workers' organizations across regions identified subcontracting practices of MNEs as creating significant challenges to decent work.

The subcontracting model is widespread in the working life. This trend deteriorates working conditions, [in particular] lower wages, unregistered employment, [and] poor [occupational safety and health] measures.

*(Confederation of Turkish Real Trade Unions, Turkey)*

Other challenges mentioned included: the high rate of informal employment; the negative impact on employment of mechanization introduced in specific economic sectors; and arbitrary dismissals.

A few respondents strongly emphasized the positive contribution of MNEs to equality of treatment.

MNEs stand out, without a doubt, as an example of good practice when it comes to equality of opportunity and treatment, addressing issues as gender equality, [employment promotion for persons with disabilities] and eliminating any discrimination based on race, colour, sex, religion, political opinion, etc.

*(Serbian Association of Employers, Serbia)*

Several respondents mentioned challenges concerning gender equality and/or equality of treatment between expatriates and nationals.

There is notable discrimination in treatment between foreign and national workers as well as men and women, particularly in multinational companies, which entails for the trade union movement enormous challenges.

*(Workers' Organization of Mozambique, OTM)*

Security of employment was a common challenge, particularly for workers' organizations. In addition to the risk of moving operations to another country, respondents also expressed frustration over the use of short-term contracts, casualization of employment relationships, outsourcing, and the absence of contracts and unfair dismissals which jeopardized security of employment.

Employment security is not prevalent since most of the employment offered by MNEs is on contract basis and the worker is left at the mercy of the contractor.

*(Council of Indian Employers, India)*

Training was deemed relevant at similarly high levels for constituents, particularly in the Americas. However, the issue of skills shortages in host countries was mentioned as an impediment to employment creation and the advancement of local workers.

Under the Government Local Content Policy (to be enacted), multinational enterprises should agree to a succession plan to replace expatriates with Sierra Leoneans. An issue is that Sierra Leoneans might not have the required skills and experience at world class level, given the impact of rapid change in technology on the operations of the company.

*(Sierra Leone Employers' Federation)*

Concerning wages, benefits and conditions of work, some responding governments and employers' and workers' organizations indicated that MNEs generally offer better working conditions than national enterprises, including higher wages and higher safety and health standards. But respondents also indicated challenges concerning labour inspection of MNEs, stating that this is either insufficient or ineffective.

One challenge faced is carrying out labour inspection in the areas relating to "wages, benefits and conditions of work" and "safety and health" to ensure that these obligations are being met by both MNEs and national employers due to limited staff and funding in the Labour Division.

*(Ministry of Internal Affairs, Government of the Cook Islands)*

Challenges related to child labour were mentioned across regions, and particularly in Asia.

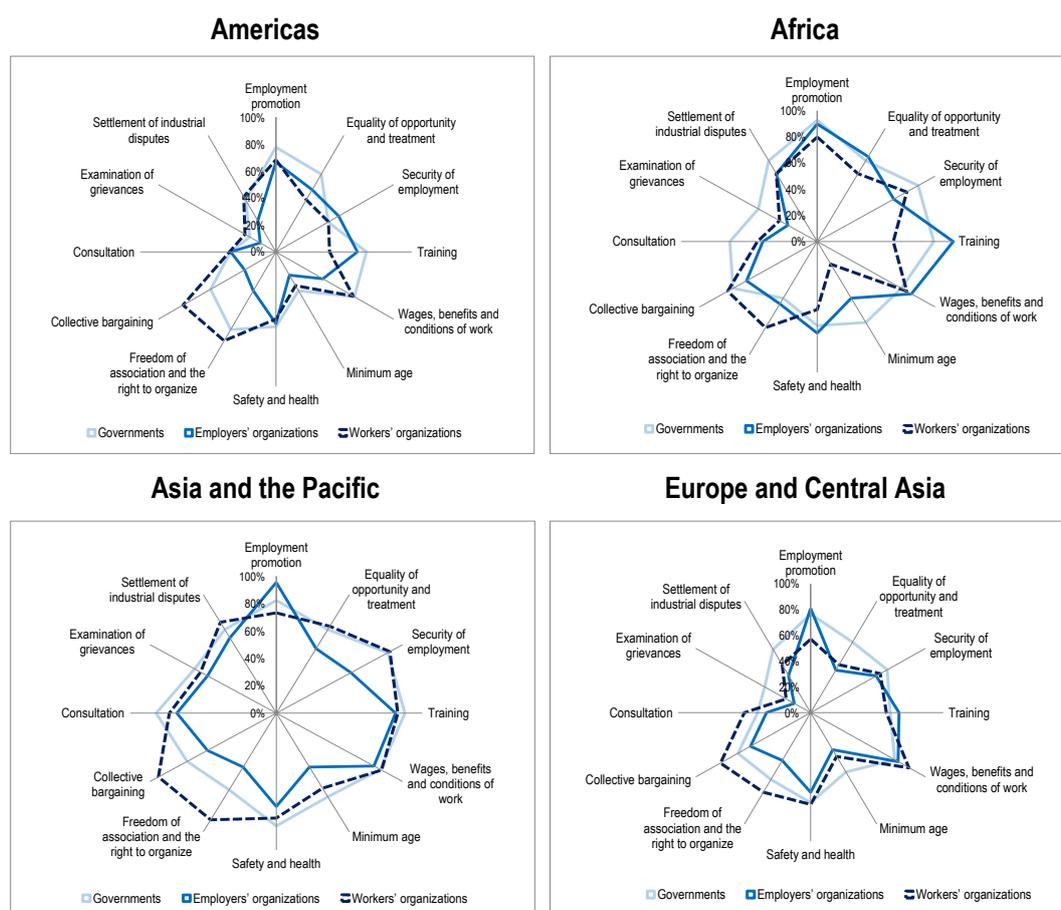
Finally, workers across all regions emphasized the importance of freedom of association and collective bargaining; 71 per cent of responding governments in both Africa and Asia and the Pacific also cited collective bargaining as relevant. Many responses noted that more needed to be done to ensure MNEs respected the right to organize, particularly regarding MNEs operating in export processing zones. Constituents across regions also mentioned challenges that impact directly on freedom of association and the right to organize, such as local cultures and practices and weak legal protections for trade unionists.

[In] Brazil ... anti-union practices are very common, such as companies that prevent the unionization of workers, persecute, and dismiss union leaders, and adopt several practices to prevent trade union work.

*(Single Confederation of Workers of Brazil)*

The above provides only a sampling of the challenges and opportunities mentioned by constituents concerning the operations of MNEs in their countries; more details are available in the regional reports. Figure 4 provides in-region comparisons by constituent group. Table 2, at the end of the appendix, provides a breakdown – by region and constituent group – of the percentage of respondents which considered each of the 12 areas relevant to their country situation.

**Figure 4. Relevance attributed to areas of the MNE Declaration by governments employers' organizations and workers' organizations (%)**



### Dialogue and consultations with MNEs and/or on their activities

Constituents were asked if they had an official representative or office that served as a contact point for representatives of foreign MNEs, or peer organizations of other countries regarding MNE operations. Even though the modalities and purpose of such consultations vary from country to country, in all regions at least one third of respondents from all three groups indicated having a contact point for foreign MNEs or in relation to the operations of MNEs.

The USG [US Government] organizes a number of consultations related to labor rights and the operation of MNEs both domestically and internationally. The National Advisory Committee (NAC) for Labor Provisions of U.S. Free Trade Agreements (FTAs) provides advice on how to better implement the labor provisions of any FTAs that the U.S. signs, and on related submissions received under these agreements. The NAC is composed of 12 members appointed by the Secretary of Labor and include four representatives from the labor community, four from the business community, and four from the public.

*(Department of Labor, United States)*

Most MNEs operating in Sri Lanka are members of the [Employers' Federation of Ceylon]. Many have been within the [Employers' Federation of Ceylon] membership for well over 20–30 years. The MNEs have consistently made use of the portfolio services that we have on offer to our members ... This has helped the MNEs not only to comply with local labour laws but also to be a part of an employer organization that has regional as well as international links.

*(Employers' Federation of Ceylon, Sri Lanka)*

In general, contact is made through global or European works councils. With regard to Spanish MNEs and their foreign subsidiaries, on particular occasions, we have brought complaints from foreign trade unions to the attention of the affected enterprise's head office in Spain. We are also members of the advisory council of the [OECD] national contact point.

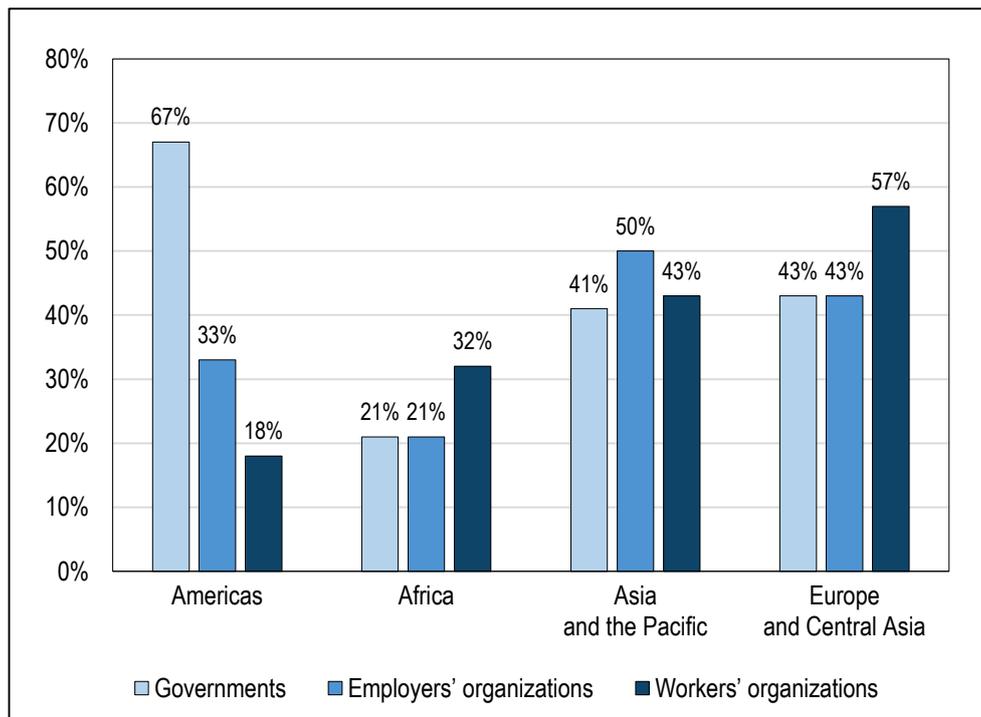
*(Workers' Trade Union, Spain)*

Constituents were also asked to indicate whether they held any institutional consultations with foreign MNEs, and/or with governments, employers' organizations or workers' organizations on MNE activity and whether in recent years they had organized any events dealing with the areas covered in the MNE Declaration. At least 45 per cent of respondents across regions indicated having held such consultations or organized such events; this figure was as high as 60 per cent of employers' organizations and 67 per cent of governments in the Americas, 68 per cent of workers' organizations in Africa, 73 per cent of employers' organizations in Asia and the Pacific and more than 60 per cent of the responses from the three groups combined in Europe and Central Asia.

### Promotion of the principles of the MNE Declaration at the country level

Constituents were asked whether they organized any events or took any initiatives in recent years that sought to promote the principles of the MNE Declaration. A substantial number of governments, employers' and workers' organizations organized such events or took such initiatives. Responses varied greatly between groups and regions (see figure 5).

**Figure 5. Share of respondents having organized events or initiatives for the promotion of the MNE Declaration**



More than half of respondents (57 per cent in the Americas and up to 80 per cent in Africa) indicated that they had organized such events jointly with other constituents.

## Further recommendations from constituents

Governments, employers' organizations and workers' organizations made recommendations to further enhance the impact of the MNE Declaration.

Respondents from all regions expressed the need to further promote the MNE Declaration in their respective countries. Many of them highlighted the need to conduct training courses and events as well as the dissemination of advocacy materials as essential to strengthen the capacity of governments, employers' and worker's organizations.

Respondents also expressed their expectation for the Office to gather and disseminate more information on the operations of MNEs in their respective regions. For example, respondents in both Asia and the Pacific and Europe and Central Asia highlighted the need for further research on the impact of MNE operations; suggestions also came from different regions to create more opportunities and spaces to share knowledge and good practices.

Respondents from all four regions highlighted the importance of putting in place appropriate regulatory and policy frameworks to advance the application of the principles of the MNE Declaration. The suggestion was also made, in particular in the Americas and in Europe and Central Asia, to strengthen collaboration between the different actors to enhance policy coherence and joint actions.

### 3. Outcome of the special sessions organized during the Regional Meetings

#### Tripartite panel discussions

For the Regional Meetings in the Americas, in Africa, and in Asia and the Pacific, a special session was dedicated to the promotion and application of the MNE Declaration providing a tripartite dialogue platform where constituents shared experiences related to the operations of MNEs in their countries/region and the relevance of the MNE Declaration. In Europe and Central Asia, the session was combined with a discussion on the organization of work and production, one of the conversations of the Future of Work Centenary Initiative.

Each special session was organized as a tripartite panel followed by an interactive discussion with all Regional Meeting delegates. The composition of the panels was as follows:

Regional Meeting	Government	Employer	Worker
ARM 2014	Minister of Labour Argentina	United States Council for International Business	Single Confederation of Workers of Brazil
AFRM 2015	Minister of Labour Lesotho	General Confederation of Côte d'Ivoire Enterprises	Congress of South African Trade Unions
APRM 2016	Government official, Japan	Japan Business Federation	Confederation of All Indonesian Trade Unions
ERM 2017*	Government official, Estonia	Confederation of German Employers' Associations	Azerbaijan Oil and Gas Industry Workers Trade Union Republican Committee

\* This panel also included a professor and a representative of a multinational enterprise.

A number of specific issues related to the activities of MNEs were raised in each of the special sessions. In the American Regional Meeting, various participants mentioned the lack of awareness or application of the principles of the MNE Declaration. At the same time, participants stressed the high impact of FDI in the creation of employment in the region. In the African Regional Meeting, participants highlighted the relationship between FDI and job creation. However, some of them pointed to a lack of both skills transfer opportunities and

linkages between MNEs and local small and medium-sized enterprises (SMEs) that would further stimulate local economic development. In the Asia and the Pacific Regional Meeting, participants stressed the importance of global supply chains for the region. Many of them suggested increasing dialogue and cooperation between constituents in home and host countries. The fragmentation of production through global supply chains was the dominant topic in the European Regional Meeting. While some participants indicated the positive impact of MNEs operating in their countries, others highlighted the challenges that complex supply chains have raised for all actors involved. In all regions, participants of the session expressed wide support for the MNE Declaration and for the need to further promote and apply its principles.

### The outcomes of the Regional Meetings

The outcomes adopted by the tripartite constituents of all four Regional Meetings include a paragraph on the MNE Declaration expressing the need for the ILO to further support constituents through the promotion and application of the MNE Declaration, as highlighted below:

The ILO should provide assistance to its constituents in their efforts to implement concrete commitments through measures such as: ... The promotion of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2006).

*The Lima Declaration, 2014 (paragraph 18)*

To realize the aspirations of this Declaration, [the ILO's constituents in Africa] request the Office to: ... step up its efforts to promote the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy with a strong emphasis on supporting the tripartite constituents at the country level, partnerships with other relevant actors and facilitation of the exchange of experiences.

*The Addis Ababa Declaration, 2015 (paragraph 17k)*

During the period leading up to the 17th Asia and the Pacific Regional Meeting, policy priorities for member States in the region, to be implemented in consultation with the social partners, include: ... maximizing the opportunities for decent work arising from investment, trade and the operation of multinational enterprises, through the promotion and application of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy 2006.

*The Bali Declaration, 2016 (paragraph 10)*

In line with the 2008 Social Justice Declaration, the Office should assist its constituents by providing adequate and balanced information and research and by supporting the design of innovative social and economic policies. In order to seize the opportunities and address the challenges relating to the future of work, the Office should ... promote the implementation of the revised Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. (page 3)

*The Istanbul Initiative for the Centenary: Future for Decent Work for strong and responsible social partnership in Europe and Central Asia, 2017*

## 4. Follow-up activities

As outlined in the paper GB.332/POL/6, the Office has substantially increased its technical support on the MNE Declaration to the tripartite constituents in ILO member States during the biennia 2014–15 and 2016–17. A number of requests for such technical support were directly generated through the information gathering process, discussions during the Regional Meetings and capacity-building activities.

The Office has produced various language versions of the MNE Declaration and related tools, and has conducted tailor-made regional and national training courses. A number of development cooperation projects allowed the Office to provide more in-depth support, leading to concrete outcomes such as the creation of a commission for the promotion of the MNE Declaration by the national social dialogue institution (Haut Conseil du Dialogue Social) in Senegal, with the support of a project financed by the French Government.

In Asia and the Pacific, activities include projects in Viet Nam's electronics sector, Pakistan's sports good industry, Nepal's tea industry, and hotel industries in Fiji, Indonesia and Myanmar, and address the need for enhanced dialogue between home and host country actors of global supply chains. Several of these projects were financed by the Government of Japan, an important investor in the region.

For the 2018–19 biennium, the Office will continue its technical support in the region as the European Union selected the ILO as an implementing partner – together with the Organisation for Economic Co-operation and Development (OECD) – for a six-country programme on responsible supply chains in Asia (China, Japan, Myanmar, Philippines, Thailand and Viet Nam). The activities of this three-year programme start in January 2018.

In the Americas, a project of the European Union on responsible business conduct in eight countries (Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, and Peru) is currently under discussion. Also financed by the European Union and implemented jointly by the ILO and OECD in collaboration with the Office of the High Commissioner for Human Rights, the project has a duration of four years and is expected to start in 2018.

## 5. Conclusions and recommendations

The regional follow-up mechanism enabled the collection of information directly from the tripartite constituents on the relevance of the MNE Declaration and on the impact of the operation of MNEs in national contexts. The special sessions of the Regional Meetings fostered discussions between constituents on the promotion and application of the MNE Declaration in each of the regions. The regional follow-up mechanism with the questionnaire and the special sessions were instrumental in raising constituents' awareness of the MNE Declaration.

The 2014–17 cycle of regional follow-up has led to constituents requesting the Office to:

- further promote the MNE Declaration in each of the regions;
- continue to collect data on the promotion and application of the MNE Declaration;
- promote partnerships and facilitate the exchange of experiences between constituents and other relevant actors; and
- provide policy advice to governments, employers' organizations and workers' organizations.

For the next cycle of the regional follow-up mechanism, the Office will update the questionnaire to reflect the revised MNE Declaration and its operational tools (especially tripartite appointed national focal points) and look at technical improvements for the responses (electronic responses). The Office will also work on shorter reports and on two-page infographics for easy reading of the key findings.

\* \* \*

**Table 2. Relevance attributed to areas of the MNE Declaration by governments and employers' and workers' organizations for each region (%)**

Area of MNE Declaration		Americas			Africa			Asia and the Pacific			Europe		
		G	E	W	G	E	W	G	E	W	G	E	W
<b>Employment</b>	Employment promotion	78	67	68	93	90	80	82	95	73	77	81	57
	Equality of opportunity and treatment	67	53	45	71	75	60	71	54	73	63	38	43
	Security of employment	44	53	45	86	65	76	88	59	90	67	57	61
<b>Training</b>	Training	67	60	39	86	100	56	88	82	83	60	67	57
<b>Conditions of work and life</b>	Wages, benefits and conditions of work	67	40	66	71	80	76	82	77	83	73	76	86
	Minimum age	33	20	29	71	50	20	71	45	63	53	33	39
	Safety and health	56	53	50	64	70	52	82	68	77	70	62	71
<b>Industrial relations</b>	Freedom of association	67	33	76	50	55	76	65	45	90	60	43	71
	Collective bargaining	56	27	79	71	60	76	71	54	93	63	52	79
	Consultation	33	33	34	64	40	44	82	68	73	40	33	50
	Examination of grievances	22	13	26	50	25	32	65	54	60	40	14	21
	Settlement of industrial disputes	44	27	47	71	60	60	71	64	77	57	33	43
<b>Others</b>		11	20	16	0	0	4	0	4	3	3	0	7
<b>None</b>		11	0	5	7	0	8	18	9	13	16	33	14