



THIRD ITEM ON THE AGENDA

Proposals for reporting on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

1. During the 295th Session (March 2006) of the Governing Body, the Subcommittee discussed a paper that outlined options for reporting on the effect given to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).¹ The Subcommittee had requested the paper due to its concern about the low response rate to the Eighth Survey, as well as the insufficient amount of details contained in the responses.² Subsequently, the Governing Body requested the Office to prepare, “taking into account the discussion in the Subcommittee ... a more detailed paper outlining the preferred options ... with a view to deciding ... on any revisions to be made”.³
2. This paper elaborates on options for revising the current process, building on past practice as well as noting procedures of other international organizations. In doing so, it is recalled that, in 1978, the Governing Body invited governments to report periodically on the effect given to the MNE Declaration after full consultation with national employers’ and workers’ organizations, and thereafter established a procedure for consideration of such reports. The existing process, which has been endorsed by the International Labour Conference,⁴ is tripartite and periodic in nature and addresses the effect given by all ILO member States to the MNE Declaration as a whole, including its five topic areas.⁵ Depending on the scope of the changes made to the current process, a decision of the Governing Body may involve further action within the context of the Conference.

¹ GB.295/11 (Rev.).

² GB.294/10.

³ GB.295/11(Rev.), para. 48(c).

⁴ “Resolution concerning follow-up to the World Employment Conference”, ILC, 65th Session. Record of Proceedings (1979). See also GB.205/205, para. 17 and GB.209/205.

⁵ The five topic areas of the Declaration consist of General policies, Employment, Training, Conditions of work and life, and Industrial relations.

3. Along with the institutional framework for the survey process, it is further recalled that the existing procedure has been mainly financed through the regular budget. However, most of the options below require financing beyond budgetary allocations (see paragraph 6). This raises the further issue of the means by which a sustainable budgetary framework may be developed to support the independent and effective functioning of any revised process.⁶
4. In its previous discussions, the Subcommittee has broadly considered the first three discrete approaches below. At the March 2006 meeting of the Subcommittee, considerable support was provided for combining aspects of the abovementioned approaches, and in particular the fourth and fifth options below.
 - (a) ***Refining the current global survey approach:*** The survey could be in two parts: the first part covering general questions and the second part focusing on a topic area of the MNE Declaration selected by the Governing Body. Refinement to the current approach could include seeking external expertise in survey design and knowledge in the areas covered by the MNE Declaration and pilot-testing the survey in at least two countries. Furthermore, efforts would also be made to increase the response rate by sending the survey to social partners, governments and multinational enterprises through various channels (mail and electronic correspondence). The ILO field structure could be requested to be actively involved in providing information regarding the survey and in encouraging respondents to submit detailed responses.
 - (b) ***Thematic approach:*** This could involve undertaking in-depth global analysis of one of the topic areas of the MNE Declaration, to be identified each time by the Governing Body. Prior to starting the analysis, a framework for information and data collection would be developed. Given the global coverage, the main sources of reference would be a focused survey on one of the five topic areas in the context of the background and aim of the Declaration (paragraphs 1-7), supplemented with publicly available and credible information (both qualitative and quantitative).
 - (c) ***Subregional approach:*** Regional or subregional tripartite meetings could be organized to discuss areas covered by the MNE Declaration. As inputs into the subregional discussion, each country could prepare short country reports based on guidelines to be prepared by the Office. During the meetings, good practices and difficulties in giving effect to the MNE Declaration could be discussed. Strategies and responses could also be shared. Based on reports from each meeting, a global report could be produced.
 - (d) ***Combining the thematic and subregional approaches:*** This approach could provide constituents with a subregional platform to have comprehensive discussion on one of the five topic areas of the MNE Declaration on a rotational basis.⁷ Upon selection of the topic area by the Governing Body, participants to the subregional meetings could be asked to prepare a short paper on the effect given to the MNE Declaration using the guidelines to be prepared by the Office. Furthermore, for each subregion, the Office could commission a report on the chosen topic area of the MNE Declaration within the context of the background and aim of the Declaration. Examples of matters

⁶ See also paragraph 7. The regular budget reserve fund is used on an ad hoc basis only, while financing from extra-budgetary sources would require an advance understanding of the independence of the Organization in all decisions made, including the design, planning, implementation, and evaluation of the process.

⁷ The current practice is to publish a survey approximately every four years. At that rate, this option would take 20 years to cover all five topic areas of the MNE Declaration. The alternative of increasing the frequency would have financial implications.

to be covered by the papers could include labour and social impacts of MNEs in the respective countries, good practices identified in implementing the MNE Declaration, and concrete tripartite proposals for follow-up activities. Standardized format for presentation and discussion could be developed by the Office to enable effective and efficient dialogue during the subregional meetings. In addition, a technical resource person could facilitate the discussion. Upon completion of all subregional tripartite meetings, a global synthesis report could be produced to highlight key features discussed in each subregion.

- (e) ***Combining a refined global survey with an in-depth thematic analysis in a selected number of countries:*** In addition to the refined global survey as outlined in (a) above, this approach could undertake an in-depth analysis of one of the five topic areas of the MNE Declaration in a selected number of countries, as identified by the Subcommittee. Due consideration would be given to balanced regional representation. After a preparatory mission by the Office, an independent technical expert and an ILO official could visit selected countries to prepare a country note. Interviews and focus group meetings could be organized with the constituents. In consultation with them, interviews could be held with other related entities such as multinational enterprises operating in the country, other ministries and investment-promotion agencies. Proposed topics for discussion range from good practices and difficulties faced in implementing the MNE Declaration to forward-looking strategies to further promote the principles set out in the instrument to influence policy-making and practices. Developing proposals for follow-up activities under the decent work country programmes could also be developed. At the end of the process, a consolidated global report could be produced. This approach is similar to that used in the Organisation for Economic Co-operation and Development's (OECD) Thematic Reviews.

5. The appendix provides further details on each of the five abovementioned options, including information on methodology, provisional budget, and analysis of some advantages and disadvantages.
6. An important consideration in selecting an approach is the availability of resources. The principal source of funding comes from MULTI's regular budget. Past surveys have required a minimum of eight Professional staff work-months and two General Service staff work-months; however, greater resources would be necessary to deliver improved quality surveys in the future. As the staff and non-staff costs need to come from within existing resources, the most financially viable option remains refining the existing survey (option (a) above). Since the estimated costs for other options go beyond the current budget of MULTI, mobilization of extra-budgetary resources pledged by interested donors would be a requisite. Dependence on external funding, however, may raise questions regarding the continuity of reporting on the effect given to the MNE Declaration on a periodical basis.
7. The timing for implementation of the decision taken in this session will depend upon the scope of revisions made to the current process. As reflected in the appendix, additional financial resources would be required for options that involve the organization of meetings (options (c), (d), (e)).⁸ If one of the four options ((b), (c), (d), or (e)) is selected, the resources allocated in this biennium and those proposed for the next biennium are insufficient, and extra-budgetary resources would be required. If the first option (a) is

⁸ In 1993, the periodicity of the survey covering the full-scale Declaration was changed from three to four years and was applied starting with the Sixth Survey (GB.258/10/21, para. 15(b)). See also GB.294/MNE/1/1 (2000-03); GB.280/MNE/1/1 (1996-98), paras. 2 and 3.

selected on the basis of the current four-year cycle, the next step would reasonably be preparation of a draft questionnaire to cover the years 2004-07.

8. *The Subcommittee may wish to recommend to the Governing Body that it approve one of the five options above.*

Geneva, 17 October 2006.

Point for decision: Paragraph 8.

Appendix

Approach	Methodology	Provisional budget		Analysis
		Staff work months (w/m)	Non-staff	
(a) Refining the current global survey approach	The survey will cover all topic areas of the MNE Declaration. Part II will focus on one topic area.	P-staff: 12 w/m GS-staff: 2 w/m	Professional survey assistance: US\$12,000	Advantages: <ul style="list-style-type: none"> ■ Allows Office to reach respondents worldwide ■ Contributes toward developing a broad-based information/knowledge base ■ Cost-effective way of obtaining a global overview Disadvantages: <ul style="list-style-type: none"> ■ MNE Declaration being a voluntary tool, response rate may not necessarily increase despite increased efforts made by the Office ■ Survey provides an overview based on respondents' perception. They do not provide comprehensive evidence-based analyses
	Improved survey design with external professional assistance	For survey design, follow-up, analysis and report writing	Survey pilot-testing: US\$5,000 Translation/printing: US\$10,000	
	More active field structure involvement Survey to be pilot-tested before dissemination		Communication and administrative costs: US\$5,000	
			Subtotal: US\$32,000	
(b) Thematic approach	In-depth global analyses undertaken in the chosen area of the MNE Declaration using focused surveys and existing information	P-staff: 12 w/m GS-staff: 2 w/m	Professional survey assistance: US\$12,000	Advantages: <ul style="list-style-type: none"> ■ Allows Office to reach respondents worldwide ■ Cost-effective way of obtaining a global overview (in one topic area)
	Office to develop a framework for information and data collection	For survey design, follow-up, analysis and report writing	Survey pilot-testing: US\$5,000 Supplementary information collection: US\$10,000	

Approach	Methodology	Provisional budget		Analysis
		Staff work months (w/m)	Non-staff	
			Translation/printing: US\$10,000 Communication and administrative cost: US\$5,000	<ul style="list-style-type: none"> ■ Provides a comprehensive overview on one topic area of the MNE Declaration Disadvantages: <ul style="list-style-type: none"> ■ MNE Declaration being a voluntary tool, response rate may not necessarily increase despite increased efforts made by the Office ■ In-depth analyses conducted for all member States in a limited time poses great challenge ■ Analyses dependent upon existing literature ■ Requires many years to cover all topic areas of the MNE Declaration
			Subtotal: US\$42,000	
(c) Subregional approach	Regional or subregional tripartite meetings organized to discuss all areas of the MNE Declaration Country reports prepared by constituents with Office-prepared guideline A consolidated global report produced	P-staff: 8 w/m GS-staff: 2 w/m For organization of meetings, follow-up, and report writing	Mission cost of HQ resource persons: US\$4,000 x 5 = US\$20,000 Travel and DSA of participants: US\$2,500/person x 15 persons (minimum) x 5 regions = US\$187,500 Meeting venue and facilities: US\$1,000 x 5 regions = US\$5,000 Translation/printing: US\$10,000 Communication and administrative cost: US\$5,000	Advantages: <ul style="list-style-type: none"> ■ Meetings provide an interactive platform for constituents to share information and cross-country experiences Disadvantages: <ul style="list-style-type: none"> ■ High cost, especially travel cost ■ Does not allow country-specific discussion ■ Discussion would depend on quality of country reports received
			Subtotal: US\$227,500	

Approach	Methodology	Provisional budget		Analysis
		Staff work months (w/m)	Non-staff	
(d) Combining the thematic and subregional approaches	Subregional tripartite meetings organized to discuss one topic area of the MNE Declaration	P-staff: 8 w/m GS-staff: 2 w/m	Commissioning subregional reports: US\$10,000 x 5 = US\$50,000	Advantages: <ul style="list-style-type: none"> ■ Provides platform for comprehensive discussion on one topic area ■ Enables constituents from the region to share information and experiences ■ Combines qualitative and quantitative data Disadvantages: <ul style="list-style-type: none"> ■ Requires many years to cover all topic areas of the MNE Declaration ■ High cost ■ Difficult to plan country-specific follow-up activities ■ Discussion would depend on quality of country reports received
	Short country papers prepared by countries following Office-prepared guidelines	For preparatory work, follow-up, organization and participation in regional meetings, and report writing	Mission cost: US\$4,000 x 5 = US\$20,000 Travel and DSA of participants: US\$2,500/person x 15 persons (minimum) x 5 regions = US\$187,500	
	Subregional reports commissioned Global report produced by Office		Translation/printing: US\$10,000 Communication and administrative cost: US\$5,000	
			Subtotal: US\$277,500 (Budget estimated for tripartite dialogues with 5 countries per region in 5 regions)	
(e) Combining a refined global survey with an in-depth thematic analysis in a selected number of countries	Enhanced-quality global survey with in-depth analysis on one topic area of the MNE Declaration in a selected number of countries	P-staff: 8 w/m GS-staff: 2 w/m	Professional survey assistance: US\$12,000	Advantages: <ul style="list-style-type: none"> ■ Allows Office to reach a wide range of respondents worldwide. ■ In-depth thematic analysis complements the global survey ■ Follow-up activities can be discussed and developed in each country
	Country visits (2 weeks)	For survey design, preparatory mission, follow-up, participation in expert mission, organization of meetings, and report writing	Preparatory missions by ILO: US\$6,000 x 5 = US\$30,000 (2 countries covered per mission)	
	Analytical country notes submitted. Country-specific discussion held.	.		

Approach	Methodology	Provisional budget		Analysis
		Staff work months (w/m)	Non-staff	
	<p>Follow-up strategies developed and activities proposed</p> <p>Comparative report produced by Office</p>		<p>Expert team missions (expert fee, travel, and DSA for 2 weeks): US\$20,000/country x 10 = US\$200,000</p> <p>National-level activities including tripartite discussion: US\$5,000/country x 10 = US\$50,000</p> <p>Translation/printing: US\$10,000</p> <p>Communication and administrative cost: US\$5,000</p> <p>Subtotal: US\$307,000 (Budget estimated for 10 countries)</p>	<ul style="list-style-type: none"> ■ Provides external experts' view on the situation. ■ Combines qualitative and quantitative data <p>Disadvantages:</p> <ul style="list-style-type: none"> ■ High cost

