



► The role of national social dialogue institutions in shaping investment policies

Author / Vongai Masocha





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Abstract

Foreign direct investment (FDI) and multinational enterprises (MNEs) can drive skills development, technology transfer and economic growth; however, these benefits are not automatic. Effective public policy and strong social dialogue are essential to ensure FDI contributes to decent work, social inclusion and sustainable development. This study examines how national social dialogue institutions (NSDIs) influence trade, investment and responsible business conduct (RBC) policies to align FDI with national development priorities. Drawing on eleven case studies covering eight countries and one regional bloc, it highlights emerging practices where social partners engage in shaping sustainable FDI strategies through dialogue, institutional collaboration and policy development, guided by the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). The findings reveal both opportunities and challenges in strengthening the role of NSDIs and outline policy options for enhancing their mandates, institutional capacities, inclusiveness and effectiveness.

About the author

Ms. Vongai Masocha is an independent consultant. Ms. Masocha carried out the research and drafted the report in her capacity as an ILO consultant.

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Acronyms

| | |
|-----------------|---|
| AICESIS | International Association of Economic and Social Councils and Similar Institutions |
| CSR | Corporate Social Responsibility |
| DOLE | Department of Labour and Employment (Philippines) |
| EESC | European Economic and Social Committee |
| EVFTA | European Union–Viet Nam Free Trade Agreement |
| FDI | Foreign Direct Investment |
| ILO | International Labour Organization |
| IPA | Investment Promotion Agency |
| LDC | Least Developed Country |
| MNE | Multinational Enterprise |
| MNE Declaration | Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy |
| NAPBHR | National Action Plan on Business and Human Rights |
| NEDLAC | National Economic Development and Labour Council of South Africa |
| NSDI | National Social Dialogue Institution |
| NTIPC | National Tripartite Industrial Peace Council (Philippines) |
| PDP | Philippine Development Plan |
| PLSD | Peak-level social dialogue |
| RBC | Responsible Business Conduct |
| RBCLAC | Responsible Business Conduct in Latin America and the Caribbean project |
| RISSC | Resilient, Inclusive and Sustainable Supply Chains project |
| SAM-SDI | ILO Self-Assessment Method for Social Dialogue Institutions |
| SDG | Sustainable Development Goal |
| SMEs | Small And Medium-Sized Enterprises |

| | |
|---------|--|
| UAESC | Union of Arab Economic and Social Councils |
| UNCTAD | United Nations Conference on Trade and Development |
| UNESCAP | United Nations Economic and Social Commission for Asia and the Pacific |
| WAEMU | West African Economic and Monetary Union |
| WTO | World Trade Organization |

Executive Summary

Foreign direct investment (FDI) and multinational enterprises (MNEs) can drive skills development, technology transfer, industrial upgrading and economic growth. However, these benefits are not automatic. A stable economic, legal, and institutional environment, combined with comprehensive public policies, is essential to ensure that FDI also promotes social inclusion, decent work, environmental sustainability and responsible business conduct (RBC).

Based on expert interviews carried out between August and October 2023, the research finds that, across diverse legal and political contexts, national social dialogue institutions (NSDIs) are increasingly contributing to strategic policy design, identifying priorities and fostering coherent frameworks for sustainable FDI. By engaging employers' and workers' organizations, NSDIs help shape inclusive trade and investment approaches that translate into decent work outcomes. Examples from Jordan, Peru, the Philippines, Senegal, Sierra Leone, Slovenia, South Africa, Viet Nam and the West African Economic and Monetary Union (WAEMU) illustrate these dynamics. Governments in several countries have also established ad hoc platforms to enable tripartite-plus collaboration on investment, MNE operations, supply chains and RBC, particularly where formal institutions have limited capacity (Table 1).

At the same time, challenges persist, including unclear mandates, limited institutional capacity, weak industrial relations systems and constrained resources. Strengthening NSDIs requires enhancing institutional capacity, clarifying mandates, promoting inclusiveness and effectiveness, and supporting transnational engagement. Well-functioning NSDIs can bridge economic and social policy objectives, foster collaboration among governments, businesses and social partners, and help ensure that FDI contributes to sustainable economic growth, decent work and social progress.

► **Table 1. Summary of examples**

| Country/Region | Key actions/Description |
|--------------------------|---|
| Jordan | The Economic and Social Council produces the State of the Nation Report to identify opportunities and challenges for social and economic development, and has strengthened its role in advancing national development objectives through tripartite dialogue. |
| Peru | The Ministry of Justice and Human Rights established a multi-stakeholder dialogue platform to develop and implement Peru's National Action Plan on Business and Human Rights. |
| Philippines | The Department of Labour and Employment (DOLE) and the National Tripartite Industrial Peace Council (NTIPC) developed the Labour and Employment Plan 2023–2028, identifying labour dimensions of the Philippine Development Plan 2023–2028. |
| Philippines and Viet Nam | The MNE Declaration is used as a policy framework to build stakeholder capacity and guide tripartite-plus policy dialogues to advance the competitiveness of key economic sectors. |
| Senegal | The High Council for Social Dialogue increased awareness and uptake of the MNE Declaration principles to address FDI- and MNE-related issues and support national policy development. |

| Country/Region | Key actions/Description |
|----------------|--|
| Sierra Leone | The Ministry of Labour and Social Security strengthened coordination with the Local Content Agency and institutionalized tripartite dialogue on FDI through a national focal point for the promotion of the MNE Declaration. |
| Slovenia | The Economic and Social Council leveraged social dialogue to generate socio-economic policy frameworks, including as social pacts, which guide long-term development. |
| South Africa | South Africa's National Economic Development and Labour Council (NEDLAC) established a specialized Trade and Industry Chamber to address trade and investment issues within its structure. |
| Viet Nam | Tripartite efforts among the Ministry of Labour, Invalids and Social Affairs and the social partners reinforced industrial relations and social dialogue to harness the opportunities from new trade and investment relations with the European Union. |
| WAEMU | The Social Dialogue Commission of WAEMU coordinated regional tripartite dialogues to enhance policy coherence and strengthen member NSDIs' national functions. |

▶ Introduction

Foreign direct investment (FDI) and multinational enterprises (MNEs) can contribute to skills development, human capital growth, technology transfer, industrial upgrading and competitiveness and improve access to global markets¹. However, the presence of FDI and MNEs does not automatically guarantee that these benefits materialize. A stable economic, legal and institutional environment is essential for attracting *sustainable* FDI – meaning investment that drives not only economic growth but also promotes social inclusion, decent work, environmental sustainability and responsible business conduct (RBC).

Attracting and leveraging FDI for development calls for a comprehensive set of public policies, encompassing sound governance and regulatory frameworks, investment in infrastructure and human resources, effective tax and employment policies, robust competition law, and strong institutional capacity. Such interventions are critical not only to creating an enabling environment for sustainable FDI, but also for strengthening economic linkages, maximizing spillover effects, and enhancing the absorptive capacity of local actors and institutions.

Social dialogue, particularly at the national and sectoral level, is essential for ensuring that FDI contributes to inclusive economic and social objectives (ILO 2024). It enables employers' and workers' organizations to contribute to the design and implementation of policies that maximize the developmental benefits of such investments. Building on this premise, this study examines the role of national social dialogue institutions (NSDIs)² in shaping trade, investment and RBC policies to ensure that incoming FDI contributes not only to economic development but also to broader social progress, the promotion of decent work, and the advancement of social justice. It documents initiatives through which NSDIs help align FDI with national development priorities.

Leveraging social dialogue for sustainable trade and investment policies

Across ILO Member States, employers' and workers' organizations (the social partners) engage on FDI-related issues through a wide range of institutions, coordination bodies and initiatives. The research carried out for this study points to a growing role of the social partners, especially through NSDIs, in shaping and implementing national strategies for sustainable FDI.

The findings were derived from desk research on emerging practices of NSDIs and social partners in influencing policies on sustainable FDI, inclusive economic development and social progress. The analysis focused on eight ILO Member States - Jordan, Peru, the Philippines, Senegal, Sierra Leone, Slovenia, South Africa and Viet Nam – as well as the West African Economic and Monetary Union (WAEMU). These cases were selected not only to ensure geographic diversity, but also because tripartite constituents in these countries had previously benefited from awareness-raising and capacity-building activities on the ILO Tripartite Declaration of Principles concerning

¹ According to UN Trade and Development (UNCTAD), MNEs continue to play a central role in global FDI flows, with their networks governing approximately 80% of global trade and foreign affiliates accounting for a significant share of global production and sales (UNCTAD 2024, p. 34). While this study acknowledges the diverse sources and determinants of FDI, its primary focus is on MNEs as a significant channel of global FDI flows.

² NSDIs are bipartite or tripartite structures or bodies established within a country that provide a platform for employers' and workers' organizations to engage in economic and social policymaking, with a mandate to address multiple social and labour market policy areas (ILO 2024). While this understanding guided the research, a strict or uniform definition of the term was not applied.

Multinational Enterprises and Social Policy (MNE Declaration), the ILO's key instrument providing guidance on how trade, investment and operations of MNEs can contribute to decent work.

Insights from the desk research subsequently informed country-specific interview questions. These interviews, conducted between August and October 2023, involved ministry officials; senior officials and executive members of NSDIs; representatives from employers' and workers' organizations; ILO development partners; and ILO specialists and project managers. The examples presented in this report reflect the institutional and policy environments as of 2023.

The examples below illustrate how these dynamics unfold in practice and point to several emerging insights (see table 1). NSDIs are increasingly leveraging social dialogue to identify and elaborate the labour dimensions of broader social and economic policy frameworks. They also contribute to the implementation of national FDI policies by developing strategic frameworks, identifying priorities and outlining action plans. In several countries, governments have established ad hoc social dialogue platforms to facilitate policy dialogues and tripartite-plus collaboration on trade, investment, MNE operations, supply chains and RBC. These platforms are particularly relevant in contexts where formal social dialogue institutions have limited capacity to shape coherent national policies in these areas.

The cases further demonstrate that the MNE Declaration and its principles provide a comprehensive policy framework for addressing challenges and leveraging opportunities. The Declaration encourages consultations and social dialogue at multiple levels as means for governments, businesses, and employers' and workers' organizations to effectively carry out their respective roles in implementing its principles and operational tools. Overall, the examples documented in this report complement the ILO's growing body of evidence that social dialogue is an effective means of promoting inclusive growth and strengthening economic performance.

▶ 1 A social dialogue approach to advance national development objectives

1.1 The role of social dialogue in sustainable economic policymaking

Social dialogue encompasses all types of negotiation, consultation and exchange of information between or among representatives of governments, employers and workers on issues of common interest relating to economic and social policy (ILO 2018a, para. 6). It may take the form of a tripartite process, with the government as an official party to the dialogue or consist of bipartite relations between the social partners only. Depending on the political, legislative and institutional environment of a country, social dialogue can take place at national, provincial or regional, or enterprise level. It may also be interprofessional, sectoral or any combination of these. In addition, social partners may also engage in transnational dialogue at regional and global levels³.

Social dialogue carried out at the peak level (national, provincial or sectoral level, for instance) has proven instrumental in facilitating effective consultation between governments and social partners in socio-economic policymaking across ILO Member States (ILO 2024, 5). The ILO's *Social Dialogue Report 2024* showcases how peak-level social dialogue (PLSD) ⁴can provide mutual benefits for employers and workers “to chart a path of economic development that is sustainable and inclusive” (ILO 2024, 8). Issues addressed may range from specific topics such as wages and working conditions to broader questions of economic and social policy – which is the focus of this research. The platforms where social dialogue is carried out vary widely, from formal institutional settings to relatively informal mechanisms. This diversity reflects the principle that national mechanisms and institutions must be adapted to national circumstances, needs and priorities (ILO 2024, 5; ILO 2021a, 8).

There are many examples of PLSD being used to design policies that promote social justice, decent work and sustainable enterprises across the globe. Historically, PLSD has been most developed and articulated in Western continental Europe, where nationally representative social partners and governments conclude tripartite and bipartite agreements to regulate labour issues or establish socio-economic policy frameworks (ILO 2017b, 27). Increasingly, however, governments in other regions are also using social dialogue to secure buy-in and support from social partners during policy development and legislative reform. The ILO has documented how social dialogue can help to reconcile competing interests and build trust and commitment to policies – both in times of prosperity and in crisis (ILO 2020, 1; ILO 2017b; ILO 2012).

³ For more information, see the ILO topic portal on Social Dialogue and Tripartism: <https://www.ilo.org/socialdialogue>.

⁴ PLSD refers to a set of institutions and processes whereby governments, employers' and workers' organizations negotiate, consult each other, and exchange information on labour, economic, and social matters at national or sectoral levels. It includes bipartite processes – where only the social partners engage, notably for reaching collective agreements – as well as tripartite processes, which also involve government representatives. The ILO Social Dialogue Report 2024 examined the contribution of PLSD to achieving economic development and social progress.

1.2 Leveraging FDI for decent work and sustainable development

FDI has been widely recognized as a key driver of sustainable development worldwide. As the largest source of external finance for developing economies, it plays a particularly important role in supporting developmental objectives in host countries. FDI inflows can expand local producers' access to global markets, which brings in foreign exchange and can generate more decent and productive employment (ILO 2022a).⁵ MNEs and their investments can also contribute to skills development, technology transfer, and increasing competition in local markets (UNESCAP 2019, p. 1).

The contribution of FDI to fostering sustainable economic and social development is especially critical for least developed countries (LDCs) (UN-OHRLLS 2011). However, the presence of FDI does not automatically translate into more and better jobs in the host country (ILO 2023a, 2). Acknowledging this reality, the *Doha Programme of Action* emphasizes the need for concerted efforts to advance trade and investment policies to leverage FDI for the achievement of sustainable development objectives in LDCs.⁶ There is a need for governments to adopt decisive measures to attract sustainable FDI and maximize its developmental impact. While these challenges are prominent in LDCs, they are also shared by many developing and transition economies and are universally relevant.

Developments in global trade and investment policy increasingly emphasize not only the volume of FDI, but also its quality – namely, its capacity to contribute to economic and social progress, in line with the Sustainable Development Goals (SDGs), especially SDG 8 on decent work and economic growth. As a result, principles drawn from international instruments on human rights, labour standards, and environmental issues are increasingly embedded in national policies designed to attract and guide sustainable FDI.

FDI inflows and MNE operations can also help to promote global policy coherence and standardization on issues related to investment, responsible business and decent work, although FDI remains highly concentrated in certain countries and sectors (UNCTAD 2024, 18). Governments are increasingly applying guidance from international instruments to integrate issues relevant to sustainability and decent work in their investment policies, as demonstrated by the growing number of trade agreements that integrate principles from international standards and policy frameworks on human rights, labour rights and environmental issues, as well as by the rising number of public–private projects between trade partners to enhance implementation capacity.

ILO standards (Conventions and Recommendations) have played an increasingly prominent role in defining the labour and sustainability provisions of global trade and investment agreements over the past decade. This includes references to the Fundamental Principles and Rights at Work enshrined in the ILO core Conventions (Bazillier and Arslan 2025; ILO 2023b).⁷ The broader body of ILO instruments also contributes to defining the labour dimensions of sustainability in trade

⁵ See also ILO webpage on "[Harnessing trade for decent work](#)".

⁶ Least developed countries (LDCs) are countries listed by the [United Nations](#) that exhibit low levels of income and face severe structural impediments to sustainable development. The criteria for LDC status encompass three factors, namely income, human assets, and economic and environmental vulnerability. The recent [Doha Programme of Action](#) for the Least Developed Countries for the Decade 2022–2031 further reiterates the commitment by LDCs to attracting more investment to finance sustainable development needs and ensure a smooth transition from the least developed country category.

⁷ See also ILO [Labour Provisions in Trade Agreements Hub](#).

agreements. For example, 24 international investment and trade agreements include references to the MNE Declaration to date.⁸

1.2.1 Social dialogue as a central component of the MNE Declaration

The MNE Declaration is a tripartite-agreed instrument that provides policy guidance to governments, employers' and workers' organizations, and MNEs on how to maximize the positive impacts of FDI and MNE operations for economic and social progress. With its principles primarily derived from ILO Conventions and Recommendations, the MNE Declaration provides guidance on measures to leverage FDI and MNE operations to contribute to sustainable development and decent work (see Box 1).

► Box 1 ILO MNE Declaration: a policy framework for sustainable FDI and responsible business

The MNE Declaration underscores the potential substantial benefits of FDI and international trade to home and host countries. These include more efficient utilization of capital, technology and labour. At the same time, it emphasizes the need for appropriate measures to ensure that FDI contributes to SDG 8 on inclusive economic growth and decent work, particularly for lower income groups and less developed areas.

The MNE Declaration provides policy guidance in key areas - general policies, employment, training, conditions of work and life, and industrial relations - while recognizing the respective roles and responsibilities of government, employers' and workers' organizations, and businesses in realising economic and social progress and decent work for all. It calls on governments of home and host countries, in consultation with employers' and workers' organizations, to create an enabling environment for sustainable enterprises through the adoption of laws, policies, measures and actions that encourage the positive contribution of FDI and MNEs, while minimizing potential negative impacts arising from their operations. In addition, it also provides guidance to enterprises on aligning their policies and practices with its principles derived from international labour standards.

The provisions of the MNE Declaration strengthen the role of social dialogue and tripartism in shaping policies on FDI, MNE operations and responsible business in a number of ways. The instrument envisions social dialogue and consultations among governments, social partners and businesses on policy issues linked to national economic and development objectives, particularly in host countries in developing economies.⁹ For example, it highlights the need for governments facing socio-economic challenges, such as unemployment and underemployment, to develop policies that harness the contributions of FDI and MNEs to promote sustainable economic growth and development.¹⁰ The guidance of the MNE Declaration can support the development of partnerships to address many of the challenges that neither governments nor companies can address on their own, including multi-stakeholder partnerships.¹¹ Social dialogue in this context

⁸ See ILO webpage on [References made to the MNE Declaration in trade and investment agreements](#).

⁹ In line with the principles of the MNE Declaration, an OECD global toolkit on effective FDI policymaking – the FDI Qualities Policy Toolkit – recognizes the need for governments to engage in public consultations and inclusive decision-making processes to build consensus on policy reforms on investment and sustainable development (OECD 2021).

¹⁰ MNE Declaration, para. 14.

¹¹ MNE Declaration, Introduction, p. 5.

may include parties from the broader business community (such as chambers of commerce, sectoral associations and MNE representatives), as well as civil society.¹²

Cross-border social dialogue, which brings together actors beyond national borders, also contributes to the effective implementation of the MNE Declaration (ILO 2019a, para. 5). The Declaration calls on governments of both home and host countries of MNEs to promote good social practice in accordance with the Declaration and to have consultations with one another, when the need arises, on the initiative of either.¹³ The MNE Declaration further promotes cross-border social dialogue as an effective means of carrying out human rights' due diligence, which should involve meaningful consultation of relevant stakeholders, including workers' organizations (ILO 2018c).¹⁴ In practice, this may facilitate the involvement of NSDIs and social partners in the development, negotiation or implementation of mandatory and voluntary due diligence initiatives, including through international framework agreements (ILO 2019a, para. 8).

Social dialogue is also mainstreamed through the operational tools of the MNE Declaration. One such tool is the regional follow-up mechanism, which offers a platform for tripartite dialogue among ILO constituents to discuss opportunities and challenges in advancing the Declaration's principles at the regional level.¹⁵ Another is the company-union dialogue procedure to support dialogues involving MNEs and the representatives of the workers affected, in particular trade unions, on the application of the principles of the MNE Declaration.¹⁶ A third is the establishment of tripartite appointed national focal points to promote the principles of the MNE Declaration at the national level. These focal points – appointed on a tripartite basis, taking guidance from Convention No. 144 on Tripartite Consultation - can foster dialogue platforms to discuss opportunities and identify challenges presented by MNEs, and thus trade and investment, in the national context. Such dialogue could also encompass dialogues between home and host countries of MNEs. So far 23 ILO member States have appointed such national focal points. Their structure and functioning differ taking into account the national context.¹⁷ A number of focal points also include the social dialogue institution, such as the national focal points in South Africa, comprised of the Department of Employment and Labour, Business Unity South Africa (BUSAs), the Congress of South African Trade Unions (COSATU), Federation of Unions of South Africa (FEDUSA), South African Clothing and Textile Workers' Union (SACTWU), and the National Council of Trade Unions (NACTU) and the National Economic Development and Labour Council (NEDLAC).

¹² The 2002's Resolution concerning tripartism and social dialogue recognizes that, while social partners are open to dialogue and to work with civil society organizations, prior consultation of the social partners and respect for their representative roles is required.

¹³ MNE Declaration, para. 12.

¹⁴ MNE Declaration, para. 10(e).

¹⁵ See ILO webpage on "[Regional follow-up of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy \(MNE declaration\)](#)".

¹⁶ See ILO webpage on "[ILO company-union dialogue: an operation tool of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#)".

¹⁷ See ILO webpage on "[Promotion at the national level / Promotion by tripartite appointed national focal points | International Labour Organization](#)".

▶ 2 Examples of how national social dialogue institutions leverage trade and investment policy processes

2.1 Lessons from past research

NSDIs use social dialogue to shape economic, social and industrial policies that leverage the positive contributions of FDI and MNE operations in host countries (ILO 2017a, p. iii). By helping to close governance gaps around MNE operations, NSDIs strengthen labour governance systems across ILO Member States (ILO 2017a, p. 26).

Earlier ILO research, however, found only limited examples of NSDIs engaging in discussions on trade and investment policies, MNE operations or supply chain governance (ILO 2017a).¹⁸ A 2015 baseline survey of 28 NSDIs (ILO 2015) showed that:

- 72 per cent of respondents did not engage in discussions on “how to maximize the positive developmental impact of global supply chains or value chains and/or MNEs in their countries.”
- the same amount declared they did not establish any relationships with MNEs operating in their countries, nor did they engage with them “specifically in the field of CSR, including respect for national laws and the safeguarding of international labour and environmental standards” (ILO 2017a, p. 34).
- only 8 per cent such topics within the scope of their mandate (ILO 2017a, p. 35).

Despite these gaps, the 2017 study identified several practices that some NSDIs had adopted, or could adopt, to strengthen their capacity to engage in policy debates on FDI, MNEs and RBC. These include advising governments on labour-related aspects of investment policies; supporting labour-law compliance through multi-stakeholder dialogue, capacity building and sharing good practices; and engaging with MNEs to promote responsible business practices in both home and host countries, among other actions. This body of guidance provided an important foundation for further research into how NSDIs have since then expanded their engagement in trade and investment policy processes.

2.2 Emerging practices

Since 2017, a growing number of NSDIs have strengthened their capacity to engage on FDI, MNE operations and RBC. Across regions, tripartite constituents are using social dialogue to develop, advance and implement national strategies for socio-economic growth through sustainable investment. The following sections present a series of emerging practices structured around key thematic areas, identified through desk research and expert interviews conducted in 2023.

¹⁸ These findings were taken from a 2015 ILO survey of 28 NSDIs operating in ILO Member States in Africa (9), the European Union (4), Balkan States (4), Latin America (4), Asia (5) and the Middle East (2); as well as the NSDIs that are members of the International Association of Economic and Social Councils and Similar Institutions (AICESIS), and captured in the [ILO-AICESIS database on NSDIs](#).

2.2.1 Promoting an enabling environment for social dialogue to foster sustainable investment and responsible business conduct

Most ILO Member States have legislative frameworks governing tripartite and bipartite social dialogue on matters of economic and social interest.¹⁹ Approximately 87 per cent of Member States have also established a permanent NSDI (ILO 2024, 27). However, many NSDIs remain underutilized or excluded from key policymaking processes, including those related to trade, investment and MNE operations (ILO 2020, 26; ILO 2018a, section 2.3.2, p. 14).

Beyond legislation and institutional capacity, effective social dialogue depends on several enabling conditions: strong, independent and representative employers' and workers' organizations with sufficient technical capacity to engage; political will and commitment from all tripartite constituents; respect for freedom of association and the effective recognition of the right to collective bargaining; and adequate institutional and financial support (ILO 2018b, para. 257; ILO 2022b, p. 24).²⁰

A conducive environment should therefore ensure that NSDIs are fully integrated into national policymaking cycles, including in areas related to FDI and MNE operations, and equipped with the institutional support necessary to perform their functions effectively.

An illustrative example is Viet Nam, where the government recognized the importance of strengthening the industrial relations environment to maximise the developmental opportunities created by new trade and investment agreement with the European Union (See Box 2).²¹

► **Box 2 Utilizing tripartite collaboration to foster Viet Nam's new industrial relations framework for sustainable trade and development**

During negotiations for the European Union–Viet Nam Free Trade Agreement (EVFTA) in 2016, the Government of Viet Nam committed to aligning its labour laws and institutions with ILO labour standards. This commitment aimed to meet the requirements of the agreement's chapter on trade and sustainable development, particularly in relation to strengthening the legal and institutional framework for industrial relations. With technical support from the ILO, the government sought to leverage new FDI opportunities for social and economic growth, while positioning Viet Nam as a destination for sustainable investment and responsible business operations.

Following the conclusion of the EVFTA, the then Ministry of Labour, Invalids and Social Affairs, in collaboration with the Ministry of Foreign Affairs and the social partners – the Viet Nam Chamber of Commerce and Industry and the Viet Nam General Confederation of Labour – implemented a range of measures to fulfil these commitments. Key actions included reforming the Labour Code and ratify four ILO Conventions, including two fundamental Conventions: the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and the Abolition of Forced Labour Convention, 1957 (No. 105). Throughout the reform process, the government consulted with the Viet Nam Chamber of Commerce and

¹⁹ The ILO Database of National Labour, Social Security and Related Human Rights Legislation (NATLEX) documents 468 legislative instruments that regulate tripartite consultations across ILO Member States to date. See also the ILO Legal Database on Industrial Relations (IRLex) for detailed information on existing legislation regulating tripartite and bipartite social dialogue in ILO Member States.

²⁰ See also the ILO webpage on "Social dialogue".

²¹ See "Developing a New Industrial Relations Framework in Respect of the ILO Declaration on Fundamental Principles and Rights at Work (NIRF/USDOL project)".

Industry and the Viet Nam General Confederation of Labour, including through tripartite technical meetings to implement and report on comments from ILO supervisory bodies and technical experts.

These tripartite efforts aimed to modernize Viet Nam's labour laws, strengthen industrial relations institutions and representative organizations, and improve enforcement capacity. Outcomes included the approval of the new Labour Code of Viet Nam, and the ratification of Convention No. 98 in 2019. Ongoing efforts focus on strengthening the capacity of national social dialogue institutions, such as the National Industrial Relations Committee, to effectively facilitate dialogue and tripartite action for improved labour relations, including in the supply chains in Viet Nam.

The EVFTA exemplifies the newer generation of free trade agreements that integrate social development and sustainability objectives. It illustrates how trade opportunities can be a catalyst for tripartite efforts to improve the host countries' positions as a destination for sustainable investment and responsible MNE operations.

Source: interview with Ministry of Labour, Invalids and Social Affairs official.

2.2.2 Ensuring institutional competence and agenda-setting over FDI and MNE-related issues

Most NSDIs and social dialogue initiatives analysed in this research are established through legislative instruments that determine institutional factors, such as composition, membership, structure, objectives, competencies and scope of work. For example, the Economic and Social Council of Jordan was founded by a royal decree, granting it exclusive consultative authority for legislative and judicial institutions economic and social matters.²² However, as earlier research has shown, many NSDIs with similar institutional competencies focus primarily on social and labour issues, engaging less on economic matters, such as trade and investment, which are sometimes perceived as outside the scope of social partners' labour mandate (ILO 2017a, 31).

These findings highlight the importance for NSDIs to reflect on how their existing competences and mandates can be applied to ensure sufficient engagement on issues relevant to broader national development objectives. In this regard, there are examples of NSDIs engaging on broader development issues that bridge economic and social policies, including on matters related to trade, investment and MNEs. Senegal's High Council for Social Dialogue, for instance, established a Tripartite Commission for the Promotion of the MNE Declaration, a specialized body mandated to develop policies to harness the socio-economic benefits of FDI and MNE operations, while promoting RBC. Similarly, South Africa's National Economic Development and Labour Council (NEDLAC) established a specialized subcommittee to address trade and investment issues within its structure (see Box 3).

Establishing specialized subcommittees in NSDIs is an effective strategy to ensure institutional competence and capacity to engage on issues relevant to FDI, MNE operations and responsible business issues. For NSDIs lacking the capacity or resources to establish such subcommittees, defining a clear mandate that outlines the full scope of issues economic and social issues can improve agenda-setting and broaden engagement. In this regard, conducting self-assessments can help NSDIs review current practices and identify opportunities to revise mandates, potentially

²² Economic and Social Council Regulation No. 117 of 2007, and its amendments until 04/25/2021, Art. 4.

incorporating issues such as investment policy, export expansion, fiscal and industrial policy, sustainable development, responsible business and due diligence, and supply chain governance.

▶ **Box 3 Institutionalization of trade and investment issues in South Africa's National Economic Development and Labour Council (NEDLAC)**

NEDLAC is an independent tripartite body where government, organized business, organized labour and civil society cooperate on economic, labour and development issues in South Africa. It plays a key role in legislative development and reform by reviewing legislation with socio-economic and labour market implications before it is introduced in Parliament. NEDLAC's work is organised across four thematic chambers, namely development; labour market; trade and industry; and finance and fiscal.

The Trade and Industry Chamber includes six members representing government, organized business and organized labour. It is mandated to reach consensus and make agreements on matters pertaining to the “economic and social dimensions of trade”, as well as industrial, mining, agricultural and services policies. In February 2023, for example, the Chamber deliberated on a strategy to promote South Africa as a preferred investment destination in Africa and support new investment opportunities that advance the country's transition to a low-carbon and climate-resilient economy. Outcomes from these dialogues were submitted as inputs for South Africa's Country Investment Strategy.

The Chamber's work is further divided into several substructures, including the Technical Sectoral Liaison Committee, which is a tripartite body that reviews existing trade agreements and strengthens South Africa's position in negotiations with trading partners. In 2022–2023, the Committee reviewed and provided inputs to government on existing trade agreements, such as the South African Customs Union Agreement, 2002; the Southern African Development Community Trade Protocol; and South Africa's trade relations with the European Union. It also contributes to developing South Africa's position for discussions in global and multilateral forums on trade and investment. For example, in June 2022, the Committee convened an urgent meeting with the Minister of Trade, Industry and Competition to provide inputs on WTO reforms, and later participated in the periodic review of South Africa's WTO trade policies. The Committee also established a task team to build its expertise on social clauses in international trade agreements, enhancing its institutional capacity to support sustainable trade and investment policies.

Sources: Interview with NEDLAC Executive Director; NEDLAC Annual Reports 2021–2022 and 2022–2023.

2.2.3 Integration in national policy framework development and implementation

Several institutions analysed in this research show a trend of increasing NSDIs' involvement in developing and implementing social and economic policies that encompass trade, investment and MNE-related issues. In previous research, NSDIs were functioning, or perceived as functioning, as purely consultative or advisory platforms for government during policy and legislative development processes (ILO 2017a, p. 31). The examples identified in this research, however, suggest that tripartite actors are not only supporting the development of national policies through social dialogue and collaboration, but also developing institution-specific strategies and action frameworks to accelerate their implementation. For example, in Slovenia, the Economic and Social Council has actively supported the implementation of Slovenia's Recovery and Resilience Plan (see Box 4).

► **Box 4 Economic and Social Council of Slovenia: utilizing social dialogue to develop national policy frameworks for socio-economic growth**

The Slovenian Economic and Social Council is a tripartite body with advisory and consultative powers to address labour-related issues in line with the ILO Convention No. 144. It provides a platform for the government to consult social partners during the early stages of legislative proposals and strategic policy documents. In practice, social dialogue through the Council is integrated into the legislative and policymaking cycle in Slovenia, as the National Assembly only discusses socio-economic legislation that has already been debated by Council members via permanent or ad hoc thematic working groups.

For example, in December 2022, the Council negotiated amendments to the Transnational Provision of Services Act to develop internationally comparable measures supporting the competitiveness of the export-oriented sector of the Slovenian economy. These amendments included changes to taxation, while ensuring the social security rights of workers engaged in the transnational provision of services.

The Council also examines broader economic and social matters and negotiates national social and economic policy agreements, such as social pacts, which outline the key priorities for Slovenia's social and economic growth. The 2015–2016 Social Pact was developed by the Council in response to addressing the impacts of the 2014 economic crisis, defining priorities such as creating new quality jobs, increasing value added and sustainable development of socially responsible economic and public sectors, expanding exports, strengthening investment markets and enhancing competitiveness for sustainable economic growth.

The Council has also played a role in supporting the implementation of Slovenia's Recovery and Resilience Plan, a national programme of reforms and investments designed to mitigate the economic and social impact of the COVID-19 pandemic. Its activities included submitting issues for negotiation among social partners to generate suggestions for legislative reforms and other measures to implement the plan effectively.

Source: Economic and Social Council website; interview with Economic and Social Council President.

2.2.4 Tripartite social dialogue on the labour dimensions of social and economic policy

The NSDIs identified in this research all play a role in facilitating dialogue on socio-economic policies related to FDI, MNE operations and RBC. In some instances, this involves coordinating social partners' contributions to broader policy development or leveraging social dialogue and tripartite cooperation for policy implementation. A growing number of NSDIs are also addressing labour-related aspects within wider policy agendas.

In the Philippines, for example, the Department of Labour and Employment has drawn on social partners' input to define the labour dimensions of sustainable trade, investment and MNE operations. The national tripartite social dialogue institution has been instrumental in elaborating labour-specific policy and action frameworks and in shaping national positions for transnational and regional trade policy initiatives (see Box 5).

► **Box 5 Elaborating the labour dimensions of social and economic development through tripartite engagement in the Philippines**

The Philippines has adopted measures to accelerate economic and social development, grounded in PLSD and multi-stakeholder collaboration. The Philippine Development Plan (PDP) 2023–2028 provides a framework for economic and social transformation to reinvigorate job creation and accelerate poverty reduction by increasing foreign trade and investment and steering the economy on a high-growth path.²³ The PDP development process was coordinated through the National Economic and Development Authority, which adopted an inter-agency whole-of-government approach, involving several months of consultative engagement with government agencies, local government units, development partners, youth organizations, sectoral experts, the private sector and other stakeholder groups.

The Department of Labour and Employment (DOLE) elaborated the labour dimensions of the PDP in close consultation with the social partners through the National Tripartite Industrial Peace Council (NTIPC), the primary forum for tripartite consultation among organized labour, employers and government in formulating and implementing labour and employment policies. Building on the experience from the post-pandemic National Employment Recovery Strategy (NERS), and with technical support from the ILO, tripartite constituents identified priorities and initiatives to address decent work deficits in enterprises integrated in global supply chains and to align emerging trade agreements with inclusive economic objectives.

To strengthen tripartite contributions to the PDP, the TIPC also led the development and adoption of the Philippine Labour and Employment Plan 2023–2028,²⁴ which identifies labour and decent work priorities linked to the PDP and establishes a policy framework for implementing the ILO Decent Work Country Programme. It relies on sector-specific inputs from the Industrial Tripartite Councils (ITCs) operating in key sectors such as automotive assembly, banking, construction, clothing and textiles, hotels and restaurants, sugar, maritime, banana, education, overseas land based, movie and television, and aquaculture.

DOLE has further relied on dialogues and consultations with the NTIPC and ITCs to develop positions on social issues related to the establishment of an Indo-Pacific Economic Framework for Prosperity, which aims to advance resilience, sustainability, inclusiveness, economic growth, fairness and competitiveness across four pillars: trade; supply chains; clean energy, decarbonization and infrastructure; and tax and anti-corruption. Tripartite dialogues facilitated by the ILO and DOLE in January 2023 emphasized the need to strengthen the respect for freedom of association and collective bargaining rights as means to meaningfully implement the PDP and the Labour and Employment Plan, while meeting the Framework's standards.

Sources: TIPC website; interview with Department of Labour and Employment official.

2.2.5 Promoting policy coherence through government representation and participation in NSDIs

In many ILO Member States, NSDIs are administered, coordinated, or chaired by ministries of labour. While this ensures strong engagement on social and labour issues, it can also create

²³ Philippine Development Plan.

²⁴ Philippine Labour and Employment Plan.

challenges in countries where responsibilities for labour and social affairs are institutionally separated from ministries that oversee economic policies on trade and investment. The 2017 study highlighted the real or perceived limitation of some NSDIs' competencies to labour issues alone. Without formal channels of engagement with ministries responsible for economy, trade and investment, or foreign affairs, NSDIs are less likely to influence these critical areas of policy and legislation.

Interviews with NSDIs representatives reinforce the importance of involving a broad range of government ministries and agencies in dialogues, negotiations and policymaking processes. Such participation is crucial not only for strengthening interministerial collaboration and policy coherence, but also for enhancing the legitimacy and capacity of NSDIs to address a wider spectrum of socio-economic issues. It also underscores the need to build the technical capacity of social partners so they can meaningfully engage in policy areas beyond their traditional focus, such as investment, trade, and development.

Several NSDIs that actively address issues related to FDI, trade, MNE operations and responsible business have institutional frameworks requiring the participation of multiple ministries relevant to both social and economic policies. For example, in South Africa, governmental representation in NEDLAC includes ministers, deputies and directors-general from the Department of Employment and Labour, National Treasury, Department of Trade, Industry, and Competition, and Department of Public Works and Infrastructure. NEDLAC's four thematic chambers - on development, labour market, trade and industry, and finance and fiscal - are aligned with these policy areas.

In Sierra Leone, the Ministry of Labour and Social Security has gone further by establishing formal linkages with the Sierra Leone Local Content Agency and institutionalizing tripartite dialogues on leveraging FDI for local economic development (see Box 6).

► **Box 6 Advancing local economic development through tripartite promotion of the MNE Declaration in Sierra Leone**

In March 2019, within the context of the SME Development Project for Sierra Leone, the ILO organised sensitization and training activities on the MNE Declaration for tripartite constituents in Sierra Leone. These activities strengthened the capacity of tripartite constituents to engage in policy discussions promoting local economic development and business linkages between MNEs and local enterprises.

In line with the Sierra Leone Local Content Agency Act of 2016, which aims to leverage FDI inflows to stimulate the domestic economy, the Ministry of Labour and Social Security, the Sierra Leone Local Content Agency, the Employers' Federation and the Labour Congress agreed in July 2019 to jointly promote the MNE Declaration and its principles in Sierra Leone and to appoint national focal points for this purpose. Coordinated by the Ministry of Labour and Social Security, the four national focal points serve as a mechanism to advance Sierra Leone's social and economic development goals through FDI and MNE operations, guided by the principles of the MNE Declaration.

The work of the national focal points was formalized in a National Action Plan to promote the MNE Declaration in Sierra Leone, which encompassed capacity building, research and advocacy activities. A key outcome was the establishment of an MNE Unit within the Ministry of Labour and Social Security, mandated to facilitate social dialogue linking FDI and MNE operations with decent job creation and local economic development. The MNE Unit also

became a new platform for PLSD to develop and implement policies for sustainable economic and social growth in Sierra Leone.

To further strengthen coordination, the Ministry created a Technical Working Group in September 2021, bringing together representatives from key ministries (Finance, Information and Communication, Technical and Higher Education, Trade and Industry, Mines and Mineral Resources, and Local Government and Rural Development), as well as the Office of the Chief Minister, the Bank of Sierra Leone, the National Revenue Authority, and the National Youth Commission.

These mechanisms have enhanced the capacity of tripartite constituents to engage in social dialogue on FDI and MNE operations, while also institutionalizing these issues within national policymaking. Concrete examples of dialogue at various levels include:

- A technical meeting hosted by the national focal point of the Local Content Agency to engage 29 enterprises in the country on applying the principles of the MNE Declaration;
- Round-table meetings hosted by the Local Content Agency to engage MNEs on establishing linkages with local entrepreneurs.
- Creation of a Trade Union Network on MNEs by the Labour Congress focal point, uniting six trade unions and expanding awareness of their members on the MNE Declaration through workshops and training sessions with their members.

The integration of this work into national policy is reflected in Sierra Leone SDGs Investment Plan, led by the Ministry of Planning and Economic Development, which includes a reference to the MNE Declaration. Other outcomes include the development of a Cabinet Paper on the ratification of the ILO Indigenous and Tribal Peoples Convention, 1989 (No. 169), by the national focal point in the Ministry of Labour and Social Security, which is one of the ILO standards mentioned in the MNE Declaration that Sierra Leone had not yet ratified.

Sources: ILO project documentation; Sierra Leone Labour Congress webpage.

2.2.6 Multi-stakeholder dialogue to advance national development policies

Social dialogue institutions do not operate in isolation- they function within broader institutional environments at the national level, regional and global levels. Their effectiveness often depends on the synergies, collaborations, or, in some cases, conflicts that arise from their relationships with other institutions (ILO 2021a, p. 44; OECD 2021, p. 98). To be effective, social dialogue institutions require the involvement of several ministries, implementing agencies, social partners, and the private sector, including the MNEs themselves.

In Jordan, for example, the Economic and Social Council benefits from the membership and participation of government representatives from the Chambers of Commerce and Industry. Their contributions are key to improving the relevance and effectiveness of emerging initiatives aimed at addressing obstacles to investment in the Gulf.²⁵ Similarly, the example from Peru (see Box 7) highlights the benefits of adopting a multi-stakeholder approach to advancing national policies on FDI, MNE operations and RBC. It illustrates how participatory approaches, using dialogue and collaboration, can enhance effectiveness of policy development and implementation.

²⁵ At the time of research, the Jordanian Economic and Social Council was at the formative stages of elaborating a framework to address these issues.

▶ **Box 7 Forging multi-stakeholder dialogue and collaboration to advance business and human rights in Peru**

In June 2021, Peru adopted its National Action Plan on Business and Human Rights (NAPBHR), aimed at improving economic performance, while enhancing sustainability, social cohesion, and the country's attractiveness for responsible investment.

The development of NAP relied on a multi-stakeholder dialogue process led by the Ministry of Justice and Human Rights, which established dialogue platforms and coordinated collaboration of multiple stakeholders through several working groups, including:

- Executive branch group, which consisted of 40 representatives from 19 government ministries, including the Ministries of Labour and Employment Promotion, Foreign Affairs, Energy and Mines, Development and Social Inclusion, Economy and Finance, Environment, and Foreign Trade and Tourism, and the Presidency of the Council of Ministers;
- Business group, including the National Confederation of Employers, chambers of commerce, sectoral associations, leading MNEs, and SMEs;
- Trade union group, including the National Confederation of Workers;
- Civil society group;
- Indigenous peoples group;
- International organizations group, including the ILO, the Office of the United Nations High Commissioner for Human Rights, the United Nations Development Programme (UNDP), the International Organization for Migration, the World Health Organization, and the United Nations Children's Fund;

International cooperation group, involving diplomatic officials from trade partner governments.

In September 2019, the Vice-Ministry of Human Rights and Access to Justice approved the "Methodology for the elaboration process of the NAPBHR",²⁶ which resulted from multiple working meetings in Lima and other regions; training sessions; and the formation of working groups involving government, companies, social partners, civil society, indigenous peoples, and universities.

The Ministry of Justice and Human Rights coordinated the work of the Executive Branch Working Group through meetings to develop a coherent State approach to implement the NAPBHR. Multi-stakeholder round tables served as the main platforms for dialogue, fostering trust and sharing diverse perspectives. Other platforms, such as working groups on diagnostics and baselines, regional and national dialogues and training workshops, were also instrumental in facilitating dialogue to facilitate consensus on key problems, actions, indicators, and goals. The principles of the MNE Declaration were used to elaborate the labour dimensions of Peru's NAPBHR (see Box 3.11 for more details on the role of the MNE Declaration).

The Peru's NAPBHR development and implementation process were characterized by inclusive, participatory and consensus-building approach, underpinned by interministerial

²⁶ <https://cdn.www.gob.pe/uploads/document/file/1940812/Decreto-supremo-que-aprueba-el-plan-nacional-de-accion-sobre-decreto-supremo-n-009-2021-jus-1962210-5.pdf.pdf?v=1637357195>.

collaboration and broader stakeholder engagement. This resulted in a whole-of-government approach to developing national policies for enhancing Peru's competitiveness in global markets and promoting sustainable investment.

The success of the dialogue approach also informed the decision to formally institutionalize the continuation and institutionalization of the (ad hoc) tripartite-plus dialogue bodies to "guarantee a permanent work of articulation and collaboration" in the NAPBHR, follow-up, monitoring, evaluation, and update. At the time of research, these measures were in the process of elaboration, at both national and provincial levels.

Sources: Peru National Action Plan website; ILO RBCLAC webpage; interview with National Action Plan coordinator.

2.2.7 Building institutional capacity to identify priority areas and meet stakeholder needs

Many NSDIs, as documented in the database of the International Association of Economic and Social Councils and Similar Institutions (AICESIS),²⁷ have a mandate to generate and disseminate knowledge. Interviews with NSDIs officials indicate that this function serves two main purposes. First, it addresses knowledge gaps on issues of economic and social relevance by providing up-to-date statistics, data and recommendations to address the challenges hindering development at national, sectoral and regional levels. Second, it builds the capacity of social partners and stakeholders participating in dialogues and initiatives on socio-economic issues, which can in some cases be highly complex and dynamic in nature.

Several NSDIs produce analytical outputs on a range of issues, including annual statistics on the state of industrial relations (TIPC, Philippines);²⁸ the development of a skills strategy to support a national economic recovery and reconstruction plan (NEDLAC, South Africa, 2021);²⁹ and a State of the Nation Report that provides data and statistics on key policy areas and identifies opportunities and challenges for social and economic development (Economic and Social Council, Jordan).

NSDIs also play an important role in disseminating this knowledge through capacity-building activities. For example, Peru conducted training workshops as part of its multi-stakeholder NAPBHR development process, while the Sierra Leone workers' national focal point for the promotion of the MNE Declaration implemented a series of workshops and training activities for stakeholders.³⁰ In Jordan, the Economic and Social Council not only produces the State of the Nation Report but also has taken steps to enhance its capacity to meet stakeholder needs and implement national development objectives (see Box 8).

► Box 8 Generating knowledge and capacity to drive sustainable investment and development in Jordan

Jordan's Economic and Social Council is a tripartite-plus body established in 2007 to undertake research, policy analysis and policy advice over a broad scope of issues. Its competence covers labour markets, employment, vocational and technical education and training;

²⁷ See [AICESIS ILO Database](#).

²⁸ See statistical reports at <https://blr.dole.gov.ph/2014/12/11/statistical-reports/>.

²⁹ See report at https://nedlac.org.za/wp-content/uploads/2021/10/Annexure-2_Nedlac-Report-on-Skills-Strategy_08022022.pdf.

³⁰ See ILO webpage on "National focal points for the promotion of the MNE Declaration in Sierra Leone: key milestones achieved in 2022": <https://www.ilo.org/projects-and-partnerships/projects/national-focal-points-promotion-mne-declaration-sierra-leone-key-milestones>.

fiscal policy, business and investment landscape; agriculture; environment; industry, trade and SMEs; and social development.

The Council publishes a State of the Country Report, which provides data and statistics on its areas of competence and identifies the opportunities and challenges for Jordan's social and economic development. The 2021 report,³¹ for example, highlighted national stakeholders' consensus to prioritize attracting both local and international investment as the key driver of economic growth and poverty reduction. It also summarized findings from international organizations, including the World Bank, on Jordan's global competitiveness; identified the key sectors for accelerating growth (education, health, and tourism); and provided detailed recommendations for enhancing national competitiveness. The report further advised on the need for legislative reforms to guarantee rights and freedoms, and harmonize laws that encourage investment, competitiveness and sustainable development.

The knowledge generated in the State of the Country Report provided a strategic and action-oriented framework with short-, mid- and long-term goals to strengthen Jordan's capacity to attract sustainable investment. It also enhanced the Council's ability to adapt social dialogue and other initiatives to the needs of high-value or export-driven sectors and industries critical for boosting FDI inflows and socio-economic growth.

As part of its strategy to support national efforts to advance economic and social development, the Economic and Social Council signed a Memorandum of Understanding with the UNDP to accelerate progress on the SDGs and key national development frameworks, such as the Vision of Economic Modernization 2030. This partnership aims to deliver tripartite-plus dialogue sessions and sectoral analytical studies that foster multi-stakeholder discussions, experience sharing and collaboration among government, social partners, and business, including MNEs, in order to help shape investment attraction policies and practices.

Sources: Interview with Economic and Social Council official; Jordan Economic and Social Council webpage; UNDP Jordan web portal; State of the Nation Report 2021.

2.2.8 Adapting social dialogue to address stakeholder needs and evolving labour markets

Previous research has underscored the need for NSDIs to evolve in response to emerging forms of work and their implications for employers and workers, as well as to address challenges linked to sustainable trade and investment, MNE operations, supply chain governance, RBC and human rights due diligence (ILO 2021b; ILO 2017a). The present research shows that NSDIs are taking steps to respond to these developments, including by strengthening social dialogue in key export-oriented industries. These efforts contribute to the development of sector-specific policies for sustainable and inclusive economic development (see Box 9).

³¹ See report at <https://www.esc.jo/Documents/8e72f6af-ef23-4153-bcc1-f293e3a91951.pdf>.

► **Box 9 Advancing the competitiveness and performance of key economic sectors in the Philippines and Viet Nam**

Building the capacity of the Banana and Aquaculture Industry Tripartite Council of the Philippines

Industrial tripartite councils are the sectoral branches of the Philippines Tripartite Industrial Peace Council (TIPC), operating in key economic sectors, including automotive assembly, banking, construction, clothing and textiles, hotels and restaurants, sugar, maritime and aquaculture. Through the EU-funded Responsible Supply Chains in Asia project, ILO partnered with the TIPC to deliver capacity-building activities, developing and disseminating action-oriented research on labour practices and decent work challenges in the banana, aquaculture, agriculture and fishing subsectors. This evidence informed tripartite-plus dialogues, facilitated by ILO and TIPC, that strengthened the Banana Industry Tripartite Council's capacity to engage in promoting responsible business practices and produce a new set of guiding principles to advance industrial peace, productivity and competitiveness, in line with the principles of the MNE Declaration, and reviewed and updated its Voluntary Code of Good Practices.³²

Through the Japan-funded Resilient, Inclusive and Sustainable Supply Chains Project, the ILO facilitated the establishment of the Philippines' first Regional Industry Tripartite Council (ITC) for aquaculture in Region XII (Soccsksargen). The Council fosters tripartite collaboration and joint efforts toward policy development and industry upgrading. Furthermore, the Aquaculture ITC developed an industry-driven plan aimed at strengthening tripartism and social dialogue, addressing informality, promoting occupational safety and health and labour compliance, and improving labour market statistics for the sector.

Establishing a tripartite CSR Think-Tank for Viet Nam's seafood sector

In Viet Nam, the ILO facilitated various high-level technical discussions and policy dialogues involving the Ministry of Labour, Invalids and Social Affairs, in collaboration with the Viet Nam Chamber of Commerce and Industry, the Viet Nam General Confederation of Labour, the Viet Nam Cooperative Alliance and MNEs and sectoral business associations within the seafood sector. These activities established new platforms for multi-stakeholder dialogue on establishing Viet Nam as a sustainable investment destination through improved supply chain governance. Notably, such mechanisms were absent from existing formal national institutions such as the tripartite National Industrial Relations Committee, established by the Government and led by the Ministry of Labour, Invalids and Social Affairs, with members from social partners. During ILO-facilitated tripartite exchanges, business representatives, particularly domestic enterprises, expressed the need to build sustainable platforms for dialogue between suppliers and buyers to share goals and expectations on incorporating responsible business practices. Government representatives emphasized the need for tripartite-plus policy development to improve implementation of the EVFTA in Viet Nam.

This led to the establishment of a CSR Think-Tank in the seafood sector in February 2020, composed of government representatives (including Ministry of Labour, Invalids and Social Affairs and the Ministry of Agriculture and Rural Development), industry associations (e.g. Viet Nam Fisheries Association, Viet Nam Association of Seafood Exporters and Processors,

³² See ILO webpage on "Review of the Voluntary Code of Good Practices on decent work in the banana industry": <https://www.ilo.org/meetings-and-events/review-voluntary-code-good-practices-decent-work-banana-industry>.

Viet Nam Chamber of Commerce and Industry, Viet Nam Cooperative Alliance), workers' organizations, enterprises; and other social organizations (such as the International Collaborating Centre for Aquaculture and Fisheries Sustainability and Oxfam).³³ The Think-Tank's mandate includes facilitating dialogue, knowledge-sharing, research and cooperation among key stakeholders in the seafood sector; building capacity on CSR and RBC; and engaging in policy advocacy at national, sectoral and enterprise levels.

The CSR Think-Tank has contributed to technical analyses of labour management practices in seafood supply chains and the development of a guidance manual to strengthen compliance with the 2019 Viet Nam Labour Code. The Think-Tank also convened a series of meetings to foster ongoing dialogue between the private sector and government, aimed at identifying concrete measures to implement responsible business practices in line with the MNE Declaration. One such tripartite-plus discussion involving business and labour representatives in the seafood industry together with the Viet Nam Directorate of Fisheries, resulted in an agreement to develop tripartite strategies to address gaps between national legislation and international frameworks, with a view to strengthening the capacity of seafood enterprises to implement CSR and thus support the implementation of EVFTA.

Sources: ILO Responsible Supply Chains in Asia project implementation report and interview with Project Manager; interview with officials from the Philippines' Department of Labour and Employment; interview with Viet Nam Fisheries Association's President.

2.2.9 Participation in transnational social dialogues to foster policy coherence

While most activities of NSDIs relating to trade, investment and MNE operations take place at the national level, this research presents an emerging trend of increased participation of NSDIs in transnational social dialogues and initiatives on sustainable trade and investment, particularly in economic blocs at the subregional level.

For example, Jordan's Economic and Social Council (ESC) is an active member of the Union of Arab Economic and Social Councils (UAESC). The Slovenian Economic and Social Council benefits from engagement and capacity building through the European Economic and Social Committee (EESC), while South Africa's NEDLAC regularly participates in regional economic policy dialogues through the Southern African Development Community (SADC).

The work of the Social Dialogue Commission of the West African Economic and Monetary Union (WAEMU) illustrates participation of NSDIs in transnational social dialogue and capacity-building initiatives. The outcomes of these regional-level activities not only improve regional coordination and policy coherence but also enhance the capacity of member NSDIs in carrying out their functions at the national level (see Box 10).

▶ **Box 10 Driving regional development through social dialogue: example of the Labour and Social Dialogue Council of WAEMU**

The Labour and Social Dialogue Council is an advisory body of the West African Economic and Monetary Union (WAEMU), comprising 72 members representing governments, employers, workers and civil society from its eight Member States (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo). Its primary mandate is to examine

³³ See ILO webpage on "[Inception meeting of the CSR Think-Tank for CSR promotion in the seafood supply chains in Viet Nam](#)".

social and economic issues within the union and use its consultative and tripartite functions to strengthen social dialogue in WAEMU Member States.

Two WAEMU Member States, Côte d'Ivoire and Senegal, have taken decisive steps to advance the principles of the MNE Declaration in their respective countries by appointing national focal points for its promotion. Seeking to facilitate a dialogue whereby Côte d'Ivoire and Senegal could reflect on their experiences with the other six Member States, WAEMU, with technical support from the ILO, organized a session at its General Assembly in December 2018 to present the MNE Declaration and discuss its relevance for the subregion.

Following this exchange, the Council's Social Dialogue Commission held a meeting to deepen its knowledge of the MNE Declaration and explore ways to increase awareness and uptake of its principles among WAEMU Member States. With ILO support, the Commission produced a draft opinion and an action plan for the promotion of the MNE Declaration in WAEMU Member States, which was subsequently discussed and adopted by the Council at its General Assembly in December 2019 as an Opinion on the Promotion of Corporate Social Responsibility and the MNE Declaration.³⁴

The Opinion provided a policy framework for the Council and WAEMU Member States to actively promote decent work and improve social governance, particularly in sectors with significant MNE presence. It called for the integration of MNE Declaration principles into investment policies, programmes and agreements, as well as the establishment of mechanisms to evaluate the impact of MNE investments on job creation, respect for the environment and local development.

The Opinion outlined the role of labour institutions, social dialogue and tripartism in achieving these goals. It highlighted the need to build the capacities of labour inspectors, social partners, social dialogue bodies and other stakeholders to address CSR issues. It further encouraged "the creation of platforms for broader tripartite social dialogue to enable tripartite constituents and multinational enterprises to examine the possibilities offered, and to identify the problems posed by the activities of enterprises in the national context".

The Opinion encouraged its Member States to appoint, with employers' and workers' organizations on a tripartite basis (drawing inspiration from ILO Convention No. 144), national focal points for the promotion of the MNE Declaration.

In response to Member States' requests for support, the ILO established a partnership with WAEMU to help implement the objectives of the Opinion. The collaboration included tripartite capacity-building workshops in the WAEMU Member States of Benin, Burkina Faso and Togo in September 2019, which significantly enhanced the capacity of social partners to engage in social dialogue on FDI and MNE operations. An online training on MNEs, decent and development based on the approach of the MNE Declaration was organized in 2021 and helped build a shared understanding of the instrument and how it can be used among ILO tripartite constituents across WAEMU.

Sources: ILO MNE Declaration webpage; interview with WAEMU official.

³⁴ See ILO webpage on "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".

2.2.10 Strengthening institutional capacity for social dialogue on FDI and MNEs

The ILO documents how Member States use the MNE Declaration to facilitate and enrich bipartite, tripartite and multi-stakeholder dialogues aimed at generating national policies on sustainable trade, investment and RBC.³⁵

The experience of Senegal shows how the increased awareness and uptake of the MNE Declaration can enhance the capacity of existing NSDIs to engage in new areas related to FDI and MNE operations, strengthening their ability to support national policy development on these issues (see Box 11). A further case study shows how applying the principles of the MNE Declaration has enhanced the implementation of Peru's National Action Plan on Business and Human Rights (see Box 12).

► Box 11 Applying the principles of the MNE Declaration to enhance the effectiveness of Senegal's High Council for Social Dialogue

Senegal's High Council for Social Dialogue is a national tripartite social dialogue institution composed of ten representatives from government, employers and their organizations, and trade unions. It is the primary institution for facilitating tripartite social dialogue among all relevant economic and social issues at national and sectoral levels, while ensuring appropriate mechanisms for dialogue at branch and enterprise levels.

The High Council for Social Dialogue also serves as Executive Secretary of the Technical Committee for the National Pact on Social Stability and Economic Emergence and is in charge of implementing the National Pact and coordinating its overall monitoring and evaluation.

In May 2017, the High Council for Social Dialogue was one of 11 participating national social dialogue institutions in a subregional tripartite workshop on "Strengthening the role and impact of national social dialogue institutions for more effective and fair economic and social governance". A key outcome of this tripartite workshop was the enactment of the Abidjan Declaration, whereby participating institutions committed to ratify ILO Convention No. 144 and ensure its effective implementation through legislative and institutional reforms.

The High Council for Social Dialogue subsequently established a Tripartite Commission for the Promotion of the MNE Declaration in August 2017. This was a decisive step towards better equipping the High Council for Social Dialogue to utilize the principles of the Declaration as a policy framework to harness the socio-economic benefits of FDI and MNE operations, while promoting RBC to minimize their potential adverse impacts.

Through continued engagement and technical support from the ILO, tripartite constituents in Senegal further concretized their commitment to advancing the uptake of the MNE Declaration and better institutionalizing this mandate. In December 2017, the Ministry of Labour, Social Dialogue, Professional Organizations and Relations with Institutions, the High Council for Social Dialogue, the National Employers' Organization, and the National Confederation of Workers of Senegal each appointed, taking guidance from the principles

³⁵ See ILO webpage on "[Country-level assistance for the promotion and application of the MNE Declaration](#)".

of ILO Convention No. 144, their officials to serve as national focal points for the promotion of the MNE Declaration.

Sources: ILO webpage for the promotion of the MNE Declaration through tripartite-appointed national focal points; interview with High Council for Social Dialogue President.

▶ **Box 12 Applying the principles of the MNE Declaration to enhance the implementation of Peru's National Action Plan on Business and Human Rights**

Through the EU-funded Responsible Business Conduct in Latin America and the Caribbean (RBCLAC) project, the ILO provided technical support to the tripartite constituents in Peru on the application of the MNE Declaration as a policy framework to develop the labour dimensions of Peru's first National Action Plan on Business and Human Rights (NAPBHR), including through tripartite-plus national and sectoral dialogues for the NAPBHR development and implementation process.³⁶ These dialogues were instrumental in raising stakeholder awareness of international frameworks on RBC, and their contribution to sustainable development objectives. They also strengthened the capacity of stakeholders (particularly trade unions) to articulate the labour dimensions of the NAPBHR's goals and indicators and to link these effectively to broader sustainable development objectives.

Following the adoption of the NAPBHR, the ILO partnered with the Ministry of Justice and Human Rights to design a decentralized strategy to promote its implementation among key stakeholders at the provincial level. This strategy was operationalized through a series of high-level meetings with regional and municipal governments in 2022, which aimed to identify concrete measures to decentralize NAPBHR implementation. These meetings produced several key proposals:

- Establishing a designated body, unit or function within each regional government that to coordinate NAPBHR implementation with the Ministry of Justice and Human Rights;
- Developing a training plan to promote the adoption a human rights approach to business operations;
- Linking the implementation of priority actions to each region's specific economic areas, such as agro-industry, mining, migration, tourism, informality, with a special focus on vulnerable groups;
- Introducing a regional ordinance committing each regional government to integrate business and human rights approach into its regional development plan and relevant policies, potentially modelled or standardized for application in each region;
- Coordinating NAPBHR implementation with the chambers of commerce of each region;
- Evaluating the establishment of regional multi-stakeholder platforms, involving regional governments, municipalities, the business sector, indigenous peoples, civil society and unions, with the support of international organizations and cooperation partners.

Building on these proposals, a series of regional workshops were held in 2022³⁷ and 2023³⁸ to raise the capacity of regional and municipal government, employers' organizations, trade unions, business and civil society to implement NAPBHR. Guided by the principles

³⁶ See ILO webpage on "Peru's National Action Plan on Business and Human Rights: dialogue as a cornerstone to promote and respect human rights".

³⁷ "OIT lleva los alcances del Plan Nacional de Acción sobre Empresas y Derechos Humanos a cinco regiones de Perú".

³⁸ "OIT continúa apoyando al Estado peruano en descentralizar su primer Plan Nacional de Acción sobre Empresas y Derechos Humanos".

of the MNE Declaration, these workshops enabled participants to adopt a human rights approach to business operations, and to develop and implement economic policies linked to competitiveness and business productivity.

Notably, the ILO's technical support and the guidance of the MNE Declaration served an important role from the very outset of Peru's NAPBHR development process. By emphasizing the central role of international labour standards in achieving the MNE Declaration's objectives during awareness-raising efforts, the ILO secured the participation of trade unions, who had initially expressed their reservations about participating in the process. This early engagement was vital not only for ensuring workers' participation in this multi-stakeholder policy development process but was also for NAPBHR's effective implementation.

Source: Interview with National Action Plan Coordinator, and RBCLAC Project Officer.

▶ 3 Capacity of social dialogue institutions to influence FDI policies: challenges and opportunities

The experiences of NSDIs and social partners to engage on issues related to FDI, MNE operations and RBC show how social dialogue can be leveraged to strengthen the legitimacy of legislative and policymaking processes and enhance the quality of their outcomes. At the same time, interviews with NSDIs and social partners shed light on the practical challenges they face in fully realizing their potential to contribute to FDI policymaking processes. This section reflects on these findings and offers guidance on how such challenges can be addressed in practice, including through the potential support of the ILO, and the application of the MNE Declaration to reinforce these efforts.³⁹

3.1 Challenges to harness social dialogue to advance national policies on FDI, MNE and RBC

Interviews with NSDIs and social partners in this research revealed that they are actively engaged in economic and social issues with implications for trade, investment and MNE policies. This reflects the existence of broadly enabling legislative and industrial relations frameworks for social dialogue, particularly at national and sectoral levels. However, the interviews also highlighted several challenges, not only in securing inclusion in socio-economic policymaking processes, but also in ensuring that dialogue outcomes effectively influence national development frameworks.

3.1.1 Lack of clarity on the institutional function of NSDIs

Several NSDIs analysed in this research are categorized as advisory or consultative bodies whose role is to provide comments, opinions or recommendations to government on matters of economic or social interest. This categorization may have the effect of limiting their functions to providing advice to a specific government ministry, often those linked to labour, employment and social issues. In some cases, this has restricted the range of issues within the competence of NSDIs, while in others, their involvement depends on the discretionary decisions of the government.

Expert interviews in Jordan identified that one of the main obstacles was the lack of clarity on the legal status and mandate of the Economic and Social Council in the draft documents presented by the executive government. As a compromise, the Council of Ministers issued a royal decree, which does not have legislative status.⁴⁰ In practice, this has limited the effectiveness of the Economic and Social Council (Geary et al 2022, p. 5), especially in comparison to statutory institutions such as the Tripartite Labour Commission, which was established under Jordanian labour law.⁴¹

³⁹ The ILO developed a self-assessment method for social dialogue institutions (SAM-SDI). The tool guides ILO constituents and their partners through a detailed self-assessment of their social dialogue institutions.

⁴⁰ Economic and Social Council Regulation No. 117 of 2007, and its amendments until 04/25/2021, Art. 4.

⁴¹ The Tripartite Labour Commission may make binding decisions, setting labour standards such as minimum wages.

Similar challenges were observed in the National Industrial Relations Committee of Viet Nam, one of the main national social dialogue bodies in the country. Expert interviews noted that, although the Committee had an established mandate, structure and set of responsibilities, its contribution to broader social and economic policy discussions had remained limited in practice (ILO 2019b). In 2021, the Prime Minister adopted Decision No. 1413 to update and strengthen the Committee's structure, functions and membership, as part of the implementation of the revised Labour Code and broader efforts to reinforce Viet Nam's industrial relations system.⁴² Under this decision, the Committee is chaired by the Minister of Labour, Invalids and Social Affairs. This reform represents an important step in revitalizing the Committee and enhancing its capacity to support national policy processes. At the time of research, the ILO was supporting these efforts through development cooperation projects (ILO 2023c, p. 6).

It is worth noting that most NSDIs documented in this research as actively driving socio-economic policy development and implementation operate in advisory or consultative capacity. However, in many cases, the full scope of their objectives and functions is elaborated, encompassing a broad set of activities.

3.1.2 Propensity for bilateral relations

Findings indicate that NSDIs are increasingly engaging in tripartite dialogues or consultations on FDI and MNE activities. Nevertheless, interviews with representatives from NSDIs indicate that there are still some preferences for bilateral engagement on issues related to FDI and MNEs, particularly between government and enterprises.

The examples, identified through expert interviews, show that the culture of bilateral relations is most prevalent in ministries with an economic focus, such as Peru's Ministry of Economy and Finance, Slovenia's Ministry of Economy, Tourism and Sport, and South Africa's Department of Trade, Industry and Competition. In these cases, economic ministries may operate in parallel to their counterparts in labour and social ministries, thereby deepening the conceptual divide between these policy areas. Furthermore, bilateral engagements between government and business often sidestep participatory processes that facilitate social partner consultation and broad stakeholder engagement.

3.1.3 Industrial relations environment and social dialogue outcomes

A country's industrial relations environment strongly affects the capacity of labour market institutions, such as NSDIs, to function effectively and produce social dialogue outcomes that can influence policy and legislation. An unstable or declining industrial relations environment can undermine the capacity of government and social partners to engage in meaningful social dialogue.

In Slovenia, for example, the Economic and Social Council's effectiveness was halted in 2023 due to tensions between its member social partners. At the time of interview, the Economic and Social Council was at a standstill because the employer constituency contested the application of the Council's Rules of Procedure, arguing that the processes did not meet the standards for equal tripartite social dialogue.⁴³ Furthermore, one of the Council's core contributions to socio-economic policy generation is the development of social pacts, which address investment attraction policy

⁴² These efforts were supported by the ILO through the New Industrial Relations Framework Project. See ILO webpage for details at <https://www.ilo.org/projects-and-partnerships/projects/developing-new-industrial-relations-framework-respect-ilo-declaration>

⁴³ See [ESC news items](#) from 1 September 2023, and 21 July 2023.

and outline the key priorities for Slovenia's social and economic growth.⁴⁴ Despite being lauded as some of the most important programmatic socio-economic documents in the country, social pacts are voluntary instruments developed through tripartite dialogue, whose uptake and implementation depend on the acceptance and goodwill of the social partners.

Similarly, tensions among South Africa's social partners have affected the NEDLAC's ability to implement some dialogue outcomes. The National Development Plan 2030 highlights that the lack of trust between government and business, and between business and the labour movement, is a "stumbling block towards economic development". While NEDLAC plays an important role in facilitating tripartite discussions and developing social accords on socio-economic issues, including regional trade policy, the Plan observes that "no effective partnership exists" due to the lack of strategic engagement among the social partners; a focus on immediate sector interests; and general questioning of each other's good faith.⁴⁵

3.1.4 Reliance on political will and discretion of government

Many of the NSDIs identified in this study are established by founding instruments that define their competence to develop and support the implementation of national policies of economic and social interest. In some cases, internal regulations provide procedural guidance on how this can be implemented, and the way social partner involvement is integrated into policymaking processes. Despite this, expert interviews indicate that, in practice, government inclusion or consultation with social partners is often more discretionary than procedural.

In the Philippines, for example, it became clear that the Department of Labour and Employment regularly consults with social partners, through the NTIPC and bilaterally, to develop positions on national policy frameworks such as the Philippine Development Plan. Consultations also occur on subregional trade policies, such as the Indo-Pacific Economic Framework for Prosperity. Nevertheless, the issues on which NTIPC was consulted depend on the political will and administrative structure of the government in office.

Similarly, in Jordan, a senior official from Jordan's Economic and Social Council reported that a relatively low percentage of the Council's recommendations are incorporated into national laws and policies. The non-binding nature of the Council's decisions contributes to this outcome, however, the discussion highlighted that the lack of political will to integrate the Council into legislative and policymaking processes remains a major obstacle to its effectiveness in advancing economic and social policy. This is also confirmed by an ILO survey in which social partners expressed concerns that government, parliaments or public authorities do not act on NSDI outcomes sufficiently and translate them into policy and regulatory action (ILO 2024, p. 30).

3.1.5 Limited resources, funding, and capacity

The allocation and availability of resources, including financial and budgetary support, administrative backing, technical expertise, skills development and training, are crucial for any public institution to effectively fulfil its mandate. Several NSDIs officials indicated that their institutions lack sufficient human and financial resources to carry out their functions effectively. Financial constraints

⁴⁴ See section 3.2.4.

⁴⁵ See [National Development Plan 2030](#), p. 155.

were explicitly highlighted as an issue in the interviews with officials from the Department of Labour and Employment in the Philippines and the Social Dialogue Commission of WAEMU.

Furthermore, the scope of issues related to trade, investment, transnational business operations and RBC are complex, dynamic and governed by an expanding body of international, regional and national legislative and policy frameworks. Interviews generally indicated a need to strengthen social partners' capacity to engage on these issues and implement any outcomes of dialogue effectively. For example, officials from the Viet Nam Fisheries Association emphasized the need for technical support in raising awareness and facilitating the establishment of cooperatives in country's seafood industry. Both the Viet Nam Fisheries Association and the International Collaborating Centre for Aquaculture and Fisheries Sustainability highlighted that access to budget and expertise as key to fostering the industry's economic and social development.

In the case of NEDLAC in South Africa, the expert interview highlighted that capacity building of officials was a priority for the institution's leadership. Budget was allocated to support training of officials in the Trade and Industry Chamber's Technical Sectoral Liaison Committee to address the issue of sustainability clauses in trade agreements and strengthen their capacity to align trade agreements with developmental and decent work objectives. However, identifying the appropriate experts to support these efforts remained a challenge.

3.2 Opportunities for NSDIs and their impact on FDI policies

The following opportunities have been identified to support NSDIs in strengthening the role of social dialogue in fostering sustainable economic and social growth

3.2.1 Aligning economic and social agendas: expanding the roles of NSDIs

Social dialogue, especially at the national and sectoral level, promotes coordination of cross-cutting policies through a "whole-of-government" approach, with the tripartite actors helping to bridge gaps between government departments responsible for economic and social issues (ILO 2024, pp 45). The examples presented in this research show that ILO Member States are increasingly aware of the evolving issues facing labour market institutions and social partners. These include the integration of economic, trade and investment issues in the mandate and structure of NSDIs,⁴⁶ as well as the development of policy frameworks that reflect the interdependence of economic, social and environmental dimensions of development.⁴⁷ Other examples illustrate how Member States are enabling social partners to contribute to the labour dimensions of policies on FDI attraction and engagement in transnational business operations.⁴⁸

However, these examples remain the exception rather than the norm. Many NSDIs are only starting to engage on these issues, and the perception persists that trade and investment lie outside their remit. In this regard, there is a need to raise awareness among labour market actors and social partners, both in home and host countries, on how social dialogue can support policies for sustainable FDI.

NSDIs can play a central role in this shift by generating knowledge on how sustainable economic policies on FDI and MNE operations can advance decent work and social outcomes; conducting

⁴⁶ See section 3.2.2.

⁴⁷ See section 3.2.11.

⁴⁸ See section 3.2.4.

awareness-raising initiatives; and helping to identify the labour dimensions of existing or emerging economic policies.

3.2.2 Strengthening the decent work impact of FDI through social dialogue

Governments are increasingly implementing measures to foster enabling environments for sustainable investments, leveraging FDI as a means to generate decent work and social development through their investment promotion agencies (IPAs).⁴⁹ The principles of the MNE Declaration provide practical guidance to support IPAs in designing investment attraction policies that maximize the decent work contribution of FDI in their country, while promoting observance of principles of international standards.⁵⁰

These developments create opportunities for NSDIs to join and support IPAs or other institutions with similar functions in promoting sustainable investment for social development. NSDIs can provide established and legitimate platforms for consultations and policy discussions that may draw from or feed into initiatives of IPAs, or support the implementation of agreed strategies or action plans. As in the case of Sierra Leone, adopting an inter-agency and multi-stakeholder approach to policy development enhances the quality of dialogue outcomes by leveraging contributions and expertise of the different actors, and ensures the effectiveness and sustainability of policy implementation.

3.2.3 Leveraging dialogue and collaboration with trade partners and MNEs

Recent developments in international trade and investment policy highlight several instances where home governments support potential and existing trade partners in strengthening their environments for sustainable development. For example, the European Union has supported trade partners in implementing the sustainability requirements in EU trade agreements,⁵¹ including through the ILO projects on Responsible Supply Chains in Asia and Responsible Business Conduct in Latin America and the Caribbean. Similarly, Japan is supporting a project on Resilient, Inclusive and Sustainable Supply Chains Asia to leverage Japanese FDI and supply chain operations of Japanese MNEs as an entry point and catalyst for advancing decent work and economic recovery in host countries of these Japanese MNEs.⁵² In Peru, the National Action Plan development process was strengthened by the contributions of embassies from key trade partners in an international cooperation group, providing both financial and technical support to enhance the outcomes thereof.⁵³

These developments create opportunities for NSDIs in host countries to facilitate dialogues that develop policies to identify and maximize the benefits of potential FDI and MNE operations, while mitigating negative impacts. ILO tripartite constituents have agreed that governments should consult national social partners during the negotiation, implementation and monitoring of the labour provisions of bilateral and multilateral trade and investment agreements, in line with the ILO Declaration on Social Justice for a Fair Globalization (ILO 2019a, para. 12(e)).

⁴⁹ See section 2.3.2.

⁵⁰ See ILO webpage on "[Maximizing the decent work contribution of foreign direct investment](#)".

⁵¹ See more information on [Sustainable development in EU trade agreements](#) here.

⁵² See more information on the [Resilient, Inclusive and Sustainable Supply Chains Asia](#) project homepage.

⁵³ For example, the National Action Plan coordinator was invited to capacity-building meetings in London by the Embassy of the United Kingdom to facilitate an experience exchange. Furthermore, the Embassies of Germany, France, the Kingdom of the Netherlands, Sweden, Switzerland and the United Kingdom participated in dialogues to exchange experiences in developing national action plans.

NSDIs can further facilitate the inclusion of MNEs and trade partners in tripartite-plus social dialogues, particularly where their structures do not routinely do so. They can facilitate home–host country dialogues to identify the opportunities brought on by FDI and MNEs and support joint initiatives in the implementation and monitoring of trade agreements.

3.2.4 Enhancing national dialogue processes through transnational policy discussions

Social dialogue institutions and platforms are increasingly fostering transnational dialogue on economic and social issues within their competence. For example, many NSDIs functioning as permanent national dialogue institutions are affiliated with bodies that coordinate social dialogue, policy development and collaboration at subregional, regional and global levels, including on trade and investment policy.⁵⁴ In addition, newer forms of dialogue platforms include foreign affiliates, such as representatives of MNEs and trade partner governments.

International organizations also facilitate transnational dialogues to develop global policies on sustainable trade and investment,⁵⁵ RBC,⁵⁶ supply chain governance,⁵⁷ and social dialogue in transnational business operations.⁵⁸

Participation in these regional and global dialogues offers NSDIs opportunities to contribute to shaping of global policies on FDI, MNE and RBC. These activities also have a capacity-building effect by raising social partners' awareness of issues relevant to sustainable regional and global development. Lastly, they enhance host countries' understanding of global trade policy developments and trade partners' expectations, which is essential for supporting effective national policy development.

3.2.5 Developing policies to enhance the competitiveness of key economic sectors

Upgrading key economic sectors to meet global market requirements and attract FDI has emerged as a recurring strategy in many development policy and action frameworks identified in this research. In practice, this has led some governments to actively engage with sectoral stakeholders and social partners to design concrete initiatives that accelerate export-oriented industries and drive broader developmental objectives. In other cases, governments leverage the economic benefits of FDI and MNE operations in one sector as a catalyst to establish linkages with marginalized industries, promoting nationwide economic upgrading.⁵⁹

For example, South Africa adopted a National Industrial Policy Framework in 2007 to enhance national economic performance and generate employment through strategic interventions in priority sectors (South Africa Department of Trade, Industry and Competition 2007). Spearheaded by the Department of Trade, Industry and Competition, the framework included strategies such as industrial financing; trade policy adjustments to boost export and FDI in key sectors; skills and

⁵⁴ See section 3.2.9.

⁵⁵ For example, [Trade Dialogues](#) hosted by the World Trade Organization.

⁵⁶ For example, the United Nations [Forum on Business and Human Rights](#).

⁵⁷ For example, [ILO International Labour Conference](#), and [Technical Meetings](#) on supply chains.

⁵⁸ For example, [ILO Technical Meeting on Cross-Border Social Dialogue](#).

⁵⁹ For example, according to the discussion with an official from the Department of Labour and Employment in the Philippines, the Indo-Pacific Economic Framework for Prosperity is considering developing standard clauses in trade agreements to require foreign investors and MNEs to support the development of marginalized industries in host countries.

education development for industrialization; and strengthened competition policy and sector regulation. In 2019, the South African Government launched a Re-imagined Industrial Strategy, emphasizing action-oriented partnership between government, business and organized labour to achieve the long-term national industrialization objectives. The Department of Trade, Industry and Competition recognized tripartite dialogue as central to developing sectoral frameworks under this strategy. Outcomes of these dialogues include sectoral agreements known as sectoral master plans, negotiated by relevant government departments, trade unions and business within each sector. The master plans serve as strategic frameworks to encourage the development, growth and increased competitiveness of South African manufacturing.⁶⁰ Key examples include the Automotive Industry Master Plan, Poultry Sector Master Plan, and Sugar Value Chain Master Plan (South Africa Department of Trade, Industry and Competition 2019a, 2019b, 2021).

Dialogue-based strategies such as these present an important opportunity to foster inclusive economic and social policy development. The interviews with representatives from NSDIs, including from NEDLAC, highlighted the need to strengthen the inclusion of tripartite social dialogue institutions in these processes. NSDIs play an important role in coordinating and facilitating dialogue among government, social partners and stakeholders, including MNEs, operating in specific sectors for these purposes. This may include generating and disseminating knowledge on the labour dimensions of sectoral development, identifying any of the obstacles to achieving sectoral objectives, facilitating experience exchanges among sector actors and providing inputs for policy measures to address key challenges.

Where NSDIs have sufficient capacity, representation, sector-level affiliates and resources, they can coordinate sectoral initiatives directly. In contexts where these conditions are lacking, dedicated platforms for sectoral dialogues should be established or utilized to develop frameworks for policy generation and implementation.

3.2.6. New platforms for dialogue and multi-stakeholder collaboration

The institutions examined in this research are diverse, ranging from tripartite social dialogue institutions, such as Jordan's Economic and Social Council Slovenia's Economic and Social Council and South Africa's NEDLAC, to ad hoc national structures, like Peru's multi-stakeholder collaboration platform, and sectoral bodies such as the Banana Industry Tripartite Council in the Philippines. Findings indicate that, although NSDIs are increasingly engaging in trade and investment policy development, much of this engagement occurs through ad hoc, specialized or industry-specific mechanisms, rather than through established national social dialogue institutions.

This trend suggests that, in some contexts, existing NSDIs may not fully meet the needs of stakeholders in an increasingly globalized labour market. It also illustrates how social dialogue is evolving to respond to emerging needs and challenges. For instance, several ILO Member States have appointed tripartite national focal points for the promotion of the MNE Declaration, creating new platforms to facilitate dialogues and initiatives on FDI and MNE operations. Similarly, some ad hoc dialogue platforms are initially established as temporary mechanisms to coordinate policy development but are later formalized and institutionalized because of the effectiveness of their inclusive and participatory approach.⁶¹ Such mechanisms are particularly relevant where existing institutions are absent or lack the mandate or competence to address emerging trade and investment issues that are relevant for socio-economic development.

⁶⁰ See more information on master plans [here](#).

⁶¹ See section 3.2.6.

▶ Conclusions

ILO constituents are increasingly relying on national level social dialogue to foster sustainable trade and investment and responsible business conduct, both as home and host countries. The MNE Declaration places social dialogue at the centre of efforts to ensure that FDI and MNE operations contribute to economic development, social progress and decent work, creating important opportunities for engagement among governments, employers' and workers' organizations, and businesses.

The examples identified in this research can help strengthen the capacity of NSDIs and social partners to bridge gaps between the economic and social dimensions of FDI and MNE policy development. They also show how structured dialogue can foster collaboration with government institutions, trade partners and MNEs, and enhance the competitiveness and growth of key economic sectors.

At the same time, the research highlights several challenges, including unclear institutional mandates of NSDIs; for a tendency toward bilateral rather than tripartite engagement on business, economic and trade issues; unconducive industrial relations environments; limited political will; and insufficient resources.

Drawing on these findings, several policy options emerge to enhance the effectiveness of social dialogue and the role of NSDIs in FDI-related policymaking:

Creating an enabling environment for effective social dialogue by protecting, promoting and realising freedom of association and the effective recognition of the right to collective bargaining

- Encourage ratification and effective implementation of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).
- Encourage ratification and effective implementation of the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), to ensure that there is an enabling environment for tripartism.

Clarifying mandates and expanding the scope of NSDIs

- Review, and where appropriate, clarify the role and functions of NSDIs in contributing to legislation and policies related to trade and investment, RBC, corporate governance, and due diligence. NSDIs may consider the inclusion of relevant issues such as investment policy, export expansion, fiscal policy and industrial policy, sustainable development and supply chain governance into their competence and ensure that FDI and MNE topics feature of their agendas.
- Promote cross-ministerial participation to ensure representation of relevant portfolios, including trade and industry, commerce, competition and development, as well investment promotion agencies.
- Establish specialized subcommittees, working groups or task teams to strengthen institutional competence and capacity on issues related to FDI, MNE operations and RBC, including by inviting subject matter experts as needed.

- Explore, through tripartite discussions, the potential benefits of appointing a national focal point for the promotion of the MNE Declaration to enhance tripartite(plus) engagement on FDI and MNE issues.
- Ensure that NSDIs and social partners are involved in home–host country dialogues multi-stakeholder dialogue platforms on sustainable FDI, MNEs and RBC at national, regional and global levels.
- Encourage MNEs to engage with NSDIs and social partners, including at the sectoral level, participate in home–host country dialogues, to develop and implement effective policies to leverage FDI opportunities and promote RBC.

Enhancing the institutional capacity of NSDIs

- Reinforce technical capacity and knowledge among tripartite constituents on sustainable trade and investment to improve FDI attraction policies, government positions in global trade negotiations, and the implementation of labour and social requirements in trade agreements.
- Raise awareness of and promote the principles and operational tools of the MNE Declaration.
- Encourage MNEs, SMEs and other business associations to participate in awareness-raising and capacity-building events on FDI, MNE operations and RBC organized by government, NSDIs and social partners.
- Encourage MNEs, SMEs and other business associations to promote the principles and operational tools of the MNE Declaration within their enterprises and membership to build their understanding of sustainable FDI and RBC.

Promoting inclusiveness of NSDIs and engagement in transnational social dialogue

- Broaden the representativeness of NSDIs to ensure adequate participation of diverse groups of workers and employers.
- Encourage MNEs, SMEs and other business associations to seek representation in NSDIs and other initiatives related to economic and social policy development.
- Facilitate and/or participate in transnational social dialogues, including home–host country dialogues with MNEs and trade partners, multi-stakeholder platforms on sustainable FDI and RBC at regional and global levels, and global framework agreement negotiations.

Promoting a systematic and critical assessment of the role and impact of NSDIs

- Promote the use of the ILO Self-Assessment Method for Social Dialogue Institutions (SAM-SDI) to help NSDIs evaluate and enhance their effectiveness and inclusiveness.
- Support the generation and sharing of knowledge, tools and good practices on sustainable trade, investment and responsible business.

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The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to improve the working lives of all people, driving a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

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