



**MENA-OECD  
INVESTMENT  
PROGRAMME**

## **Enhancing Integrity in Private Sector**

# ***RESPONSIBLE BUSINESS CONDUCT IN THE MENA REGION***

High-level meeting Iraq, 8 -10 July 2008  
MENA-OECD Investment Programme /PSD Division  
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# I. Responsible Business Conduct - Key Issues

## What is Responsible Business Conduct?

*‘Contribution to the economic, social, and environmental progress with a view to achieving sustainable development’ –*

*‘Business contribution to the social progress that globalization should deliver’ .*

(OECD Guidelines for Multinational Enterprises – OECD Secretary General speech at the OECD-ILO Conference on CSR, June 2008)

*‘Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large’*

(Definition by World Business Council for Sustainable Development – WBCSD)

- **Link to Business Integrity:** compliance with law and practice of responsible business related to integrity - Moral, ethical, religious aspects (relevant in MENA countries)

# I. Responsible Business Conduct - Key Issues

- **A wide range of issues are considered under the RBC umbrella**
- **Key Issues identified in the MENA region:**
  - Bribery, corruption and transparency
  - Labor standards
  - Environment
  - Consumer protection
  - Science and technology
  - Land acquisition and involuntary resettlement
  - Cultural heritage
  - Taxation

*(Result of meetings/questionnaires – MENA Regional Dialogue on Responsible Business Conduct)*

## II. Link to business climate and development

### Why does it matter?

To maximize investment's contribution to sustainable economic and social development

### Opportunities and benefits for all:

- Investment an essential ingredient in creating growth and employment
  - But growth and employment not a guaranteed outcome of investment
  - Responsible investors more likely to contribute to sustainable development and employment creation and
  - Interest in the effective, transparent and impartial enforcement of laws and regulations in order to play in a 'level playing field'
- Common view: the most important contribution that business can make is to create wealth and employment
- But... conducting business in a responsible way allows to increase sustainability and longer term effect for society, going beyond production of goods and services and provision of jobs to spur economic growth

## II. Link to business climate and development

### **The Business Case for Responsible Business Conduct :**

Studies indicate a correlation between RBC practices and financial results:

- CR vs share price performance
- Quality vs market share
- Community involvement vs employee motivation

Clear cause and effect relation remains elusive...but growing consensus on

### **Impact on competitiveness, e.g.:**

- Enhancing ability to attract, retain, motivate employees
- Reducing costs
- Increasing revenues
- Building reputation and image for the country as a whole
- Effects on social and environment climate

➤ ***Government's interest and role in promoting responsible investment***

# III. Role of Governments and Private Sector

## **Debate about roles of Government vs Private Sector:**

- what government can do to reinforce the business case for responsible conduct?
- what private sector could expect and do?

## **OECD approach (*Guidelines for Multinational Enterprises and Policy Framework for Investment*):**

- Corporate responsibility goes hand-in-hand with Government responsibility
- Need of distinguishing respective roles: RBC does not mean private sector replacing/taking over Government's role
- No mandatory rules to institutionalise responsible business practices

# III. Role of Governments and Private Sector

## **Governments can play an essential role by:**

- Promoting dialogue on norms for business conduct and supporting companies' efforts to comply with the law;
- Creating an environment that encourages business to go beyond minimum legal requirements;
- Providing an adequate framework for corporate disclosure;
- Promotion of responsible business practices (providing information to customers and public);
- Engaging in collective action and multi-stakeholder dialogue;
- Promoting intergovernmental cooperation;
- Developing standards to lower costs for responsible practices;
- Supporting efforts in aligning corporate strategy to development agenda;
- Promoting international principles and instituting private sector oriented reforms.

➤ ***Example in MENA - Egypt: adoption of OECD Guidelines for Multinational Enterprises***

# III. Role of Governments and Private Sector

## What private sector wants?

- Clear distinction of respective roles
- Effective enforcement of laws on respecting human rights, environmental protection, labor relations ,etc
- Clear communication of legal requirements
- Support for company efforts to comply with law
- Communication of societal expectations of business
- Delivery of information on responsible business practices to customers and the public

## What private sector can do?

- Voluntary behavior - code of ethics and conducts (adoption and training of the staff)
- Encourage compliance with law and regulations within the company
- Adhere to international mechanisms
- Engage in multi-stakeholder dialogue with government and civil society

# IV. International instruments

## **General Instruments and Codes (some examples):**

- OECD Guidelines for Multinational Enterprises
- OECD Policy Framework for Investment
- OECD Convention on Anti-bribery
- UN Global Compact
- IFC Performance Standards on Social and Environmental Sustainability
- Global Reporting Initiative

## **Codes on Specific Issues:**

- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy – *on labour*
- UN Draft Universal Human Rights Guidelines for Companies – *on human rights and business*
- Rio Declaration on Environment and Development – *on environment*

# V. International instruments

## ***OECD Guidelines for Multinational Enterprises***

- Guidelines to assist businesses to conduct their business responsibly
- Voluntary code of conduct for international business backed by Governments of 40 OECD and non-OECD countries (*Egypt has been the last one adhering in 2007*)
- Detailed advice covering bribery and corruption, labour standards, consumer interests, environment, community rights, competition, taxation, disclosure/transparency, technology transfer
- Unique complaint procedure: National Contact Points appointed by adhering countries to promote use of Guidelines

# V. Responsible Business Conduct in the MENA region

Growing consensus in the region about the role of business in social and economic development and importance of reforms oriented to private sector development

- **MENA REGIONAL DIALOGUE ON RESPONSIBLE BUSINESS CONDUCT:**  
Initiative launched by the MENA-OECD Investment Programme to establish a regional multi-stakeholder dialogue mechanism, drawing on OECD experience and instruments

## **Key Objectives:**

- Raise awareness of responsible business issues among companies, government officials and civil society in MENA countries
- Provide a platform to exchange experiences on international as well as regional best practices
- Identify ways to translate responsible business concepts into action in the specific context of a business operating in the MENA region
- Cater to specific needs: address specific sectors and reflect SME needs
- Promote a responsible business culture: link with education institutes/young entrepreneurs associations

**Relevant for Iraq to foster a responsible and integrity culture in business conduct, in particular among young entrepreneurs**

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# Thank you

OECD Guidelines for MNEs: [www.oecd.org/daf/investment/guidelines](http://www.oecd.org/daf/investment/guidelines)

OECD Policy Framework for Investment: [www.oecd.org/daf/investment/pfi](http://www.oecd.org/daf/investment/pfi)

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