REPORT
Sustainable investment and responsible business conduct
Cairo, November 2017

This report contains the summary discussions, agendas, list of participants and presentations of the regional seminar on “Sustainable investment and responsible business conduct in the Mediterranean” and the national consultation for Egypt “National Contact Point of Egypt: Consultation and Capacity Building” held in Cairo on 6-7 November 2017, as well as the diagnostic report “Promoting investment on the Mediterranean: the role of responsible business conduct”.
Report

Context and participants

The two-day workshop on sustainable investment and responsible business conduct in the Mediterranean was the third regional activity organised under the EU-OECD Programme on Promoting Investment in the Mediterranean, which aims at supporting the implementation of sound investment policies and effective institutions in the Southern Mediterranean region. The objective of this workshop was to build awareness on the conditions necessary to create an enabling framework for sustainable and inclusive investment. The workshop focused on Responsible Business Conduct (RBC) policies, discussed links with sustainable investment and ways to implement due diligence and RBC standards. It offered an interactive discussion platform to exchange on how governments from the MED region and elsewhere are integrating RBC standards in domestic policies (See agenda of the workshop in Annex 1 and OECD presentations given at the workshop in Annex 3).

The workshop was very well attended by over 50 participants, including:

- Policy makers involved in the promotion of sustainable investment from eight beneficiaries’ countries of the Programme (Algeria, Egypt, Jordan, Libya, Lebanon, Morocco, Palestinian Authority, and Tunisia);
- Representatives of the European Commission and the EU delegation in Egypt;
- Economic and Trade counsellors from several EU members countries (Belgium, Spain, France, Lithuania, Slovakia, Czech Republic);
- RBC National Contact Points (NCP) from Morocco and France;
- Private sector representatives from the region (Egypt, Jordan and Morocco);
- Representatives from international and regional organisations (UfM, ILO); and
- OECD experts.

A complete list of participants is attached as Annex 2 to this report.

This regional workshop was followed by a national consultation with Egypt organised by the OECD in collaboration with the Egyptian Ministry of Investment and International Co-operation and GAFI (See Annex 4 for detailed agenda and presentation). This consultation was aimed at raising awareness of government stakeholders and providing capacity in order to support Egypt in its endeavour of establishing its National Contact Point (NCP) under the OECD Declaration on International Investment and Multinational Enterprises - a policy commitment to provide an open and transparent investment environment and to encourage the positive contribution businesses can make to economic and social progress. Under the Declaration, each adhering government has the obligation to set up a National Contact Point (NCP) in order to promote the Guidelines for Multinational Enterprises and to help resolve issues related to their implementation through good offices and mediation. Drawing on practical experiences from NCP representatives from France and Morocco, the consultation focused on how the NCP can meet the core criteria of visibility, accessibility, transparency and accountability, in order to promote Responsible Business Conduct.

Present representatives of the beneficiaries’ countries also had the opportunity to participate in the Regional Outreach Event on the European External Investment Plan – a major instrument to mobilise investments in the region and thus complementary to the EU-OECD Programme – organised back-to-back with the OECD workshops.
Discussions during the regional workshop

H.E. Said Hindam, Assistant Minister of Foreign Affairs of Egypt opened the workshop together with Angel Gutierrez-Hidalgo, First Secretary, Head of the Economic Cooperation section of the European Union Delegation to Egypt and Hélène François, Legal Advisor at the OECD. Mr. Hindam stressed that attracting responsible investment is a top priority for Egypt, in the framework of the Egypt sustainable development strategy for 2030, and that sustainability is now at the cornerstone of the Egyptian policy. He recalled in particular that a new chapter is dedicated to sustainable investment and corporate social responsibility (CSR) in the 2017 investment law, according to which a company can allocate up to 10% of its net income profit to participate in some sustainable sectors (environment, health, education, scientific research...), to be deductible from its annual corporate tax.

Session 1 on “Linking investment to sustainable development” explored how sustainable development goals are increasingly embedded in international and domestic investment policies. This panel gathered OECD, academia and private sector representatives, as well as ANIMA, and was moderated by Ingrid Schwaiger, Deputy Head of Unit, DG NEAR, EC. The OECD recalled the need to focus on quality investment and recommended to include RBC issues in investment promotion, facilitation and attraction, and to actively promote RBC among businesses. The importance of coherent policies and the need of institutions dedicated to RBC were also stressed. Panelists noted that CSR provisions are progressively integrated into sectorial laws and that SDGs are more and more present into the domestic legislation of the countries. Ali Awni, Director of the John D. Gerhart Center for Philanthropy at the American University in Cairo mentioned that responsible business is a major theme of the AUC business school, which tries to promote SDGs, through training future responsible business leaders and creating the proper mindset for RBC. Efforts are also being made to set up a CSR unit in the Egyptian Federation Industry, a platform where government officials and the private sector can exchange on SDGs. Said Hanafi argued that multinationals are trying to apply good standards and RBC policies but that legislation in Egypt lacks of clarity and certainty, which is a major issue from the perspective of the private sector. Zoé Luçon from ANIMA presented the EDILE project, which assesses the local impacts of investment projects in the Mediterranean based on 35 criteria relating to environment and social impacts and links to local community.

Session 2 on “Policy frameworks in support of sustainable investment” provided an overview of how governments from the MED region and elsewhere are integrating RBC standards in domestic policies, with a particular focus on policies linked to labour considerations. This session was moderated by Badra Alawa, Chief Technical Advisor from ILO, who informed the audience of the ILO work to increase productivity of SMEs in the region while improving labor standards. Feras Momani, Director of Jordan Compact at the Ministry of International Cooperation of Jordan described the Compact, which is an innovative example of a government response to a humanitarian crisis, and how it links to sustainable and responsible investment. He stressed that a number of tools were introduced to create decent work conditions and opportunities for Syrian workers and refugees. Jordan also committed to enforce better conditions of work for the textile industry and other sectors as well. Control and inspections of the workers conditions by the Labour Department were increased in factories, construction and agriculture sectors, and severe penalties on companies which have violated labour regulations applied. Reem Badran from Jordan presented the experience of the private sector in implementing RBC standards. Other initiatives taken by countries of the region were presented, for example a tripartite economic and social contract was concluded in 2014 in Algeria between the government, companies and unions to commit to promoting entrepreneurship and companies growth while preserving workers interest.
Session 3 focused on the role of governments in implementing RBC standards, and the role of National Contact Points in the four MED countries which have adhered to the OECD Guidelines for Multinational Enterprises. Following a presentation of the Guidelines, the French and Moroccan NCPs shared their experiences and presented recent initiatives taken by their respective government to promote the effective implementation of the Guidelines in their legislation. In particular, France adopted in March 2017 a new corporate “duty of care” law (Loi n°2017-399 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d’ordre) which aims at mandating supply chain due diligence and requires companies to develop and publish a due diligence plan for human rights, and environmental and social risks. Advice on structure and functioning of NCPs were given to Egypt, Jordan and Tunisia which have not yet set it up.

In Session 4, the draft RBC diagnostic report prepared by the OECD Secretariat and circulated to participants ahead of the workshop was presented and discussed. This report reviews recent developments to promote better business practices in MED countries and will be revised on the basis of the comments received from the countries.

Sessions 5 and 6 focused on implementing due diligence procedures and how it impacts business’ behaviour. The OECD Secretariat explained the due diligence approach recommended by the OECD Guidelines for Multinational Enterprises and presented on how companies are integrating RBC standards throughout value chains and how governments can support enterprises in carrying out due diligence. Following the presentation a practical exercise applying to the garment sector was carried out in small groups. This session allowed for interactive discussion where it was stressed that while due diligence is the responsibility of enterprises, governments and other stakeholders can support its implementation and effectiveness.

In conclusion, a tour de table allowed hearing the views and suggestions of the countries with regard to the workshop and future activities of the EU-OECD Programme (see below).

Next steps

Next activities on RBC:

Jordan and Tunisia expressed the need for follow-up activities on the RBC topic, in particular on how companies are able to adopt such principles and improve their activity, and on how RBC could apply to SMEs and what government support could be implemented.

It is proposed to:

- Complete the draft diagnostic report to assess government’s efforts to enable RBC in the Mediterranean on the basis of the outcomes of the discussions of the workshop and additional inputs received from the countries as well as of further desk research.
- Encourage participation of Egypt, Jordan, Morocco, and Tunisia in the upcoming meeting of the RBC Working Party and meeting of the Network of the National Contact Points taking place from 4-6 December 2017 at the OECD Headquarters in Paris, as well as regular participation in all related meetings.
- Continue deepening the issue of responsible investment and RBC in the future plan of action of the EU-OECD Programme, through the organisation of further capacity-building activities focusing on case studies and practical exercises (as requested by participants), and envisage a peer-learning activity to strengthen National Contact Points (NCP) in Egypt, Jordan, Morocco, and Tunisia.
Other issues:

- Participants were informed about the next activities of the EU-OECD Programme: regional workshops on IPAs institutional transformation (Rabat, January- February 2018) and investment dispute prevention policies (March 2018).

- Participants were encouraged to share their views on the content of the future plan of action of the Programme, including thematic workshops based on their areas of interest, to be approved in March 2018. During the tour de table, Algeria showed interest in receiving support to build the capacities of its investment promotion agency to offer better services to investors, and benefit from experiences of other IPAs. The issues of investment incentives and territorial development were also mentioned (Algeria and Morocco). Egypt expressed interest in activities on monitoring and analysing FDI. The Palestinian Authority showed interest in policy advocacy and how to promote green energy. The participants, in particular Lebanon, also asked for more case studies and practical exercises.

- It is also proposed to follow up bilaterally with countries having expressed interest to be better included in the Programme (Lebanon and Algeria with possible country missions), to continue assessing technical assistance and capacity-building needs of all beneficiaries, and to check interest of countries in hosting regional workshops on themes of relevance to them.
Feed-back from participants (evaluation forms)

Regional Workshop, Cairo, 6-7 November 2017

- Question 1: Productive & successful workshop
- Session 1: Linking investment to sustainable development
- Session 2: Policy frameworks in support of sustainable investment
- Session 3: The role of governments in implementing RBC standards
- Session 4: Presentation of the RBC diagnostic reports
- Session 5a: Implantation due diligence and how it impacts business behaviour
- Session 5b: Sustainable investment in practice. Supporting implementation of...
- Question 3: The workshop provided new and relevant information.

Legend:
- Q1&Q3 - Strongly Disagree / Q2 - poor
- Q1&Q3 - Disagree / Q2 - fair
- Q1&Q3 - Neutral / Q2 - Good
- Q1&Q3 - Agree / Q2 - Very good
- Q1&Q3 - Strongly Agree / Q2 - Excellent
ANNEX 1: AGENDA
EU-OECD Programme on Promoting Investment in the Mediterranean

REGIONAL WORKSHOP

Sustainable investment and responsible business conduct in the Mediterranean

6-7 November 2017 • Cairo
Background

The EU-OECD Programme on Promoting Investment in the Mediterranean, launched in October 2016 in Tunis, is aimed at implementing sound and attractive investment policies and establishing effective institutions in the Southern Mediterranean region, with a view to attract quality investments, supporting job creation opportunities, local development, economic diversification and stability.

The Programme, implemented by the OECD (the MENA-OECD Competitiveness Programme and the Investment Division of the Directorate of Financial and Enterprise Affairs), is governed by an Advisory Group, co-chaired by the European Commission and the OECD, with the participation of representatives of beneficiary countries, the Secretariat of the Union for the Mediterranean and other regional partners.

Objectives of the Workshop

MED economies stand at different stages in terms of establishing and implementing policies that enable and promote sustainable investment. The objective of this workshop is to build awareness on the conditions necessary to create an enabling framework for sustainable and inclusive investment. The workshop will focus on creating an enabling policy framework to promote responsible business conduct (RBC) and discuss links with investment. It will offer an interactive discussion platform to exchange on how governments from the MED region and elsewhere are integrating international RBC standards, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and core ILO conventions, in domestic policies, and putting in place mechanisms to effectively promote and implement them.

The event will be also an opportunity for MED government officials and stakeholders to share knowledge and experience about how companies are using due diligence to identify and address impacts on people and the environment and to understand better how implementing due diligence impacts business behaviour. The experience of other countries and regions will also be discussed.

Background Documents

Draft diagnostic reports describing the existence of RBC policies in a selection of MED countries will be shared ahead of the workshop and discussed for consultation with participating countries. Feedback and additional information will be collected during the workshop, and the diagnostic reports will be finalised in the light of the information received.
09:00-09:30 Welcome and Registration

09:30-09:45 Opening remarks

- H.E. Said Hindam, Assistant Minister of Foreign Affairs, Egypt
- Angel Gutierrez-Hidalgo, First Secretary, Head of the Economic Cooperation section of the European Union Delegation to Egypt
- Hélène François, Legal Advisor, Directorate for Enterprise and Financial Affairs, OECD

09:45-11:15 Linking investment to sustainable development

This session will discuss how sustainable development goals are increasingly embedded in international and domestic investment policies. Policymakers and experts will exchange on the expected benefits of Responsible Business Conduct (RBC) policies in terms of attracting investment with positive economic, social, and environmental impact. The session will include an overview of recent EU declarations and instruments highlighting the EU’s priorities to ensure that trade and investment contribute to sustainable development and supply chains.

Moderator: Ingrid Schwaiger, Deputy Head of Unit, Head of Economic Section, Regional Programmes Neighbourhood South, DG Neighbourhood and Enlargement (NEAR), European Commission

- Hélène François, Legal Advisor, Directorate for Enterprise and Financial Affairs, OECD
- Ali Awni, Director, John D. Gerhart Center for Philanthropy, American University in Cairo
- Saïd Hanafi, Partner, White and Case law firm, Cairo
- Zoé Luçon, Key Partnership and Publication Director, ANIMA investment network

11:15-11:45 Coffee Break

11:45-12:30 Policy frameworks in support of sustainable investment

The session will present an overview of how governments from the MED region and elsewhere are integrating RBC standards in domestic policies.
There will be a particular focus on policies linked to labour considerations.

**Moderator**: **Badra Alawa**, Chief Technical Advisor, Decent Work Team for North Africa and Country Office for Egypt, Eritrea, Sudan and South Sudan, International Labour Organization

- **Reem Badran**, CEO, Al Hurra for Management and Business Development
- **Feras Momani**, Director, Jordan Compact, Ministry of International Cooperation, Jordan

12:30-14:00  *Lunch will be provided*

**14:00-15:30  The role of governments in implementing RBC standards**

The purpose of this session is to share experience on ways for effectively implementing and promoting RBC standards. The role of National Contact Points in countries which have adhered to the OECD Guidelines for Multinational Enterprises will be presented.

**Moderator**: **Kathryn Dovey**, Manager – National Contact Point Coordination, OECD

- **Maylis Souque**, Secretary General, National Contact Point, France
- **Assia Bensaad**, Head of legal affairs, Investment Promotion Agency, Morocco

**15:30-16:30  Presentation of the RBC diagnostic reports**

The draft RBC diagnostics prepared by the OECD Secretariat will be presented and discussed. A focus will be given to countries which have adhered to the OECD Declaration on International Investment and Multinational Enterprises.

- **Kathryn Dovey**, Manager – National Contact Point Coordination, OECD

*Discussions and feedback from the countries*

**09:00-10:30  Implementing due diligence and how it impacts business' behaviour**

**Tuesday 7 November 2017**
This session will explain how companies are integrating RBC standards throughout value chains. The focus will be on how to carry out due diligence to identify and address actual and potential adverse impacts on people and the environment. The session will also discuss the benefits of implementing due diligence with respect to promoting market access and responding to growing international expectations. The session will also look at how governments can support enterprises in carrying out due diligence.

- Barbara Bijelic, Legal Policy Analyst, OECD

10:30-10:45  Coffee break

10:45-11:45  Sustainable investment in practice: Supporting implementation of Due diligence under the OECD Guidelines for Multinational Enterprises

This session will consist of a practical exercise to encourage participants to think through how companies can carry out due diligence in specific contexts and what governments can do to support this process.

11:45-12:00  Wrap-up and conclusion

- Kathryn Dovey, Manager – National Contact Point Coordination, OECD
- Diane Pallez, Policy Analyst, MENA-OECD Competitiveness Programme

12:00-13:30  Lunch will be provided
# ANNEX 2:
LIST OF PARTICIPANTS – REGIONAL WORKSHOP

## MENA Countries / Pays MENA

### Algeria/Algérie

<table>
<thead>
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<th>Name</th>
<th>Position</th>
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<tbody>
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### Egypt/Égypte

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
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Ms. Ronda MOUNIR
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Mr. Feras HAYAJNEH
Head of Policy Advocacy
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Lebanon Ministry of Economy and Trade

Mr. Jean EL BOUSTANY
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Libyan privatization and investment board

Ms. Hana Mansur AL BOUSEFI
Libyan privatization and investment board

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Head of legal affairs,
Investment Promotion Agency, Morocco

Palestinian Authority/Autorité Palestinienne

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Palestinian Investment Promotion Agency (PIPA)

Ms. Shireen ANABTAWI
Public Relation Department
Palestinian Investment Promotion Agency (PIPA)

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Mr. Angel GUTIERRZZ HIDALGO  First Counsellor  Head of Section, Economic Cooperation European Union delegation to Egypt

Mr. Francesce MAZZUCG  European Union delegation to Egypt

Union for the Mediterranean/Union pour la Méditerranée

Mr. Amb. Sudqi AL OMOUSH  Deputy Secretary General

International Labour Organisation

Mr Peter VAN ROOIJ  Director of ILO Decent Work Team for North Africa and ILO Country Office for Egypt, Eritrea, Sudan and South Sudan

Ms. Badra ALAWA  Chief Technical Advisor, Decent Work Team for North Africa and Country Office for Egypt, Eritrea, Sudan and South Sudan,

Mr. Torky EL SAYED  International Labour Organization, Cairo office

Private Sector

Mr. Mohamad TALAAT  Partner Lawyer  Baker McKenzie

Dr. Walid GAMALELDIN  Chairman  Modern Waterproofing Company

Mr. Said HANAFI  Partner, White and Case law firm, Cairo

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Ms. Reem BADRAN  Chief Executive Officer
AL HURRA for management and Business Development

Ms. Rajae TAZI SIDQUI  Chargée de Mission RSE & Label CGEM

Academia

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John D. Gerhart Center for Philanthropy, American University in Cairo

Dr. Mohamed SAMEH AMR  Professor and Chair of International Law Dept.
Faculty of Law – Cairo University

Mr. Kareman SHOAIR  Research Manager at the Gerhart Center
American University in Cairo

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Cairo University- Faculty of Law

Other

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ANIMA investment network

OECD/OCDE

Ms. Kathryn DOVEY  Manager
National Contact Point Coordination

Ms. Diane PALLEZ - GUILLEVIC  Policy Analyst
Middle East and Africa Division

Ms. Hélène FRANCOIS  Legal Advisor
Investment Division

Ms. Barbara BIJELIC  Legal Policy Analyst
National Contact Points Division

Ms. Sama AL TAHER CUCCI  Events Co-ordinator
Responsible Business Conduct Division
Annex 3: OECD presentations given at the regional workshop

Click on the slides to access the powerpoints
The role of governments in implementing RBC standards

6 November 2017
Cairo, Egypt

DUE DILIGENCE UNDER THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES
ANNEX 4:

National workshop – Egypt
Sustainable investment and responsible business conduct in Egypt

- National Contact Point of Egypt

Consultation and Capacity Building Exercise

7 November 2017

Cairo

AGENDA

Fairmont Nile City Hotel
Nile City Towers, 2005 B Corniche Elnil, Ramlet Beaulac,
Cairo, Egypt
Egypt adhered to the *OECD Declaration on International Investment and Multinational Enterprises* (the Investment Declaration) 11 July 2007. The Declaration is a policy commitment by adhering governments to provide an open and transparent investment environment and to encourage the positive contribution businesses can make to economic and social progress.

It is an obligation for each adhering government to set up a National Contact Point (NCP) for the Guidelines in order to promote the Guidelines and to help resolve issues related to their implementation through good offices and mediation.

The purpose of this consultation and capacity building exercise is for the OECD Secretariat to provide tailored support and recommendations to Egypt with regards to its NCP. It will take a particular focus on how the NCP can operate in an impartial manner while maintaining an adequate level of accountability to the Adherent government and in accordance with core criteria of visibility, accessibility, transparency and accountability.

**Working session with:**

- NCP representatives from Egypt
- Members of the OECD Secretariat (Kathryn Dovey, Manager of the National Contact Point Network, and Barbara Bijelic Legal Expert, Responsible Business Conduct)
- National Contact Point of Morocco, Assia Bensaad
- National Contact Point of France, Maylis Souque (tbc)

**13:45 – 14:00** Welcoming remarks

**14:00–14:30** Overview of developments on National Contact Points for the OECD Guidelines

During this session the OECD Secretariat will provide a brief presentation regarding recent NCP developments across the NCP network including promotional activities and specific instances.

**14:30 – 15:15** Discussion: Institutional Arrangements

Countries have flexibility in how they organise their NCPs in their specific contexts as long as the NCPs is able to deal with the broad range of issues covered by the Guidelines and to operate in an impartial manner while maintaining an adequate level of accountability to the government and retaining the confidence of social partners and other stakeholders. This session will involve a discussion on which structures may be best suited to the Egyptian context and necessary steps for establishing a functioning NCP. The OECD and guest NCPs will share lessons learned and participants will discuss their applicability in the Egyptian context and identify actions for moving forward.

**15:15 – 16:00** Discussion: Promotional Activities

It is the responsibility of the NCP to ensure that other government bodies, business, trade unions, NGOs and other interested parties are informed about the NCP and its services. The OECD and guest NCPs will share lessons learned on promotional activities and participants will discuss strategies for promotion in the Egyptian context and identify actions for moving forward.
Discussion: Handling specific instances
The NCP is mandated with resolving issues in case the Guidelines are not observed by businesses. These cases – called specific instances in the Guidelines – can be quite complex due to the breadth of topics covered by the Guidelines. This session will discuss necessary steps for establishing processes to handle specific instances. The OECD and guest NCPs will shared lessons learned on handling specific instances and participants will discuss their applicability in the Egyptian context and identify actions for moving forward.

Questions and answers
The purpose of this final session is to provide an opportunity to the representatives of the NCP of Egypt to ask questions regarding any aspect of the NCP mandate, the procedural guidance or the guidelines in practice.

Click on the slides to access the powerpoint
DIAGNOSTIC REPORT

Sustainable investment and responsible business conduct in the Mediterranean

November 2017
This report was prepared as background for the regional workshop on Sustainable investment and responsible business conduct in the Mediterranean that took place in Cairo, Egypt on 6-7 November 2017. The workshop was organised in the framework of the EU-OECD Programme on Promoting Investment in the Mediterranean launched in October 2016, which aims to support the implementation of sound investment policies and effective institutions in the Southern Mediterranean region (MED region). MED economies covered by this report are Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestinian Authority and Tunisia. The report was revised in March 2018 on the basis of comments received after the workshop.

The OECD undertakes comprehensive reviews on promoting and enabling responsible business conduct (RBC) as part of the OECD Investment Policy Reviews (IPR) series. While this report is not meant to be as comprehensive and in-depth as the IPRs, it could serve as a basis for future work.

Contacts: Tihana Bule (tihana.bule@oecd.org), Economist and Policy Analyst, and Hélène Francois (helene.francois@oecd.org), Legal Advisor, OECD Investment Division.

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PROMOTING INVESTMENT IN THE MEDITERRANEAN: THE ROLE OF RESPONSIBLE BUSINESS CONDUCT

1: INTRODUCTION

After almost a decade of relatively dynamic economic growth and increased foreign direct investment (FDI) inflows, economies in the Southern Mediterranean region (MED region) have since 2009 been exposed to repeated external and internal shocks as a result of the global economic and financial crisis and, more importantly, the uprisings in 2011. Against this background, MED economies have embarked into ambitious reforms to increase economic openness, diversification, private sector development and institutional improvements. However, reforms up to date have not fully succeeded in tackling the region’s pressing social and demographic challenges. Development and opportunities remain unequal, particularly as related to women and youth, and the overall economic growth has lagged behind other emerging and developing economies. Furthermore, political instability or conflict in some countries have contributed to heightened economic volatility and a fragile business environment.

This diagnostic report looks at the role of investment and responsible business conduct (RBC) in supporting these ongoing reforms. Increasing demand on businesses to apply international RBC principles and standards will affect investment in the MED region, particularly considering the recent developments on RBC in global supply chains. Most MED governments have in some form or another already recognised sustainability as a development objective; however, they stand at different stages in terms of establishing and implementing policies that enable and promote RBC, including as part of the broader investment policy framework. This can be viewed as an opportunity to increase competitiveness. Mainstreaming RBC at a government level and clearly communicating RBC priorities and expectations, including to the private sector, would help with overcoming country risk perceptions, maximising the development impact of FDI, attracting quality investment, promoting linkages with multinational enterprise (MNEs), and creating a level-playing for all businesses.
2: SCOPE AND IMPORTANCE OF RESPONSIBLE BUSINESS CONDUCT

RBC expectations in global supply chains

RBC principles and standards set out an expectation that all businesses – regardless of their legal status, size, ownership structure or sector – contribute to sustainable development and avoid and address adverse impacts of their operations. This encompasses impacts beyond the company itself and entails integrating and considering environmental and social issues within core business activities, including in the supply chain and business relationships. Although the term RBC is sometimes used interchangeably with that of corporate social responsibility (CSR), it is understood to be more comprehensive and integral to core business than what is traditionally considered CSR (mainly philanthropy). These expectations are affirmed in the main international standards on RBC – such as the OECD Guidelines for Multinational Enterprises (OECD Guidelines), the UN Guiding Principles for Business and Human Rights (UN Guiding Principles), and the fundamental ILO Conventions – and increasingly in international trade and investment agreements and national development strategies, laws, and regulations (see boxes 1-3).

Many businesses also find that responsible business is good business, in addition to ensuring that they comply with the applicable laws and meet societal expectations. Understanding, addressing, and avoiding risks material to business operations in a comprehensive way, i.e. beyond legal and financial risks, can often lead to a competitive advantage (see box 4). For example, suppliers of MNEs may find that following international RBC principles and standards gives them an advantage over businesses that do not, as they are able to respond to and address concerns that may come up in risk analysis and due diligence efforts of the MNE. Additionally, recent empirical evidence shows that better standards are a positive determinant of FDI inflows.

Building the investment framework for the future

Policy-makers wishing to attract and keep quality investment and to ensure that business activity contributes to broader value creation and sustainable development have a central interest in promoting and enabling RBC. The rapid rise of global value chains presents a major development opportunity and is changing the way countries think about the competitiveness of their economies. Value chain activity is sensitive to the quality of the business environment, which, in addition to the development of human capital, infrastructure, availability of capital and quality of institutions, has been identified as one of the most important factors for enabling integration into global value chains (OECD, 2015a).

Considering global developments on RBC, it will be increasingly difficult for countries to attract quality investment and maximise its benefits without addressing RBC-related risks present in the business environment. For example, the 48 countries adhering to the OECD Guidelines expect companies based in their territories to implement the Guidelines wherever they operate. Similarly, businesses that want to access markets of these 48 countries are also subject to the Guidelines, and, in some cases, regulation related to RBC (see box 3).
BOX 1: RBC at the OECD

**OECD Guidelines for Multinational Enterprises:** Addressed by the adhering governments to businesses operating in or from their jurisdictions, the Guidelines set out principles and standards in all major areas related to RBC, including information disclosure, human rights, employment and industrial relations, environment, bribery and corruption, consumer interests, science and technology, competition, and taxation. Their purpose is to ensure that business operations are in harmony with government policies, to strengthen the basis of mutual confidence between businesses and the societies in which they operate, to improve foreign investment climate, and to enhance the contribution of the private sector to sustainable development. The Guidelines, together with the UN Guiding Principles on Business and Human Rights, and the fundamental ILO Conventions, are one of the major international instruments on RBC. The Guidelines are a part of the OECD Declaration on International Investment and Multinational Enterprises.

**National Contact Points:** Each country that adheres to the OECD Declaration is obligated to set up a National Contact Point (NCP) to further the effectiveness of the Guidelines, as well as make human and financial resources available to their NCP to fulfill their responsibilities. NCPs in turn have the mandate of furthering the effectiveness of the Guidelines by undertaking promotional activities, handling enquiries and contributing to the resolution of issues related to the Guidelines in specific instances. Handling grievances related to non-observance of the Guidelines (“specific instances”) is a unique feature of the Guidelines.

**Sector guidance:** In order to promote the effective observance of the Guidelines, the OECD has also developed sector guidance which aims to help enterprises identify and respond to risks of adverse impacts associated with particular sectors. Guidance on due diligence has been developed for minerals, extractives, agricultural, garment and footwear, and financial sectors.

The RBC chapter in the OECD *Policy Framework for Investment* (PFI) is a useful reference for designing and implementing a strong RBC policy framework. The PFI helps governments mobilise private investment in support of sustainable development and offers a list of key questions to be examined by any government seeking to create a favourable investment climate. It covers 12 policy areas: investment policy; investment promotion and facilitation; trade; competition; tax; corporate governance; promoting responsible business conduct; human resource development; infrastructure; financing investment; public governance; and investment in support of green growth. The chapter on RBC outlines several different ways that governments can promote and enable RBC. This entails establishing and enforcing an adequate legal framework that protects the public interest and underpins RBC, while monitoring business performance and compliance with the law. Setting and communicating clear expectations on RBC and providing guidance on what those expectations mean is important, while encouraging and engaging industry and stakeholders in collective initiatives and providing recognition and incentives to businesses that exemplify good practice is encouraged. Alignment of policies relevant to RBC is also important as does ensuring that, in the context of the government’s role as an economic actor, RBC principles and standards are observed. Not only is this in the public interest, it also enhances the government’s legitimacy in making recommendations on RBC to businesses (OECD, 2015b).
2: RBC IN THE SOUTHERN MEDITERRANEAN

RBC is not a new concept in MED

All MED governments have in some form or another already recognised sustainability as a development objective; however, they stand at different stages in terms of establishing and implementing policies that enable and promote sustainable investment. Five economies, namely Egypt, Israel, Jordan, Morocco, and Tunisia, are adherents to the OECD Guidelines.

Beyond activities by governments, a number of promising initiatives by stakeholders have emerged in the MED region. While most are limited in scope and impact so far, they point to a positive trend that RBC is increasingly being considered in the countries in the region. It is also worthwhile to note that for the economies in the Middle East and North Africa region, the practice of zakat, the Islamic tradition associated with the religious commandment of alms giving, is prevalent. While RBC focuses on core business issues and risks management, zakat tradition by business leaders is an important recognition of the business/society interconnections. For more information about CSR (philanthropy) and zakat, see Selvik (2013).

### BOX 2: THE IMPORTANCE OF RBC HAS BEEN RECOGNISED GLOBALLY

RBC expectations have been included in numerous high-level international commitments in addition to the main international instruments on RBC. The Sustainable Development Goals (SDGs) have recognised and given renewed attention to the role of the private sector in development. A number of SDGs refer to responsible production patterns, inclusive and sustainable economic growth, employment and decent work for all. The Paris Agreement also underlines the critical role of business in tackling climate change, including through reducing greenhouse gas emissions and improving environmental performance. The 2016 OECD Development Co-operation Report: The Sustainable Development Goals as Business Opportunities outlines policy reasons for promoting RBC as a way to mobilise necessary resources for financing the development agenda, while improving access to markets and participation in value chains for domestic industries and increasing accountability and inclusiveness (OECD, 2016a).

G7 and G20 have also committed to RBC. G7 Leaders pledged in 2015 to lead by example to promote international labour, social and environmental standards in global supply chains; to encourage enterprises active or headquartered in the G7 to implement due diligence; and to strengthen access to remedy (G7, 2015). Specific encouragement was given to international efforts and promulgating industry-wide due diligence standards in the textile and ready-made garment sector. The need to help small and medium-size enterprises (SMEs) develop a common understanding of due diligence and responsible supply chain management was also highlighted. The G20 recognised in several statements the critical role of RBC in investment and global supply chains under the 2016 Chinese G20 Presidency. G20 Trade Ministers reinforced their determination to “promote inclusive, robust and sustainable trade and investment growth” and agreed on G20 Guiding Principles for Global Investment Policymaking. The Principles state that “investment policies should promote and facilitate the observance by investors of international best practices and applicable instruments of responsible business conduct and corporate governance” (G20, 2016a). Additionally, G20 Leaders acknowledged in their annual Communique “the important role of inclusive business in development” (G20, 2016b). This has been followed by further commitments in 2017 under the German Presidency to foster “the implementation of labour, social and environmental standards and human rights in line with internationally recognised frameworks”, including the OECD Guidelines (G20, 2017).

OECD research also shows that more than three-fourths of international investment agreements concluded in 2008-13 include language on RBC (mainly free trade agreements with investment protection provisions) and virtually all of the investment treaties concluded in 2012-13 include such language (Gordon et al., 2014). Major functions of such treaty language are, in the order of prevalence: (i) to establish the context and purpose of the treaty and set forth basic responsible business conduct principles through preamble language; (ii) to preserve policy space to enact public policies dealing with responsible business conduct concerns; and (iii) to avoid lowering standards, in particular relaxing environmental and labour standards for the purpose of attracting investment.

Box 3 describes regional and national developments.
Nevertheless, major challenges remain in terms of establishing and enforcing an adequate legal framework that protects the public interest and creates an enabling framework for RBC. RBC should not be viewed solely as a social or political matter; it is also an economic matter that affects the predictability and stability that investors value in a business environment. The region’s continued success in attracting investment could be called into question in the medium-term if social and environmental issues affecting the business climate are not addressed. Figure 1 shows the region’s position in some of the international indices in thematic areas related to RBC. These indices capture stakeholder perceptions on certain issues, for example workers rights.

![Figure 1: MED region in selected international indices and rankings](source: OECD calculations)

FDI flows and export growth remain below potential

FDI flows into the region remain well below the potential. The deceleration of global markets between 2008-2011, especially that of the EU, the region’s main economic partner, in addition to the higher political instability linked to the regional uprisings, contributed to a drop of FDI inflows of 52% by 2011. After an increase in 2012 and 2013, FDI inflows decreased again in 2014, representing merely 44% of the pre-crisis levels. A similar trend can be observed in most countries in the world, as the recovery to pre-crisis levels of FDI inflows is still sluggish, even though globally the drop was significantly less severe than in the region. The 2015-2016 data shows a significant recovery, led by Egypt and Israel.
FDI inflows, % of GDP

Source: UNCTAD latest data and OECD Staff calculations.

RBC as a strategic move

In light of these two factors, namely the investment and trade positions and the potential perceptions of risks for foreign investors, clearly setting out expectations on RBC and integrating RBC in the investment policy framework (including in investment promotion and facilitation efforts) would send a clear signal to investors. This is particularly important in light of the strategic signals sent in other parts of the world about the importance of RBC (for example in ASEAN – see Box 3).

However, signalling a commitment to RBC is only a first step and needs to be backed by reforms to ensure that an adequate legal framework that protects the public interest and underpins RBC exists. Some governments in the region have chosen to prioritise and advance reforms by setting out national action plans (NAP) on RBC or business and human rights, including Jordan and Morocco. Doing so is in line with international good practice, and in addition to ongoing reforms, would be a concrete way for MED governments to demonstrate to its international partners and domestic constituencies the commitments to improving the overall business environment. NAPs are also useful tools for promoting coherence on RBC within the government. As of September 2017, 17 countries - all adherents to the OECD Guidelines - have adopted an NAP and 23 countries are in the process of developing or have committed to developing one (UN OHCHR, 2017a) following a recommendation by the UN to do so as part of the state responsibility to disseminate and implement the UN Guiding Principles (see Table 1).

A key element of the NAP process is multi-stakeholder engagement. As the PFI notes, experience shows that greater participation of stakeholders in policy design and implementation leads to better targeted and more effective policies. Policy is more likely to be sound and not produce unintended side effects if it is formed in a structured and transparent way that gathers input from all interested parties. The experience from OECD work on RBC complements this – multi-stakeholder approach is one of the best
ways to address complex and systemic challenges that may lead to human rights, labour, environmental and other negative impacts of business operations. Getting the buy-in from a variety of actors enables a constructive and problem-solving mind-set and helps move away from finger-pointing toward building a consensus on how to best to implement and promote RBC principles and standards.

Table 1: Status of Development of National Action Plans in MED

<table>
<thead>
<tr>
<th>Country</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jordan</td>
<td>in the process or committed to it</td>
</tr>
<tr>
<td>Morocco</td>
<td>in the process or committed to it</td>
</tr>
<tr>
<td>Algeria</td>
<td>none</td>
</tr>
<tr>
<td>Egypt</td>
<td>none</td>
</tr>
<tr>
<td>Israel</td>
<td>none</td>
</tr>
<tr>
<td>Lebanon</td>
<td>none</td>
</tr>
<tr>
<td>Libya</td>
<td>none</td>
</tr>
<tr>
<td>Palestinian Authority</td>
<td>none</td>
</tr>
<tr>
<td>Tunisia</td>
<td>none</td>
</tr>
</tbody>
</table>

Source: UN OHCHR, 2017a

Benefiting from global value chains – promoting linkages through RBC

Expectations that businesses observe RBC principles and standards cover the entire supply chain and affect suppliers and exporters. Suppliers that integrate internationally recognised environmental and social practices have a comparative advantage over those that do not as they can more easily address concerns about environmental, social, human rights or labour issues that may come up in the due diligence processes of MNEs when assessing country and supplier risks. MNEs are increasingly basing their decisions about where to do business on the ability to ensure predictable and reliable supply chains, capable of delivering effectively at each stage (Taglioni and Winkler, 2014; OECD, 2014a: 27). It is estimated that costs of delays can be substantial for certain product categories and any delays due to, for example, labour unrests or environmental damage, contributes to those costs. (Hummels, 2007; OECD, 2014a: 27).

One of the key recommendations in the OECD Policy Framework for Investment is related to enhancing the development impact of FDI by encouraging business linkages between foreign investors and domestic industries through primarily focusing on strengthening SME performance and competitiveness. Few linkages exist currently in the region, mainly due to productivity and quality gaps. Additionally, even when qualified SMEs exist, these linkages might not happen automatically. Promoting RBC among domestic enterprises can go a long way in addressing some of the concerns identified.
For example, the garment and footwear sector is an important driver of growth in the region. However, the sector faces certain challenges. In addition to risks related to labour and human rights (for example, child or forced labour, discrimination, restrictions on the right to join a trade union, low-wages, excessive hours of work), occupational health and safety and environmental risks are prevalent (such as use of hazardous chemicals, water consumption and pollution or high energy use). Some problems may result from practices in the supply chain and may require multi-stakeholder action. This is where active promotion by the government of RBC expectations can make a marked difference. For example, poor purchasing practices are one of the most common ways in which brands, retailers, buyers or buying agents can contribute to labour and human rights issues in garment factories. These include practices such as late placement or payment of orders; modified or cancelled orders; rush orders placed during peak times or holidays; and lead times that are shorter than feasible production time. While it is the primary responsibility of factory owners to comply with the law, these buyer practices can be a factor in decisions to require excessive or forced overtime and can also lead to illegal subcontracting.

In order to help address some of these practices in the sector that may not be solvable by one actor alone, the OECD (2017d) has issued a *Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*. One of the proposed due diligence points is that in instances in which the buyer changes the specifications of orders, it should also amend the lead time to reduce the risk of unauthorised subcontracting.

These types of challenges are not limited to this one particular sector. The governments in the region could encourage training on RBC principles and standards to be included in industry-specific training programmes, in collaboration with the business community, educational institutions, as well as civil society and international organisations that are already delivering similar training. This could encompass everything from awareness raising about the obligations in the global supply chain to capacity building exercises supporting cross-sectoral learning efforts (for example, experience from promoting due diligence in the garment sector could be informative for applying due diligence in agriculture, construction or tourism). This type of training and awareness-raising with business leaders could also be useful in promoting a wider understanding and recognition of the importance of RBC. Communicating to enterprises that contributing to human capital formation (in particular by creating employment opportunities and facilitating training opportunities for employees) is a pillar of RBC – and recognising those that do it – can serve as a good incentive. Finally, RBC expectations should also be included in FDI attraction efforts and may help attract MNEs that are more inclined to source locally. One element of supplier databases and matchmaking events could be RBC.
More and more countries are also using RBC principles and standards to frame domestic law. In March 2015, the UK enacted the Modern Slavery Act, mandating that commercial organisations prepare an annual statement on slavery and human trafficking and report on their due diligence processes to manage these risks within their operations and supply chains (UK, 2015). France has introduced a similar but broader proposal to mandate supply chain due diligence in accordance with the OECD Guidelines, which requires all French companies with more than 5000 domestic employees or more than 10 000 international employees to publish a due diligence plan for human rights and environmental and social risks (France, 2016). Canada has enhanced its strategy Doing Business the Canadian Way: A Strategy to Advance Corporate Social Responsibility in Canada’s Extractive Sector Abroad to allow for withdrawal of government support in foreign markets for companies that do not embody RBC and refuse to participate in the dispute resolution processes available through the Canadian government, including National Contact Points (NCPs) for the OECD Guidelines. The United States Federal Acquisition Regulation was revised in 2015, establishing a number of new safeguards to protect against trafficking in persons in federal contracts (Government of the United States, 2015). Additionally, the 2015 Trade Facilitation and Trade Enforcement Act eliminated the exceptions to the prohibition on import of goods into the United States - it is now illegal to import goods made, wholly or in part, with convict, forced and indentured labour under penal sanctions. In March 2016, US border agents withheld goods tied to forced labour on the basis of the new Act (US Customs and Border Protection, 2016). China is also increasingly incorporating RBC into its national initiatives. In 2015, OECD and China signed a comprehensive programme of work, setting out the strategic vision and activities in a number of topics, including RBC. Several joint activities have been undertaken under the programme. Notably, at the end of 2015, on the basis of OECD RBC instruments, China Chamber of Commerce Metals, Minerals & Chemicals Importers and Exporters adopted the Chinese Due Diligence Guidelines for Responsible Minerals Supply Chains.

RBC criteria have also been included in economic instruments. The OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence was revised in April 2016 to strengthen RBC considerations in export credits and to promote policy coherence (OECD, 2016b). The OECD Recommendation on Procurement calls on Adherents to foster the use of public procurement to support secondary policy objectives, including RBC standards set by the OECD Guidelines. The WTO Revised Agreement on Government Procurement of 2014 introduced new exceptions for environmental and social policy linkages in order to overcome some of the legal challenges associated with restricting procurement awards based on RBC principles (OECD, 2017a).

RBC is not exclusively the purview of developed and emerging economies. Viet Nam has consistently stated its objective to deepen its global integration and move up the global value chain – these broad commitments have translated into several specific policies, laws and initiatives to promote better business practices and improve Viet Nam’s overall business environment. Myanmar has established a focal point on RBC and has, as the very first objective in the newly adopted 2016 Investment Law, included an explicit reference to responsible investment (Government of Myanmar, 2016). Development of responsible and accountable businesses is also in the mandate of the Myanmar Investment Commission. Lao PDR is considering establishing a focal point on RBC within the government and is looking to improve its existing regulatory framework on RBC. The investment law of Lao PDR (art. 69) includes an extensive section that imposes obligations upon investors, which is more detailed than what is commonly encountered in investment laws. In addition to general obligations, art. 70 is fully dedicated to environmental obligations.

These developments reflect the international trends and are also contributing to joint action at the regional level. In 2014, the European Union passed a directive on promoting disclosure of non-financial and diversity information with the aim to promote more transparency on environmental and social issues across sectors and companies over a certain size incorporated in EU member states and listed on regulated EU exchanges (EC, 2014). It is being transposed into national law and first reports are expected in early 2018. Recently, an agreement on a framework to stop the financing of armed groups through trade in conflict minerals was reached at an EU level, with the aim that EU companies source tin, tantalum, tungsten and gold responsibly. These minerals are typically used in everyday products such as mobile phones, cars and jewellery (EC, 2016). Finally, the new EU trade strategy Trade for all: Towards a more responsible trade and investment policy uses RBC as a pillar (EC, 2015). RBC-related references have been included in the strategic documents of the Association of Southeast Asian Nations (ASEAN), namely the Socio-Cultural, Economic, and Political-Security Community Blueprints 2025. ASEAN Labour Ministers have also adopted the Guidelines for Corporate Social Responsibility (CSR) on Labour (ASEAN, 2016d).

As a concrete example of the complementarity of international, regional and national efforts, the EU Free Trade Agreement (EU FTA) with Viet Nam includes specific language on RBC, CSR and sustainable development, following dominant treaty practice globally in recent years discussed in Box 2. It refers to the promotion and co-operation on CSR in the Trade and Sustainable Development chapter (art. 9 and 14), with OECD Guidelines specifically mentioned in art. 9 as a relevant international standard. Another chapter that includes provisions related to RBC is the state-owned enterprises (SOEs) chapter (art. 5), underlining co-operation efforts to ensure that SOEs observe internationally recognised standards of corporate governance (EU, 2016). Viet Nam has also committed to specific labour reforms in a separate but related bilateral agreement with the United States, Plan for Enhancement of Trade and Labour Relations (USTR, 2015).
BOX 4: RESPONSIBLE BUSINESS IS GOOD BUSINESS

RBC as part of core business decision making is not only socially desirable but also makes sense from a risk management point of view. Environmental and social issues are also financially material. If these are not reflected in risk management practices, the company can be subject to losses. RBC can help with:

- **Reducing costs and avoiding legal liability:** In one study, nearly 20% of the 2,500 sampled companies were found to be subject to sanctions related to their social or environmental performance between 2012 and 2013, amounting to penalties upwards of EUR 95.5 billion (Vigeo, 2015). Likewise, a recent Harvard University study found that for a mining project with capital expenditure between USD 3-5 billion the costs attributed to delays from community conflicts can be on average USD 20 million per week due to lost productivity from temporary shutdowns or delays (Davis and Franks, 2014). Indeed, the 2017 Risk Barometer (Allianz, 2017), published by the insurance giant Allianz (and based on the insights of more than 1,200 experts from more than 50 countries) identifies business interruption (including supply chain disruption) as the number one business risk for the fifth successive year. Concern about interruptions in supply chains is seen to be shifting increasingly towards events that require better risk-management of societal and environmental factors.

- **Increasing returns, lowering cost of capital, and retaining employees:** One study found that better business practices have the potential to reduce the cost of debt for companies by 40% or more and increase revenue by up to 20% (Rochlin et al., 2015). More broadly, a cross-sector study tracking performance of companies over 18 years found that high sustainability companies - that is those with strong environmental, social, and governance (ESG) systems and practices in place - outperform low sustainability companies in stock performance and real accounting terms (Eccles et al., 2011). More recently, the OECD (2017b) examined the issue of RBC and the financial performance of companies (return on equity and return on assets) in a panel regression study with over 6,500 observations. Controlling for value chain structure, economic and financial factors, the overwhelming finding is that the social score (a measure of a company’s capacity to generate trust and loyalty with its workforce, customers and society) has a highly-significant positive effect on companies’ return on equity and return on assets. These OECD results lend support to the proposition that investing in and implementing RBC practices throughout the supply chain enhances financial performance in the long-run, on average, while supporting social goals.

- **Debunking the pollution haven hypothesis:** 2016 OECD report Do environmental policies affect global value chains? A new perspective on the pollution haven hypothesis that examined the impact of environmental policies on global value chains has shown that countries that implement stringent environmental policies do not lose export competitiveness when compared to countries with more moderate regulations. The findings suggest that emerging economies with strong manufacturing sectors could strengthen and implement environmental laws without denting their overall share in export markets. High-pollution or energy-intensive industries would suffer a small disadvantage, but this would be compensated by growth in exports from less-polluting activities (Koźluk and Timiliotis, 2016).

- **Increasing international competitiveness:** Suppliers of multinational enterprises (MNEs) may find that following RBC principles and standards gives them an advantage over businesses that do not, as they are able to respond to and address concerns that may come up in due diligence of the MNE when evaluating risks associated with its supply chain. Investors from the 46 countries that adhere to the OECD Guidelines are subject to them wherever they operate, including throughout the supply chain and in relation to business relationships. This means that a large majority of the global supply chain is covered by the OECD Guidelines as these investors account for 75% global foreign direct investment (FDI) outflows and 58% of global FDI inflows between 2010 and 2015, as well as 81% of global FDI outward stock as of end 2014 (OECD/IMF, 2016). Similarly, businesses that want to access markets of these 46 countries are also subject to the OECD Guidelines, and, in some cases, actual regulation related to RBC.
3: COUNTRY FOCUS

This section presents a short overview of RBC-related actions in the MED region, including activities by governments, businesses and other stakeholders. A focus is given to the five economies that have adhered to the OECD Declaration on International Investment and Multinational Enterprises, namely Egypt, Israel, Jordan, Morocco, and Tunisia. A brief overview is presented for the remaining MED economies.

3.1. EGYPT

Government action

Egypt adhered to the OECD Declaration on International Investment and Multinational Enterprises in 2007. Recent activities related to RBC can be observed in strategic documents by the government and the new investment law. The 2015 Sustainable Development Strategy - Vision 2030 recognises that decent and productive jobs are an integral part of the country’s economic development (Government of Egypt, 2017a). The implementation of the strategy is mentioned as a core component of the EU-Egypt Partnership Priorities for 2017-2020 (EU, 2017). Additionally, the new investment law adopted in May 2017 underlines that all investments shall make a “...contribution to the comprehensive and sustainable development of the State”. Social objectives and protection of the environment are included in the principles expected to guide all investments, with tax incentives envisioned as a tool to promote these objectives. Art. 15 of the law states that a maximum of 10% of net profit can be dedicated in this regard. Such projects may comprise environmental protection, health care, technical education, social services, and other developmental initiatives. The law furthermore provides tax relief for 50% of investment costs of projects where these are made in areas prioritised for development by the Central Agency for Public Mobilization & Statistics (Government of Egypt, 2017b).

Egypt has also committed to respecting human and labour rights. Egypt has ratified 8 of 9 core international human rights instruments6 (UN OHCHR, 2017 b-c) as well as 64 ILO Conventions, including the eight fundamental ones and three out of four priority ones7 (ILO, 2017a). The 2014 Constitution stipulates in article 76 that “establishing unions and federations is a right that is guaranteed by the law.” These commitments show the intent of the government to bring its legal framework in full alignment with international standards. There are also concrete achievements in certain areas related to human and labour rights. For example, Egypt has taken steps to eliminate child labour. In 2016, through programmes focused on school feeding, expanded access to education (including for refugee Syrian children), and awareness raising events, the government’s focus on improving the conditions that contribute to child labour had a lasting impact. ILO is continuing its collaboration with the government to combat child labour in 2017 (ILO, 2017c).

Nevertheless, concerns have been raised about limited freedoms in practice. The International Trade Union Confederation (2017) has raised concerns about workers rights in the MED region as a whole and
Egypt in particular, citing non-compliance with ILO Conventions and arbitrary arrests of trade unionists, as well as issues at an individual company level including in foreign firms. In 2013, a group of trade unions, supported by ITUC, filed a case alleging these issues to the ILO Committee on Freedom of Association. The Committee concluded the case in 2015 and called on Egypt to adopt a necessary legislative framework and ensure full legal recognition to the independent unions. In particular, the Committee called on the government to ensure that the draft law on trade union organisations and protection of the right to organise is adopted as a matter of priority and that it gives clear legislative protection to the numerous newly formed independent trade unions and ensuring full respect for freedom of association rights. The Committee also requested a repeal or an amendment of the Penal Code in order to ensure that its application in practice does not impede the legitimate exercise of trade union rights, as well as a full repeal of the Decree No. 97/2012. The government’s position in the case, backed by an additional review undertaken by the Directorate of Manpower, remained that no systemic violations of the right to freedom of association ever took place (ILO, 2017b).

The government reports that it is currently addressing these concerns. The revision of the labour law is ongoing and the government is working in co-ordination with the ILO. The government has been asked by ILO committees in 2017 to report on these efforts and to ensure that the full freedom of association rights are guaranteed, as well as to take advantage of the opportunity that full legislative expression is given to the principle of equal remuneration between men and women for work of equal value, protection against sexual harassment in employment and occupation, and legislative protection against direct and indirect discrimination covering all aspects of employment and occupation and all workers, including non-citizens and domestic workers (ILO, 2017d). According to the government, 16 out of 19 ILO comments have been incorporated in the draft law.

Concerns have also been raised about the May 2017 Law 70 on NGO activity. The Office of the High Commissioner for Human Rights issued a statement citing that the law is “damaging for the enjoyment of human rights and leave rights defenders even more vulnerable to sanctions and reprisals than they already are” and claiming that the law also runs counter to Egypt’s obligations under international human rights law as well as to the government’s own commitments under the second Universal Periodic Review before the UN Human Rights Council in May 2015 (UN OHCHR, 2017d). Civil society organisations have also raised similar concerns (HRW, 2017). NGOs are a crucial partner for RBC and the importance of their involvement in due diligence process is explicitly recognised by OECD instruments. For example, the OECD Due Diligence Guidance for Responsible Supply Chains in the

Garment and Footwear Sector includes civil society as a key partner in a number of due diligence steps and activities. Another example is from the OECD Guidelines for Multinational Enterprises themselves, where they state in the Core Criteria for Functional Equivalence in the Activities of NCPs that a key component of easy access to NCPs includes facilitating access by business, labour, NGOs, and other members of the public.

Respect for human and labour rights should not be viewed solely as a social or political matter; it is also an economic matter that affects the predictability and stability that investors value in a business environment. Consider an example from the textiles sector which is traditionally a major sector in Egypt.
Frayed industrial relations can significantly weigh on productivity. A 2015 World Bank assessment of the Better Work programme, which is implemented in eight countries in the garment and footwear sector, shows a positive correlation between investing in better working conditions and the profits, productivity and factory survival rates (World Bank, 2015).

Along these lines, the government has highlighted that sustainable job creation is at the top of the government priority list and is an essential tool for inclusive growth. The government has reported that it is putting in place a structural reform package to create an enabling environment to attract responsible businesses, which includes streamlining procedures and regulations, improving competitiveness and ease of doing business, specific policies on financial inclusion, improved access to finance, including for women, enhanced workers rights, and preparing youth for entering preparedness of youth to the labor market.

Finally, the Egyptian Corporate Responsibility Center (ECRC), which was established in 2008 in a joint effort between UNDP, the government-initiated Industrial Modernization Centre (IMC) and the Egyptian Institute of Directors (EIoD), has played an important role on CSR. ECRC’s stated mission is to empower businesses to develop sustainable business models and to improve the national capacity to design, apply and monitor sustainable CSR policies (ECRC, 2017). In 2016, UNDP, ECRC, and IMC published a new report (as a follow up to the pilot 2007 UNDP/Ministry of Investment report entitled Business Solutions for Human Development) on the role of the private sector in development, focusing on new forms of private sector engagement in society including base of the pyramid business models, social enterprises, supply chain integration, environmental protection and sustainability. The strong policy angle in the report, as well as a focus on multi-stakeholder engagement approach, echoes the global trends on RBC (see section above) (UNDP/IMC, 2017).

**Institutions**

RBC-related institutions in Egypt exist. The National Council for Human Rights (NCHR) has been accredited as an A institution by the Global Association of National Human Rights Institutions (GANHRI, 2017) indicating full compliance with the 1993 Paris Principles relating to the Status of National Institutions (UN, 1993). NCHR was established in 2003 with a mandate to advise the government and make recommendations on human rights issues. Reception and examination of complaints and referral to competent bodies are key parts of NCHR’s mandate; however, data is not available on the cases received so far. A mapping survey by the Network of African National Human Rights Institutions (NANHRI) noted that NCHR lacks enforcement powers or right to seek enforcement of its decisions in a court of law and identified the deficiencies in governance systems as a key challenge of the NCHR (NANHRI, 2016). Since 2014, the NHCR has been working with the Danish Institute for Human Rights on capacity building. There is no specific mention of business and human rights in NCHR’s visions and goals, last adopted in 2010 (ENCHR, 2010).

As of 2017, Egypt does not appear to have an NCP contact, a website or any NCP-related activity. In addition to Tunisia, Egypt has not reported to the OECD Investment Committee since 2014 (OECD, 2017c). According to the 2013 report, Egypt had plans to reactivate its NCP in the Ministry of Investment, with a planned multi-stakeholder advisory board (OECD, 2013a). The only reported specific instance involving
the NCP is from the same year when it supported the United States NCP in a case concerning Mondelez International’s activities in Egypt and Tunisia (OECD, 2014b).

**Business initiatives**

The Global Compact Network in Egypt (GCNE) was launched in 2004 by the Egyptian Mansour Group and UNDP Egypt. As of September 2017, it lists 117 participants, 76 of which are business members mainly from the financial or service sectors. 102 members are active and 26 are non-communicating (UNGC, 2017). GCNE, together with German GIZ, launched a monthly Sustainability Business Circle in 2015. It was re-launched with the support of IFC in March 2017. Corporate governance, SDGs, supply chain sustainability, gender and women economic empowerment are listed as priority topics.

The Egyptian Stock Exchange is part of the Sustainable Stock Exchanges Initiative (SSEI); however, it has not yet published a written guide on ESG-reporting (SSEI, 2017). In 2010, the Stock Exchange issued an ESG Index in order to raise the profile of companies performing well along the environmental, social and corporate governance parameters as compared to their market peers. The index is currently made up of 30 companies from diverse sectors and has more than doubled its value since 2007 (ESE, 2017). This is yet another dataset providing evidence that responsible business is good business (see box 4).

The Federation of the Egyptian Industries (FEI), in co-operation with the ILO, established a unit in 2015 dedicated to CSR, which aims to provide FEI members with expertise and technical assistance. The unit is mandated with establishing a multi-stakeholders platform to raise awareness on CSR among both companies and government departments in Egypt; identify the needs and the roles of the CSR stakeholders and the obstacles of applying CSR principles; provide specific analysis and understanding of CSR practices for SMEs, taking into consideration their specific situation; establish partnerships with international relevant organisations, education institutes and young entrepreneurs associations to foster a business and corporate culture which includes CSR concepts and practices; to promote the social compliance management system and its impact on developing and ethical supply chain and to develop capacities of the industrial sectors to promote an ethical approach in business.

Three annual CSR conferences have been organised since 2015. In 2016, FEI, ILO and the American university in Cairo (AUC) launched the first CSR capacity development program to qualify certified CSR managers and experts. Additionally, the three partners published a report on *CSR Industrial Leaders of Egypt*, which was the first publication of its kind in Egypt identifying successful company CSR profiles. It is meant to document the experience of 15 industrial companies that are considered early leaders in introducing and developing programs, and activities that address various elements of CSR. A number of other publications since then have also been finalised, among them a mapping of the most important 100 CSR initiatives; Giving Voice to Values: Egyptian GVV cases; CSR practitioners guide for SMEs; CSR strategy for the FEI to support the industrial sector on the national level. Finally, the unit has organised the first CSR matchmaking in April 2017, where Cairo CSR Declaration has been announced. The CSR Declaration aims to showcase commitment to CSR and put forth principles for promoting CSR in Egypt.
Foreign business associations are also active on RBC. The American Chamber of Commerce has a committee on CSR, however, the latest reported activities are from 2013, when it hosted a debate on whether CSR failed to deliver impact in Egypt. The German-Arab Chamber of Industry and Commerce also has a committee of CSR and environment, focusing on ethics, compliance and corporate responsibility training to embed best practices for big and small companies and to promote a more environmentally responsible community. Additionally, the Cairo Chamber of Commerce promoted the ISO 26000 guidance in 2013. ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. Finally, a number of retail companies with membership in the Ethical Trading Initiative have run a supplier forum for a number of years, addressing non-competitive issues, including those related to ethical trade.

**Stakeholder initiatives**

There are a number of NGOs working at the intersection of economic, environmental, and social issues.

The Egyptian Centre for Economic & Social Rights (ECESR) was founded in 2009 and has been active on a number of topics, including providing legal services for workers. The Cairo Institute for Human Rights Studies, which was founded in 1993 as an independent NGO promoting human rights in the Arab region, focuses on freedom of association and expression, and the shrinking space for civil society organisations among priority areas.

### 3.2. ISRAEL

**Government action**

Israel adhered to the OECD Declaration on International Investment and Multinational Enterprises in 2002 and has been an OECD Member since 2010, reflecting the advanced state of the economy and governance by regional standards. The NCP is active and Israel regularly reports to the OECD Investment Committee. For more information about NCP activities please see OECD (2017c).

Israel has ratified 7 of 9 core international human rights instruments (UN OHCHR, 2017 b-c) as well as 49 ILO Conventions, including the eight fundamental Conventions and three out of four priority Governance Conventions (ILO, 2017a). There are no pending complaints in front of the ILO involving Israel.

Public companies are required to disclose material environmental risks since 2010 under the Israeli Securities Authority Act. Similarly, all large and medium banks have published CSR report starting in 2014 following the 2010 Banks Commissioner directive on CSR reporting (Ortar, 2015).

Environmental impact assessments have been required by law for projects in specific sectors and regions since 1982. Relevant authorities may additionally require an assessment for projects not covered within the terms of the 1982 law (OECD 2011b).

**Institutions**

As of October 2017, there is no application registered at OHCHR for an Israeli National Human Rights Institution to be accredited.
Business initiatives
Since its launch in 2008, a non-profit CSR standard-setting organisation Maala, has been the focal point for UN Global Compact in Israel. Out of 18 members, 14 are businesses, with 4 non-communicating (UNGC, 2017).

Maala has been publishing a CSR index since 2003 which includes 25% of the 350 largest companies in Israel. Companies ranked based their performance in eight areas, namely, ethics and transparency, human rights diversity and inclusion, responsible supply chain, environmental management, and corporate governance. The Tel Aviv Stock Exchange has created a tradable bond based on the biggest traded companies covered by Maala’s CSR index (Maala, 2017).

In terms of foreign business associations, the American Chamber of Commerce announced in its August 2017 newsletter that it is launching activities to help its members strengthen CSR work on minority employment, education and the environment.

In 2015, the first harvest licensed as Better Cotton by the Better Cotton Initiative (BCI), a global multi-stakeholder alliance promoting sustainable cotton, was produced. All 91 registered Israeli cotton farmers are represented by the International Cotton Board (ICB), BCI’s Israeli partner (Better Cotton, 2017). Over the coming years, ICB intends to develop an Israeli cotton standard equivalent to the Better Cotton Standard.

Stakeholder initiatives
Corporate Social Responsibility Institute, attached to the Israeli College of Law and Business, played a lead role in promoting sustainability reporting, through, among other activities, translation and adoption of the GRI framework.

3.3. JORDAN

Government action
OECD (2013b) Investment Policy Review of Jordan outlines all major developments in the areas related to RBC. Jordan adhered to the OECD Declaration on International Investment and Multinational Enterprises in 2013. The NCP was created in 2016 and has reported to the OECD Investment Committee, although it does not have a website in place on the Guidelines or the NCP. Jordan has completed the National Action Plan on Business and Human Rights, which references RBC. For more information about NCP activities please see OECD (2017c).

Jordan has ratified 7 of 9 core international human rights instruments (UN OHCHR, 2017 b-c) as well as the 26 ILO Conventions, including seven out of eight fundamental Conventions and three out of four priority Governance Conventions (ILO, 2017a).
Pursuant to the 2014 Investment Law, the government may, in addition to concessions applied to Free Zones, offer incentives and exemptions to projects in seven categories, including medical facilities, research centres, and agriculture. Environmental impact assessments are mandatory under Jordan’s Environmental Protection Law No. 52 (2006) for companies with activities that could affect the environment. The Ministry of Environment is the main responsible authority for environmental protection in Jordan. The Royal Department for Environmental Protection inspects industrial facilities to check their compliance with environmental regulations (OECD, 2016d).

Jordan recently completed an OECD Clean Energy Investment Policy Review (2016d), which provides analysis and suggestions to help policy makers strengthen the enabling conditions for investment in renewable power in Jordan, especially in gridscale and distributed solar and wind energy. The review recognises that RBC is progressively being incorporated in business practices across various sectors, but that more efforts are needed, particularly to encourage systematic disclosure of ESG information, including on GHG emissions and water use. Disclosure is an integral part of RBC and corporate governance. Clear and complete corporate information is important to a variety of users, from shareholders to workers, local communities, governments and the society at large. The Guidelines call for timely and accurate disclosure on all material matters regarding the corporation, including the financial situation, performance, ownership and governance of the company. The Guidelines also encourage disclosure in areas where reporting standards are still evolving such as, for example, social, environmental and risk reporting. These expectations align with the expectations set out in the G20/OECD Principles of Corporate Governance.

In other areas related to RBC, the legal and institutional framework for employment and labour relations has been strengthened, notably through the 2011-20 National Employment Strategy. The ILO Committee of Experts has looked at 12 cases (11 close and one in follow up stage) relating to freedom of association. In the latest communication from October 2015, the ILO Committees observed positive development and discussions in the Jordanian Tripartite National Committee on Labour Affairs (ILO, 2017f). Additionally, Jordan participates in ILO Better Work Programme since 2009. Ministry of Labour serves as the government counterpart to ILO and IFC. Better Work is implemented in seven other countries, and on a country level, participation in the programme is associated with significant increases in apparel exports (World Bank, 2015). 65 000 workers, 77 factories and 23 brands and retailers are or have been involved.

Jordan ranks 57 out of 176 in the 2017 Transparency International Corruption Perceptions Index, with the exception of Israel, the highest ranking in the MED region. In 2016, Jordan consolidated existing anti-corruption efforts and streamlined agencies through the 2016 Integrity and Anti-Corruption Commission Law (IACC). 87 of 116 cases referred to the courts in 2015 resulted in convictions. (US Department of State, 2017).

**Institutions**

In addition to the NCP, RBC-related institutions in Jordan exist. The Jordanian National Centre for Human Rights (JNCHR) has been accredited as an A institution by the Global Association of National Human Rights Institutions (GANHRI, 2017) indicating full compliance with the 1993 Paris Principles relating to the Status of National Institutions (UN, 1993).
Business initiatives
The Global Compact Network was launched in 2007, however, the participation in the network is minimal. However, no activities have been reported by the local network since 2009 and the compact website lists 23 members, with 3 listed as non-communicating (OECD, 2013b; UN GC, 2017).

The Amman Stock Exchange is part of the Sustainable Stock Exchanges Initiative (SSEI); however, it has not yet published a written guide on ESG-reporting (SSEI, 2017).

The Jordan American Chamber of Commerce collaborates with the Anti-Corruption Commission; however it does not seem to have a CSR committee in place.

Stakeholder initiatives
The concept of RBC is relatively new in Jordan even if the level of awareness is increasing. Approach to RBC is still fragmented to a degree and stakeholders may be undertaking RBC-related activities without the RBC label. For example, the General Federation of Jordanian Trade Unions, together with its Danish counterparts, the LO/FTF Council, held a series of workshops in 2016-2017 focused on improving policies and legislation on rights and working conditions for Jordanian workers.

3.4. MOROCCO

Government action
Morocco adhered to the OECD Declaration on International Investment and Multinational Enterprises in 2009. As part of the adherence process it established the National Contact Point for the OECD Guidelines for Multinational Enterprises. The NCP is active and annually reports to the OECD Investment Committee on its activities during the year, including those promoting the OECD Guidelines and dealing with specific instances, as well as any changes in the operation and procedures of the NCP. For more information about NCP activities please see OECD (2017c).

Morocco has ratified all the core international human rights instruments, including several optional protocols, which is the highest number of commitments in the MED region (UN OHCHR, 2017 b-c). Morocco has also ratified 62 ILO Conventions, including seven out of eight fundamental Conventions and all four priority Governance Conventions (ILO, 2017a). In addition, Morocco has committed to develop a National Action Plan on Business and Human Rights. The sole ILO complaint concerning Morocco relates to the right to freedom of association, the one fundamental convention the country has yet to ratify. In its latest communication from March 2016, the ILO Committee of Experts requests to be kept updated on any new developments regarding the draft Law on Trade Unions (ILO, 2017e). The US Department of Labour (2016) reports that Morocco has made “significant advancement” in efforts to eliminate the worst forms of child labour, particularly through passage of the Law on Trafficking in Human Beings and the Law on Setting up Employment Conditions of Domestic Workers.

Morocco established a National Commission on Corporate Governance in 2007, resulting in the 2008 Code of Good Corporate Governance based on the OECD Principles of Corporate Governance. The code was updated with Law 78-12 of 2015 and applies to the private and public sectors, while a separate code
based on the OECD Guidelines on Corporate Governance of State-owned Enterprises was adopted in 2011 for SOEs.

In July 2017, the Economic, Social and Environmental Council published a report on Corporate Social Responsibility: mechanisms for transition to sustainable development in the Official Bulletin No. 6588. The report summarises the state of play on CSR in Morocco, defines the concept, and highlights the mechanisms of its application and its benefits. The report also recommends priority actions by different stakeholders and highlights the potential synergies for new forms of shared value creation.

**Institutions**
In addition to the NCP, RBC-related institutions in Morocco exist. The Human Rights Council of Morocco (CNDH for its name in French) has been accredited as an A institution by the Global Association of National Human Rights Institutions (GANHRI, 2017) indicating full compliance with the 1993 Paris Principles relating to the Status of National Institutions (UN, 1993). In 2015, the group of francophone national human rights institutions in Africa – NANHRI – committed to promote the implementation of the UN Guiding Principles (CNDH, 2015). The CNDH hosted a training course on business and human rights in 2013 and has also participated in the OECD Global Forum on Responsible Business Conduct.

**Business initiatives**
The UN Global Compact Network is not active in Morocco. Some news outlets reported an emerging local network of 15 entities, but it appears that those efforts have stalled.

The main business association, Confédération Générale des Entreprises du Maroc (CGEM), has issued a CSR label since 2006 in recognition of companies' engagement and strategic inclusion of CSR issues in operation. The 9 principles of the label are based on ILO core conventions, UN Global Compact principles and the OECD Guidelines. There are currently 82 companies under the label (Label RSE, 2017).

The Moroccan Association of Textile and Apparel Industries awards the “Fibre Citoyenne” label to socially responsible companies. The latest publication of companies granted the label is from 2013, with more than 50 Moroccan companies listed (Amith, 2013).

The Casablanca Stock Exchange is part of the Sustainable Stock Exchanges Initiative (SSEI); however, it has not yet published a written guide on ESG-reporting (SSEI, 2017). In this regard, the Moroccan Capital Market Authority (AMMC) and the Casablanca Stock Exchange, with the contribution of the General Confederation of Enterprises of Morocco (CGEM) and the Social, Economic and Environmental Council (CESE), developed a draft Guide on Corporate Social Responsibility and ESG Reporting, which was submitted for consultations in July 2017. The main objective of this guide is to promote CSR among publicly traded companies in Morocco and help them prepare for non-financial disclosure reporting requirements that are currently being planned to be put in place. The guide aims to clarify concepts and to present a practical approach for CSR implementation and ESG reporting.

**Stakeholder initiatives**
A public-private partnership has been established to promote CSR in Morocco as part of development cooperation with Spain (APPPD). The cooperation agreement includes, among others, the Spanish Agency
for International Cooperation for Development (AECID), the Moroccan Ministry of Labor and Occupational Integration, the National Agency for the Promotion of Small and Medium Enterprise (ANPPM), the General Confederation of Enterprises of Morocco (CGEM), the Moroccan Association of the Textile and Clothing Industry (AMITH), the National Federation of Agribusiness (FENAGRI), the Foreign Trade Association (FTA) and El Corte Ingles. It aims to improve the management practices of Moroccan companies related to social issues, especially SMEs operating in the textile and agro-food sectors, to increase the level of their contribution to the economic development of Morocco, and to strengthen the capacities of the various social partners on CSR.

In September 2017, the Higher Institute of Commerce and Business Administration (ISCAE) in Casablanca established a CSR observatory that aims to be an information and exchange platform on CSR in Morocco; to highlight the exemplary practices of companies; promote responsible practices; and stimulate scientific research on CSR.

3.5. TUNISIA

Government action
Tunisia adhered to the OECD Declaration on International Investment and Multinational Enterprises in 2012. As of 2017, Tunisia does not appear to have an NCP contact, a website or any NCP-related activity. In addition to Egypt, Tunisia has not reported to the OECD Investment Committee since 2014 (OECD, 2017c). 2013 was the only year that Tunisia reported to the OECD Investment Committee (OECD, 2013a). The only reported specific instance involving the NCP is from the same year when it supported the United States NCP in a case concerning Mondelez International’s activities in Egypt and Tunisia (OECD, 2014b).

The 2016 Investment Law identifies job creation, equal regional development, and sustainable development as national priorities.

Tunisia has ratified 8 of 9 core international human rights instruments11 (UN OHCHR, 2017 b-c) as well as 63 ILO Conventions and 1 Protocol, including the eight fundamental Conventions and three out of four priority Governance Conventions (ILO, 2017a). These commitments show the intent of the government to bring its legal framework in full alignment with international standards. There are also concrete achievements in certain areas related to human and labour rights. The US Department of Labour (2017) noted that Tunisia has made significant advancement in efforts to eliminate the worst forms of child labour in 2016.

Nevertheless, challenges remain and concerns have been raised about limited freedoms in practice. There are three open complaints (two active and one in follow-up) to the ILO Committee of Experts, all concerning freedom of association. In its interim report from 2016, the Committee requested the Government to ensure equal treatment of all unions, and reiterates its long-standing recommendations to the Government to take the necessary steps for laying down clear criteria for union representativeness. The Committee has also made a number of direct requests to the government on the implementation of the Conventions (ILO, 2017g).
Institutions
The “Comité Superieur des Droits de l’Homme et des Libertés Fondamentales” has been accredited as a B institution by the Global Association of National Human Rights Institutions (GANHRI, 2017) indicating partial compliance with the 1993 *Paris Principles relating to the Status of National Institutions* (UN, 1993). In 2015, the group of francophone national human rights institutions in Africa, NANHRI, including the Tunisian committee, committed to promote the implementation of the UN Guiding Principles (CNDH, 2015). The Danish Institute for Human Rights has supported the development of a legal framework for a new NHRI, which has been submitted to the Council of Ministers in 2016 (DIHR, 2016).

Business initiatives
The Global Compact Network was launched in 2015 and re-launched in 2017, with 44 members listed (UNGC, 2017). The network is mentioned as part of the *l’Institute de la Responsabilité Sociétale des Entreprises en Tunisie* (IRSET), a local RBC institute. Information about IRSET is not readily available.

The Bourse des Valeurs Mobilières de Tunis is part of the Sustainable Stock Exchanges Initiative (SSEI) since 2015; however, it has not yet published a written guide on ESG-reporting (SSEI, 2017).

The Confederation of Tunisian Citizen Enterprises (CONECT) has plans to establish a Tunisian CSR label, inspired by, among others, the CGEM Moroccan CSR label (CONECT, 2016).

Stakeholder initiatives
The Dutch-based multi-stakeholder initiative Fair Wear Foundation has been active in Tunisia since 2010 and cites about 40 factories supplying its member companies. Since 2014, the foundation has been running a Workplace Education Programme (FWF, 2017).

Nobel Peace Prize was awarded in 2015 to the Tunisian National Dialogue Quartet, which comprises four key organizations in Tunisian civil society: the Tunisian General Labour Union (UGTT, Union Générale Tunisienne du Travail), the Tunisian Confederation of Industry, Trade and Handicrafts (UTICA, Union Tunisienne de l’Industrie, du Commerce et de l’Artisanat), the Tunisian Human Rights League (LTDH, La Ligue Tunisienne pour la Défense des Droits de l’Homme), and the Tunisian Order of Lawyers (Ordre National des Avocats de Tunisie). The Nobel committee highlighted the Quartet’s role as a mediator and driving force to advance peaceful development (Nobel, 2015).

This experience is notable because the government could consider building on the existing experience with tripartite engagement and cultivating more multi-stakeholder engagement on RBC. As noted in the previous section, multi-stakeholder engagement has proven to be a key ingredient in addressing complex challenges at the intersection of economic, environmental and social issues.
3.6. ALGERIA

RBC is still an emerging concept in Algeria and the government has not adopted a strategy or a policy related to RBC. Algeria has ratified 8 of 9 core international human rights instruments and is a signatory to the remaining one\textsuperscript{12} (UN OHCHR, 2017 b-c). Algeria has also ratified 60 ILO Conventions, including the eight fundamental Conventions and three out of four priority Governance Conventions\textsuperscript{13} (ILO, 2017a). According to the US Department of Labor (2017), Algeria made a moderate advancement in 2016 in efforts to eliminate the worst forms of child labor. The Government established the National Committee for the Prevention of and Fight Against Trafficking in Persons and the National Authority of Child Protection and Promotion to advocate, in part, for children in danger of economic exploitation. It also provided advanced training for government personnel on investigating and prosecuting trafficking in persons and protecting victims. Algeria is a part of the EU-funded Clima South programme, which supports the efforts of participating states to transition to low-carbon development and climate resilience (ClimaSouth, 2017). The Algerian Organization for Standardization (IANOR) participated in the International Organisation for Standardization (ISO) 2011-2014 regional project to promote the uptake and use of ISO 26000 on social responsibility within the Middle East and North Africa. The project focused on working with companies and training national experts to address the challenges with implementation of ISO 26000 and it was implemented with 16 pilot organisations and 16 national experts (ISO, 2016).

3.7. LEBANON

RBC is not a new concept in Lebanon. CSR Lebanon Forum is a network of businesses, under the patronage of the government, that focus on promoting CSR in Lebanon and the forum is hosting the 7\textsuperscript{th} CSR forum in 2017 (CSR Lebanon, 2017). Lebanon has ratified 6 of 9 core international human rights instruments and is a signatory to two additional ones\textsuperscript{14} (UN OHCHR, 2017 b-c). Lebanon has also ratified 50 ILO Conventions, including seven out of eight fundamental Conventions and two out of four priority Governance Conventions (ILO, 2017a). Lebanon is a part of the EU-funded Clima South programme.

The government reports that under the 2002 Lebanese Environmental Law No.444/2002, good environmental practices are incentivised through tax breaks and discounts. In particular, the law envisions a 50% discount on import tariffs for equipment and technologies that protect the environment, as well as a 50% tax discount for activities that support the protection of the environment. In terms of other activities, the government has reported that there has been a recent initiative to promote more transparency and fight corruption. For example, although the implementing decrees have not yet been adopted, a February 2017 law on the right to access information has been issued by the Parliament. Finally, the Lebanese Ministry of Labour works with the ILO in several regards to improve the labour market in Lebanon, including also improving household statistics and working on migrant labour issues.
3.8. LIBYA

Libya has ratified 7 of 9 core international human rights instruments and is a signatory to one additional one\textsuperscript{15} (UN OHCHR, 2017 b-c). Libya has also ratified 29 ILO Conventions, including the eight fundamental Conventions and two out of four priority Governance Conventions (ILO, 2017a). However, reliable information on RBC policies and initiatives is not readily available. Libya is a part of the EU-funded Clima South programme.

3.9. PALESTINIAN AUTHORITY

Palestinian Authority is a party to the 7 out of 9 core international human rights instruments\textsuperscript{16} (UN OHCHR, 2017 b-c). RBC is generally conflated with philanthropy and is considered to be within the purview of the private rather than public sector. Palestinian Authority is a part of the EU-funded Clima South programme. The Palestinian Investment Promotion Agency (PIPA) has an incentive package to encourage investment in the use of alternative and renewable energy technologies. PIPA also integrates in its strategic framework the Palestinian National Policy Agenda 17-22 and the Local development and Sustainable Development Goals. The Palestinian National Policy Agenda 17-22 emphasizes the importance of Providing a decent and suitable investment environment by adopting measures to accelerate the creation of permanent employment opportunities through public-private investment partnerships; support and development of the Palestinian Employment Fund; and ensuring a safe working environment that respects health and safety standards. It also emphasises the need to ensure environmental sustainability through adjusting the pollution rates; expanding the management, recycling and use of solid waste; expansion of wastewater management, treatment and reuse; and increased reliance on renewable energy sources.
4: CONCLUSION

In line with the objectives of this workshop, this draft working paper suggests a number of policy questions to be considered and to guide future discussions:

- The recent developments to promote better business practices globally show that governments are increasingly being proactive in ensuring that investment contributes to development and supports the competitiveness of their economies. What are the major RBC-related challenges in the region?
- What are the current plans to promote and mainstream RBC in MED? Are these any best practices that could be extended to other countries and on a regional level?
- Expectations related to RBC can also include legal obligations for some investors. Are MED economies considering including objectives on RBC in their investment laws?
- Are there plans to include the expectations on RBC in the incentives schemes, as well as investment promotion and facilitation efforts (e.g. providing incentives to businesses that include local capacity building and skills development)?
- How can RBC be tied to broader development objectives (e.g. SDGs)?
Increasingly, CSR is used in a similar way as RBC. For example, the latest strategy of the European Commission A renewed EU strategy 2011-14 for Corporate Social Responsibility uses CSR in broad terms in line with RBC. Many times the difference between the two is an issue of semantics in practice. Both RBC and CSR aim to promote the same idea - that businesses should consider the impact of their activities beyond just the impact on the company itself.

See for example, an industry-level study by Kucera and Principi (2016) that shows that stronger rights and governance have a positive effect on FDI, consistent with most prior studies, and that at the industry level, there is a larger positive effects of rights and governance on FDI for service than manufacturing industries.

The investors from these 48 countries account for 75% global foreign direct investment (FDI) outflows and 58% of global FDI inflows between 2010 and 2015, as well as 81% of global FDI outward stock as of end 2014 (OECD/IMF, 2016).

OECD calculations based on OECD/Inter-American Development Bank Indicators of Employment Protection; World Economic Forum Global Competitiveness Indicator on Labour Market Efficiency (Pillar 7); International Trade Union Confederation Global Rights Index; World Bank Doing Business – Building Quality Control Index; Yale Environmental Performance Index; Freedom House Freedom of the Press Index; Reporters Without Borders World Press Freedom Index; World Economic Forum Global Gender Gap Index; Global Slavery Index; Transparency International Corruption Perception Index; and World Justice Project Rule of Law Indicators.

For more information, see ISO 26000 website https://www.iso.org/iso-26000-social-responsibility.html

Israel has not ratified the Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families and the Convention for the Protection of all Persons from Enforced Disappearance.

Jordan has not ratified the Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families and the Convention for the Protection of all Persons from Enforced Disappearance.

Tunisia has not ratified the Convention on the Protection of the Rights of All Migrant Workers.

Algeria has not yet ratified the Convention for the Protection of all Persons from Enforced Disappearance.

Lebanon is a signatory to the Convention for the Protection of all Persons from Enforced Disappearance and the Convention on the Rights of Persons with Disabilities; however, no action has been taken on the Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.
Libya is a signatory to the Convention on the Rights of Persons with Disabilities; however, no action has been taken on the Convention for the Protection of all Persons from Enforced Disappearance.

No action has been taken on the Convention for the Protection of all Persons from Enforced Disappearance and the Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.
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