

## MENA-OECD REGIONAL TASK FORCE ON RESPONSIBLE BUSINESS CONDUCT

### FIRST MEETING

26 October 2008 - Cairo, Egypt

#### *Scenario for the meeting*

The first meeting of the **Regional Task Force on Responsible Business Conduct**, organised by the MENA-OECD Investment Programme and the Egyptian Institute of Directors, the National CSR and Global Compact Center, intends to launch a Task Force in the MENA region to conduct activities on Responsible Business Conduct as an initiative of the MENA-OECD Investment Programme. The initiative, approved at the second MENA-OECD Ministerial meeting in November 2007 in Cairo, aims at building a multi-stakeholder dialogue on responsible business in the region, involving actors from public and private sector as well as civil society from both MENA and OECD countries.

The initiative, organised in partnership with key institutions such as the United Nations Development Programme (UNDP), the World Bank Institute (WBI), the European Union (EU) and InWent, follows three preliminary meetings organized within the activities of the MENA-OECD Investment Programme – September 2007 in Amman, November 2007 and February 2008 in Cairo - which served to identify priority areas and objectives of the MENA-OECD Regional Dialogue on Responsible Business Conduct.

On these bases, the meeting will focus on the following themes:

- key issues of the MENA-OECD initiative on responsible business conduct such as: a) importance of the subject; b) value added to existing initiatives; c) multi-stakeholder approach
- Areas identified as most relevant in the debate on responsible business conduct with specific regard to the MENA region, namely: Business integrity and anti-corruption; Education, youth employment and labor standards; Health and Environment
- Indicators for measuring government policy and corporate practices designed to promote responsible business conduct
- Means of action to be taken by the MENA-OECD Initiative, including a) Awareness rising and training/partnership programmes, b) Multi-stakeholder involvement, focusing on public-private dialogue and civil society involvement

Key purpose of the meeting is to discuss the above mentioned themes by exploring the roles of all the parties involved, distinguishing the respective roles of Governments, private sector and civil society, and proposing mechanisms for strengthening partnerships and measurement of impact.

The following document provides a scenario for the session overall and single panels.

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## **OPENING (9.00 – 9.30)**

Opening Ceremonies and welcome remarks will be given by the organizers and partners organisations to inaugurate the first meeting of the Regional Task Force on responsible business conduct.

## **I. SCOPE OF RESPONSIBLE BUSINESS CONDUCT AND PRACTICAL ACTIONS (PANEL I - 2 hours: 10:00 - 12:00)**

The first panel of the meeting aims to spur dialogue and interaction around the issues related to responsible business conduct among the different stakeholders involved, discussing the relevance of responsible business for enhancing investment climate; distinction of roles between government and private sector; models for partnerships with different actors and importance of indicators for measurement of responsible business performance. Reference will be made to major international instruments, such as; the OECD Guidelines for Multinational Enterprises; UN Global Compact; ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

The discussion on measurement will be particularly relevant for identifying tools to evaluate and benchmark responsible business performance against international and regional standards; the session will aim also to discuss about the development of best practices code for MENA.

The moderator will introduce the topic and orient the discussion, addressing the following issues:

Responsible Business Conduct – Definition and purpose of the initiative, relation to the MENA Investment Programme and relevance of responsible business for enhancing investment climate; value added to other activities in the region; link to Business Integrity: compliance with law and practice of responsible business related to integrity (moral, ethical, religious aspects relevant in MENA countries)

*Questions for the panelists on the respective roles of government and private sector (10 minutes each):*

- What role the government can play and why?
- What private sector seeks from government and what it can do? Is there a business case for responsible conduct? Which are the opportunities and benefits for all?
- Business climate for responsible performance: which are the incentives and are there tools available for assessment/measurement of responsible corporate behaviour? What is the relevance and impact of multi-stakeholder dialogue and partnerships between government and private sector, as well as civil society, for promoting responsible business aimed at growth?
- International Standards and Instruments to Promote Responsible Business Conduct

### ➤ ***Discussion***

## **II. AREAS OF RESPONSIBLE BUSINESS CONDUCT IN MENA (PANEL II - 1/2 hour: 12:00 - 12:30)**

Introduction and overview on the areas identified as most relevant in the debate on responsible business conduct with specific regard to the MENA region -namely: Corporate integrity and anti-corruption;

Education, youth employment and labour standards; Health and Environment - and explain the logic behind such selection (result of preliminary meetings and questionnaire process).

Panel II will serve then to introduce the breakout sessions (*Workshop format*) following in the afternoon and provide the framework for each of them:

- Role of Governments in promoting actions in the specific area
- Role of private sectors in promoting actions in the specific area
- Role of civil society
- Potential for partnerships
- Identification of initiatives and concrete actions that the MENA Task Force can undertake in the specific area
- Recommendations coming out for each area will be incorporated in the final action plan of the Task Force

*The presentations by the 3 moderators of the sub-sessions, who will also launch a brief discussion to collect input from participants.*

#### **SUB-SESSIONS THEMES (13:00 -15:30)**

##### **A) CORPORATE INTEGRITY AND ANTI-CORRUPTION**

There is no scarcity of evidence illustrating the depth and occurrence of corruption: bribes to government officials for public contracts, plundering of national assets, and confusion between private and public funds in developing and transition economies. The impact of corruption goes far beyond the specific misconduct of the actors involved. Its repercussions sweep across entire economies and their populations. Bribery may de-rail development plans and leads to unnecessary, unsuitable, uneconomic or incoherent investment decisions. The effects of corruption on investment, growth and development are so devastating that no country can afford.

Countries in the MENA region, as elsewhere in the world, have been increasingly concerned about the relevance of adopting measures to enhance integrity and fight corruption for attracting investment. Lack of a transparency and responsible behavior, distrust in the institutional framework and private sector, corruption and bribery, have added to the multitude of risks to investment and trade in the region, hampering the socio-economic development and welfare of the populations. Significant improvements have been made by MENA governments in the adoption of reforms that include strategies to prevent and sanction corruption and more effective administrative procedures and transparent rules. However, criminalizing bribery and corruption is not enough. Business can contribute by changing the corporate culture, and undertaking initiatives, in partnership with other parties involved, to fight this big threat for the economy.

This breakout session will discuss existing initiatives and tools available in this area to both business and governments, including international instruments such as the OECD Guidelines for MNEs, the OECD Anti-bribery Convention and the United Nations Convention against Corruption, aiming to identify concrete and effective actions for the MENA Task Force.

*Questions to be addressed:*

- Relevance of corporate integrity, transparency and corruption fighting to enhance efficiency of the markets: what governments can do to provide a transparent framework and reduce risk of corruption in sensitive areas, such as procurement and administration?

- Which instruments are there for companies to combat corruption? How does the initiative on *Collective action against corruption* developed by the World Bank relate to the overall stance on corruption? What can be expected next from this initiative?

- How private sector can actively be involved in the fight of corruption? How governments and/or civil society can support business sector efforts in promoting business integrity?

- Are there already initiatives taken in MENA countries, by government, business and/or civil society? How private sector and civil society can play a role in facilitating partnerships and collective action to fight corruption?

- What is the role of international principles and guidelines (e.g. OECD Convention, UNCAC,...) in supporting efforts in this area?

➤ *Discussion on initiatives and concrete actions that the MENA Task Force can undertake in the corporate integrity area*

## **B) EDUCATION, YOUTH EMPLOYMENT AND LABOR STANDARDS**

Creating employment, raising skills and innovation standards, are among the main ways for business to contribute to the development of a country, and at the same time areas where most societal expectations related to the role of business rely on.

These are also in a sense the areas where the business case for responsible conduct is clear-cut, being an evident advantage for private sector to have access to more skilled, efficient and integrated labor.

Responsible practices that can be undertaken by companies, with impact on economic climate and society as a whole, include: encouragement of human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees; promote employee awareness of, and compliance with, company policies; integration of labor markets and higher levels of social inclusion, as enterprises actively seek to recruit more people from disadvantaged groups, including youth and women; investment in skills development, life-long learning and employability, which are needed to remain competitive in the global knowledge economy; better innovation performance, especially with regard to innovations that address societal problems, as a result of more intensive interaction with external stakeholders; creation of working environments more conducive to innovation. While being these voluntary practices, government and civil society can offer support in enhancing the image of business and entrepreneurs in society, potentially helping to cultivate more favorable attitudes towards entrepreneurship and greater respect for core labor standards and human rights.

International instruments provide business and governments with relevant principles in this area, such as the ones in the OECD Guidelines for MNEs, section on Employment and Industrial Relations, the ILO Tripartite Declaration and the UN Global Compact.

This breakout session will discuss existing initiatives, by business and governments both in MENA and OECD countries, aiming to identify concrete and effective actions for the MENA Task Force.

*Questions to be addressed:*

- Relation between education and entrepreneurship: how partnerships between private sector, government and CSO can play a role in enhancing the framework for education and development of skills required?

- What Governments can do to provide a framework to encourage investment in skills and compliance with labor standards?

- How private sector can play role in addressing the needs of the society with regard to employment issues, such as employment of those with special needs? What private sector expects from government in support of its actions?

- Relevance of adopting and observing labour standards for improving investment climate and attract FDI?

- What is the role of international principles and guidelines (e.g. OECD Guidelines on MNEs, ILO Declaration, UN Global Compact,..) in supporting efforts in this area?

- In the area of education and linkages with industry, the skill gap and scarce human capital development in many countries is the main problem for promotion of youth entrepreneurship; are there example of successful initiatives undertaken in this field for the creation of linkages between youth generations and industry? What role partnerships between civil society, government and private sector contributed to their success and impact on youth employment?

➤ *Discussion on initiatives and concrete actions that the MENA Task Force can undertake in this area*

### **C) HEALTH AND ENVIRONMENT**

Both environment and health are often the first areas associated to responsible business, given the impact of business activities and at the same time their responsibility towards environment and consumer interests. Enterprises are increasingly called and expected to take due account of the need to protect the environment, public health and safety, and generally conduct their activities in a way contributing to the wider goal of sustainable development. At the same time, sound environmental management is increasingly being seen as a business opportunity, further than a business responsibility, leading corporate managers to integrate environmental and health issues within their business strategies. An environmental management system provides the internal framework necessary to control an enterprise's environmental impacts and to integrate environmental considerations into business operations. Having such a system in place should help to assure stockholders, employees and the community that the enterprise is actively working to protect the environment and the health of communities from the impacts of its activities.

In this respect, business can effectively contribute to society development, in matters such as: improvement in public health, as a result of voluntary initiatives by enterprises in areas such as the marketing and

labeling of food and non-toxic chemicals; advancement of environmental performance through commitment to a systematic approach and to continual improvement of the system.

Several initiatives have been undertaken in this area in MENA, at both regional and national level, mostly with regard to environment. The breakout session will consider what is existing and examine the relation between health and environment, in a view to define how both issues can be introduced in the MENA Task Force action plan.

#### *Questions to be addressed*

- The balance between social, environmental and economic pillars of sustainability is crucial for a company, either through its products, its production facilities, its responsibility programs and its employees. How corporate strategies can address the needs of the society benefiting consumers and environment, while still delivering profits for the company? Are there models of responsible business integrated in core business which address protection of consumer health and environment?

- What is the relevance of co-operation between private and public sector in addressing health and environmental issues in a MENA country, such as the UAE? Many companies, such as the National bank of Abu Dhabi, have adopted policies to integrate societal issues related to health of employees as well as environment, in their corporate strategies; how this practice can be systematized, and what are the main challenges in assessing their impact?

- How Governments can support companies in their efforts through provisions and advocacy on environmental, health and safety standards?

- How international standards and reporting guidelines, developed by NGOs or international organisations, can be used and have relevant impact in Arab countries?

➤ *Discussion on initiatives and concrete actions that the MENA Task Force can undertake in this area*

### **III. MEANS OF ACTION OF THE MENA-OECD INITIATIVE - RECOMMENDATIONS AND CONCLUSIONS (1 and ½ hour: 16:00 -18:00)**

The panel will serve to present the recommendations coming out from each sub-session. (Moderators of the 3 sub-sessions – 10 minute each).

Experts in the field will be invited to intervene and present examples of concrete actions already undertaken in the region or neighboring countries. Participants, with the help of the moderator, will discuss which initiatives, among those agreed for each area, can be undertaken by the Task Force and modalities for implementation in the coming future, as means of concrete actions and basis of the work plan.

The use of measurement instruments, as discussed in the first panel, will be considered as a relevant area for the work of the Task Force.

The final part of the session [17:30 – 18:00] will be dedicated to formally adopt the recommendations, decide about timeline and nominate members of the Task Force.