Moving toward healthier governance in host countries

Kathryn Gordon
Investment Division -- OECD
The core responsibility of business is business...

... but responsibilities go beyond this core economic mission
INTERDEPENDENCE makes it rational for companies to invest in CR....

... that is, in enhancing their relationships with the societies in which they operate.
Interdependence is a two way street...

...corporate responsibility goes hand in hand with government responsibility
OECD survey of extractive industry statements looks at:

- Provision of local services
- Human rights
- Environment
- Taxation, revenue use and financial transparency
Environmental statements by mining companies

- Most-cited CR issue
- Detailed statements
- Common vocabulary and concepts
Tax payments are often cited as a benefit by mining companies....

...but host country revenue use is seldom mentioned by individual companies.
Good news about CR in mining

- Global phenomenon
- Growing expertise
- Emerging standards
But mining companies need legitimate “inputs” from host societies...

...and this requires an effective overall governance framework
Mining companies can be an important, …

… but only partial, contributor to the search for solutions to governance problems.
OECD Contribution:

- Peer reviews
- Consensus-based norms
The OECD Guidelines for Multinational Enterprises

- Multilaterally endorsed recommendations on business conduct
- Part of broader investment framework
- Distinctive follow-up procedures
There is widespread consensus on the need for better governance...

...the real challenge lies in doing it. Mining companies can help build momentum for reform.