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## **JOINT BIAC-TUAC SUBMISSION TO THE CONSULTATION WITH THE OECD INVESTMENT COMMITTEE**

### **PROPOSAL REGARDING FUTURE OECD WORK ON GUIDING INVESTORS IN WEAK GOVERNANCE ZONES (WGZ)**

BIAC and TUAC appreciate that the OECD plans to guide investors in responding to questions identified in the OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones within the framework of its 2007-08 work programme.

The Risk Awareness Tool as adopted in June raises important questions that may help increasing investors' awareness for risks mainly stemming from the lack of good public governance in WGZ. However, the tool leaves the investors alone with the questions and some references for further resources. It does not offer concrete help to companies and their stakeholders seeking to enhance their corporate conduct profile in extremely difficult business environments as represented by WGZ.

BIAC and TUAC recognise the complexity of offering practical help to companies. However, we believe that the Organization must meet this challenge so that its Risk Awareness Tool can have a real positive impact on corporate conduct in WGZ.

In the view of BIAC and TUAC, the OECD should, in partnership with international organizations that possess extensive expert knowledge about the business environment in WGZ, develop web-based concrete information about best practises, additional resources and useful points of contact that in particular medium sized companies with more limited resources and experiences may find useful. We suggest that such a tool draw upon the Anti-Corruption Portal that the Danish Development Agency (DANIDA) is currently developing together with business, labour unions and other stakeholders (see annex for more information on the Anti-Corruption Portal).

In our view the portal with its focus on fighting corruption in developing countries represents a useful starting point for OECD work on providing help to investors in WGZ. It should be enhanced to include additional corporate responsibility issues that are included in the OECD's Risk Awareness Tool for Investors in Weak Governance Zones, and in particular the OECD Guidelines for Multinational Enterprises.

BIAC and TUAC believe that the OECD should use the Anti-Corruption Portal in the context of its future work related to corporate conduct in WGZ. Both advisory bodies stand ready to support the OECD in the development of a tool that provides concrete and practical help to investor seeking to find solutions to problems stemming from governance failure in WGZ.

## **ANNEX: Fact-sheet about the Anti-Corruption Portal**

Global Advice Network, the Danish International Development Agency (Danida), and Transparency International are launching the Business Anti-Corruption Portal: [www.business-anti-corruption.com](http://www.business-anti-corruption.com). The portal is a web-based anti-corruption tool for small and medium sized companies (SMEs) doing business in developing countries. SMEs face the problems of large companies, but typically lack the resources to deal with them.

The Business Anti-Corruption Portal offers a number of concrete tools, which can be used to develop a so-called integrity system. The tools are custom made for SMEs and enable the companies to manage and combat corruption:

- **About Corruption:** Basic information about corruption – forms of corruption, donor policies, the relevant international conventions and their implications for SMEs.
- **Integrity System:** Generic tools that enable the companies to conduct risk assessments and to develop an anti-corruption policy and a code of conduct. The tools can be used to develop a so-called Business Integrity Management System.
- **Due Diligence Tools:** These tools are increasingly used in anti-corruption strategies. The portal offers tools to be downloaded free of charge so that the companies themselves are able to conduct these kinds of analyses for at relatively small amount of money. The tools are based on international standards.
- **Country Profiles:** A country profile is presented for each of Danida's countries of co-operation. The profiles offer a general introduction to national anti-corruption legislation as well as specific information on corruption in key sectors. Combined with the Due Diligence Tools, the country profiles form the basis for the development of an anti-corruption strategy for the specific company.
- **Information Network:** For each country of co-operation a number of organizations, institutions and other contacts where SMEs may retrieve further information about potential risks related to their specific operations are listed.

In connection with the portal, a training program for SMEs is offered. The program will include information about the new business agenda for anti-corruption, case-based dilemma training, training in integrity management, and in the use of the portal itself.

The portal has already attracted international attention. It will be made available for UN's Global Compact and will be presented in OECD later this year. As a result of the considerable interest in the portal, Danida has invited a number of development organisations to participate in the project, with a view to extend the number of country profiles and make the tools of the portal an international standard.

The project is financed by Danida's OPP pool. It is developed in co-operation with Transparency International and Global Advice Network. Transparency International has provided country data as well as further developed its business principles. Global Advice Network is a consultancy specialized in sustainability and business development and with extensive Public Private Partnership experience.

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