

International Initiatives to Promote Responsible Business – A Navigation Guide for Business

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How has Capitalism changed in 20 Years?

- Collapse of “second” world – the communist alternative
- Liberalisation of capital flows and reduced trade barriers
- Privatisation and increased competition
- Integration of global supply chains
- Globalisation of information/communication
- Perceived shift in power from governments and organised labour to companies and NGOs
- Greater volatility, risk and potential for instability
- Unprecedented shift in economic power from West to East

- Public expectations of business' responsibilities have grown
- Rise of 'social license' and need to manage corporate reputation
- Concern in some sectors about a retreat of government
- Businesses have sought to avoid confrontation with NGOs
- Greater focus on reporting, stakeholder management and accountability
- Increased need for business to interact with wider policy agenda
- Growing emphasis on human rights and managing impacts

Some forms of corporate 'accountability'

International
regulation

National
legislation –
home or host
country?

Litigation

Corporate
governance
codes

Naming and
shaming

Voluntary
codes and
partnerships

Ubiquitous and
more 'democratic'
media

Stakeholder
management /
social license

Transparency
and Reporting

Making/Helping Businesses Behave Better

International /National Regulation	International Standard Setting	Multi-stakeholder Initiatives/ Partnerships	Good Practice Development
International Criminal Court	ILO Conventions	UN Global Compact	World Business Council on sustainable Development
Kyoto Protocol	ISO standards	Kimberley Process (diamonds)	International Business Leaders Forum
World Trade Organisation	World Bank Guidelines / IFC	Extractive Industries Transparency Initiatives	World Economic Forum
Competition	Performance Standards	Voluntary Principles on Security and Human Rights	Sector initiatives (e.g. International Council on Mining and Metals)
UN / OECD Conventions on Corruption	Global Reporting Initiatives	Global Fund for HIV / Malaria and TB	Global Business Coalition on HIV / AIDS
	OECD Guidelines	Sustainability Certification Codes (paper/forestry, tourism, cocoa, fisheries)	Equator Principles for project finance
	National CSR Codes	Investment Climate Facility for Africa	
	UN Mandate on Business and Human Rights		

Regulation versus Multi-Stakeholder Initiatives

- Voluntarism is not generally a long-term solution to major social ills
- Regulation provides for predictable sanctions against poor performers
- But often problem is enforcement rather than lack of regulations
- There is no world government; Treaty negotiations are lengthy
- Voluntary initiatives are faster, flexible and can pilot approaches
- Voluntary initiatives largely-principles based and can bridge regulatory gaps
- Voluntary initiatives build consensus and establish standards
- Voluntary initiatives enable companies to address wider governance issues in partnership with govts or civil society

Extractive Industries Transparency Initiatives



Mission:	In resource dependant countries to get companies to declare tax payments and governments to declare receipts and to improve use of revenues
Membership:	Coalition of c.35 implementing countries; c.12 supporting governments; NGOs; companies and investors; and IFIs
Achievements:	Too early to tell – some evidence of a reduction in the 'resource curse' effects
Strengths:	Tough brand protection / validation criteria National-level ownership of transparency processes Narrowly focussed Wide international support
Weaknesses:	Takes time to show results NOT a 'silver bullet' against corruption Lack of buy-in from BRICs

Voluntary Principles on Security and Human Rights

Mission: To improve the management of corporate security so as to reduce adverse human rights impacts on local people

Membership: Govts. of USA, UK, Canada, Norway, Netherlands, Switzerland and Colombia;
Leading human rights NGOs;
c. 30 oil, gas and mining companies

Achievements: Created a consensus on what constitutes good management of human rights risks
Improvement of corporate security local-level practices and sharing of good practices

Strengths: Participation of major industry and NGO players
Framework for confidential sharing of experiences
De facto standard / benchmark

Weaknesses: Narrow base of participants
Slow and fractious process
Lack of visibility and measurement
No buy-in from BRIC countries

Lessons Learned from EITI / VPSHRs

- Government engagement and commitment is essential
- Trust and balance of expectations between partners is essential
- Need to attract BRIC buy-in and to establish 'legitimacy'
- Importance of governance and empowered Secretariat
- Progress consistently slower than expected
- Paucity of new international partnerships in extractive sector
- Multi-stakeholder processes do not abolish parties' wider agendas; they work best when narrowly focussed.

Some Questions for Debate

- Is corporate engagement in wider policy making legitimate or threatening in host countries?
- What are the advantages/disadvantages of using extraterritorial home country legislation to control companies' overseas activities?
- What is the right balance between regulation and voluntary initiatives?
- How relevant / sustainable are essentially Western-owned global policy frameworks in the new economic environment?