

A NEW OECD TOOL FOR COMPANIES INVESTING IN WEAK GOVERNANCE ZONES

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Abstract

Multinational enterprises investing in countries characterized by weak or non-existent government need to take special care in handling a range of risks and ethical dilemmas not usually encountered in countries with stronger governance arrangements. A new Tool for Companies operating in Weak Governance Zones from the OECD is designed to help them.

Around 900 million people, or approximately 15 per cent of the world's population, live in so-called 'weak governance' zones, where governments are unwilling or unable to assume their responsibilities in relation to public administration and protecting human rights. The OECD Tool is designed to help companies to think about the risks and dilemmas they may face in such zones and how they can respond to them.

The Tool is non-prescriptive but sets out a range of questions in such areas as: 1) obeying the law and observing international standards; 2) heightened care in managing investments, 3) knowing business partners and clients; 4) dealing with public sector officials; and 5) speaking out about wrongdoing.

The countries responsible for drawing up the Risk Awareness Tool recognize that building governance and economic, political and civil institutions is the task of the political leadership and the citizens of the countries concerned: only they can formulate and implement necessary reforms. But multinational enterprises operating in such countries have influence, and the Tool can help them avoid actions that may hinder efforts to improve governance while also encouraging them to consider whether there is a positive role they can play.

The Risk Awareness Tool can be downloaded from the OECD website at: www.oecd.org/daf/investment/guidelines

Biography of Presenter

Kathryn Gordon is a senior economist in the Investment Division of the Organisation for Economic Cooperation and Development (OECD). She is responsible for the OECD's work on the OECD Guidelines for Multinational Enterprises, a multilaterally endorsed code of conduct with a government-backed follow mechanism. She also is also responsible for the research on corporate responsibility that supports implementation of the Guidelines. In earlier positions at the OECD, she dealt with fiscal, tax and regulatory issues.

Prior to taking her position at the OECD, Kathryn was a professor at a French business school (École Supérieure des Sciences Économiques et Commerciales). She is a US citizen, but has lived in France for more than 20 years. She obtained a PHD and an MBA from the University of California, Berkeley before moving to France.