



SUMMARY REPORT

2017 Roundtable for Policy Makers

28 June 2017 – OECD Conference Centre, Paris

Held as part of the OECD Global Forum on Responsible Business Conduct, the Roundtable for Policy Makers provides a space for dialogue among policy makers responsible for designing and implementing policies to enable and promote responsible business conduct (RBC). The Roundtable is an informal forum designed to allow participants to exchange experiences and discuss ways to effectively design and implement policies and instruments to promote RBC.

This year, the Roundtable gathered over 200 participants from OECD and non-OECD governments and representatives from international organisations to discuss National Action Plans on Business and Human Rights (NAPs) to enable policy coherence for RBC; the role of the Government as an economic actor, in particular, how public procurement and economic diplomacy can help implement RBC standards.

Stakeholders, including representatives from business, trade unions and civil society were invited to highlight their expectations of governments regarding RBC policy-making and to provide their views on the topics addressed during this Roundtable.

Opening addresses and keynote speech

The opening remarks placed the discussions of the Roundtable in the context of the global call to ensure that supply chains are responsible. RBC is at the centre of efforts to deal with the downsides of globalisation and deliver globalisation that works for all. Governments play a critical role to design and implement policies to further enable and promote responsible business, and in leading by example.

The vision that business can do well by doing no harm has been shared by the OECD Guidelines and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (revised in March 2017) since their adoption over 40 years ago. In 2011, the UN Guiding Principles on Business and Human Rights also became part of the international framework on corporate responsibility. The ILO tripartite discussion on decent work in global supply chains in 2016 relied on and echoed the main premises of this international framework. Its recommendations also draw on the role of government as an economic actor including with regard to: public procurement that promotes the fundamental principles and rights at work; the implementation of due diligence procedures and promotion of decent work in all operations and the supply chain of enterprises governments own or control; and the support of non-financial reporting and increased transparency.

National Action Plans on Business and Human Rights to enable policy coherence for responsible business conduct

The session discussed how NAPs can be a means to achieve greater policy coherence. As of June 2017, 15 countries - all adherents to the OECD Guidelines - have adopted a NAP and 21 countries are in the process of developing or have committed to developing one. One of the main functions of NAPs is to provide for reinforced coordination and coherence within the government on the spectrum of policies related to business and human rights. The scope of NAPs varies from country to country. The panel was composed of high-level Government representatives from recently completed NAPs, as well as NAPs in process. The discussion focused on collaboration across ministries, supply chain due diligence, access to remedy and the role of NCPs.

The recommendations from the United Nations Universal Periodic Review (UPR) can be a catalyst for the development of a NAP. Baseline studies, such as those being developed in Kenya, Japan and Thailand are useful to identify national and regional priorities. NAPs should set long term objectives and be part of a larger framework. Increasingly countries are linking the development of the NAP to the achievement of the SDGs. Additionally; long term goals ensure the NAP survives government changes.

Governments should practice what they preach: NAPs are a tool to align Government expectations on RBC with Government actions. NAPs should also include clear government expectations on supply chain due diligence. This is part of governments' responsibility to help companies assess risks. NAPs should also pay attention to the needs of SMEs in this regard.

Engagement across ministries and consultation with stakeholders should take place in the development phase but also in the monitoring and evaluation of the NAP. Capacity building and training across government and of relevant stakeholders should form an integral part of the development and implementation of the NAP. The inclusion of the diplomatic network is a value added to promote RBC and corporate respect for human rights in international trade and investment activity.

Governments should build ownership with all relevant actors in the development of the NAP. This can be achieved in different ways, for example through inter-ministerial groups, CSR platforms, inter-agency teams and with the involvement of business, workers organisations, NGOs and other relevant civil society organisations. For this purpose, the NCP can also play an important role. To ensure effective implementation of the NAP monitoring is key. National Human Rights Institutions can play a role in implementing the NAP.

Stakeholder views

To respond to international policy commitments and level the playing field among countries, all Governments are encouraged to develop and conclude NAPs. NAPs should be relevant to the national context and systematic and comprehensive baseline assessments should be undertaken as a first step when formulating a NAP.

The process of raising awareness and establishing a dialogue on RBC with relevant government agencies on cross-cutting issues is key to the success of a NAP. Doing so will also promote coherence when reviewing existing legislation and developing new regulations. Governments have a multitude of related commitments - for example on the UN Sustainable Development Goals (SDGs) - and NAPs help provide coherence and a strategic approach for governments to fulfill these commitments.

A constructive dialogue with stakeholders is needed. Business, trade unions and civil society should be consulted when developing NAPs. It is vital that the role and capabilities of SMEs are taken into account in the NAP.

National Contact Points (NCPs) have an active role to play in the implementation of NAPs, in particular as regards access to remedy.

Key takeaways:

- In many cases, specific implementation plans for the NAP actions are still under development. Regular monitoring and follow – up on the NAP is essential to ensure its effective implementation. Countries can learn from each other on how best to do so.
- NCPs are instrumental in supporting the NAP. Mapping other grievance mechanism is also important to understand the landscape of access to remedy and address any gaps.

RBC in government procurement practices

Public procurement is a strategic policy tool to foster RBC standards. The magnitude of public purchasing provides governments with a powerful lever to promote environmental, social and sustainability objectives. This session discussed the benefits and challenges related to integrating RBC standards in public procurement. Panelists addressed the legal framework and political commitments that provide the foundation for linking RBC and public procurement in practice. The session also explored various practical initiatives at the international, federal, state, and local level.

Integrating RBC standards in public procurement requires a comprehensive approach. While green procurement practices are quite advanced, experience on socially responsible procurement is heterogeneous and more guidance is needed. To ensure that RBC standards begin to form part of the procurement process, such standards should be mainstreamed through internal strategies and management practices of public organisations. In addition, risk and market assessments should be carried out to identify products and markets where there is a high risk of non-compliance with RBC standards. However, not all risks can be treated equally. For example, the pursuit of environmental criteria and the prevention of child labour and human trafficking in the supply chain of procured goods each requires different planning and risks assessments.

At the execution of the tender, RBC can be included in the selection and or contract performance clauses. Continued engagement with contractors post-award, including stronger monitoring and better mitigation of risks, will more likely result in responsible practices. The engagement with suppliers should also include proactive work with SMEs.

Management level staff should be accountable for responsible procurement and for driving these policies forward. This implies moving from a siloed compliance to a more mainstreamed managerial approach, for example through building capacity among practioners, developing tools on how to include RBC, monitoring, measuring impact of RBC and seeking collaboration with other public buyers.

Stakeholder views

Due to the decentralised nature of procurement within countries, objectives and approaches can be incoherent within a country. In order to be consistent, it is important that information be shared across agencies. Governments should ensure that procurement processes are transparent and also promote the inclusion of small and medium sized enterprises (SMEs).

Governments also have a duty to act socially responsibly as buyers of goods and services. They should require contractors to map their suppliers and conduct due diligence. The OECD sector-specific due diligence guidance could be used to integrate supply chain due diligence in the public procurement process. Procurement professionals also need tools and resources, to better understand RBC. For this purpose, existing initiatives and programmes already developed by the private sector (e.g. monitoring and auditing) present useful examples and lessons learnt.

Key takeaways:

- There is a need for international collaboration among public buyers to increase leverage for RBC standards. A network on socially responsible procurement could bring together practitioners to share learning and best practice, spread tools, exchange information on risks related to certain products and markets and share information on follow-up and monitoring. The OECD was recognised as a strong platform for convening practitioners and policy makers.
- Governments benefit from entering into a dialogue with suppliers on RBC. The public sector could also learn from and collaborate with existing private sector initiatives on corporate responsibility (e.g. ISO, Electronics Watch).
- Global supply chains are still too opaque. The lack of transparency is also an obstacle to monitoring supply chains of procured goods. Governments should require suppliers to disclose information in their supply chains so that they can prioritise risks. At the same time, Governments also play a role in collecting and providing information to suppliers on risks in global supply chains.

RBC and economic diplomacy tools

Economic diplomacy refers to government services and support provided to business in foreign markets. This can take the form of financial support such as export credits, investment guarantees and direct lending, but can also include other public services such as trade missions, capacity building activities and access to information and networks through embassies. Through economic diplomacy tools governments can guide corporate behaviour and support best practice on responsible business conduct. The session provided an opportunity to exchange practical examples and advanced policies in this area among Governments.

For economic diplomacy to efficiently leverage RBC, the messaging needs to be the same across governments: the ministries developing policies and those implementing them. NCPs also have a role to play in communicating government expectations on RBC. Companies welcome clarity and consistency on expectations across the government. Some governments are leveraging their discretionary power to revoke privileges to companies which do not participate in NCP cases or do not commit to upholding RBC standards. This creates an incentive to keep companies engaged through dialogue. Some Governments have required companies to sign declarations on RBC expectations prior to trade missions (for example the Canadian Integrity Declaration).

Export credit agencies (ECAs) can exercise leverage due to their government backing and the size of the financing and insurance they provide. The OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence provide an international framework for fostering linkages between export credits and RBC (the OECD Guidelines and the NCPs). This has resulted in ongoing communication and exchange of information between ECAs and NCPs on issues submitted in specific instances, and ECAs can also contribute to NCP promotional activities. To ensure fair competition among business an international level playing field is needed. Cases where one country refuses to provide export credits on the basis of RBC standards and another country does provide the requested support should be prevented.

Trade and investment are increasingly organised around global value chains and RBC is an important tool to address opportunities and challenges in these supply chains. RBC provisions in EU trade agreements have evolved in scope and practical implementation, which now includes also the involvement of civil society (and NCPs), outreach and capacity building.

Government awareness on how investments are perceived and what their impact is in terms of sustainability is growing. For example, there is now an opportunity to engage with China on RBC in the context of the Chinese Belt and Road Initiative which covers many countries in the region and establishes an interface with the achievement of the SDGs.

Stakeholder views

Governments can link the NCP system to economic diplomacy tools. Stakeholders need clarity and transparency from the government and a common understanding on the expectations and possible outcomes of case handling by NCPs.

Economic diplomacy could be exercised through other tools such as national finance agencies and trade preference programmes. Trade preference programmes allow enhanced access to developed markets by companies from developing countries when they meet certain eligibility requirements. These should be utilized more, but also monitored and enforced. The OECD Guidelines can be projected through national finance agencies, but it is important not to overload businesses with standards and issues to address, rather to promote an articulated principled prioritization of issues and how to address them.

Key takeaways:

- Alignment and policy coherence on economic diplomacy is critical, i.e. the messaging needs to be the same across all levels of government and implementing agencies.
- There are numerous ways in which governments can engage in economic diplomacy and these may be context specific. However, the most successful models are the ones that combine incentives with responsibilities.
- An ongoing challenge for embedding RBC in economic diplomacy is establishing comprehensive training for companies and government agencies, including for sub-national government offices.
- There is a need for mutual learning and for collecting policies and lessons learnt for new policy interventions; the OECD could provide a platform for this.

Closing session

The closing address focussed on policy coherence for RBC in the context of the implementation of the SDGs. Leadership by example through tools like NAPs, procurement, export credits, economic diplomacy efforts shows that governments are serious about protecting the planet and their people. There is a need to link the SDGs, and in particular how governments engage and mobilise the private sector for the SDGs with RBC.

Recent surveys show that it is not clear yet for businesses on how to take the SDGs from paper to practice and from values to behaviour. However, this is changing and more businesses are recognising that the SDGs represent both a business opportunity and a public good. Within the context of the SDGs, RBC provides a baseline for partnerships and new financing models that are essential for meeting these vital goals. And RBC can also ensure that, at the very least, businesses are not violating the rule that underpins the entire Agenda 2030: do no harm.