OECD offers guidance for multinationals in "weak governance" zones

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12/06/2006 - Multinational enterprises investing in countries characterised 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 Risk Awareness Tool for Multinational Enterprises 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, particularly in sub-Saharan Africa, where governments are unwilling or unable to assume their responsibilities in relation to public administration and protecting human rights. The OECD Risk Awareness 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 Risk Awareness Tool was developed as part of work by the OECD Investment Committee, which groups all 30 OECD countries and a number of non-OECD participants. It also responds to a request by participants in the 2005 G8 Gleneagles Summit which called for "OECD guidance for companies operating in zones of weak governance."