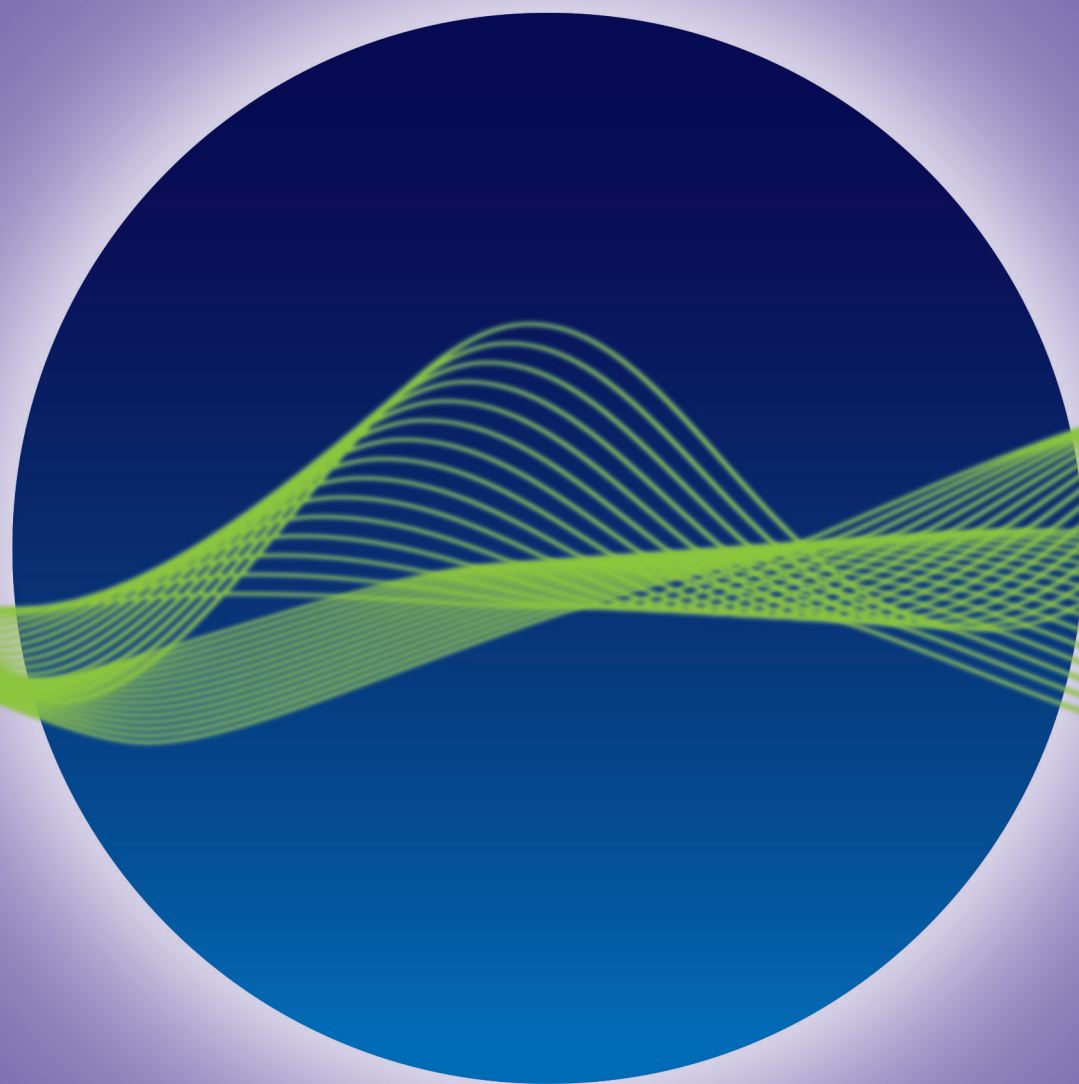


Meeting of the OECD Council at Ministerial Level

Paris, 22-23 May 2019



PROGRESS REPORT ON NATIONAL CONTACT POINTS FOR RESPONSIBLE BUSINESS CONDUCT

Progress Report on National Contact Points for Responsible Business Conduct

Executive Summary

1. Since their adoption in 1976, the Guidelines for Multinational Enterprises¹ (the Guidelines) set a common bar, a baseline expectation of business globally. Their aim is to ensure positive contributions of companies to economic, environmental and social progress worldwide. The Guidelines have evolved over the years to fit the expectations of the time but at their core, the message remains the same – ensure responsible business conduct (RBC).

2. Today the Guidelines are the most comprehensive international agreement on RBC. They have been updated five times since 1976 and cover a wide breadth of sustainability issues from the environment, to labour, human rights, anti-corruption and taxation. The Guidelines set out the expectations governments have of companies that operate in and from their countries. Currently 48 countries have adhered to the OECD Declaration on International Investment and Multinational Enterprises, of which the Guidelines are part.²

3. The scale of globalisation and the extent of the risks of harms that can be caused by or linked to companies has grown significantly since 1976. Almost 21 million people are estimated to be victims of forced labour by the International Labour Organization with other estimates presenting almost double that number.³ An estimated 168 million children are trapped in child labour, accounting for 11% of overall child population, with more than half working in hazardous conditions.⁴ Globalisation has also led to worsened environmental degradation and has made corruption more complex and difficult to prosecute.

4. While these impacts cannot solely be attributed to the rise of globalisation, the complexity of global supply chains – and the lack of transparency - in many cases can lead to subcontracting and an increase in many human rights and labour risks, including child labour, forced labour, harassment and violence, and unsafe working conditions.

5. Although the Guidelines are non-binding for companies, adhering governments have committed to implement them and are under an obligation to set up National Contact Points (NCPs) to further the effectiveness of the Guidelines.⁵ Making the Guidelines operational is the role of adhering governments and specifically their NCPs. The role of

¹ The OECD Guidelines are part of the OECD Declaration on International Investment and Multinational Enterprises. The text of the Declaration, including the Guidelines, is available on the [Compendium of OECD Legal Instruments](#) with the reference [OECD/LEGAL/0144](#).

² Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Morocco, Netherlands, New Zealand, Norway, Peru, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, Ukraine, United Kingdom and the United States.

³ ILO (2016), Forced labour, modern slavery and human trafficking website; <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>; and Walk Free Foundation (2014) Tackling modern slavery in supply chains; <http://business.walkfreefoundation.org/>

⁴ ILO (2015), World Report on Child Labour 2015: Paving the way to decent work for young people, http://www.ilo.org/ipec/Informationresources/WCMS_358969/lang--en/index.htm

⁵ Decision of the Council on the OECD Guidelines for Multinational Enterprises [[OECD/LEGAL/0307](#)] (Decision on the Guidelines).

NCPs is twofold: to promote the Guidelines and to receive cases regarding company conduct in respect of the Guidelines. To help companies implement the Guidelines, adhering governments have adopted a set of guidance on how to carry out due diligence.

6. The Due Diligence Guidance for Responsible Business Conduct was approved in 2018 and applies to companies from all sectors.⁶ In addition, sector-specific guidance has been agreed for the minerals, extractive, garment and footwear, agricultural and financial sectors.⁷ Implementing this guidance can help companies avoid and address adverse impacts related to workers, human rights, the environment, bribery, consumers and corporate governance that may be associated with their operations, supply chains and other business relationships.⁸ NCPs play a key role in promoting the use of the OECD sectoral due diligence guidance and the general Due Diligence Guidance for RBC.

7. NCPs are established by adhering governments and have existed as part of the Guidelines since 1983. Governments have the flexibility to build an NCP in a form and structure that works according to the local context. There is no prescribed model. However, all NCPs should be visible, accessible, transparent and accountable. In addition, when handling cases NCPs must do so in a way that is impartial, predictable, equitable and in accordance with the Guidelines. One way to understand how NCPs address these requirements is through peer reviews. All governments are encouraged to volunteer for a peer review of their NCP. Of the 48 NCPs, 13 have been peer reviewed, and one review is ongoing. In addition, two NCPs underwent significant reviews as part of the process of accession to the OECD. An additional seven peer reviews are scheduled. This leaves a total of 25 adhering governments having not yet committed to a peer review of their NCP. Of these, 15 are OECD Members.

8. Peer reviews completed to date have highlighted a range of challenges faced by NCPs which are covered throughout this report. These challenges range from insufficient allocation of resources with just 26 NCPs having at least one full-time staff member, through to challenges concerning NCP location and structures and an increased complexity of cases being handled by NCPs. In order for the entire community of NCPs to meet the expectations set out by their mandate, appropriate government support, resources and

⁶ The Due Diligence Guidance for Responsible Business Conduct was approved by the Investment Committee on 3 April 2018 [[DAF/INV\(2018\)17](#)]. It is the subject of the Recommendation of the Council on the OECD Due Diligence Guidance for Responsible Business Conduct [[OECD/LEGAL/0443](#)], adopted on 30 May 2018.

⁷ Recommendation of the Council on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector [[OECD/LEGAL/0437](#)]; OECD (2017), Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises; Recommendation of the Council on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas [[OECD/LEGAL/0386](#)]; Recommendation of the Council on the Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector [[OECD/LEGAL/0427](#)]; and Recommendation of the Council on the OECD-FAO Guidance for Responsible Agricultural Supply Chains [[OECD/LEGAL/0428](#)].

⁸ OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct; OECD (2017), Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector; OECD (2017), Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises; OECD (2016), OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition; OECD (2016), OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector; OECD (2016), OECD-FAO Guidance for Responsible Agricultural Supply Chains.

institutional arrangements are required so that their work can be carried out in a way that demonstrates the full potential of these unique agencies for responsible business conduct.

1. Introduction

9. Today, NCPs make up a network and a community of practitioners, dealing with a wide array of impacts involving companies and those in their supply chains or value chains. This community is keen on ensuring the bar is raised across the entire group, since under-performance in one area by one NCP is a concern for the whole community. Not only can under-performance impact the reputation of other NCPs within the Network, it can also play a part in creating an unbalanced system whereby better performing NCPs become frequent recipients of cases due to stakeholder dissatisfaction.

10. In June 2017, Ministers at the Ministerial Council Meeting (MCM) committed to “having fully functioning and adequately resourced National Contact Points, and to undertake a peer learning, capacity building exercise or a peer review by 2021, with the aim of having all countries peer reviewed by 2023.” The statement also called for a report on progress at the 2019 MCM. This paper reports on progress regarding NCPs.⁹

11. It highlights the important work carried out by NCPs, and recognises developments in promoting the Guidelines as well as in handling cases. It also draws on findings from NCP peer reviews completed to date while providing a forward-looking set of recommendations to Ministers.

2. The state of play of NCPs

2.1. Location and structure of NCPs

12. All of the 48 countries which have adhered to the Guidelines have established an NCP. NCP are diverse both in terms of their location and their structure, as well as in the involvement of stakeholders. As of January 2019, a total of 32 NCPs are located in ministries of economy, trade or investment, five in investment promotion agencies, seven in ministries of foreign affairs and four are independent. A number of NCPs integrate several ministries in their structure and many involve stakeholders e.g. through advisory bodies. Irrespective of the location and structure selected by the country, all NCPs face a variety of challenges. A key criterion of success is having the confidence of stakeholders. If an NCP is based in one Ministry and does not involve other ministries nor representatives of stakeholder organisations, fulfilling the role of the NCP can be highly challenging. It

⁹ Other aspects of the MCM statement addressing RBC including the new Due Diligence Guidance for RBC and the efforts to widen adherence to the OECD Declaration on International Investment and Multinational Enterprises have been addressed separately. On widening the adherence to the OECD Declaration on International Investment and Multinational Enterprises (Investment Declaration), this issue was covered in the June 2018 report to Council [[C\(2018\)97](#)]. On the creation of the OECD Due Diligence Guidance for Responsible Business Conduct, the Council Recommendation was adopted during the meeting of the Council at Ministerial level on 30 May 2018 [[C/MIN\(2018\)13/FINAL](#)]. This process is addressed in the 2018 Annual Report on the OECD Guidelines for Multinational Enterprises.

also creates a risk of isolation, as well as a lack of capacity to deal with the breadth and scope of issues arising under the Guidelines.¹⁰

13. In 2018, 27 NCPs reported having trade union representation, 29 NCPs reported having business representation, while 22 NCPs reported NGO representation across the various entities relating to NCPs (including both decision-making and advisory roles). Involving different stakeholders in the structure of NCPs is critical for their success and for building trust with potential users of the mechanism. There is considerable variety in how these stakeholders are engaged in NCP work, ranging from full decision-making power regarding NCP cases (for example in France, Belgium, Sweden) through to advisory body participation (for example in Switzerland, the United States and the United Kingdom).

14. For the purposes of describing the various types of NCP structures, NCPs are divided into four categories according to their decision-making processes regarding case handling.

- *Inter-ministerial* decision-making refers to those NCPs made up of several ministry representatives (16 NCPs);
- *Multipartite* decision-making refers to those NCPs jointly making decisions with representatives of government, business, trade union and non-governmental organisations (eight NCPs);
- *Expert-based* decision-making refers to the ‘independent’ NCPs with external experts (four NCPs);
- *Individualised* decision-making refers to NCPs where decisions are made either by one individual in a single ministry, or by a group of individuals belonging to the same service in the same ministry (20 NCPs).

15. 23 NCPs are also supported by advisory bodies which mostly perform a “sounding-board” function, drawing together stakeholders on a regular basis (Annex 1). Some of these bodies also carry out “oversight” functions.

16. As at January 2019, a total of five NCPs are based in Investment Promotion Agencies.¹¹ While this can be beneficial to an NCP when promoting the Guidelines to business, it makes the case handling aspect of the NCP’s mandate challenging. There may be a potential conflict of interest between the promotion of investment on the one hand and the handling of cases on the other.

2.1.1. Challenges related to location and structure

17. Key issues that have arisen in NCP peer reviews carried out to date and that also arise in annual reports from NCPs concerning functioning, structure and location of NCPs include:

- High staff turnover and limited handover provisions
- Unclear expectations of advisory bodies associated with NCPs
- Lack of engagement by advisory body members to carry out promotional activities
- Lack of adequate engagement with stakeholders

¹⁰ There are currently eight NCPs based in one single ministry that do not involve other ministries in the work of the NCP and also do not involve stakeholders in their structure: Greece, Iceland, Ireland, Mexico, Peru, Poland, Portugal and Turkey. Some of these countries have, however, the ability to involve representatives of other ministries should a relevant topic arise in the context of a specific instance.

¹¹ The NCPs of Jordan, Morocco, Peru, Portugal and Romania.

- Concerns around perceptions of impartiality raised by stakeholders
- Proximity to investment promotion activities when handling cases

2.1.2. Support and resources

18. An additional pressing challenge faced by several NCPs is that of resource allocation. Many NCPs are composed of one individual, working only part-time on the tasks related to the Guidelines. In reality their role allows for only a small percentage of their time to be spent working on NCP matters. This is most often the case with NCPs based in ministries of trade or economy. Whereas in some countries there have been increases in NCP staff numbers (e.g. Germany, United States, Canada and Australia), others are significantly under-resourced, with just 26 NCPs having at least one full-time staff member (Annex 2).

19. Another challenge, closely linked to the lack of resources, is often the lack of recognition and support for NCPs within adhering governments. NCPs are often not known by other government agencies or even within their own ministry, or when known, their function is not fully understood.

2.2. Handling cases related to the Guidelines

20. NCPs were first referenced in the Guidelines in 1983 and have had the ability to receive cases regarding company conduct since the year 2000. The 2011 revision of the Guidelines provided more structure and detail on the functioning of NCPs.

21. Over 450 cases have been received by NCPs since 2000 and in the years since the 2011 revision of the Guidelines, cases with a human rights element have accounted for over 50% of all cases received. Also of interest is the increase in cases covering the General Principles chapter which includes the due diligence provisions of the Guidelines: this chapter has been referenced in over 50% of cases handled since 2011.

22. Furthermore, the spread of case-handling across the NCP Network is not even: for instance, there are 13 NCPs that have not yet received a case¹² and a total of six NCPs that have received nearly half (49%) of all cases filed since 2000.¹³

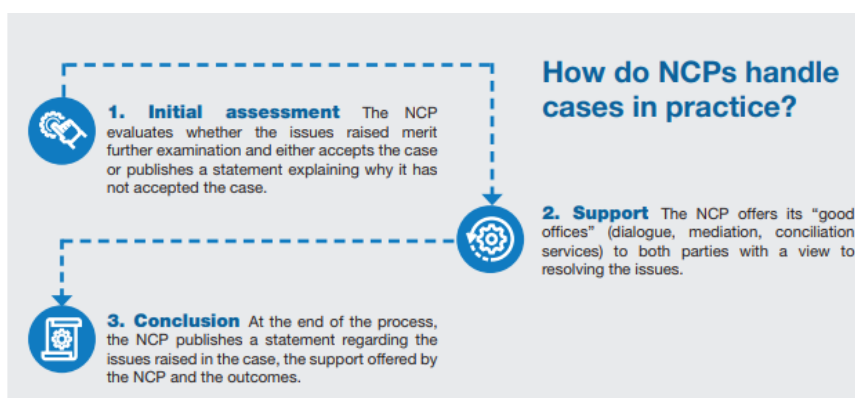
23. When NCPs receive a submission, they will first conduct an “initial assessment” to determine whether it meets the requirements of the Guidelines.¹⁴ If it does, they will offer their “good offices” which can range from dialogue to professional mediation services to the parties. If the parties accept, the good offices can start and the NCP will assist the parties in reaching resolution. At the closure of the process, the NCP will make a public statement regarding the issues raised and the outcomes. Case-handling calls for significant technical skills from start to finish (see Figure 1).

¹² Costa Rica, Egypt, Estonia, Greece, Iceland, Jordan, Kazakhstan, Lithuania, Romania, Slovak Republic, Slovenia, Tunisia, Ukraine.

¹³ United Kingdom, United States, Netherlands, Brazil, France and Germany.

¹⁴ Further detail on the procedure for specific instances is provided in the Procedural Guidance annexed to the Decision on the Guidelines and in the Commentary on the Implementation Procedures of the OECD Guidelines for Multinational Enterprises.

Figure 1. NCP case-handling process



24. The wide variety of topics addressed in NCP cases and the challenging issues at their core demonstrate the impressive reach of the NCP mechanism. Table 1 below sets out some example cases to demonstrate the wide variety of topics being addressed by NCPs.

Table 1. NCP case examples

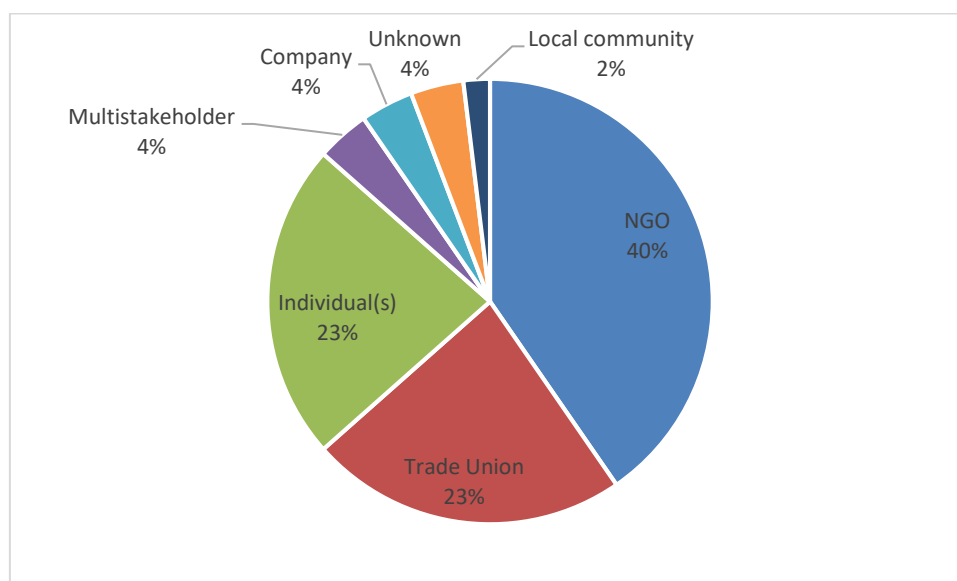
NCP	Country	Issues
Dutch NCP	Netherlands	Case involving the scaling up of an existing wind farm in the Netherlands and the impact on stakeholders.
French NCP	Cambodia	Case involving a labour dispute regarding the activities of the Cambodian subsidiary of a construction company.
German NCP	Bangladesh	Case involving a social audit company that carried out an audit on a company based in the Rana Plaza complex.
Colombian NCP	Colombia	Case involving a coal company and the right to freedom of association and collective bargaining.
Norwegian NCP	Yemen	Case involving collective dismissals and suspension of production in Yemen by an oil company.
Dutch NCP	Turkey	Case involving the relocation of an ancient tomb and the need for consultation with the local population.

Source: OECD specific instances database

2.2.1. Submitting cases to NCPs

25. The NCP mechanism is open to everyone with an interest in the matter. In terms of the users of the NCP mechanism, non-governmental organisations are the primary users. They accounted for 40% of all submissions in 2018, trade unions for 23% and individuals for 23%. In 2018, submissions were also filed by companies regarding the conduct of other companies, and in one situation, a specific instance was initiated by the NCP itself.¹⁵ See Figure 2.

¹⁵ The Danish NCP has the ability within its rules of procedure to instigate a specific instance without receiving an external submission. The case in question concerned the Danish Ministry of Defense and the building of a vessel at a shipyard where there had been allegations of forced labour.

Figure 2. Submitters of cases in 2018

26. One of the most valuable characteristics of NCPs is their flexibility in handling cases. There is flexibility at the outset, since NCPs can be contacted by potential submitters to fully understand the process. There is flexibility in the delivery, since NCPs may offer their ‘good offices’ which can range from engaging in dialogue, to bilateral conversations with parties, through to more formal conciliation or mediation. Whether or not companies choose to engage in mediation can vary from country to country depending upon a variety of factors. The peer review of Germany’s NCP found a 90% success rate in terms of companies agreeing to participate in the process. Finally, there is flexibility in the result, as the outcome can take on a variety of forms depending on the NCP’s mandate, the circumstances and what is being sought by the submitters of a case.

27. This final aspect is perhaps the most important since it enables parties bringing a case to an NCP to set out what remedy means for them in the particular instance. Box 1 below includes some recent case examples to demonstrate the flexibility of the mechanism which enables NCPs to respond to parties’ needs for remedies based on the specific context of a case with tailor-made solutions.

Box 1. Examples of outcomes from cases

Heineken, Bralima and former employees of Bralima

In December 2015, the **Dutch NCP** received a submission from three individuals about Heineken, a Dutch multinational, and its subsidiary Bralima, operating in the Democratic Republic of Congo (DRC). The case concerned allegations that Bralima had unjustly dismissed 168 workers. The NCP accepted the case and offered mediation to resolve the concerns raised. The parties reached an agreement and the company agreed to provide compensation to the dismissed workers. In addition, the company committed to developing a policy and guidelines on how to conduct business in volatile and conflict-affected areas. The NCP will monitor the implementation of the agreement that was reached. The case was concluded in August 2017.

Natixis-Natixis Global Asset Manager and Unite Here

In September 2016, the **French NCP** received a submission from Unite Here, an American trade union representing over 29000 workers employed in hotels, restaurants, airports, sports arenas and convention centres in Southern California and Arizona. The case involved a French bank, Natixis, and one of its asset managers, Natixis Global Asset Manager, and addressed a complex investment chain and business relationships in the United States and France. The case highlighted a social conflict at the Westin Long Beach Hotel in California, and alleged violations of freedom of association, collective bargaining and decent working time. The French NCP offered its good offices to the parties – a process that concluded in 2017 with an agreement between the parties. With a change in ownership and management of the hotel, workers were unionised, thereby bringing an end to a labour dispute that had lasted for more than two years.

Fédération Internationale de Football Association (FIFA) and Building and Wood Workers' International (BWI)

In May 2015, the **Swiss NCP** received a submission from Building and Wood Workers International. The submission alleged human rights violations of migrant workers related to the construction of facilities for the FIFA 2022 World Cup in Qatar. The NCP offered mediation to the parties. In 2017, this process reached its end with an agreement between the parties on a detailed action plan for promoting decent and safe work conditions for migrant construction workers. The agreed plan included actions that FIFA will undertake to strengthen their human rights policy and their human rights due diligence process to address issues in its supply chains and sub-contracts. As of 2026, all countries bidding to host the World Cup will be required to include a plan aligned with FIFA's commitment to respect all internationally recognised human rights. The plan also detailed robust processes for monitoring labour conditions, including joint labour inspections and a strengthened grievance mechanism and oversight/advisory body.

2.2.2. Challenges faced by NCPs when handling cases

28. NCPs have handled cases successfully, such as those highlighted in Box 1. However, NCPs have noted some challenges faced when handling cases, such as:

- The 12-month indicative timeline for handling cases is often challenging to meet and in particular the 3 month deadline to finalise the initial assessment has been a difficult aspect for several NCPs;¹⁶
- The difficulty of ensuring equality of bargaining power between the parties to a case;
- The challenge of carefully managing the expectations of parties;
- Convincing companies to engage in the process remains a challenge for some NCPs.

29. Furthermore, NCPs have noted the increasing complexity of issues coming before them, both in terms of when the impacts occurred and with regards to the multi-country dimension of many cases, as well as the complexity of the subject matter.

30. Under the Guidelines, there is no time limit on when cases may be brought to NCPs which has its advantages in facilitating access to the system but it can lead to procedural challenges for NCPs. For instance, some NCPs are seeing an increase in cases which cover impacts dating back a significant number of years, sometimes calling on the NCP to use a very early version of the Guidelines. A case currently before the Belgian and Luxembourg NCPs is an example of this with the issues at stake dating back to the 1970s-80s.

31. The growing complexity of the structures of multinational companies also increases the complexity of NCP cases. Cases have increasingly involved company operations in

¹⁶ Commentary on the Implementation Procedures of the OECD Guidelines for Multinational Enterprises.

multiple countries and this calls for significant coordination and cooperation between NCPs. Cases involving multiple countries can bring to the fore the differences in procedures, resources and expertise available to different NCPs. Such differences can impact the handling of the case and if not managed well, affect the reputation of the network as whole. Collaboration is therefore key. Where it works the support provided between NCPs generally contributes to a more efficient procedure and a more broadly accepted result. A strong example of successful and highly positive collaboration was found in a case involving the NCPs of France, Belgium and Luxembourg.¹⁷

32. Finally, there are significant numbers of cases coming before NCPs that relate to the financial sector and/or the due diligence requirements of companies. In 2017, cases targeting financial institutions represented 25% of all new cases received. These are complex and highly technical cases which require adequate financial and human resources to process. These complex cases are particularly challenging for those NCPs working with little involvement of other ministries or not working with stakeholders.

2.3. Promotion of the Guidelines

33. In order for companies to be aware of what the expectations of adhering governments are as set out in the Guidelines, NCPs are required to promote the Guidelines, along with the sector-specific and general due diligence guidance. Promotion of an international standard on RBC is a challenging exercise and calls for a strategic approach to identifying which companies, which risks and which sectors to target. NCPs are also required to respond to enquiries related to the Guidelines.

34. In 2018, a total of 41 NCPs carried out promotional work including a mix of presentations in events organised by others and by organising or co-organising their own events. Seven NCPs accounted for almost 50% of all organised/co-organised promotional activities¹⁸ and five NCPs for over 50% of all promotional events participated in.¹⁹ Furthermore, 38 NCPs have developed a promotional plan for 2019 and 46 have a website. Nevertheless, there was still a total of seven NCPs in 2018 that did not carry out any promotional activities. Of those, five NCPs carried out no promotional activities in either 2018 or 2017.²⁰

35. The various activities dedicated to promotion and conducted by NCPs are to be welcomed and encouraged. However, the impact of such promotion is not always clear and in many countries the Guidelines remain insufficiently known to business and stakeholders. Some NCPs, including those of Switzerland, Ukraine, Denmark and the Netherlands, have engaged with companies to begin to measure awareness and/or implementation of the Guidelines. These initiatives should be welcomed; findings from such activities can support countries in determining how effective various promotional activities are.

36. Part of the implementation of the Guidelines also involves promoting the Guidelines within the government and among agencies, and ensuring that the Guidelines are integrated into relevant domestic policy developments. NCPs have increasingly also taken on a more prominent role in terms of their involvement in RBC-related policies, such

¹⁷ Bolloré and Socfin Groups/Socapalm and Sherpa concerning operations in Cameroon.

¹⁸ France, United Kingdom, Lithuania, Morocco, Costa Rica, Ukraine and Korea.

¹⁹ Canada, France, Norway, Italy and Colombia.

²⁰ Egypt, Estonia, Iceland, Ireland and Jordan.

as National Action Plans on Business and Human Rights but also in their role providing responses to enquiries on various regulatory developments relevant to RBC. While sending a strong message in terms of policy coherence, these developments have also triggered heightened visibility of the NCPs resulting in structural changes to NCPs and increased resources (e.g., Germany, Australia).

37. Challenges remain, however, since human rights issues are most often dealt with by relevant experts located in ministries of foreign affairs, environment issues by environment ministries and international labour matters by ministries of labour or social affairs, while most NCPs are located in economic ministries. Therefore proper coordination between representatives of the various ministries is essential.

3. Maximising the potential of the NCP mechanism

38. In 1983 when the concept of an NCP was first introduced into the Guidelines, the international landscape on RBC (or corporate social responsibility) was very different to the one we see today. Over the years, the expectations and needs for NCPs to provide a flexible middle way between formal judicial recourse and informal engagement have continued to rise. NCPs are vital for the implementation of internationally recognised societal and environmental expectations of business.

39. Indeed, at present, since the human rights chapter of the Guidelines aligns with the UN Guiding Principles on Business and Human Rights and the employment and industrial relations chapter aligns with the ILO fundamental Conventions, NCPs have also played a role as a *de facto* grievance mechanism for the UN Guiding Principles and international labour standards. Moreover, the recent update of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2017) has led to the broadening of the mandate of some NCPs to also consider issues arising under this instrument (e.g., Norway, Belgium).

40. NCPs as agencies have huge potential with a unique mandate and a truly global reach. They benefit from having very few procedural barriers to the execution of their functions. NCPs can handle cases arising anywhere in the world²¹ provided there is a link to an adhering country. This is particularly the case since the 2011 revision of the Guidelines was expanded to recognise the company's own operations but also situations when the company may be directly linked to harm through its business relationships.

4. Assessing progress

41. All adhering governments are encouraged to volunteer for a peer review of their NCP which represents an opportunity to identify strengths and any areas for improvement. A peer review also provides an opportunity for the NCP to raise awareness of its role and mandate across government departments.

42. In 2019, the NCP peer reviews of all G7 countries will have been completed, meeting the 2015 G7 commitment to “lead by example”.²² The 13 completed peer review

²¹ To date cases brought to NCPs have involved issues occurring in over 100 countries and territories

²² G7 Leaders' Declaration 7-8 June 2015

reports contain in total 140 recommendations spanning a wide variety of topics. Figure 3 and 4 below set out the frequency of peer review recommendations arising in respect of various topics. For instance, recommendations regarding the composition of the NCP including clarity on the roles of the various bodies involved in the work of the NCP have arisen the most often. Similarly, issues regarding the specific instance process, in particular the procedures used by NCPs when handling cases and the final statements have been the subject of recommendations from peer reviewers. Figure 4 below looks at the frequency of mentions of the various core criteria NCPs are expected to meet, i.e., to be visible, accessible, transparent and accountable, noting that visibility and transparency have been most often cited in recommendations.

Figure 3. Types of recommendations in Peer Review reports

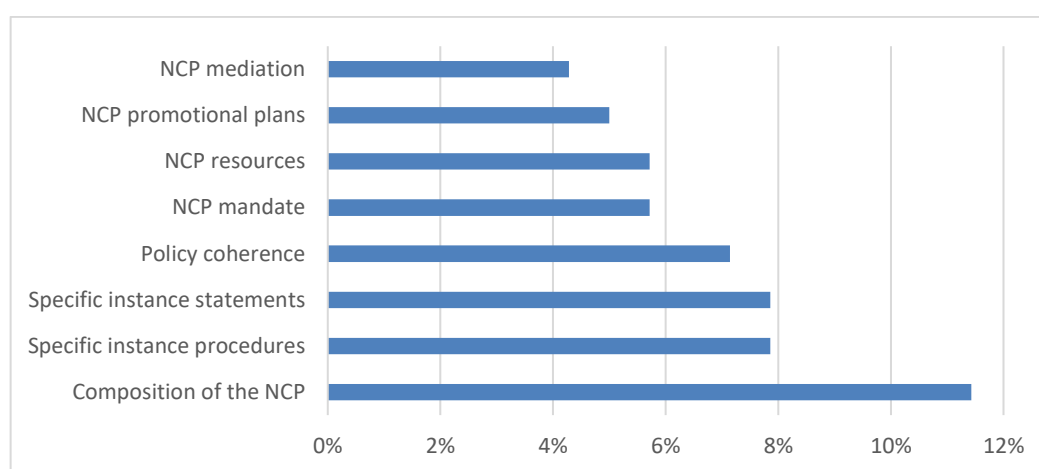
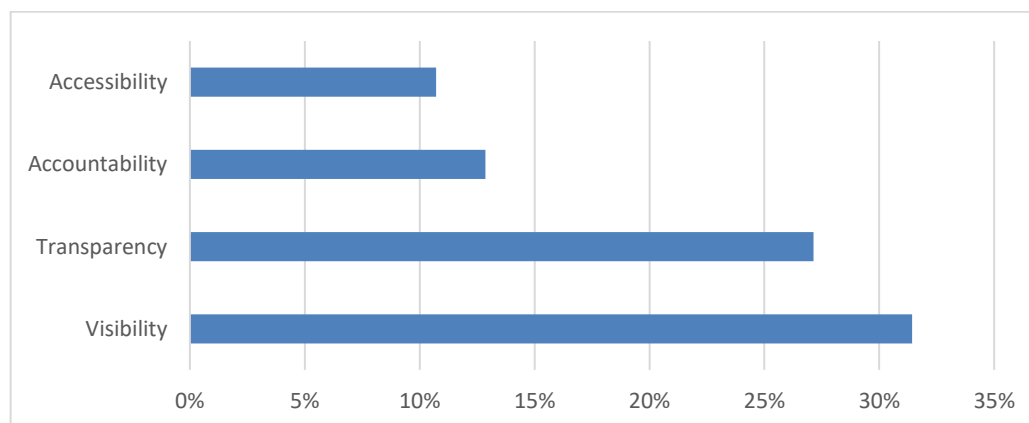


Figure 4. Recommendations in Peer Review reports relating to the core criteria



43. All NCPs have engaged in a peer learning exercise since 2017 and four NCPs have benefited from targeted capacity building by the OECD Secretariat (Jordan, Egypt, Ukraine and Kazakhstan). As such, the impetus now is focused on the commitments of adherent governments to engage in a peer review of their NCP in order to meet the ambitious deadline of having all NCPs reviewed by 2023. To date, 23 governments have either completed or committed to a peer review, leaving 25 governments that have yet to volunteer (Table 2 and 3). NCP peer reviews remain voluntary.

44. Peer reviews are funded by the government of the NCP under review. The amount of the contribution is as established in the document: Funding the NCP Action Plan (2016-18) [[DAF/INV/RBC\(2015\)17](#)] and in the new Action Plan to Strengthen National Contact Points for Responsible Business Conduct (2019-2021) [[DAF/INV/RBC\(2018\)13/FINAL](#)]. The contribution does not cover the costs the NCP itself carries such as NCP staff time spent on the review. For some governments, providing funding has been an obstacle to committing to a peer review or to delivering on their commitment.

Table 1. NCP Peer Reviews completed and committed

Peer review completed	Peer Review ongoing	Peer review commitment made	Review completed as part of the OECD accession process
Netherlands	United Kingdom	Spain (2019)	Costa Rica
Japan		Korea (2019)	Lithuania
Norway		Argentina (2019)	
Denmark		Australia (2020)	
Belgium		Sweden (2020 tbc, funds permitting)	
Italy		Greece (2021)	
Switzerland		Slovenia (2022)	
France			
Germany			
Chile			
United States			
Austria			
Canada			

Table 2. NCP peer reviews: not yet committed

15 OECD Member countries	Czech Republic, Estonia, Finland, Hungary, Iceland, Ireland, Israel, Latvia, Luxembourg, Mexico, New Zealand, Poland, Portugal, Slovak Republic, Turkey
10 non-Member adhering countries	Brazil, Colombia, Egypt, Jordan, Kazakhstan, Morocco, Peru, Romania, Tunisia, Ukraine

5. Conclusions and Recommendations

45. All countries that adhere to the Investment Declaration on International Investment and Multinational Enterprises have a legal obligation to create a National Contact Point. The current 48 adhering governments have now done so; however the level of functioning amongst NCPs is uneven across the community.

46. Since the last revision of the Guidelines there have been significant changes in a number of adhering governments, leading to better functioning NCPs, in particular those based in countries with high outward and inward investment. This is to be welcomed. Nevertheless, many NCPs today still face challenges since they are not adequately resourced or staffed to be able to carry out their mandate. Cases coming before NCPs are only set to increase in complexity and having access to the appropriate expertise is critical for the overall functioning of these agencies.

47. Resources depend on political will and cross-governmental recognition of the importance of the work of NCPs. NCPs have a huge potential to affect change, both through their promotional work and through the handling of cases. Limitations in NCP activities are not for lack of willingness from the staff involved but stem from the challenges faced in obtaining political commitment and financial support.

48. In order for the entire community of NCPs to meet the expectations set out by their mandate, appropriate government support, resources and institutional arrangements are required so that their work can be carried out in a way that demonstrates the full potential of these unique agencies for responsible business conduct.

49. For this purpose, it is important to reiterate the main legal obligations set out in the Decision on the Guidelines: that adhering Governments set up NCPs to further the effectiveness of the Guidelines and make available the necessary human and financial resources so that their NCPs can effectively fulfil their responsibilities.²³ Key among NCPs' responsibilities is that they meet the **core criteria** of visibility, accessibility, transparency and accountability.²⁴ Based on the findings of this progress report, the following recommendations are suggested:

- Governments should ensure the provision of **financial and human resources** commensurate with the scope of the role of NCPs and the heightened complexity of their work.
 - Resources should allow the NCP to adequately promote the Guidelines including among business, trade unions and civil society and within government, including in embassies.
 - Resources should also allow the NCP to adequately handle cases, including access to external expertise where needed, to analyse the circumstances of cases, cooperate with other NCPs, etc.
 - NCPs should be given the means to retain the confidence of stakeholders, and receive the training and capacity building needed to effectively provide good offices (e.g., training in mediation or resources to engage external mediators).
- Governments should ensure that their NCP enjoys the necessary **support and visibility** within their government to carry out their functions effectively and promote policy coherence on RBC.
- Governments should ensure that the **composition** of the NCPs is such that they can carry out their functions impartially and without risk of conflicts of interest – or perception thereof.
- Governments that have not yet volunteered for a **peer review** of their NCP should do so in order to meet the ambitious target of all NCPs being peer reviewed by 2023. Governments whose NCPs have undergone a peer review should implement to the extent possible the recommendations, and report on progress made.

²³ Decision on the Guidelines, I. National Contact Points, paras 1 and 4.

²⁴ Procedural Guidance, annexed to the Decision on the Guidelines, I. National Contact Points.

Annex I: NCP decision-making

NCP	Individualised	Inter-ministerial	Multipartite	Expert-based	Advisory body
Argentina		✧			✓
Australia	○				✓
Austria	○				✓
Belgium			✦		✓
Brazil		✧			✓
Canada		✧			
Chile	○				✓
Colombia	○				✓
Costa Rica		✧			✓
Czech Republic			✦		
Denmark				□	
Egypt		✧			
Estonia	○				
Finland			✦		
France			✦		
Germany		✧			✓
Greece	○				
Hungary		✧			
Iceland	○				
Ireland	○				
Israel	○				✓
Italy	○				✓
Japan		✧			✓
Jordan		✧			
Kazakhstan	○				✓
Korea		✧			
Latvia			✦		
Lithuania				□	✓
Luxembourg	○				✓
Mexico	○				
Morocco		✧			
Netherlands				□	✓
New Zealand	○				
Norway				□	
Peru	○				
Poland	○				✓
Portugal		✧			
Romania		✧			
Slovak Republic			✦		
Slovenia		✧			
Spain		✧			✓
Sweden			✦		
Switzerland		✧			
Tunisia			✦		
Turkey	○				
Ukraine	○				✓
United Kingdom	○				✓
United States	○				✓

Source: NCP annual reports 2018

Annex II: NCP human resources

Four full-time staff members	Three full-time staff members	Two full-time staff members	One full-time staff member	Part-time staff only	No dedicated staff
Denmark	Netherlands	Canada	Argentina*	Czech Republic	Egypt
Germany*	Norway	Costa Rica	Australia*	Greece	Estonia
Turkey	United Kingdom	Italy*	Austria	Iceland	Jordan
	United States	Korea*	Belgium*	Ireland	Luxembourg
		Spain*	Brazil	Israel	
			Chile	Japan	
			Colombia*	Kazakhstan	
			Finland*	Latvia	
			France*	Morocco	
			Hungary*	New Zealand	
			Lithuania	Peru	
			Mexico*	Poland	
			Slovenia	Portugal	
			Switzerland*	Romania	
				Slovak Republic	
				Sweden	
				Tunisia	
				Ukraine	
3 NCPs	4 NCPs	5 NCPs	14 NCPs	18 NCPs	4 NCPs

Note: Asterisk denotes NCPs with part-time staff in addition to full-time staff

Source: NCP annual reports 2018

