What It Means

Investment in emerging economies can lead to opportunity, growth, and the growth of institutions that support both markets and democracy, such as the rule of law and intellectual property protection. However, investment can also be used to undermine democracy, weaken markets, and entrench corruption in recipient countries, eroding citizens faith in both markets and democracy. CIPE’s work with business association and think tank partners from around the world has always given the organization a unique perspective, but with CAI the organization is connecting that knowledge and experience to the global democracy and investment communities.

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How It Works

CAI provides tools and methods that can be implemented in any project to help determine whether an investment is an opportunity or a danger. It can help drive positive change and decrease risks:

- **Reduce Corrosive Capital (Defensive)** – a strategy which incorporates a strong voice of the private sector in reducing governance gaps and increasing transparency and accountability at the government level.
- **Increase Constructive Capital (Offensive)** – a strategy that works with the private sector on initiatives ranging from collective action against corruption, incorporating self-regulatory mechanisms, and introducing supply chain reorientation, among other programs.

Taking the Next Step

The financial industry defines responsible investing as an approach that incorporates environmental, social, and governance factors. CAI promotes “Accountable Investment,” which takes a more far-reaching approach. While responsibility can be shared, accountability cannot. Accountability at the firm level goes beyond obeying the law. It means an acceptance of responsibility for honest and ethical conduct towards others. It is the acceptance of responsibility for the firm’s own actions.