



americas  
business  
dialogue

# ACTION FOR GROWTH

Policy Recommendations and  
2018-2021 Action Plan for  
Growth in the Americas

Facilitated by



Institutional capacity and transparency are key to the effective delivery of public services and to building a business climate that incentivizes investment and supports private sector development.<sup>18</sup> As governments and the private sector encourage growth in the region, the recommendations below provide suggestions on how to promote transparency

and corruption-free practices across multiple industries. The recommendations also address the issue of regulation, including regional coherence, and suggest how to ensure regulations both protect and effectively serve consumers.



1	Address ultimate beneficial owners in accordance with international standards.
2	Strengthen and modernize public procurement systems to ensure integrity, transparency and competition along the different stages of the procurement process, as well as throughout the entire lifecycle of the contractual relationship.
3	Implement mechanisms to ensure legitimate, transparent and technically sound regulations, and adopt administrative simplification plans.
4	Strengthen the mechanisms of open government, including transparency, citizen participation and collaboration, and public integrity systems as a policy measure to increase trust in government and democracy.
5	Encourage the private sector to adopt comprehensive integrity mechanisms, including codes of corporate conduct, accompanied by effective implementation and periodic reviews of compliance plans.
6	Disclose corporate expenditures to the public sector, using leading practices in expenditure disclosure, such as those implemented by the extractive sector.
7	Develop a mechanism for private sector and inter-government coordination on regulatory cooperation projects that helps economies implement a shared set of Good Regulatory Practices (GRPs), to develop competitive economies and support participatory and transparent democracies.
8	Develop a certification in best practices for issuance of permits and make it available via a Massively Open Online Course (MOOC) to any government and current or prospective public servant who wishes to qualify, coordinated by a public-private-multilateral partnership.

**When drafting a code of corporate conduct, private sector entities should consider, among other topics, issues related to political contributions, conflicts of interest, and prohibiting irregular payments and gifts of any kind.**

## **RECOMMENDATION #5**

**Encourage the private sector to adopt comprehensive integrity mechanisms, including codes of corporate conduct, accompanied by effective implementation and periodic review of compliance plans.**

As the UN Office on Drugs and Crime guide to Anti-Corruption Ethics and Compliance Programme for Business highlights, it is not just increased cost, additional dependencies or missed business opportunities that make the case against corporate corruption, it is also the legal consequences and reputational harm that follows.<sup>61</sup>

Corporate governance not only organizes a system that rules the relationships between all corporate stakeholders, but also creates a framework to build transparency, business integrity and accountability.<sup>62</sup> The G20/OECD Principles of Corporate Governance identify the key building blocks for a sound corporate governance framework and offer practical guidance for their implementation.<sup>63</sup> As indicated by the OECD, “Good corporate governance is not an end in itself. It is a means to support economic efficiency, sustainable growth and financial stability. It facilitates companies’ access to capital for long-term investment and helps ensure that shareholders and other stakeholders who contribute to the success of the corporation are treated fairly.”<sup>64</sup>

Codes of ethics are a key element in this strategy. When drafting a code of corporate conduct, private sector entities should consider, among other topics, issues related to political contributions, conflicts of interest, and prohibiting irregular payments and gifts of any kind. The private sector in turn, should endeavor to promote and adhere to international transparency initiatives, such as the one proposed by the UN Global Compact and/or the business for rule of law framework.



## CASE STUDY: APEC Code of Ethics Implementation

The Asia-Pacific Economic Cooperation (APEC) has two regional corporate code of ethics implementation initiatives under the umbrella of the Business Ethics for APEC SMEs Initiative, one for the medical device sector (representing over 13,000-member enterprises)<sup>65</sup> and the other for the biopharmaceutical industry sector (representing nearly 10,000-member enterprises).<sup>66</sup>

The objective of the medical device industry is to support the implementation of ethics codes that align with the APEC Kuala Lumpur Principles. The Kuala Lumpur Principles were drafted in 2011 and are designed to ensure “ethical interactions between medical technology companies.”<sup>67</sup> There are a total of 29 medical device industry associations across the APEC region. When the initiative began in 2012, 12 of these associations had a code of ethics. In 2017 that number had risen to 26.<sup>68</sup>

The objective of the biopharmaceutical industry initiative is similar, seeking to support the implementation of ethics codes that align with the APEC Mexico City Principles. These principles are a voluntary code of business ethics defined for the biopharmaceutical sector by an expert working group in 2011 and endorsed by APEC that same year.<sup>69</sup> In 2012, the initiative started a robust monitoring component reviewing a total of 66 biopharmaceutical sector industry associations in the APEC region and finding that 25 of these associations had a code of ethics. In 2017 that number had risen to 51.<sup>70</sup>

Both initiatives remain committed to the overall goal of 100% code of ethics adoption by biopharmaceutical and medical device industry associations in the region by 2020.<sup>71,72</sup>

Based on annual surveys on the code of ethics implementation, the key challenges of ongoing implementation are maintaining resources to support the code implementation and regular training on the codes. However, in 2016 and 2017, both industry initiatives reported 100% leadership commitment to ethics codes.<sup>73,74</sup>

To enhance the initiative’s ability to assess how the members of these industry associations are implementing ethics codes, the initiative will launch a pilot in 2018 that surveys the association members directly about ethics code implementation.<sup>75,76</sup>

## RECOMMENDATION #6

**Disclose corporate expenditures to the public sector, using leading practices in expenditure disclosure, such as those implemented by the extractive sector.**

To contribute to overall budgeting transparency and governmental accountability in the administration and allocation of public resources, the key sectors should report on all expenditures made to the public sector.

This includes the development of transparent policies and practices concerning the disclosure of private payments and public revenues arising from the extractive industries (“taxes, fees, royalties, bonuses and other financial transactions”)<sup>77</sup> to prevent corruption and foster an “open, participatory and transparent budget allocation process at the national and local levels.”<sup>78</sup> Transparency

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